the current administration. Congress has held no hearings on it. Yet, Newsom maintains, fears of a Soviet thrust were overdrawn. Moscow's forces would need five days to reach the Gulf from Afghanistan. And U.S. naval units in the neighboring Indian Ocean are stronger than their Soviet counterparts. Moreover, the Kremlin has not even committed enough forces in Afghanistan to defeat rebel tribesmen, much less to drive south. Upheaval in Poland and the continuing threat from China make a massive new Soviet military venture unlikely.

Most Middle Eastern leaders will not accept U.S. land forces, says Newsom. They fear that a large, obtrusive American military presence would galvanize local dissident movements—witness Iran under the Shah. Only Oman has approved U.S. staging facilities; lacking the volatile Palestinian population of its neighbors, the sultanate nonetheless insists that U.S. forces be small and stationed away from cities.

America lacked the military capacity to back up the Carter Doctrine when it was declared, says Newsom, and it still does. Washington rushed two carrier task forces into the Indian Ocean after the Iranian revolution in early 1979, but only five U.S. warships cruise the Gulf itself. Pentagon planners estimate that dispatching a 10,000-man force to the region would take at least three weeks.

Given all of the obstacles, Newsom urges the Reagan administration to settle for improving the Indian Ocean fleet's combat readiness and developing military support facilities recently made available in Oman, Kenya, and Somalia. No U.S. ground troops should be sent to the Gulf until Washington is sure that its European allies, and the host states themselves, will back them up.

The Peaceful Generals

"On the Peaceful Disposition of Military Dictatorships" by Stanislav Andreski, in *The Journal of Strategic Studies* (Dec. 1980), Frank Cass & Co. Ltd., Gainsborough House, Gainsborough Road, London E11 1RS, United Kingdom.

Are military regimes, so common in the Third World, any more apt to go to war against their neighbors than civilian governments are? No, says sociologist Andreski of the University of Reading. Indeed, most "militocracies" have been "notably pacific in (their) external relations"—in contrast to civilian dictatorships.

Why? Andreski argues that there is a fundamental incompatibility between the domestic use of the army to coerce the citizenry and its use against foreign foes.

To fight wars, an army needs popular support and national solidarity; using soldiers as police has the opposite effect. Worse yet, when the army leadership is involved in the intrigues and factionalism of politics, the troops' *esprit*, trust, and efficiency decline. Arab military regimes such as Syria and Iraq have not fared well in wars against Israel. In 1979, Tanzania's civilian strong man, Julius Nyerere, easily unhorsed Uganda's martial Idi Amin.

Far more aggressive were Hitler, Stalin, and Mussolini. They controlled their generals but used police for coercing the populace. Even wartime Japan, however "militaristic," was not run by military dictatorship. General Tojo was appointed Prime Minister by Emperor Hirohito and dismissed shortly before Japan's surrender.

Organized and indoctrinated to defend the nation, the army is not very good at running—or reforming—it. Instability results, as seen in the succession of army coups in Africa and Latin America. But wars are few. Indeed, in Latin America, "militarism," in the true sense, does not exist; the armed forces, says Andreski, are simply "misnamed police forces." Instead of saber rattling, Latin military strongmen extend help to one another in dealing with domestic opposition.

ECONOMICS, LABOR & BUSINESS

A Banking Revolution

"Competing for the Savings Dollar—Should Washington Change the Rules?" by Robert J. Samuelson, in *National Journal* (May 2, 1981), 1730 M St. N.W., Washington, D.C. 20036.

The new kids on the block in the $4 trillion personal savings industry —the money market mutual funds—have enjoyed a tremendous growth that could soon revolutionize American banking, according to Samuelson, a *National Journal* correspondent.

Introduced in 1973, the money market funds have mushroomed from a modest $13 billion in January 1974 to $117.5 billion last April, with $43 billion of that coming in this year alone. Managed by brokerage houses, they accept deposits starting at $500 and invest in short-term securities, such as U.S. Treasury bills. During a period of tight money and rising interest rates (e.g., the present), the money funds pay 12 to 15 percent on deposits and draw investors like flies.

And that, say many bankers, is the problem. Federal ceilings imposed in 1966 prevent commercial banks and thrifts (savings and loan associations and mutual savings banks) from paying more than 5 and 5.25 percent, respectively, on savings accounts. No one knows how much business the particularly hard-hit thrifts have lost as a result, but the growth of their deposits has slowed from a $4.3 billion increase in March 1980 to a $3.6 billion rise in March 1981. Moreover, the thrifts are in a poor position to build their assets by buying money in the form of high-interest certificates of deposit; a big chunk of their investments are tied up in long-term mortgages negotiated when interest rates were well below 10 percent. The number of thrifts could fall by 20 percent over the next five years.

In 1980, Congress tried to bolster the thrifts by permitting them to offer interest-bearing checking (NOW) accounts and by promising to