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of Reeds, 60 miles west of Saigon, late last week. Another shifted south from Tay Ninh into the Parrot's Beak area of Cambodia. There was continued pressure north of the capital, where Communist tanks overran the town of Chon Thanh, 45 miles up Route 13, and east of it where North Vietnamese troops cut Route 1 just beyond the town of Xuan Loc. Military analysts in both Saigon and Washington were unable to find a coherent pattern in those actions, but they suggested North Vietnam might be pursuing one of several courses:

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- Har patter sorts plan troop
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INSIDE  
WOP-8  
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Though U.S. military men believed strongly last week that a major strike at Saigon was only weeks—or even days—away, the woman who served as the chief Viet Cong negotiator during the Paris peace talks seemed to indicate otherwise. In an interview with NEWSWEEK in Paris, Mme. Nguyen Thi Binh, Foreign Minister of the Provisional Revolutionary Government, said: "Our policy is to preserve the lives of all our people and all our property. After all, Saigon is the property of the Vietnamese people." While maintaining that "it is too early to tell" whether a battle for the city will be necessary, she added that if Thieu is ousted, "there will certainly be people prepared to form a government which will declare itself for peace . . . and the PRG is ready to begin conversations" with them.

That statement seemed to leave the fate of Saigon squarely in the laps of the South Vietnamese themselves. If they were able somehow to unhorse Thieu and install a government willing to seek accommodation with the Communists, a decent interval of coalition politics might give them a few years' grace and a gentle slide into Communism. If not, it seemed certain that sooner or later there would be one final paroxysm of violence, a last great bloodletting before the longest war of modern times came to an end that was now inevitable.

—KIM WILLENSON with LOREN JENKINS and TONY CLIFTON in Saigon, PAUL BRINKLEY-ROGERS in Phnom Penh, SCOTT SULLIVAN in Paris and PHILLIP S. COOK in Washington



children peer at their new American homeland: A flying playpen

## Orphans of the Storm

ic controller at Saigon's whut airport was enraged. off, don't take off," he have no clearance." Ken r was to gun the four jet DC-8 and turn onto the unground runway. Seconds later, the 52-year-old World Airways pilot was airborne, taking with him the most unusual cargo ever to be flown out of South Vietnam. On board the scooped-out transport last week, nestled in blankets on its bare floor and snuggled up to their pillows, were 57 orphaned Vietnamese children enroute to their new homes in the United States.

World Airways' maverick flight made instant celebrities out of the 57 young pioneers—half of them the abandoned children of American GI's—and touched off a barrage of telephone calls across the United States from families pleading to adopt Vietnamese orphans.\* It also sparked an international drive to evacuate more of the hundreds of thousands of homeless children in South Vietnam. The Australian Government flew 215 children to new homes in Sydney and other nations announced airlift plans of their own. President Ford pledged that the U.S. would bring 2,000 children to America in a \$2 million airlift and ordered the U.S. Embassy in Saigon to "cut red tape" to speed the evacuation. Even before the first 57 children were brought to their new homes across the U.S., the American airlift began—but the very first flight ended in disaster.

\*Among United States agencies handling the adoption of South Vietnamese children are: Friends for All Children, Boulder, Colo.; Holt Adoption Program, Eugene, Ore.; Travelers Aid-International Social Service of America, New York; Catholic Relief Services, New York; Migration and Refugees Services, New York, and World Vision International, Monrovia, Calif.

A giant C5-A Galaxy, the largest plane in the world, took off from Tan Son Nhut with 243 orphans jammed inside—some wedged ten abreast in seats that normally hold three persons, others strapped down to the floor in the plane's lower cargo deck. Minutes after the lift-off, the jet's rear loading door blew out and the cabin pressure plummeted. Plastic-lined pillows exploded and the children's possessions were hurled like missiles through the cabins. As the orphans grew groggy from lack of oxygen (there were not enough oxygen masks for everyone),



A flight to tragedy: Babies cuddle





eland: A flying playpen

# Storm

A Galaxy, the largest plane took off from Tan Son Nhut jammed inside—some breast in seats that normal- persons, others strapped floor in the plane's lower minutes after the lift-off, the ing door blew out and the e plummeted. Plastic-lined ded and the children's pose hurled like missiles abins. As the orphans grew ack of oxygen (there were ygen masks for everyone),

the pilot banked and headed back to Saigon. The plane never made it. It crash-landed in a rice field 1 1/2 miles from the airport—killing 150 children and 50 of the adults on board.

Neither fire trucks nor ambulances could get through the swampy field to reach the wreckage. American rescue teams who were lowered into the paddy from helicopters found the field littered with debris: baby bottles, children's toys, boxes of diapers. The pages of a Donald Duck comic book flipped in the wind. Bodies were half-buried in the mud, and 30 children were still trapped in the plane's cargo deck. "Some of us got out through a chute from the top of the plane," said an American woman survivor, "but the children at the bottom of the plane didn't have a chance."

## THE LOST GENERATION

The U.S. quickly announced that the orphan airlift would continue, but only a small percentage of South Vietnamese children are ever likely to be adopted. Although many of the children were from charities, many were abandoned in Saigon. In Saigon, the Communists were the only ones who were homeless. Many of the children were youngsters from the countryside, and many were from Communist families. Many of the children were from Communist families. Many of the children were from Communist families. Many of the children were from Communist families.

or overexposure, some drowned as they fell or were pushed off crowded barges, some were trampled in the crush of refugees clawing for places on evacuation helicopters, some were shot by soldiers determined that nothing would get in the way of their passage to what they thought would be safety.

As the Communists pushed ever closer to Saigon last week, the city's adoption agencies began to gather children from orphanages to line them up for places on the promised flights—and many frightened Vietnamese parents even gave their children up. "Maybe the Viet Cong be here," sobbed 28-year-old Nguyen Thi Liem as she signed a waiver permitting adoption of her three children. "Maybe they rocket. Maybe they bomb. I don't want my babies to die." There was no guarantee that her children—or even many of the children placed with adoption agencies—would ever board the planes. Several of these agencies are unlicensed, which in the past has made it impossible for them to place children in

flew the last rescue mission out of Da Nang two weeks ago in defiance of government orders, was not to be thwarted. He rounded up the 57 children from other orphanages, stocked the plane with milk, diapers and baby food, and took off for the U.S.

The giant cargo plane soon resembled a flying playpen and picnic ground. The children snatched up the crayons that Daly had provided and many drew pictures of what they thought their future foster parents would look like. Their twenty adult supervisors ran a non-stop food service (bananas, crackers, sandwiches and rice splashed with soy sauce) and mustered up a diaper-changing assembly-line. Although the U.S. Embassy said that the DC-8 was neither heated nor pressurized, Peter Arnett of the Associated Press, the only reporter on board, cabled that it was. The orphans slept soundly through the night hours of the flight. When daylight broke, the older children scooted up and down the length of the cabin or pressed against the windows to watch the clouds. Seventeen hours after they left Saigon, they landed in Oakland, Calif., where a Red Cross volunteer proclaimed: "They look like they fared quite well."

## NEW TOYS, NEW NAMES

The red and white jet taxied to a welcome reminiscent of the return of the first planeload of American prisoners of war two years ago. More than 500 people crowded onto the tarmac, waving and cheering. Few of the children waved back, but one jaunty 7-year-old, wearing a baseball cap with the name Paul stitched on it, made a grandstand wave to the television cameras and was rewarded with a laugh. The children, ranging in

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t to tragedy: Babies cuddle up

Newsweek, April 14, 1975



for take-off, the search for the bodies

Newsweek, April 14, 1975

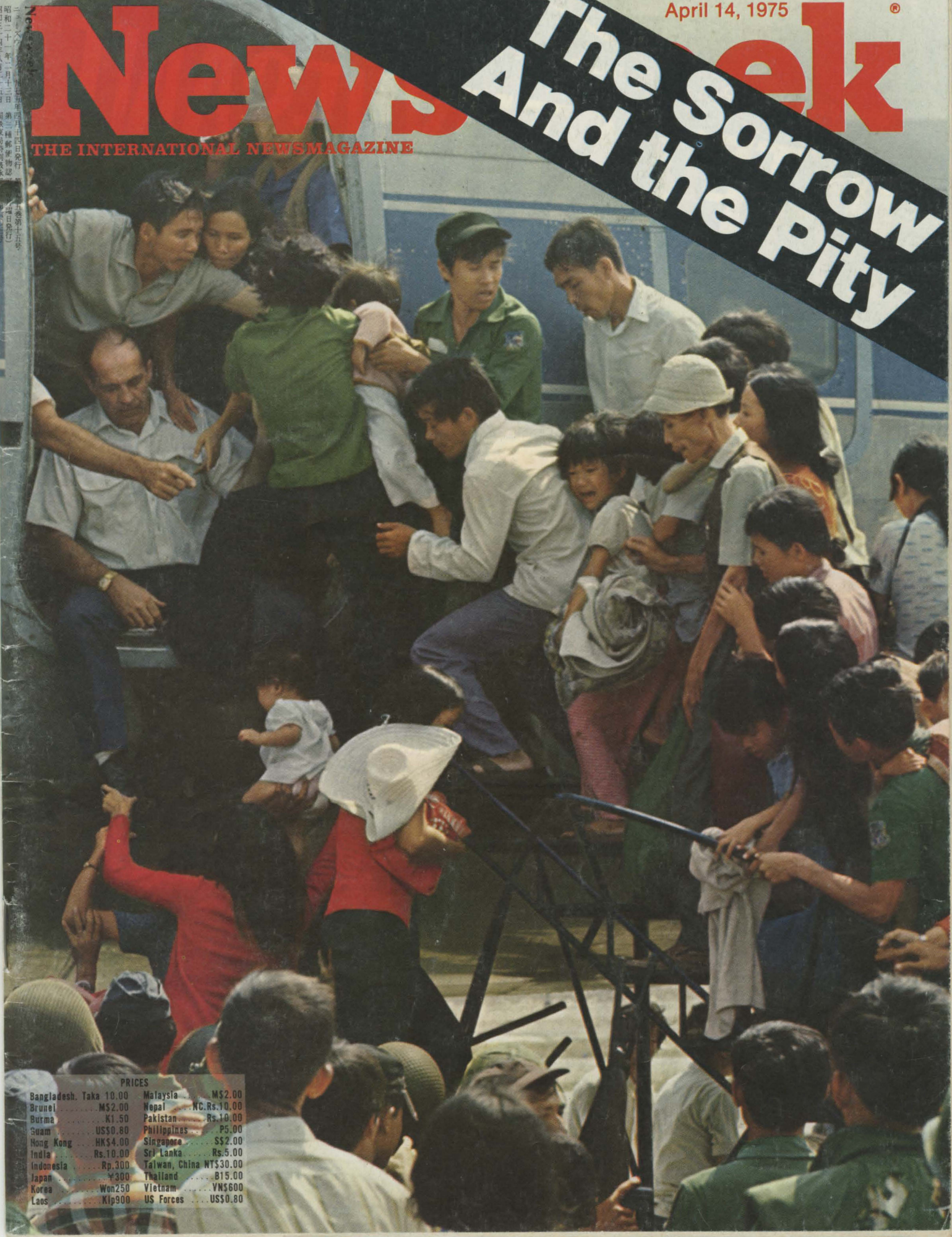


April 14, 1975

# Newsweek

THE INTERNATIONAL NEWSMAGAZINE

## The Sorrow And the Pity



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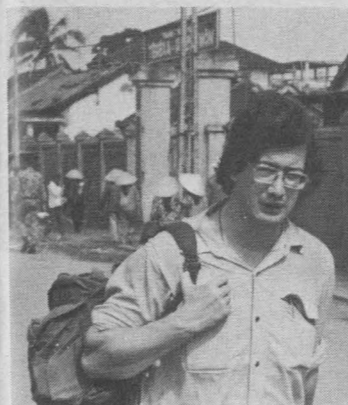
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## Top of the Week



Newsweek's reporting team in Indochina: Nick Proffitt, Loren Jenkins, Tony Clifton, Ron Moreau, and Paul Brinkley-Rogers

### The Sorrow and the Pity Page 6

Misery became a way of life in Indochina long ago, but the tide of human suffering that engulfed South Vietnam last week swept forward with unprecedented cruelty. Major cities tumbled like tenpins, terrified refugees died by the hundreds in their desperate flight from the onrushing Communist armies and the toughest ARVN generals abandoned their command posts. Even one last, symbolic gesture of American goodwill turned into catastrophe when a jet evacuating war orphans crashed and burned. Vietnam had become a sad and ugly spectacle but there was little the U.S. could do about it—and Americans looked on with a deep sense of anguish and a chastened view of their national power, a view shared by many of America's allies. Five Newsweek correspondents filed for this week's special fourteen-page report. Hong Kong bureau chief **Loren Jenkins**, who has been in charge of Indochina coverage for the past two years, directed the reporting. The correspondents: Beirut bureau chief **Nicholas C. Proffitt**, back in Saigon, where he was based from 1971 to 1973; **Ron Moreau**, who has covered South Vietnam since 1969 and speaks fluent Vietnamese; **Paul Brinkley-Rogers** of the Hong Kong bureau, who covered Indochina from 1969

to 1970, and reported last week from Phnom Penh, and **Tony Clifton**, who first began covering Indochina in 1971. (Newsweek cover photo by Jean-Claude Francolon—Gamma.)

### Chiang Kai-shek, 1887-1975 Page 21

Not too long ago, Chiang Kai-shek was one of the most controversial political figures in the world. But when he died last week on the island of Taiwan, history had all but passed him by. At 87, he no longer could convince even his closest postwar friends, the U.S. and Japan, that he was the true leader of the Chinese people. **Raymond Carroll** examines the life of the near-legendary Chiang.

### A New Voice page 32

With this week's issue **Bernard Levin** joins Newsweek International's roster of contributing editors. One of Britain's most distinguished journalists, Levin, 46, has been a drama critic, political commentator and columnist for several of his country's leading publications; currently, he is a columnist for The Times of London. In his new role, Levin succeeds **Ludovic Kennedy**, who was obliged to discontinue his Newsweek column because of the pressure of other commitments.

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# New Products and Processes

## Non-Slip Plastic

Dycem Plastics, Ltd., of Bristol, England, has invented a unique new material that provides a powerful anti-slip surface. Called Dycem Non-Slip, this plastic has a natural tacky feel but is not coated with any adhesive. When used as a surface for trays or tables, it helps stabilize loose objects, thus making it ideal for use on ships and planes or in a factory where micro-miniature components are likely to be easily brushed aside. The company has already employed the plastic in a product called the Protect-A-Mat, an easily washable surface covering for the entrances of hospital operating rooms and electronic assembly "clean rooms." The Protect-A-Mat's stick-to-it quality insures that absolutely no dirt is carried into the areas.

## Brushoff

Robert Noguès of Monaco has improved on an item that is so basic that its basic design hasn't changed in thousands of years: the hairbrush. His Quicbrush has bristles all around and swivels on its central axis. This eliminates the twisting and pulling motion that hairdressers now use, and is claimed to give greater mobility in setting hair. According to the inventor, a Quicbrush set is faster—half an hour versus an hour and a half for a normal shampoo-and-set—and also longer lasting. Price: \$15.

## Micromotors

Today's inventors are absolutely fascinated with miniaturization: packing more components into a smaller space to achieve a saving in weight or a gain in efficiency. Sometimes the two functions are combined, and the result is a product such as the new line of microminiature electric motors developed by SOCREM, a subsidiary of Portescap, La Chaux-de-Fonds, Switzerland. Known as the type S 02, these

tiny motors are made to be fitted into electronic watch assemblies. They can also be used in the field of micro-engineering, such as for building miniature tape drives and metering equipment. Tinier than a ladybug, the S 02 is claimed to be the smallest electric motor in the world.

## Tartar Source

Tartaric acid, like citric acid, has been widely used as a food additive for some time. It is often preferred to citric because it is slightly more acidic and has more body. In addition, it has a wider range of uses, including the ubiquitous tartar sauce served with fried fish in the United States, as well as the cream of tartar used in baking powders. Until now tartaric acid has been made from argol, a by-product of wineries. But since demand for tartaric acid has grown much faster than the supply of argol, other sources have had to be found. Unfortunately, most synthetic tartaric acids have both a distinctly unpalatable taste and low solubility in water. To solve these problems, Toray Industries, Inc., of Tokyo, Japan, has developed a new method of making tartaric acid. Using succinic acid as a base material, the new process employs microorganisms of a specific strain to produce an enzyme that acts on the base material. The result is tartaric acid that is identical in every respect with that produced as a by-product of wine.

## Plastic Cans

A plastic that can be molded like bottle glass but treated like a metal can has been developed by the Vis-

tron Corp., a division of the Standard Oil Co. of Cleveland, Ohio. Called Barex, this plastic resin is shatter- and break-resistant and when molded into container shapes is substantially lighter than a comparable container in glass. It can also take a sealed metal top, which will give its products the longer shelf life for which canned goods are noted. In addition, bottle/cans of Barex are cheaper to manufacture than either glass or metal containers. This should help keep products packaged in Barex lower-priced. Barex containers will be initially test-marketed in England by Bass Charrington, a London brewer.

## Stylish Armor

Just because crime and terrorism are on the rise, that's no reason to give up on style; or so Autodynamics Corp. of America thinks. This Madison Heights, Mich., firm has developed a new armored-car prototype that pays careful attention to interior and exterior design (photo). The new vehicle is 20 inches shorter and 1,500 pounds lighter than the current armored-car model it replaces yet provides increased interior space and payload capacity. Passengers have been provided with larger windows for better visibility, plusher seats and other creature comforts to make their travels in what is really nothing more than a moving bank vault more pleasant. As an added fillip, Autodynamic's new armored car can be painted in designs to enhance an owner's brand identification. Autodynamics Corp. has designed the new prototype for Purolator Services, Inc., a security company located in Dallas, Texas.

—STEPHEN KINDEL



For further information, write Newsweek New Products Dept., 444 Madison Avenue, New York, New York 10022.

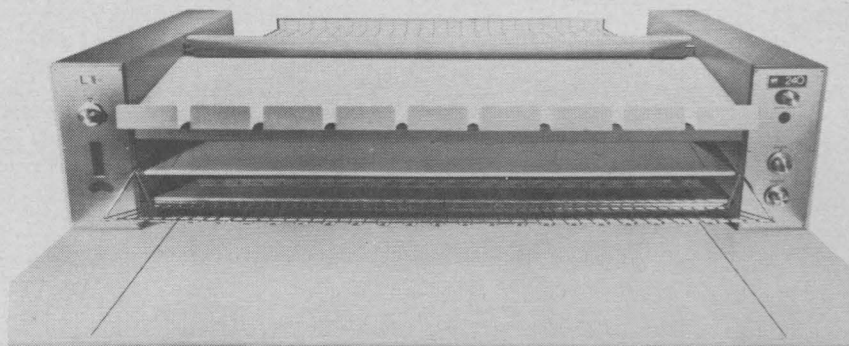


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## Letters

### America's Credibility

I fail to understand the logic of those who argue that a United States withdrawal from its Southeast Asian commitment will not harm its credibility (ASIA, March 10). Smaller nations have only America to look to against invasion from bigger nations. If the U.S. fails in its role as a protector of weaker states, Communist hegemony will only grow and grow until ultimately it will be the United States' own security that is threatened.

SHAKIL AHMED

Calcutta, India

### Arms for Pakistan

It seems neither peoples nor governments are able to learn from history and past mistakes.

The United States decision to resume arms shipments to Pakistan (ASIA, March 10) is ample cause for alarm in India. After all, despite the most solemn assurances from the U.S. in the past, every time America has provided the Pakistanis with arms they have used them against India. And although the last conflict resulted in massive human and territorial losses, there seems no doubt that new U.S. arms shipments will allow Pakistani Prime Minister Zulfikar Ali Bhutto to set his course toward another confrontation with India.

As in the past, the U.S. will once again be responsible.

NARENDRA MOHAN

Lucknow, India

■ You quote Indian Prime Minister Indira Gandhi's characterization of the renewed arms shipments to Pakistan as "the reopening of old wounds." I must assure the Prime Minister that the Pakistani Government is more interested in feeding its own people than, as in India's case, exploding nuclear devices. Should Pakistan resort to the use of American weapons, it will be only under compelling circumstances.

MOHAMMAD NADEEM AGHA  
Karachi, Pakistan

### The U.N. and Poland

Andrew Nagorski's article on management techniques in Poland (BUSINESS AND FINANCE, March 17) presented very well the increasing movement within Poland toward more dynamic and innovative management training. Poland in fact seems to be far ahead of its Eastern European neighbors in this respect. But, having been involved in the negotiation of several such projects, I feel that the article should also have pointed out that the United Nations technical assistance system has played a leading role in this process and will continue to do so in the future.

LOUIS FAORO  
U.N. Industrial Development  
Organization (UNIDO)

Vienna

Letters to the Editor, with the writer's name and address, should be sent to: Letters Editor, Newsweek, 444 Madison Avenue, New York, N.Y. 10022. Letters are subject to editing for reasons of space and clarity.

### Schlesinger's Warnings

Re your report on current Pentagon policy and interview with U.S. Secretary of Defense James Schlesinger (WORLD AFFAIRS, March 17): When the American military machine begins to operate like a military machine instead of like an elitist country club, the U.S. taxpayer will be more willing to face those "realities of world politics" of which Schlesinger speaks.

PETER BAKER

Saigon

■ It's hard to believe that so many are worried about defense while we in America have such a great economic crisis. Let's face it: what good will weapons be if our country falls into a depression?

ROBERT USCINSKI

West Haven, Conn.

■ If Schlesinger really wants the American taxpayer to support the military establishment, perhaps he had better offer something in return—a real fighting force. And as a step toward achieving that, I recommend cutting back on the policy of recruiting women.

Does anyone seriously believe that increasing the number of women in the military makes for better defense? Shall I pay money for the spurious assertion that a woman is to protect me? No, thank you. I'll protect the women and not vice versa. And if Schlesinger wants the taxes of this ex-Marine or of any other average American male, he'll give us a trim, lean force of fighters, not a petticoat army ready for a hair-pulling match with the enemy.

JULIAN APOSTA

Teheran

### Women and Abortion

In regard to your article on West German abortion (EUROPE, March 10), I would like to point out that the constitutional court that made the decision includes only one woman. The rest of the court's members are men, and they have ruled on a problem that in reality does not concern them.

ULRIKE KRUCKEMEYER  
Dortmund, West Germany

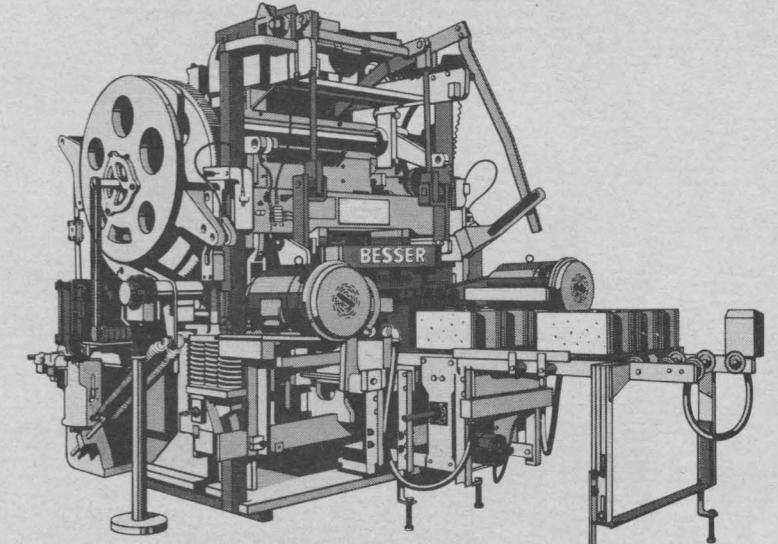
■ Abortion is a problem that concerns only one group of people—women. And I think only women should vote on whether abortion should be legal. It is easy for a constitutional court to strike down a law legalizing abortion. It is much more difficult for a woman to rear a child that she does not want.

MARGRET DREIER  
Dortmund-Eichlinghofen, West Germany

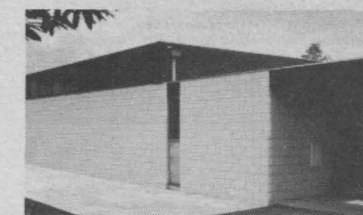
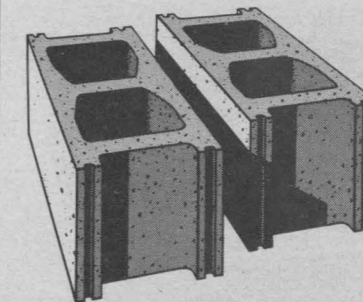
■ I applaud West Germany's court decision declaring abortions on demand to be unconstitutional. It would certainly seem to me that to kill someone—be it an unborn child, an infant, an adult or an elderly person—is barbarous. Killing babies by means of abortions will never solve any problems. Killing never does.

STEPHEN F. FORD  
Sutton, Ireland

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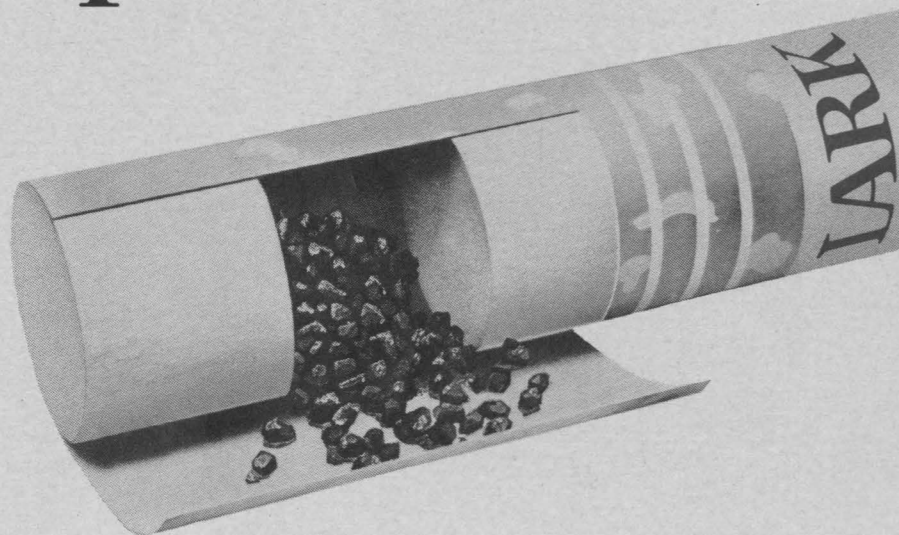


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## Letters

### Coronation Gossip

Your coverage of the coronation of Nepal's King Birendra (ASIA, March 3) reads more like Katmandu hotel gossip than responsible reporting.

You emphasize the precautions taken for the ceremony. But anyone familiar with security arrangements knows that the best technique is to talk about rigid measures long before an event in order to discourage troublemakers. In fact, the King took part in several coronation processions riding on an elephant or in coaches that left him completely exposed to the crowds.

The Nepalese hill people who walked several days to Katmandu for the occasion may be "dirt-poor peasants" in the eyes of your reporter, but in many ways they are richer than those in more developed nations; most own their own land and feed themselves well and they are completely untroubled by unemployment or the state of the world economy.

STAN ARMINGTON

Katmandu

### Unwitting Racism?

I was disturbed by the description of Sir Keith Joseph in your article on Margaret Thatcher's shadow Cabinet (EUROPE, March 3) as "the son of a wealthy Jewish property developer." He is the only one of the nine people mentioned in the piece to be described in terms of his religious and financial background. Curious.

There is an unease growing over incidents of anti-Semitism spreading quietly throughout the Western world. Are you too, perhaps, unwitting contributors to this trend?

NANCY DEBORAH HAMMER

Helsinki

### Nordic Liv

I want to congratulate you on your recent cover story on actress Liv Ullmann (March 17). Not because of the subject or of its presentation, which leaves me indifferent, but because of one small detail: in describing Miss Ullmann you used the term *Nordic*, instead of that cumbersome and often misapplied adjective, *Scandinavian*.

TRYGGVE BYSTRÖM

Director

Riksdag Research Bureau

Stockholm

### Boosting Signatures

Your new policy of putting signatures on stories is a welcome addition. But now that we readers are beginning to identify subjects with particular writers, why not always put the by-line at the beginning of the story instead of at the end? Then regular readers can tell at a glance if the article is going to inform, calm or amuse—or whether they should save it until their blood pressure is ready for the editorializing on what should be straight presentation of the facts.

PHYLLIS FITZGERALD

Brazil Herald

São Paulo, Brazil

Newsweek, April 14, 1975

# Periscope

### THE SECRETARY'S PREROGATIVES

The once close ties between Henry Kissinger and his old employer, Vice President Nelson Rockefeller, show signs of strain. The Secretary viewed as "poaching" Rocky's private chat with Egypt's President Anwar Sadat in Riyadh after the funeral of Saudi Arabian King Faisal. And when Rockefeller proposed to Washington that he stop in Jerusalem for talks with Israeli leaders, Kissinger firmly vetoed the idea.

### THE PRICE OF SECRECY

Howard Hughes could get a belated tax bill for the barge his company built for the CIA mission to raise a sunken Russian submarine in the Pacific. The 50,000-ton barge, built for Hughes by Lockheed, was listed as an oceanographic research vessel and thus was assessed at only 1% of its value. The San Mateo County assessor says that if he had known the barge would be used for salvage work, he would have taxed it at 25% of its value. The revaluation could raise taxes on the barge from \$7,900 to almost \$211,000 a year.

### WHO'S SPYING ON WHOM?

Sen. Frank Church's Select Committee probing activities of the CIA and other U.S. intelligence agencies has been swamped by applications from former agents looking for staff jobs. But Church has no way of knowing whether they are looking for a chance to get back at their old bosses—or are still working for them and want to infiltrate his committee.

### WHEELS FROM KOREA

South Korea hopes to be the next country to invade the U.S. automobile market—with the Pony, an Italian-designed mini-model with a 1,200-cc. engine. The car is now making test runs, and the target date for its first U.S. sales is early next year. The Pony will be the first all-Korean automobile; General Motors, Fiat and Ford now assemble cars and trucks in Korea, but from imported components.



Swift and sleek: Korean-built Pony for the U.S. market



Bettmann Archive

Keystone

George III and great-great-great-granddaughter

### THE QUEEN'S BIRTHDAY VISIT

Britain's Queen Elizabeth II will pay an official visit to the U.S. in 1976, the 200th anniversary of the American revolt against her great-great-great grandfather, George III. The Queen will open the Summer Olympics in Montreal next year and is expected to add the U.S. to her itinerary, her first official call since 1957.

### DISAPPOINTMENT IN JUSTICE

President Ford's new Attorney General, Edward Levi, is running into flak after barely two months in office. Lawyers in the Justice Department are complaining that Levi waffles on decisions and blames subordinates when department moves are criticized. As a result, a number of the department's high-ranking lawyers are talking of resigning.

### THE PERILS OF HENRY KISSINGER

The men who guard Secretary of State Henry Kissinger's life are urging him to skip Chile on his planned Latin American trip because of evidence of an extensive left-wing plot to assassinate him. While such perils are routine (security officials say Kissinger receives more death threats than any person in the world), this time the plot appears so thorough and well-organized that the experts aren't sure they can protect him.

### OIL SLOWDOWN?

U.S. oil production figures show a drop of more than 600,000 barrels a day from the 9 million barrels being pumped at this time last year. Some observers suspect that producers are deliberately slowing production in anticipation of higher prices. The regulated price for "old" oil is \$5.25 a barrel, compared with the \$10 to \$11 a barrel that can be charged for unregulated "new" oil (i.e. the added production since 1972) and imports.

—JOHN A. CONWAY with bureau Reports





Overloaded ark: U.S. official punches a refugee trying to board an overcrowded evacuation plane in Da Nang

## Spectacle of Defeat

Misery became a way of life in Indochina long ago, but the tide of human suffering that suddenly engulfed South Vietnam last week swept forward with unprecedented cruelty. Along the coastline of the South China Sea, major cities tumbled like tenpins, and exhausted and terrified refugees died by the hundreds in their desperate forced marches to escape the onrushing troops of North Vietnam. The toughest generals of the army of South Vietnam abandoned their command posts, and ARVN soldiers turned to banditry, shooting their way aboard the few evacuation ships that made the beachheads. Americans booted aside old employees in the mad scramble for rescue helicopters. Even one last, symbolic gesture of American goodwill turned into catastrophe when a mercy flight evacuating war orphans to the safety of the United States crashed and burned only minutes after leaving Saigon—a capital whose own life expectancy dwindled with every passing hour.

After two decades of entanglement in Indochina, Americans were hardly innocent bystanders to the ugly spectacle that unfolded in Vietnam. Yet most seemed to feel that America had spilled more than its share of blood and treasure in Vietnam and that their country's immense sacrifice was sufficient expiation for any

guilt or shame. Even those who had paid most dearly—the paraplegic Vietnam veterans, the walking wounded and the bereaved families—reacted with less bitterness than resignation (page 42). The stunning human tragedy in Vietnam still evoked a national sense of compassion—and a final redemptive effort to save thousands of war orphans (page 14)—but it was clear that the people of the United States had concluded long ago that Vietnam was a lost cause.

### RUNNING AWAY

The sense of futility and frustration within the Ford Administration was underscored by Vice President Nelson Rockefeller, who confessed to reporters: "It's really too late to do anything." And Gerald Ford talked like a man conscious that America, at least in a sense, was losing its first foreign war. For a moment, television cameras caught a scene of the President of the United States literally running away from reporters who wanted to question him on Vietnam. Even when Ford held a press conference in San Diego a few days later, his eyes moistened as he described the "debacle," "disaster" and "tragedy" that had befallen an American ally.

In the midst of his California golfing

holiday, Ford spent up to three hours a day conferring by phone with Secretary of State Henry Kissinger and Defense Secretary James Schlesinger on the crisis in Indochina. The President himself made an obligatory statement that he was optimistic about South Vietnam's chances for survival, and he went through the traditional process of dispatching Army Chief of Staff Gen. Frederick Weyand to Saigon for a fact-finding tour. Yet there was no blinking the fact that nearly everyone assumed that South Vietnam's end was near. The President ordered four aircraft carriers, 32 helicopters and 700 U.S. marines to stand by offshore to evacuate the 6,000 Americans in Vietnam and Cambodia—the beleaguered U.S. community that was all that remained of America's once-vast establishment in Indochina (page 19).

Weyand, who once commanded American forces in Vietnam, flew back from Saigon on the weekend and immediately went into a 90-minute session with the President. Although the general's report was kept a tightly guarded secret, White House photographer David Hume Kennerly (a close chum of Ford's who accompanied Weyand) left no doubt of his reaction to the debacle. "I had old friends begging me to take their children out," Kennerly said. "They're terrified.

They figure they're gonna be killed—and they will." At the weekend Ford went to San Francisco to meet a plane carrying 325 Vietnamese orphans.

Kissinger, who had flown out to California earlier, told a press conference that the Administration had begun a reassessment of American policy toward South Vietnam—and that Ford would disclose his decisions in his "state of the world" speech this week. It was difficult to imagine what the President would say. The overnight disintegration of the American-equipped and -trained ARVN troops summoned up memories of such historic military disasters as the Italian retreat at Caporetto in World War I and the collapse of Chiang Kai-shek's vast armies before the Chinese Communists in 1949. Kissinger insisted that there was a "possibility for the South Vietnamese military forces to stabilize the situation." Then he glumly added: "The next question is for what length of time and against what level of attack." Left unsaid—but painfully obvious to the Administration—was that there was virtually nothing the U.S. could do to save the day for its ally.

### LIMITS OF POWER

If worst came to worst, Ford could send the marines ashore to save American lives. But he was under stringent Congressional restrictions that made it unlawful for him to use military power to staunch the Communist drive. Visibly vexed by this display of national impotence, the President felt compelled to warn the rest of the world five times during his 44-minute press conference that America had not suddenly turned into a pitiful, helpless giant.

"I must say with all the certainty of which I am capable," he declared, "no adversaries or potential enemies of the U.S. should imagine that America can be safely challenged . . . We stand ready to defend ourselves and support our allies as surely as we already have." But as the rout went on unchecked in Vietnam, those phrases took on a hollow ring—and Ford seemed to know it. Aides had advised him to steer clear of questions assessing blame for the fiasco, but when one came he could not resist pointing to Congress's refusal to pass the military assistance he had requested.

Except for that brief outburst, the President seemed to recognize that Vietnam had long since ceased to be a

credible partisan issue in America, and he reserved the brunt of his blame for the South Vietnamese. Not only had President Nguyen Van Thieu failed to advise the U.S. in advance of his decision to evacuate half of his country, said Ford, but the South Vietnamese retreat itself was "poorly planned and unwise." That was about as close as the President came to publicly washing his hands of Thieu, but it was close enough, and the South Vietnamese Government responded



Compounding the tragedy: Victim of the orphans' air crash

with a venomous criticism of the U.S. In Washington, Ambassador Tran Kim Phung declared: "It is safer to be an ally of the Communists, and it looks like it is fatal to be an ally of the U.S." In Saigon, Thieu broke a weeklong silence to rally his dispirited army, absolve himself of all blame and remark: "The failure in [U.S.] military and economic aid over the past

year has . . . greatly influenced the spirit of our troops and sapped the confidence of our people . . . The Americans and their Congress have now seen what they must do in order to avoid being accused of betraying [our] people."

But the sheer velocity of the ARVN collapse—and the braver but no less futile resistance of the Cambodian Army—could not be blamed on the U.S. That was mainly the responsibility of Thieu and Cambodian President Lon Nol, who shared similar failings. Both men are recluses who displayed a distinct lack of decisive leadership at a moment of acute national crisis. Lon Nol's days have long been numbered and by the time that sad, sick man arrived in exile on the island of Bali, the issue had shifted to: How long can Thieu last? For the moment, he clung to his job, but the pressure on him to resign grew by leaps and bounds (page 11). Suddenly all the old coup makers seemed to be back in Saigon and Thieu's political archival, former Premier Nguyen Cao Ky, kept the plot rumors boiling. "It was a sad debacle," said Ky. "We had the men and the weapons and yet we simply ran away."

### SECURITY BLANKET

Unfortunately for South Vietnam, the grand illusion of "Vietnamization," which was fostered during the last years of the American involvement, failed to take into account the extent to which a client can become dependent on its patron—not only materially but psychologically. Nowhere was this more true than in the leadership of the South Vietnamese Army. The ARVN was trained, equipped and tested in battle as an integral part of the American military machine, and it was only natural that its leaders would become overly attached to the security blanket that American technology and support provided. Whenever the South Vietnamese Army fought back major Communist offensives, as it did two Easters ago, it had the massive support of U.S. tactical and strategic bombing. Significantly, even last week, Saigon's generals continued to harbor the grand illusion that, despite the obvious loss of American interest in continuing the struggle in Indochina, U.S. B-52s would soon fly again to stem the Communist tide.

That, of course, was not about to happen, for if nothing else America's painful object lesson in Indochina had



**THE WAR IN INDOCHINA**

left it with few illusions about the modern limits of power. "The political base on which we attempted to build American power in Southeast Asia was always a very fragile one," noted former Under Secretary of State George W. Ball last week. "We tried to make bricks without the straw of any strong sense of national identity on the part of the people."

Others pointed out that for years Washington consistently overestimated the strength of arms and underestimated the need for a nimble use of other forms of power in South Vietnam. "Strategy," observed retired Lt. Gen. James Gavin, "no longer relates simply to the movement of armed forces. The central ques-

tion for strategists and politicians alike is to make sure that strategy satisfies the economic and social needs of the Republic. The [U.S.] governments of the Vietnam era did not fashion their strategy along those lines—and now we are suffering for it."

**THE DOLEFUL LAST ACT**

It was too soon to say just how steep a price America will have to pay. There was a widespread feeling among members of the foreign-policy establishment that Henry Kissinger had exaggerated the extent of the U.S. defeat and that Kissinger's repeated public warnings of a major geopolitical backlash from Vietnam could act as a self-fulfilling proph-

ecy. "No one can deny that we have suffered a reversal," said one U.S. official, "but the spectacle of the Secretary of State leading the chorus of those lamenting the impact just adds to the problems we face."  
Clearly, the doleful last act in Indochina had hurt Kissinger personally, especially since it came on top of the recent failure of his mission to the Middle East and a running series of setbacks in Turkey, Greece, Cyprus and Portugal. The crisis atmosphere revived talk of a Kissinger resignation. White House aides hinted last week that Ford was not necessarily committed to Kissinger for the duration of his term in office. One ambassador recalled that he was told by someone who had just seen Ford that the President said: "Sooner or later, I'm going to have to take control of foreign

West Germany showed that only 49 per cent of West Germans retained faith in American friendship—a shadow of the 84 per cent who rallied to the U.S. side when John F. Kennedy made his rousing "Ich bin ein Berliner" speech in 1963.

**NAIVE AND UNREALISTIC**

In light of the outcome in Indochina, Kennedy's exuberant Inaugural pledge that the U.S. "will pay any price, bear any burden, meet any hardship, support any friend [or] oppose any foe to assure the survival and success of liberty" now looked both naïve and unrealistic. What's more, the collapse in South Vietnam had stripped hawks and doves alike of their dual illusions: that the war could be won militarily or that it could be lost with honor.



Rescue operations: Ford with orphan; conferring with Weyand and Kissinger

policy myself." And Washington gossip mills churned out a flurry of rumors that Elliot Richardson, the U.S. ambassador to Britain, or White House Chief of Staff Donald Rumsfeld was waiting in the wings to replace Kissinger if he chose to step down.

Few foreign diplomats looked on Kissinger's woes with any relish. In the interests of preserving détente, both the Soviet Union and Peking took care to downplay Hanoi's triumphs last week. Outwardly both Japan and Western Europe expressed confidence that the U.S. stood ready to defend its allies, but there was a flurry of anxieties (SEE EUROPE). Japan's Foreign Minister Kiichi Miyazawa planned to ask Kissinger to reaffirm the U.S. security-treaty commitment to defend Japan when the two men get together in Washington this week. A disheartening public-opinion poll in

It even seemed possible that the Indochina fiasco would help stiffen America's resolve elsewhere in the world where its national interests are more directly at stake. For such areas clearly exist—in the Western Hemisphere, in Western Europe, in the Middle East, to name a few—and a slackening of American influence on world affairs would be a tragic mistake. In Vietnam, it is true, the U.S. had lost a good deal of its innocence, a certain measure of its credibility and virtually all of its prestige in Indochina. But it had also learned a useful lesson: that there never was or ever could be a Pax Americana. America could emerge from the Vietnam gloom with a far more realistic vision of its role in the world and its power to influence events.

—TOM MATHEWS with MEL ELFIN in Washington, THOMAS M. DeFRANK with the Presidential party, LOREN JENKINS in Saigon and bureau reports

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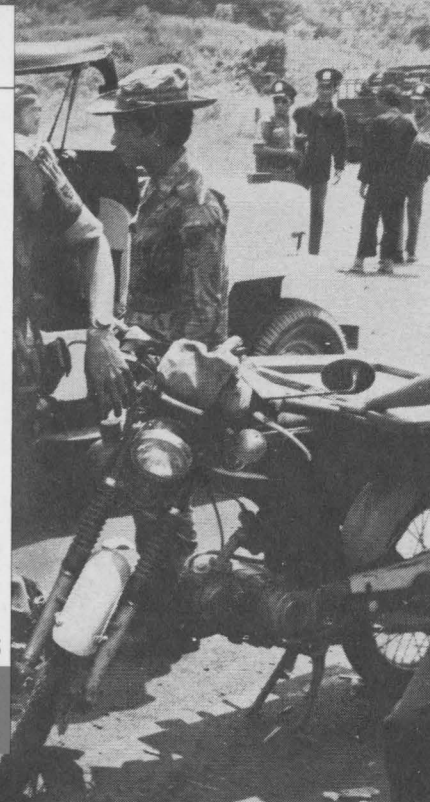
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South Vietnamese troops abandon their weapons: The will to resist seemed to have totally vanished

**The Sorrow and the Pity**

Only a month ago he was rated as South Vietnam's best general—the undaunted guardian of Huế and Da Nang. But last week Gen. Ngo Quang Truong lay in a private room at Saigon's Cong Hoa hospital, recovering from a nervous breakdown. In a way, he was lucky. One of his colleagues, Gen. Pham Van Phu, was literally cast adrift in solitary humiliation—forced to sail the South China Sea in a makeshift floating command post for several days before he too entered a mental ward. The two generals were victims of one of the great military routs of recent history. Tens of thousands of their panicked troops threw down their weapons and joined a nearly endless stream of refugees heading for Saigon. The capital was the end of the road. A doctor in Saigon who fled North Vietnam in 1954 put it succinctly: "Many of us are thinking again about what to do. But this time we have to consider one fact. There will be no other corner of Vietnam where we can run."

It was precisely that feeling of no exit that gave Saigon an aura of doom. With Communist troops pushing hard only 45 miles from the capital—and with not enough South Vietnamese troops left to stop them—everyone's nerves were on edge. There were runs on the banks, the black market in dollars and the airline booking offices. There were rumors without end about the state of the war and the state of the government. For a

time it was mistakenly believed that President Nguyen Van Thieu had taken off for a secret exile like his Cambodian compeer, Marshal Lon Nol. The government set up loudspeakers to broadcast patriotic songs and appeals for order, but that only set people's teeth on edge the more. "This city," said one worried diplomat, "is a powderkeg. Almost anything could set it off."

**FEAR OF THE UNKNOWN**

More than anything else, the city's mood may have stemmed from a fear of the unknown, a feeling that events had gone out of control. Indeed, there seemed no rhyme or reason to the unfolding drama. Even as army bulldozers scraped 10-foot tank traps into the rice fields north of Saigon, word arrived that several "surrendered" cities on the coast had not even been occupied by the Communists. While North Vietnamese divisions near Saigon seemed to be moving away, intelligence reported fresh troops pouring across the DMZ. While powerless opposition politicians argued about how to rid the country of Thieu, the President moved swiftly to fortify both his palace and his claim to it. And while the Viet Cong spoke softly in public about its devotion to reconciliation, there were already reports that in some places it was settling old scores by opening new wounds (page 16).

The final chapter of the government's rout from the north began with the collapse of public order in Da Nang, the country's second largest city and headquarters for the five northern provinces. The city was swollen by a million refugees, tripling its normal population in a matter of days. The real source of trouble was not civilians but 100,000 marauding government soldiers whose units disintegrated in the withdrawal from Huế to the north and the provincial capitals of Tam Ky and Quang Ngai to the south. An eyewitness to the troubles, French schoolteacher Alain Potier—who was perhaps the last Westerner to escape after the Communists took control—said Da Nang in its last days was a "hellhole."

"The problem," he reported, "was that many of the soldiers were both armed and drunk. The looting started at an American club and a French brewery and hundreds of them had too much to drink. They roamed the streets robbing people and shooting wildly. They took 10,000 piasters and a watch from the guard at the French Consulate and let him go. But when they stopped a man nearby and discovered he was penniless, they shot him on the spot. They looted some American houses and I saw some of them wearing American clothes and some children carrying American toys. I walked past the house of a man who worked for the consulate and saw his collection of Huế blue porcelains



**THE WAR IN INDOCHINA**

left it with few illusions about the northern limits of power. "The political system on which we attempted to build American power in Southeast Asia was always a very fragile one," noted former Under Secretary of State George W. Ball last week. "We tried to make bricks with the straw of any strong sense of nationality on the part of the people."

Others pointed out that for years Washington consistently overestimated the strength of arms and underestimated the need for a nimble use of other forms of power in South Vietnam. "Strategy," observed retired Lt. Gen. James Gavin, "no longer relates simply to the movement of armed forces. The central question



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tion for strategists and politicians alike is to make sure that strategy satisfies the economic and social needs of the Republic. The [U.S.] governments of the Vietnam era did not fashion their strategy along those lines—and now we are suffering for it."

**THE DOLEFUL LAST ACT**

It was too soon to say just how steep a price America will have to pay. There was a widespread feeling among members of the foreign-policy establishment that Henry Kissinger had exaggerated the extent of the U.S. defeat and that Kissinger's repeated public warnings of a major geopolitical backlash from Vietnam could act as a self-fulfilling proph-



Rescue operations: Ford with orphan; conferring with Weyand and Kissinger

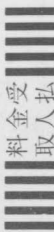
policy myself." And Washington gossip mills churned out a flurry of rumors that Elliot Richardson, the U.S. ambassador to Britain, or White House Chief of Staff Donald Rumsfeld was waiting in the wings to replace Kissinger if he chose to step down.

Few foreign diplomats looked on Kissinger's woes with any relish. In the interests of preserving détente, both the Soviet Union and Peking took care to downplay Hanoi's triumphs last week. Outwardly both Japan and Western Europe expressed confidence that the U.S. stood ready to defend its allies, but there was a flurry of anxieties (SEE EUROPE). Japan's Foreign Minister Kiichi Miyazawa planned to ask Kissinger to reaffirm the U.S. security-treaty commitment to defend Japan when the two men get together in Washington this week. A disheartening public-opinion poll in

It even seemed possible that the Indochina fiasco would help stiffen America's resolve elsewhere in the world where its national interests are more directly at stake. For such areas clearly exist—in the Western Hemisphere, in Western Europe, in the Middle East, to name a few—and a slackening of American influence on world affairs would be a tragic mistake. In Vietnam, it is true, the U.S. had lost a good deal of its innocence, a certain measure of its credibility and virtually all of its prestige in Indochina. But it had also learned a useful lesson: that there never was or ever could be a Pax Americana. America could emerge from the Vietnam gloom with a far more realistic vision of its role in the world and its power to influence events.

—TOM MATHEWS with MEL ELFIN in Washington, THOMAS M. DeFRANK with the Presidential party, LOREN JENKINS in Saigon and bureau reports

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Jean-Claude Francolon—Gamma

South Vietnamese troops abandon their weapons: The will to resist seemed to have totally vanished

**The Sorrow and the Pity**

Only a month ago he was rated as South Vietnam's best general—the undaunted guardian of Huế and Da Nang. But last week Gen. Ngo Quang Truong lay in a private room at Saigon's Cong Hoa hospital, recovering from a nervous breakdown. In a way, he was lucky. One of his colleagues, Gen. Pham Van Phu, was literally cast adrift in solitary humiliation—forced to sail the South China Sea in a makeshift floating command post for several days before he too entered a mental ward. The two generals were victims of one of the great military routs of recent history. Tens of thousands of their panicked troops threw down their weapons and joined a nearly endless stream of refugees heading for Saigon. The capital was the end of the road. A doctor in Saigon who fled North Vietnam in 1954 put it succinctly: "Many of us are thinking again about what to do. But this time we have to consider one fact. There will be no other corner of Vietnam where we can run."

It was precisely that feeling of no exit that gave Saigon an aura of doom. With Communist troops pushing hard only 45 miles from the capital—and with not enough South Vietnamese troops left to stop them—everyone's nerves were on edge. There were runs on the banks, the black market in dollars and the airline booking offices. There were rumors without end about the state of the war and the state of the government. For a

time it was mistakenly believed that President Nguyen Van Thieu had taken off for a secret exile like his Cambodian compeer, Marshal Lon Nol. The government set up loudspeakers to broadcast patriotic songs and appeals for order, but that only set people's teeth on edge the more. "This city," said one worried diplomat, "is a powderkeg. Almost anything could set it off."

**FEAR OF THE UNKNOWN**

More than anything else, the city's mood may have stemmed from a fear of the unknown, a feeling that events had gone out of control. Indeed, there seemed no rhyme or reason to the unfolding drama. Even as army bulldozers scraped 10-foot tank traps into the rice fields north of Saigon, word arrived that several "surrendered" cities on the coast had not even been occupied by the Communists. While North Vietnamese divisions near Saigon seemed to be moving away, intelligence reported fresh troops pouring across the DMZ. While powerless opposition politicians argued about how to rid the country of Thieu, the President moved swiftly to fortify both his palace and his claim to it. And while the Viet Cong spoke softly in public about its devotion to reconciliation, there were already reports that in some places it was settling old scores by opening new wounds (page 16).

The final chapter of the government's rout from the north began with the collapse of public order in Da Nang, the country's second largest city and headquarters for the five northern provinces. The city was swollen by a million refugees, tripling its normal population in a matter of days. The real source of trouble was not civilians but 100,000 marauding government soldiers whose units disintegrated in the withdrawal from Huế to the north and the provincial capitals of Tam Ky and Quang Ngai to the south. An eyewitness to the troubles, French schoolteacher Alain Potier—who was perhaps the last Westerner to escape after the Communists took control—said Da Nang in its last days was a "hellhole."

"The problem," he reported, "was that many of the soldiers were both armed and drunk. The looting started at an American club and a French brewery and hundreds of them had too much to drink. They roamed the streets robbing people and shooting wildly. They took 10,000 piasters and a watch from the guard at the French Consulate and let him go. But when they stopped a man nearby and discovered he was penniless, they shot him on the spot. They looted some American houses and I saw some of them wearing American clothes and some children carrying American toys. I walked past the house of a man who worked for the consulate and saw his collection of Huế blue porcelains







government's last outpost on the Mekong River supply corridor, went under. The 2,000-man garrison there fought to the end against a well-armed Khmer Rouge force three times as large. Supplied only by air drop and forced to share its meager rations with perhaps 50,000 civilians, the garrison nevertheless held out for a month against steady ground probes and 500 rounds a day of shellfire. In the end the government's troops were subdued by a fierce, hand-to-hand and bunker-to-bunker struggle in which the commander—in a final, futile effort to drive the enemy away—called in bombs on his own position.

The fall of Neak Luong was a staggering blow. It not only eliminated the last faint hope of reopening the river but freed thousands of insurgent troops to

Cambodian sky has become so low," one junior officer moaned last week. "The clouds press down and rockets burst out of them. I hope it soon will end."

Though there was still no sign that the army was going to cut and run, the situation was grim enough to cause the U.S. Embassy to pack up three-quarters of its 200-man staff and the bulk of its papers and equipment and fly them out of the country. Officials also set up emergency procedures and landing zones in case a final dash for safety had to be made by helicopter. The embassy handled these preparations with some secrecy in order to avoid creating a Da Nang-style panic in Phnom Penh, but it was clear the Americans had no intention of being caught in the middle when the final battle came. The problem, said one

would do no good, so they went to Premier Long Boret instead and urged him to name a high-level committee "to study the question."

### PUTTING AN END TO IT

Boret took their advice and two days later went to see the President at the head of a delegation that included Lt. Gen. Sak Sutsakhan, the new Defense Minister, and retired Gen. Sokham Koy, president of the Senate and the man who succeeded to Lon Nol's post. At the end of a lengthy session in which they pointed out that Cambodia could expect neither peace talks nor more U.S. arms to continue the fight so long as he stayed, Lon Nol finally gave up. His face ashen and his lips tightly compressed he told

dent Sokham Koy as a "bandit" and added: "In no way, under no circumstances, neither in the near future nor at a later date, will the Cambodian resistance agree to be reconciled with traitors." For his part, Koy said that he wanted to eliminate corruption and "improve the military situation [before] we talk to the other side." Asked if it wasn't a bit late for that kind of talk, Koy replied: "President Ford will send troops to Phnom Penh and then resign. If I were President of the United States, I'd do that to save American honor."

Despite the new leadership's reluctance to negotiate, the departure of Lon Nol from Cambodia seemed to some a precedent for a similar change of government in South Vietnam. The reason for this was clear. For the first time since the Tet offensive of 1968, Saigon was imperiled and its 4 million people knew it. The raging panic that swept the coast had not yet spread to the capital, in part because the government was trying hard to keep out refugees, military deserters and Communist saboteurs who might touch off disorders. But there was clearly a mood of quiet desperation in the air. Police abruptly moved up the curfew from 10 p.m. to 9, set up roadblocks on approaches to the city—especially from Vung Tau, 40 miles south where thousands of refugees were landing—and doubled the patrols of armed men in the streets.

### THIEU'S REDOUBT

Though that was enough to prevent civil disturbances for the time being, the Vietnamese interpreted the new measures as a clear signal that serious trouble was on the way. Hundreds of Saigon residents besieged the banks to withdraw their savings, and the black market in U.S. dollars doubled in a matter of days. Those who could afford to leave the country—and had enough political clout to procure passports and exit visas for themselves and their families—swamped the airlines with bookings. Others who had the money but lacked political connections talked of heading for the seacoast in a desperation bid to buy or hire boats to take them abroad. Arguments and fights exploded in the streets and there appeared to be a rise in hooliganism and petty crime.

Through all of this President Thieu seemed to hunker down in his third-floor corner office at the modernistic Doc Lap (Independence) Palace in downtown Saigon, providing neither leadership nor solace to his stunned countrymen. In some ways, in fact, he seemed more intent on preserving his own power than saving his country. Early in the week the

guard at the palace was sharply increased to prevent any coup attempt, and late in the week police swooped down on a group of junior officers and accused them of plotting Thieu's ouster. The plotters had given themselves away with unsuccessful attempts to drum up support from airborne and armored units near the capital and from former Air Vice Marshal Nguyen Cao Ky, once Thieu's Vice President.

There was no question that large sections of the army were deeply hostile to Thieu because of the rout. Senior officers spoke freely of the need to be rid of him. "As commander in chief, Thieu has presided over one of the worst defeats in recent military history," one general said. "We have lost two-thirds of our country and some of our best divisions.

ship, was made military governor of the capital itself. At the weekend, Thieu delivered a public answer to his opponents by firing Premier Tran Thien Khiem and naming an unknown right-winger, former Assembly speaker Nguyen Ba Can, to form a "war Cabinet." In a one-hour televised speech, the South Vietnamese leader admitted the loss of the north for the first time, but said he would never accept a coalition with his enemies and vowed a fight to recapture the lost territory from the Communists "no matter how long it takes."

There was no reason to think that the appointment of Can would still the President's critics, but if he could assemble a workable Cabinet it seemed likely that Thieu would continue to rule for a time at least. South Vietnam faced a battlefield crisis of such magnitude that it was hard to see why anyone would want to risk upsetting the political applecart—and perhaps losing the remainder of the country as well.

### AN UNEQUAL FIGHT

The crisis showed itself in many ways. Since the Communist offensive began four weeks ago Saigon has lost at least six full combat divisions and a billion dollars or more in military equipment, including hundreds of helicopters, transport planes and even jet fighter-bombers. What is worse, most of the weapons have been left intact by troops in such a rush to escape that they did not even think to drop grenades down the gun barrels or into the delicate cockpits. As a result Saigon now has only seven divisions and a total of perhaps 1,200 aircraft—including only 200 fighter planes—to defend the capital and the Mekong Delta, its vital rice bowl. Even though perhaps 16,000 soldiers finally straggled into Vung Tau, most of them were unarmed and disorganized. U.S. officials believed it would be many weeks before

they were whipped into shape again.

By contrast, North Vietnam's losses have been virtually nil. If the Communists decided to use the U.S. arms they have captured intact, they would for the first time in the war clearly outgun the government troops. What's more if the Communists paused only a matter of weeks, they could shift several divisions south and create overwhelming odds against the government forces defending Saigon. "Any way you look at it," said one Western military attaché in Saigon, "it is going to be an unequal fight."

Oddly, there was as yet no significant sign of a Communist shift into the Saigon area. Indeed, one of the six North Vietnamese divisions threatening the capital was detected moving away into the Plain



Panicky marines float to Da Nang rescue ships: The refugees who were left behind may have been the lucky ones

move against Phnom Penh itself. The 25,000-man capital garrison was already fully occupied trying to stop the shelling of Pochentong airfield, the last lifeline to the outside world.

### THE SKY WAS SO LOW

The only way to scrape up reserves to meet the new threat was to give up other towns—and last week the government did just that. It abandoned Kompong Seila on Route 4, 65 miles southwest of Phnom Penh, and airlifted its 1,500 men to the capital. There were also reports it might give up Siem Reap, near the insurgent-held temples of Angkor Wat. Even that might not be enough. The army's morale has been sinking fast because of low pay, corruption, battle fatigue, the sour taste of defeat and lately the growing realization that the flow of U.S. bombs and bullets may end. "The

senior U.S. official, is that "no one in Cambodia is going to fight to the last bullet. The troops will see no more planes coming in and the ammo running out and they will say 'to hell with it.' When the guy on the front line decides the jig is up, he will get rid of his weapon, dump his uniform, put on a sarong and melt into the countryside."

The only hopeful note of the week was the flight into exile of President Lon Nol, who had agonized for months over whether to go or not. Though U.S. Ambassador John Gunther Dean had been urging the President to leave for months, Lon Nol did not give in until the American envoy hit on a particularly subtle approach through the ambassadors of four Asian allies. Dean convinced his colleagues from Japan, Thailand, Malaysia and Singapore that Lon Nol's departure was vital. The four recognized that yet another direct approach to Lon Nol

the group: "You are right. Let's put an end to it. I have made up my mind to leave." There remained only the problem of arranging the details of his trip to Indonesia and the United States, and of fighting off a last-ditch effort to change his mind by his brother, Lon Non. But even though the obstacles were finally overcome, most officials thought the Cambodian leader's decision came too late to do much good.

Congress seemed unlikely to vote more money for arms, and neither Lon Nol's successors nor the Khmer Rouge showed any taste for negotiation. Even as Lon Nol conducted a stiff-lipped farewell at Pochentong, enemy rockets tore into the tarmac 200 yards away and sent the official party diving for cover. In Peking, Prince Norodom Sihanouk, the man Lon Nol deposed five years ago and who now heads the Khmer Rouge exile government, denounced acting Presi-



Tearful farewell: Lon Nol, wife leave for exile

He must resign." A young officer was blunter: "Thieu," he said, "has done more for Communism in the past two weeks than Gen. [Vo Nguyen] Giap [North Vietnam's Defense Minister] did in two decades. He is a traitor."

But talking up Thieu's ouster and doing something about it were two quite different things. While the generals and the politicians were trying to screw up their courage for a confrontation, Thieu moved adeptly to reinforce his position. He installed two intensely loyal officers at the head of troops in the Saigon area. Lt. Gen. Nguyen Van Toan, sacked last November for corruption, became head of the military region around the city, and Lt. Gen. Nguyen Van Minh, fired earlier for uninspired military leader-



of Reeds, 60 miles west of Saigon, late last week. Another shifted south from Tay Ninh into the Parrot's Beak area of Cambodia. There was continued pressure north of the capital, where Communist tanks overran the town of Chon Thanh, 45 miles up Route 13, and east of it where North Vietnamese troops cut Route 1 just beyond the town of Xuan Loc. Military analysts in both Saigon and Washington were unable to find a coherent pattern in those actions, but they suggested North Vietnam might be pursuing one of several courses:

- Hanoi may be circling some troops around to bring them up against the capital from an unexpected direction—the southwest—in a major offensive to open shortly.
- Hanoi may be moving into the delta either to cut Route 4, Saigon's main rice road, or to tie down the three divisions of government troops there and prevent them from reinforcing the capital.
- Hanoi may be going into a holding pattern until the Communist leadership sorts out the new situation, decides on a plan of attack and brings up enough troops to carry it out.
- Hanoi may simply be sitting back to see whether its recent successes result in the ouster of the Thieu government and the installation of a regime with which it can negotiate.

**THE NEXT STEP**

Though U.S. military men believed strongly last week that a major strike at Saigon was only weeks—or even days—away, the woman who served as the chief Viet Cong negotiator during the Paris peace talks seemed to indicate otherwise. In an interview with NEWSWEEK in Paris, Mme. Nguyen Thi Binh, Foreign Minister of the Provisional Revolutionary Government, said: "Our policy is to preserve the lives of all our people and all our property. After all, Saigon is the property of the Vietnamese people." While maintaining that "it is too early to tell" whether a battle for the city will be necessary, she added that if Thieu is ousted, "there will certainly be people prepared to form a government which will declare itself for peace . . . and the PRG is ready to begin conversations" with them.

That statement seemed to leave the fate of Saigon squarely in the laps of the South Vietnamese themselves. If they were able somehow to unhorse Thieu and install a government willing to seek accommodation with the Communists, a decent interval of coalition politics might give them a few years' grace and a gentle slide into Communism. If not, it seemed certain that sooner or later there would be one final paroxysm of violence, a last great bloodletting before the longest war of modern times came to an end that was now inevitable.

—KIM WILLENSON with LOREN JENKINS and TONY CLIFTON in Saigon, PAUL BRINKLEY-ROGERS in Phnom Penh, SCOTT SULLIVAN in Paris and PHILLIP S. COOK in Washington



Vietnamese children peer at their new American homeland: A flying playpen

**Orphans of the Storm**

The air-traffic controller at Saigon's Tan Son Nhut airport was enraged. "Don't take off, don't take off," he barked. "You have no clearance." Ken Healy's answer was to gun the four jet engines on his DC-8 and turn onto the unlighted runway. Seconds later, the 52-year-old World Airways pilot was airborne, taking with him the most unusual cargo ever to be flown out of South Vietnam. On board the scooped-out transport last week, nestled in blankets on its bare floor and snuggled up to their pillows, were 57 orphaned Vietnamese children enroute to their new homes in the United States.

World Airways' maverick flight made instant celebrities out of the 57 young pioneers—half of them the abandoned children of American GI's—and touched off a barrage of telephone calls across the United States from families pleading to adopt Vietnamese orphans.\* It also sparked an international drive to evacuate more of the hundreds of thousands of homeless children in South Vietnam. The Australian Government flew 215 children to new homes in Sydney and other nations announced airlift plans of their own. President Ford pledged that the U.S. would bring 2,000 children to America in a \$2 million airlift and ordered the U.S. Embassy in Saigon to "cut red tape" to speed the evacuation. Even before the first 57 children were brought to their new homes across the U.S., the American airlift began—but the very first flight ended in disaster.

\*Among United States agencies handling the adoption of South Vietnamese children are: Friends for All Children, Boulder, Colo.; Holt Adoption Program, Eugene, Ore.; Travelers Aid-International Social Service of America, New York; Catholic Relief Services, New York; Migration and Refugee Services, New York; and World Vision International, Monrovia, Calif.

A giant C5-A Galaxy, the largest plane in the world, took off from Tan Son Nhut with 243 orphans jammed inside—some wedged ten abreast in seats that normally hold three persons, others strapped down to the floor in the plane's lower cargo deck. Minutes after the lift-off, the jet's rear loading door blew out and the cabin pressure plummeted. Plastic-lined pillows exploded and the children's possessions were hurled like missiles through the cabins. As the orphans grew groggy from lack of oxygen (there were not enough oxygen masks for everyone),



A flight to tragedy: Babies cuddle up

the pilot banked and headed back to Saigon. The plane never made it. It crash-landed in a rice field 1 1/2 miles from the airport—killing 150 children and 50 of the adults on board.

Neither fire trucks nor ambulances could get through the swampy field to reach the wreckage. American rescue teams who were lowered into the paddy from helicopters found the field littered with debris: baby bottles, children's toys, boxes of diapers. The pages of a Donald Duck comic book flipped in the wind. Bodies were half-buried in the mud, and 30 children were still trapped in the plane's cargo deck. "Some of us got out through a chute from the top of the plane," said an American woman survivor, "but the children at the bottom of the plane didn't have a chance."

**THE LOST GENERATION**

The U.S. quickly announced that the orphan airlift would continue, but only a small percentage of South Vietnamese children are ever likely to reach America. Although a number of volunteers from charity organizations vowed to remain in Saigon—confident that the Communists would bear no malice toward homeless children—there was no way that they could care for the thousands of youngsters that make up the latest lost generation of Vietnamese. The relentless Communist drive through the countryside, and the refugees' panicky rush toward new havens, split apart countless families. Even before the North Vietnamese conquests, the streets of South Vietnam's major cities were crowded with pre-teen beggars and waifs.

Many children have already been lost in the nationwide chaos of the past three weeks: some died of starvation or thirst

or overexposure, some drowned as they fell or were pushed off crowded barges, some were trampled in the crush of refugees clawing for places on evacuation helicopters, some were shot by soldiers determined that nothing would get in the way of their passage to what they thought would be safety.

As the Communists pushed ever closer to Saigon last week, the city's adoption agencies began to gather children from orphanages to line them up for places on the promised flights—and many frightened Vietnamese parents even gave their children up. "Maybe the Viet Cong be here," sobbed 28-year-old Nguyen Thi Liem as she signed a waiver permitting adoption of her three children. "Maybe they rocket. Maybe they bomb. I don't want my babies to die." There was no guarantee that her children—or even many of the children placed with adoption agencies—would ever board the planes. Several of these agencies are unlicensed, which in the past has made it impossible for them to place children in homes outside Vietnam. In addition, immigration rules of many Western nations have often stymied or delayed adoptions. Although thousands of American families have applied to adopt South Vietnamese orphans, the majority of these couples have been waiting months or even years without success.

It was only after an angry bureaucratic hassle that last week's World Airways flight got off the ground. The line's flamboyant, pistol-packing president, Edward Daly, charged that the U.S. Embassy in Saigon had tried to block the flight by claiming that the plane was unsafe. (The embassy countered that the local adoption agency concerned—Friends for All Children—made the decision on its own.) Daly, whose airline

flew the last rescue mission out of Da Nang two weeks ago in defiance of government orders, was not to be thwarted. He rounded up the 57 children from other orphanages, stocked the plane with milk, diapers and baby food, and took off for the U.S.

The giant cargo plane soon resembled a flying playpen and picnic ground. The children snatched up the crayons that Daly had provided and many drew pictures of what they thought their future foster parents would look like. Their twenty adult supervisors ran a non-stop food service (bananas, crackers, sandwiches and rice splashed with soy sauce) and mustered up a diaper-changing assembly-line. Although the U.S. Embassy said that the DC-8 was neither heated nor pressurized, Peter Arnett of the Associated Press, the only reporter on board, cabled that it was. The orphans slept soundly through the night hours of the flight. When daylight broke, the older children scooted up and down the length of the cabin or pressed against the windows to watch the clouds. Seventeen hours after they left Saigon, they landed in Oakland, Calif., where a Red Cross volunteer proclaimed: "They look like they fared quite well."

**NEW TOYS, NEW NAMES**

The red and white jet taxied to a welcome reminiscent of the return of the first planeload of American prisoners of war two years ago. More than 500 people crowded onto the tarmac, waving and cheering. Few of the children waved back, but one jaunty 7-year-old, wearing a baseball cap with the name Paul stitched on it, made a grandstand wave to the television cameras and was rewarded with a laugh. The children, ranging in



for take-off, the search for the bodies



## THE WAR IN INDOCHINA

age from two months to 13 years, were taken to the U.S. Army base at the Presidio in San Francisco for baths, medical checkups and a night's rest before flying to meet their new families. The orphans quickly took command. They scampered across the rows of mattresses lined up on the floor in impromptu games of tag and played with the teddy bears, rubber balls and tricycles that had been donated. They wolfed down Jell-O and scrambled eggs. They also began the process of changing their names.

More than 2,000 American families telephoned World Airways last week offering to adopt the 57 children, but all had been spoken for long in advance. Few of the orphans' new parents were able to meet their children in San Francisco, but for those who did, it was an

emotional moment. "We tried to adopt in the U.S. but no one would accept us," said Christine Smart as she and her husband, Bill, embraced their three new children. "Finally we went over to Vietnam last year and met Paul and Nick and fell in love with them. It turned out they had a sister, so we took Tanya too."

### 'WE'RE OVERJOYED'

Across the continent, in Plymouth, Mass., a 6 a.m. telephone call awakened Peter and Barbara Snyder, who had been waiting more than a year for a Vietnamese girl they named Therese. "It's been like running through deep mud with hip boots on to make the arrangements," said Snyder, a 31-year-old retired airline pilot. "We obviously despaired because

we didn't know what to make of the situation in Vietnam. Now, we're just overjoyed. I still haven't got my feet back on the ground."

In Atlanta, Mrs. Thomas Pope was at the airport before dawn. "We've waited a long time for this," she said, hugging her new 1-year-old daughter, Mary Claire. "We've been watching her grow for a long time through pictures in the mail." At New York's La Guardia Airport, Mrs. Adele Kolinsky was already making plans for Nguyen Thi My Huong—now known as Robyn Lan Kolinsky—and the first of those plans was to teach the 3-year-old Vietnamese girl how to participate in Jewish Sabbath services. "Next Friday," Mrs. Kolinsky said, "she will light the candles."

—RICHARD STEELE with bureau reports

## BEHIND THE NEW RED LINES

To hear the Communists tell it, their armies were welcomed like conquering heroes by the South Vietnamese people. The Viet Cong's chief propaganda organ, the Liberation Press Agency, reported that in Hué Communist columns were hailed by throngs of ordinary citizens, including young monks and children and beautiful young girls "in white and violet shirts . . . singing 'Hué, Our Beloved City.'" One elderly woman in the ancient imperial capital was described grasping a soldier's hand and exclaiming in a voice shaking with emotion: "My dear son, we have been longing for this day for years." Stories from other occupied Communist areas were similar. The people of Da Nang, according to the North Vietnamese News Agency, "poured into the streets to greet the returning liberation fighters."

While few refugees have emerged from the captured cities to give a picture of the real situation behind the Communist lines, intelligence reports indicated that, contrary to widespread fears, there has been no real blood bath so far. In Hué, which fell to the North Vietnamese two weeks ago, a Buddhist organization called "Forces for National Reconciliation" was allowed to continue operating, and one of its non-Communist leaders, Dr. Pham Thi Quang Ong, was reported to have attended the city's revolutionary-committee meeting. In Quang Ngai, the Viet Cong's Provisional Revolutionary Government (PRG) reported that 80 government employees, including policemen, pledged to continue at their posts. Everywhere, in fact, the Communists seemed bent on following their stated policy of setting up temporary coalition governments with non-Communist "third force" politicians.

There seemed to be little question that the Communists had replaced the chaos of the last days of Saigon's rule in the



Communist troops in Da Nang: A semblance of order and some words of warning

northern provinces with a semblance of order. In the cities, electricity and water supplies were quickly restored. Schools and shops were reopened. To allay public fear, the Communists announced a ten-point program guaranteeing freedom of religion, private property, and equality of the sexes. The Viet Cong issued a "Code of Conduct" for its officials, warning them not to "encroach upon even a needle or thread of the people."

**Aid:** In an open admission that the Communists faced sizable difficulties, Hanoi last week appealed to the "entire world" to aid the people in the "liberated areas." The Swedish Government offered \$5.8 million worth of food, clothing and medicine. At least two private American relief organizations, the American Friends Service Committee and the Mennonite Central Committee, negotiated with the PRG to conduct humanitarian operations in Communist zones. UNICEF, which has provided

health centers and teaching equipment to Viet Cong-held areas since mid-1973, considered sending additional aid.

So far, the Communist emphasis has been on rebuilding and reconciliation, but it is clear that the Viet Cong have many grudges to settle. Ominously, the Liberation Press Agency reported that people were helping "members of the security service track down diehard agents" of Saigon. One order declared that the revolutionary administration will deal with "all schemes and actions of sabotage or counterattack. Severe punishment will be given to elements engaged in activities against the revolutionary administration." Given the fact that hundreds of thousands of South Vietnamese have served in their country's army and government and worked for the Americans, those words of warning seemed to portend an eventual purge of considerable proportions.

—RAYMOND CARROLL with bureau reports

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## The Yanks Are Going

On a humid Saigon afternoon last week, Jack Lyams sat slumped in the chilly blast of a Hotel Miramar air conditioner, getting very thoroughly and very deliberately drunk. "I'm throwing myself a good-by party," he told a friend. "Seven years I've been here and it all comes down to that," he said, slapping an Air Vietnam ticket to Bangkok on the table. "Know how I got it?" Lyams tapped his wallet, then lifted the tail of his bush jacket to reveal a revolver stuck in the waistband of his trousers. "It was a goddam nightmare," shuddered the 43-year-old American engineer, who was evacuated from Da Nang five days earlier only minutes ahead of the North Vietnamese juggernaut. "And I'm not going through another one."

Most of the 6,000 Americans living in South Vietnam share Lyams's conviction. Eyes reddened by fatigue and fear, they jammed Saigon's three American banks to close out accounts, then rushed to airline ticket offices to flee the looming catastrophe. Yet while private corporations such as Shell Oil—and even voluntary organizations like CARE—were already evacuating employees, U.S. Ambassador Graham Martin continued to tough it out by insisting: "There is no danger to Saigon."

In an effort to prevent the future erosion of South Vietnamese morale, Martin announced that no orders had been issued for the evacuation of embassy staff or dependents. Long lines of diplomatic families crowding the airport each day, explained an embassy official blandly, were shipping out on "the summer cycle replacement schedule." In fact, female staffers in the defense attaché's office were ordered to evacuate last week, joining the exodus of dependents. "I begged my wife to leave," said a haggard embassy official. "She said no, she wants to stay until the end. It's going so fast I can't believe it."

### 'IT WOULD BE A MESS'

Contingency evacuation plans looked reassuring enough on paper. On orders from Martin, the Voice of America and an embassy radio station will broadcast the alarm, sending Americans to secret gathering points for transportation to the airport and military flights to Manila. Should the airport be closed by Communist rocket attack, then the Americans will be helicoptered to four amphibious U.S. ships anchored near the coast (and carrying a total of 700 marines who would help the Americans shoot their way out if necessary). Five Navy carriers are standing by in the Western Pacific to help the rescue effort, which extends also to South Vietnamese employees of the U.S. Embassy.

The reality may be grimmer. At least 100 helicopters would be needed, said

one American pilot with long experience in Vietnam evacuations, and the designated ships have only 30. "It would be a mess," he said, or worse, for chopper pilots unfamiliar with Saigon to locate Americans scattered all over the city if anti-American terrorism prevented them from leaving their homes.

With each day, an outburst of anti-Americanism seemed more likely. Already, Westerners caught out on the street after the 9 p.m. curfew risked a roughing up by South Vietnamese police. An American official who stopped off at his regular barber last week received a tirade on "betrayal" along with his haircut. Similar denunciations are beginning to come from Cabinet members and opposition legislators alike, and several newspapers have started larding their accusations with the phrase "chay lang"—a gambling term for players who flee a game after losing it, and without paying their debts to other gamblers.

Another chilling thought for conscience-stricken Americans was the wholesale abandonment of their Vietnamese friends. "He says wait, wait, wait," shouted a patrician Vietnamese girl at her foreign lover last week, as she berated him for procrastinating on the marriage that would permit her to es-

cape. "You don't understand. They will not just kill me, they will torture me before." As Saigon's panic deepened, bar girls began approaching every foreign man that passed in a search for a deal to get them out of the country. With unusual bureaucratic dispatch, the U.S. Consulate processed 500 marriage and adoption cases a day. It turned a blind eye on such legal requirements as the American bridegroom's proving—not just swearing—that he was single. It negotiated a special passport category for fiancées of Americans already back in the U.S. "We're cranking out paper work by the bucketful," said U.S. Consul Walter Burke. "But what good does it do if they can't get passports to leave?"

### THEIR ONLY HOPE

As enemy troops rolled closer, exit visas became unobtainable at any price. Vietnamese women ran frantically from one jewelry store to another, turning their soon-to-be worthless piasters into gold to finance their escapes by boat that now seemed their only hope. "My God," said an anguished old Vietnamese gentleman in Oxford English as he passed some foreigners in the street, "are you Americans really going to let this happen to us?" With all due remorse, the answer, plainly, was yes.

—ELIZABETH PEER with NICHOLAS C. PROFFITT in Saigon and JEFF B. COPELAND in Washington

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Fleeing the looming catastrophe: Dejected U.S. marine with Vietnamese aides



# The Hilton guide to Sydney.

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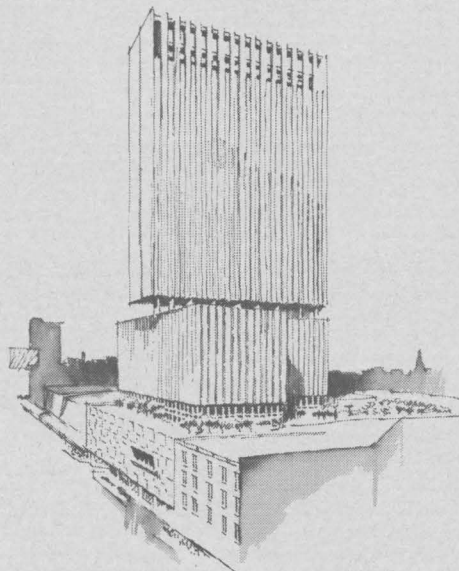
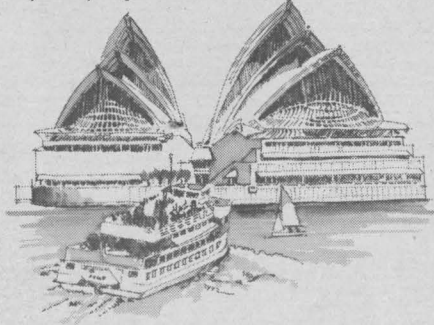
A few minutes walk from the hotel can take you to a lot of places.

**Shopping.** Only a block away you'll find **Centrepoint**, multi-level arcades crammed with "way-out" boutiques and connected to Sydney's main department stores by skywalks. And there's a shopping arcade right in the building.

Feel like an argument? A few blocks away is the Domain where soapbox orators harangue onlookers, but only on Sunday.

**Walking Tours.** Bordering on the Domain, you'll find the best collection of Australian paintings at the Art Gallery of New South Wales (admission is free on Tuesdays, 20¢ other days). If your interest runs to early Australiana, spend an hour or two at the Australian Museum in College Street.

If it's culture and beauty you want, a ten-minute walk north of the hotel brings you to the world-famous **Sydney Opera House**. This



entertainment complex has sweeping views of the harbor and city. Adjacent to the Opera House is Circular Quay where ferry boats leave regularly for cruises around the harbor.

**Drinking and Dining Spots.** Walking tours can build a thirst. The historic **Marble Bar** at the hotel is the best place to quench it.



Once part of the gracious Adams Hotel, this famous watering hole has been restored and declared part of Australia's National Trust. On the lobby floor is the America's Cup Bar, convenient at any time.

When it's time to dine, you have one of four restaurants to enjoy at the hotel. The **San Francisco Grill** is especially recommended. If you're dining

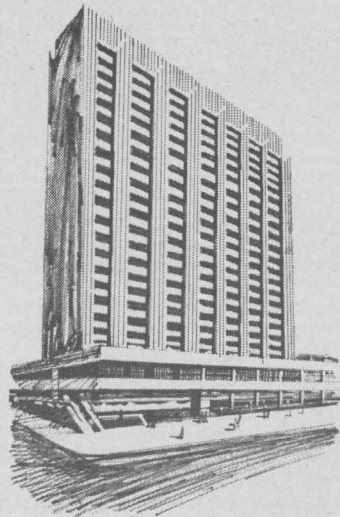
out, try **Doyles** overlooking the harbor at Watsons Bay. Sample the barramundi and rock oysters—native fish specialties of Australia.

**Side trips.** Before you leave Sydney, take a drive around Paddington, a residential section with unusual "terrace houses" or visit La Perouse where an aboriginal will show you how to throw a boomerang—and get it back.

## THE NEW MELBOURNE HILTON.

Now south to Melbourne, Sydney's friendly rival for the distinction of being Australia's most interesting city. Stay, of course, at the new **Melbourne Hilton** on the grounds of the old Cliveden Mansions. All rooms overlook the beautiful Royal Botanical Gardens and the Fitzroy and Treasury Gardens adjacent to the hotel. Fashionable Collins Street is a quiet walk through the Gardens. Trams are an economical and interesting way to see the city. For example, take a No. 48

or 74 tram to the city center, then change for Toorak and South Yarra where the smart shops and fine restaurants are. Also visit the Myer Music Bowl, where outdoor concerts are free.



# Chiang Kai-shek, 1887-1975

When he died last week of a heart attack on the island of Taiwan, history had all but passed Chiang Kai-shek by. At 87, he was a near-legendary figure, the last survivor of the World War II quadrumvirate that included Roosevelt, Churchill and Stalin. Three years ago, he was elected to a fifth six-year term as President of Nationalist China. But at his inauguration, the once austere-ly erect generalissimo could stand for only a few minutes. And in the years since then, it became obvious that his grip on power—and on life itself—was fading.

Not too long ago, Chiang was one of the most controversial political figures of the age, the mention of whose name could turn a cocktail party into a shouting match. To his supporters, the "Gimo" was a staunch advocate of Chinese unity and democracy—and a dedicated anti-Communist. To his detractors, he was at best corrupt and ineffectual and, at worst, despot to the point of Fascism.

**Rejection:** As usual, the truth was far more complicated and elusive than either Chiang's friends or foes would concede. What can be said is that Chiang—along with Sun Yat-sen and Mao Tse-tung—was one of the three great figures of modern Chinese history. But he lived too long to do his political reputation any good. In the last quarter-century of his life, Chiang lost the Chinese mainland to his longtime Communist enemies. And, sadly for him, the generalissimo lived long enough to see the U.S., Japan and other postwar friends turn from him



Chiang Ching-kuo: What happens now?



ASIA

Chiang Kai-shek in his last years: History had all but passed him by

toward Peking, and to see the United Nations eject his government and grant membership to the Communists.

Chiang suffered these reverses—even the humiliation of Richard Nixon's visit to China in 1972—with outward stoicism. And in the past few years, he looked on almost hopelessly as the political isolation of his government increased. Dozens of countries, particularly in the Third World, cut their ties with Taipei. The Japanese recognized the Communist government in Peking, causing Taiwan to sever diplomatic relations with Tokyo. At the same time, pressure grew for the U.S. to abandon its support for Nationalist China in favor of improved relations with Peking. Still, Chiang adamantly insisted that the tide would someday turn against the Communists. "The 'era' of Mao Tse-tung is finished," he said in a message to the youth of Taiwan just two weeks ago. "The whole system and institution of Communism is rapidly sliding to disintegration and collapse."

Nothing in his early career suggested that Chiang Kai-shek was destined to become a historical relic. As a young man of 24, back from military training in Japan, he fought with Sun Yat-sen's revolutionary Kuomintang and helped bring down China's last imperial dynasty, the Manchus. An ardent supporter of Sun, the young Chiang rose steadily in the hierarchy of the Kuomintang; in 1924 he was entrusted with the training of the party's army. After the death of Sun in 1925, Chiang, with the support of the young officers he had trained, took control of the Kuomintang. Then, in a series of triumphant campaigns, his armies routed the northern warlords and by the

end of 1927 much of the country was brought under the control of the Kuomintang. In time, Chiang was able to give China its strongest central government in a century. The Nationalist regime was established at Nanking, and for 21 years thereafter—except for brief periods when he voluntarily stepped aside as a political ploy—Chiang was the "supreme leader" of mainland China.

Chiang's stewardship during those years has been the subject of considerable debate. Nonetheless, by the mid-30s, the Kuomintang enjoyed a wide popularity among the middle and upper classes. China's economy had developed to a level that it did not achieve again until the late 1950s, and the Communists—whom Chiang had bloodily purged from the Kuomintang in 1927—appeared to be on the run. But the invasion by Japan in 1937 put an end to all that. Within days, the Japanese seized large chunks of China, Chiang was in retreat toward the interior, and any plans he might have harbored for China were washed away in the tide of war.

**Visits:** With the advent of World War II in the Pacific, Chiang gained a host of new allies in his fight against the Japanese empire. And as a result of the wartime alliance with the U.S., Chiang was transformed in the world's eye into an international political star of the first order. Madame Chiang, the generalissimo's beautiful, Wellesley-educated wife, made two visits to Washington, charming President Roosevelt and many millions of Americans. At American insistence, Chiang himself was invited to the 1943 Cairo Conference, where, remote and grave, he joined FDR and Winston Churchill in discussions on the

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 HILTON INTERNATIONAL



course of the war against the Axis powers and the shape of the postwar world. Roosevelt developed considerable esteem for Chiang, and in a message to Gen. George C. Marshall, the President noted approvingly that Chiang Kai-shek was the "undisputed leader of 400 million people."

Others, however, were not so sure of that. Churchill did not share the President's "excessive estimates of Chiang Kai-shek's power." And Gen. Joseph W. (Vinegar Joe) Stilwell, the top U.S. military adviser to the generalissimo, bluntly told Roosevelt that in his opinion Chiang was "a vacillating, tricky, undependable old scoundrel who never keeps his word." On another occasion, Stilwell depicted Chiang as a "stubborn, ignorant, prejudiced, conceited despot" who was doing a rotten job with the war and nothing at all for his people. After the war, Stilwell predicted, there would be a

armies disintegrated with astonishing speed, and by the end of 1949, Chiang and what was left of his government fled to the island of Taiwan.

**Notions:** What brought on such an astonishing collapse? Over the years, the double menace of the Communists and the Japanese had undeniably sapped the Kuomintang's strength. But still, a good portion of the blame rested with the generalissimo himself. Basically, he was a professional soldier who tried to solve complex political and social problems by military means. He had simplistic notions of politics, and his attempt to combat Marxism by asking a tired, hungry nation to seek salvation in such virtues as honor and sacrifice was foredoomed to failure. His lack of a real political program increasingly isolated him from the masses of ordinary Chinese people, and in the end—increasingly autocratic—he ruled China with the aid

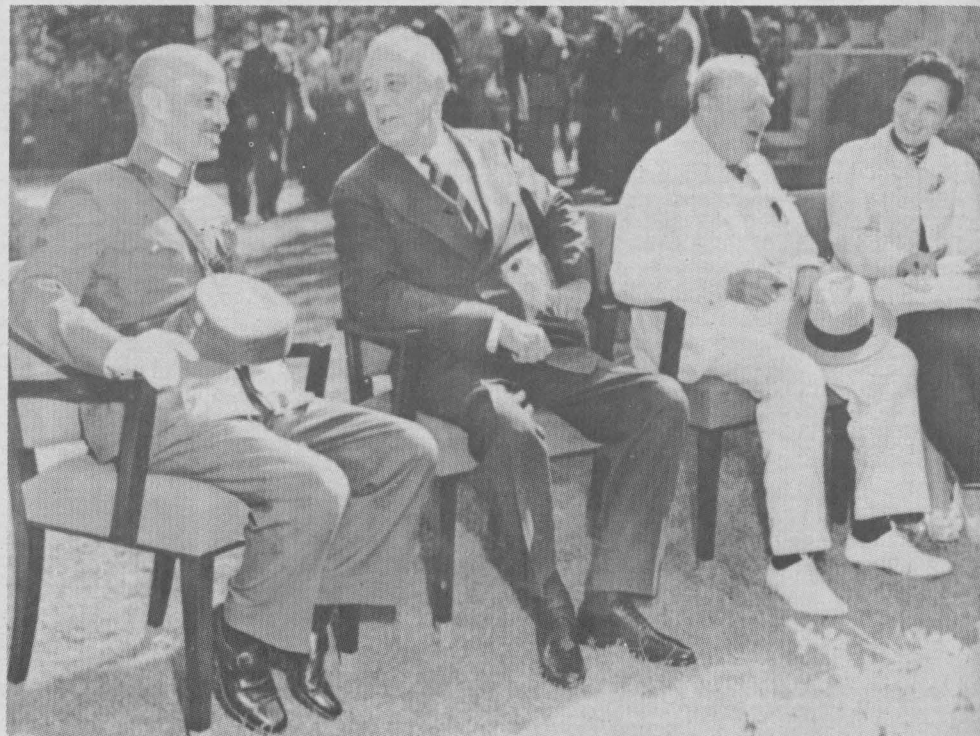
control over the island and even gave Nixon something like a pledge during his visit to Peking in February 1972 that they would not try to seize Taiwan.

What will happen between Taiwan and mainland China now that the "Gimo" is dead has been the subject of much conjecture. His son, 65-year-old Premier Chiang Ching-kuo, has been the de facto ruler of Taiwan for some time, and now it is almost certain that he will become the paramount political force on the island in form as well as fact. In some quarters, there is talk that "young Chiang" will feel free to make overtures for improved relations with the mainland government. Others, however, do not expect Chiang Ching-kuo to turn his back abruptly on his father's policies or to shed his father's long-standing hatred for the Peking regime. Commented one U.S. State Department official: "The wounds are much too painful, the lines



Bettmann Archive

Legendary figure: Chiang as a young officer in the 1920s; with Roosevelt, Churchill and Mme. Chiang at Cairo in 1943



UPI

bloody civil war between the Nationalists and the Communists.

Stilwell, of course, was quickly proved right on the last score. With the defeat of the Japanese, a desperate struggle broke out between Chiang's Nationalist forces and Mao's Communists. The U.S. made numerous attempts to mediate in the dispute and at one point even talked Mao into flying to Chungking to negotiate with Chiang. There were exchanges of pleasantries and toasts, but nothing came of it, and soon the two sides returned to the battlefield to resume their epic war. Chiang had an army—including more than a dozen divisions trained and equipped by the U.S.—that was perhaps five times larger than that of the Communists. And yet, by 1948, with the large quantities of Japanese arms turned over to them by the Soviet Union, Mao's forces controlled all of Manchuria. When the Communists swept south, Chiang's

of a small clique of personal friends, Shanghai bankers and ex-warlords.

On the far smaller stage of Taiwan, the generalissimo's rule was far more effective. The 13 million Taiwanese—many of whom would like to be independent of China, no matter who runs it—were excluded from his government. But Chiang's rule was paternal, if sometimes harsh and repressive. With land reform and enormous infusions of U.S. economic aid and foreign investment, Chiang led Taiwan to a level of prosperity exceeded in Asia only by Japan. And despite wistful public tough talk, he privately assured the U.S. that he would not touch off major trouble in Asia by trying to regain the mainland by force. The Chinese Communists, for their part, grew less intent on asserting immediate

are too clearly drawn, for any hope of early movement."

The fact of the matter is that Chiang's death made very little political difference at all—which surely says a lot about the extent to which the world has changed. Even before Chiang's death, Communist Premier Chou En-lai described his old foe as a Chinese patriot—and that Chiang undisputably was. As a person, he was a presence; he was also proud, brave, dedicated, unyielding and, save for his passionate nationalism, largely ignorant of the fundamental political currents of the twentieth century. "It is the passing of an era," said an American official, "a landmark event. But it will not make very much difference in the behavior of anyone."

—RAYMOND CARROLL



U.S. ad for Chinese troupe: No show

## Sweet and Sour

With all their other problems, the last thing that American diplomats might be expected to worry about these days would be the words to a Chinese song. Yet, it was precisely such stuff that led to a great U.S.-China lyrics flap two weeks ago (NEWSWEEK, April 7). It seemed that China's Performing Arts Troupe, due to begin a cross-country U.S. tour, insisted on a change in its program almost at the last minute: the Chinese wanted to add a musical number containing a line that runs: "We must liberate Taiwan." Arguing that such sentiments provided more in the way of political indoctrination than in cultural uplift, the U.S. State Department immediately asked that the song be dropped. With equal promptness, the Chinese refused and the Americans abruptly canceled the tour.

A minor incident? Possibly. But some American Sinologists recalled that U.S.-China relations have been known to turn on such innocuous things as the bounce of Ping Pong balls. And at a time when Kissingerian diplomacy is taking its lumps in Indochina, in the Mideast and in southern Europe, some U.S. officials privately wondered whether Peking was getting into the act too. One suspicion held in some Washington quarters, particularly those close to U.S. Secretary of State Henry Kissinger, was that the Chinese saw an opportunity to test American adherence to a section of the 1972 Shanghai communiqué, under which Washington accepted the principle that the Taiwan issue could only be settled by the Chinese themselves (on both sides of the Taiwan Strait). "If the U.S. side was not retreating from the Shanghai communiqué," a Chinese Foreign Ministry spokesman groused last week, "there would be no reason for it to object to the inclusion of the song."

For the moment the Chinese seemed little inclined to press the issue further.

High-level U.S.-China contacts went on without a hitch last week as Peking's First Vice Premier Teng Hsiao-ping hosted and toasted visiting U.S. House Speaker Carl Albert and House Minority Leader John J. Rhodes. Indeed, in terms of global power politics, many American observers doubt that Peking will make any major changes in its foreign policy as a result of recent U.S. diplomatic setbacks. "China wants to see the U.S. remain a reliable power," a U.S. official insisted, "and they probably don't think that (the Indochina defeats) necessarily undermine American willingness to continue to contend with the Soviets worldwide."

Nonetheless, the lyrics flap refocused attention on Washington's footdragging in carrying out its long-promised efforts to strengthen Sino-U.S. relations. Despite the Shanghai communiqué, Washington has never made it clear how it plans to get out of its security treaty with Taiwan and end its diplomatic ties to the Chinese Nationalists—and both of these moves are prerequisites to formal Washington-Peking diplomatic ties. Indeed, in view of the current U.S. setbacks in Indochina and elsewhere, the Ford Administration itself may be less willing to make concessions, lest it be accused of a "sell-out" by its conservative critics. All of this has already put something of a damper on Gerald Ford's upcoming visit to China, now scheduled for October or November. Aside from the Taiwan quandary, Washington officials

cannot think of any substantive issues to discuss at another U.S.-China summit. Indeed, quipped one U.S. observer, the main gain for Ford may be only "to show that he can eat sweet and sour pork with Mao just as well as Nixon."

—DANIEL CHU with SYDNEY LIU in Hong Kong and JEFF B. COPELAND in Washington

## SOUTH KOREA:

### Prelude to a Crackdown?

Ostensibly, the appeals were prompted by the string of Communist victories in Indochina. In three speeches last week, South Korean President Park Chung Hee warned that North Korea might view "dissension and chaos" in South Korea as "signs of internal weaknesses" and launch a new attack across the DMZ. If war does break out, Park declared, "we should be ready to defend every inch of our country by ourselves."

Those words clearly expressed a genuine worry over the firmness of Washington's commitment to South Korea in the wake of the U.S. debacle in South Vietnam. But last week Seoul received renewed assurances of support from Washington, and it appeared that Park's message was, in fact, primarily aimed at his domestic foes. With violent anti-government demonstrations continuing to ripple through Seoul last week, Park looked suspiciously like a man who was laying the oratorical groundwork for a new crackdown on dissenters.



Asahi Shimbun

**ASLEEP AT THE SWITCH:** The pressures of office and a string of late nights on the job apparently caught up with Japan's Prime Minister Takeo Miki during a meeting of a parliamentary budget committee early last week. After successfully battling his fatigue with cigarettes and frequent drinks of water for the early part of the session, the 68-year-old Prime Minister finally slumped into dreamland until Chief Cabinet Secretary Ichitaro Ide (behind Miki) nudged his dozing boss back to abrupt consciousness. After a quick trip out for a cup of coffee, Miki returned to his seat and lasted out the remainder of the evidently anesthetizing debate without another nod.



# A New Look at Dr. K

The headline stood out in bold, dark type on Britain's mass-circulation Daily Express. "Can your friends still trust you?" it asked. "Can anyone now rely on America not to abandon her friends in their hour of greatest need?" France's weekly Le Point echoed the uncertainty with a cover story on "The American Decline." And the U.S. image fared no better in West Germany, where a recent poll showed that just 49 per cent of the population chose the U.S. as the country whose friendship they regarded as most valuable—America's lowest rating in the 21-year history of the poll.

All across the Continent last week, Europeans were speaking darkly of a moral collapse in the U.S. and openly wondering whether Washington had abdicated its responsibilities by retreating into a shell of isolationism. Their immediate concern was the U.S. debacle in Indochina. But only slightly less unsettling to Europeans was the crash of Henry Kissinger's Mideast shuttle. Add to that Washington's helplessness to prevent an unsettling swing to the left in Portugal and Kissinger's inability to resolve the Cyprus dispute and American foreign policy seemed in total disarray. And uppermost in European minds was the question of how deep the damage went. "Does the U.S. still have the will to act as the guardian of anything?" asked Britain's Spectator magazine.

Most Europeans still do not believe the situation is quite that grim. "What is happening in Indochina is surely tragic," admitted one French official. "But wasn't that the outcome every realistic person expected?" The British, too, saw the Communist take-over of Indochina as an inevitable result of U.S. disengage-

ment. "That event was discounted in advance," says Ian Smart of the Royal Institute of International Affairs. "What would really have provoked Europeans was if Congress had voted massive aid to Indochina. It would have shown that the U.S. was continuing to overcommit itself in an area that had brought it nothing but misfortune."

But while few Europeans believed that U.S. foreign policy had been irreparably damaged, some thought that the setbacks might impair Washington's ability to make peace anywhere. "In my view the situation in Vietnam has already hampered the efforts of Kissinger in the Mideast," said Jeremy Thorpe, Britain's Liberal Party leader. And, in fact, Europeans saw the breakdown of Kissinger's Mideast diplomacy as the most serious blow to the U.S., largely because it left a vacuum that seemed all too likely to be filled by the Soviets.

**Neglect:** Inevitably, it was Henry Kissinger who was showered with much of the blame for Washington's staggering array of problems. Many Europeans have lost faith in the diplomatic magic of the U.S. Secretary of State and attribute the recent setbacks to his personal style of diplomacy—a style that consumes an inordinate amount of energy and forces Kissinger to neglect other urgent problems. To be sure, Kissinger can hardly be blamed for everything that goes wrong in the world, but as the Economist put it, "The record of his recent stewardship now seems to be a pretty dismal one." Europeans remain particularly irate over Kissinger's conduct of the Cyprus crisis. "The Western cause suffered a much bigger blow when Turkey left NATO than it has from all the defeats in Vietnam," declared German journalist Gerhard Gründler.

Even as they criticize Kissinger, however, most Europeans ultimately rally to his side, partly because they realize how much of a stake they have in his surviving policies. And they recognize, too, that not all his setbacks are of his own making—that Watergate, a world recession and, not least of all, their own lack of cooperation have complicated his diplomacy. "Kissinger is still the hero of the man in the street," says German pollster Guenther Wickert. "He is not blamed for what happened in Portugal and he gets credit for trying in the Middle East." "Kissinger may have been arrogant," adds a French banker, "but it is difficult to fault his vision."

What Europeans hope Kissinger will do now is to train his vision on a less promiscuously international style of foreign policy—and moderate his own role to leave more room in U.S. diplomacy for the State Department. "America's recent

defeats should show it cannot be everything to everybody," says a French diplomat. "Washington has tried for too long to force its views on too many people." This does not mean Europeans want America to become isolationist; on the contrary, that is one of their greatest fears. Instead they believe any new U.S. foreign policy should include a careful reassessment of areas of real American interest. "Washington should consider turning its attention to Western Europe," suggests one German. "This is where democracy has both roots and a fertile soil." Above all, however, most Europeans want the U.S. to continue its détente with Moscow and its efforts to keep the oil-producing countries from putting an economic stranglehold on the West.

Recent events have clearly shaken European confidence in the U.S.'s ability to keep its foreign policy on track. But instead of hunting for scapegoats in Washington, the Europeans have shown that their strongest impulse now is to be good allies. "At this time, we should not leave all the international burdens to our major ally, let alone surround him with mistrust," declared former German Chancellor Willy Brandt last week. "We should not . . . let our faith in the U.S. be diminished by difficult decisions made in another part of the world."

—SUSAN FRAKER with MILAN J. KUBIC in Bonn, JOHN BARNES in London and MALCOLM MacPHERSON in Paris

## PORTUGAL: No Contest

Although Portugal's military government has promised to hold elections this month, it has also steadily diminished the voters' choices; several political parties have been banned and the press has been censored. But it was not until last week that it became completely clear just how meaningless the April 25 vote will be. Even as civilian politicians were out campaigning for election to an assembly that was to write a new constitution for Portugal, the military's Revolutionary Council imposed its own constitutional charter on the country. This document, to be made public this week, reserves all essential power to the military, including the right to pass on the constitutionality of laws and to dissolve the Assembly. Thus the elections, touted as the first free vote in Portugal in half a century, have been turned into a simple plebiscite on the military's plan to place the country "irreversibly on the road that will lead to Portuguese socialism."

## COMMUNISTS: Fallout From Lisbon

For some nervous Europeans, Portugal's rapid lurch to the left conjured up dark visions of Communist take-overs all across the Continent. That, however, has yet to happen. And although it is too early to tell what the full impact of events in Portugal will be, there have already been signs that, if anything, the drama in Lisbon has made life slightly more difficult for other European Communists.

The PCI indignantly denounced all this as an electoral ploy. And indeed, with new elections scheduled for June, Italy's Christian Democrats will need to use any issue they can to reverse their downward slide at the polls. For the moment that almost certainly means that Berlinguer's call for a "historic compromise"—a coalition government which would include the Communists—will continue to be ignored. But once the elections have been held, Italy's chronic economic and political crisis may yet force the Christian Democrats to reconsi-

der their stand. That, at least, is what Berlinguer seems to believe. And to minimize the effect of events in Lisbon on his own chances for success, Berlinguer has stressed the differences between the independent-minded Italian and rigidly Stalinist Portuguese Communist parties.

**France:** In recent months, the French Communist Party has executed a complete about-face. After years of painstaking effort to draw closer to the mainstream of French political life and to construct an alliance with the Socialists, it has suddenly swerved toward an openly aggressive policy against both its leftist allies and the French Government. Infuriated by polls showing that the Socialists were taking over the PCF's longtime role as France's most potent leftist party, the Communists have denounced their partners for alleged unfaithfulness to "the common program of the left." And with equal vehemence, they have opened a new labor offensive against the government. (NEWSWEEK, April 7).

Given the Communists' belligerent new mood, political observers put the chances that the leftist alliance will survive at less than 50-50—and that only if the Portuguese Socialists and Communists work out a modus vivendi. But if the Portuguese Socialists disappear under the weight of their

Communist allies, those chances may diminish to the vanishing point. Warns one French Socialist: "The future of the French left is being played out in Lisbon. At this point, all we can do is hope."

**Spain:** Leaving aside the hard-core rightists who would rather fight another civil war than allow Communists to operate openly in Spain, growing numbers of Spanish politicians have come to the conclusion that the now illegal Communist Party should be allowed to play a role in a new post-Franco government. The Spanish Communists have been remarkably successful in cultivating friends among Catholics and the military. And for the most part, events in



America's diplomatic debacles as seen by European cartoonists: Tim in France's L'Express, Cummings in London's Daily Express and Murschetz in Germany's Die Zeit



Berlinguer: A historic compromise postponed

Below, a look at three of Europe's newly troubled Communist Parties:

**Italy:** The news could not have come at a more embarrassing moment. Just as Italian Communist leader Enrico Berlinguer finished delivering his opening speech to a party congress in Rome last month, word arrived of the Portuguese Revolutionary Council's decision to ban the Christian Democratic Party. At that, the delegation of Italian Christian Democrats attending the Communist congress as observers withdrew in protest and a spokesman declared that "it is absurd to give credence to the Communists' affirmations of democracy."





Keystone



Financial Times

Shelepin (right) responds to Londoners' demonstration against his British visit: Limelight for an ex-masterspy

Portugal have not affected that effort. Still, a note of caution is being sounded. One army officer, who believes that the Reds must eventually be given a share of the power, feels that this can only happen after strong rightist and moderate parties are formed. "If we don't create viable non-Communist parties," he says, "we'll end up like Portugal."

—ANDREW NAGORSKI with bureau reports

**BRITAIN:  
Cold Welcome**

As the sleek Daimler drew up to the entrance of Congress House in London's Bloomsbury section last week, the mob in the street exploded. Surging against a police cordon, thousands of British Jews and Eastern European exiles unleashed a barrage of stones, bricks and bottles at the limousine. "Butcher," they cried, "we want you dead!" Unknown to the demonstrators, however, the limousine carried only a minor Soviet official as a decoy. The protesters' real target, the head of Russia's trade unions, was just then slipping into the building's back door. But why, in an age of détente, such uproar and intrigue over a mere Russian labor official? Answer: because before he assumed his present identity, Aleksandr N. Shelepin served with grisly distinction as head of the dreaded KGB, the Russian secret police.

The former masterspy's magical mystery tour originated calmly enough last month when Len Murray, general secretary of Britain's Trades Union Congress, asked him to London for a discussion of

Anglo-Soviet labor relations. But when word of the invitation leaked out, it raised a storm of public protest and drew sharp criticism from some members of the press and Parliament. Worried over Shelepin's safety, the TUC responded by shrouding the visit in a web of maneuverings worthy of the ex-spook's own days in the cold. London's Heathrow Airport got a scant 40 minutes' warning of Shelepin's unscheduled flight from Moscow. And, after sidestepping the jeering crowds at TUC's Congress House, the Russian then hoodwinked a second group of protesters with another backdoor entrance at a dinner for his delegation at Kensington's Royal Garden Hotel.

Despite the protests, however, TUC chief Murray declared the visit a success and regretted only that the circumstances had not been, as he put it, "more relaxed." But Jack Jones, head of the Transport and General Workers Union, was more outspoken. Peeved by a torchlight procession of chanting demonstrators, he glossed over Shelepin's espionage operations and reminded newsmen that Russia had been Britain's ally against Fascism in World War II. "For my money," insisted the labor leader without a blush, "those people out there should be applauding."

Britain's Labor government, meanwhile, maintained a properly discreet official silence. And Shelepin himself professed only mild displeasure at his hostile reception. Dismissing the protesters as the work of "Jewish paid professionals," the dapper dignitary allowed that "the shouts we hear are not the

opinion of the English working class." But at least one member of the TUC General Council itself refused to accept that conclusion. "This man," said electricians union head Frank Chapple as Shelepin was about to depart from London, "cannot adequately claim to represent the interests of workers anywhere. The only way he can have learned anything about the problems of the ordinary Russian worker is by throwing so many of them in jail."

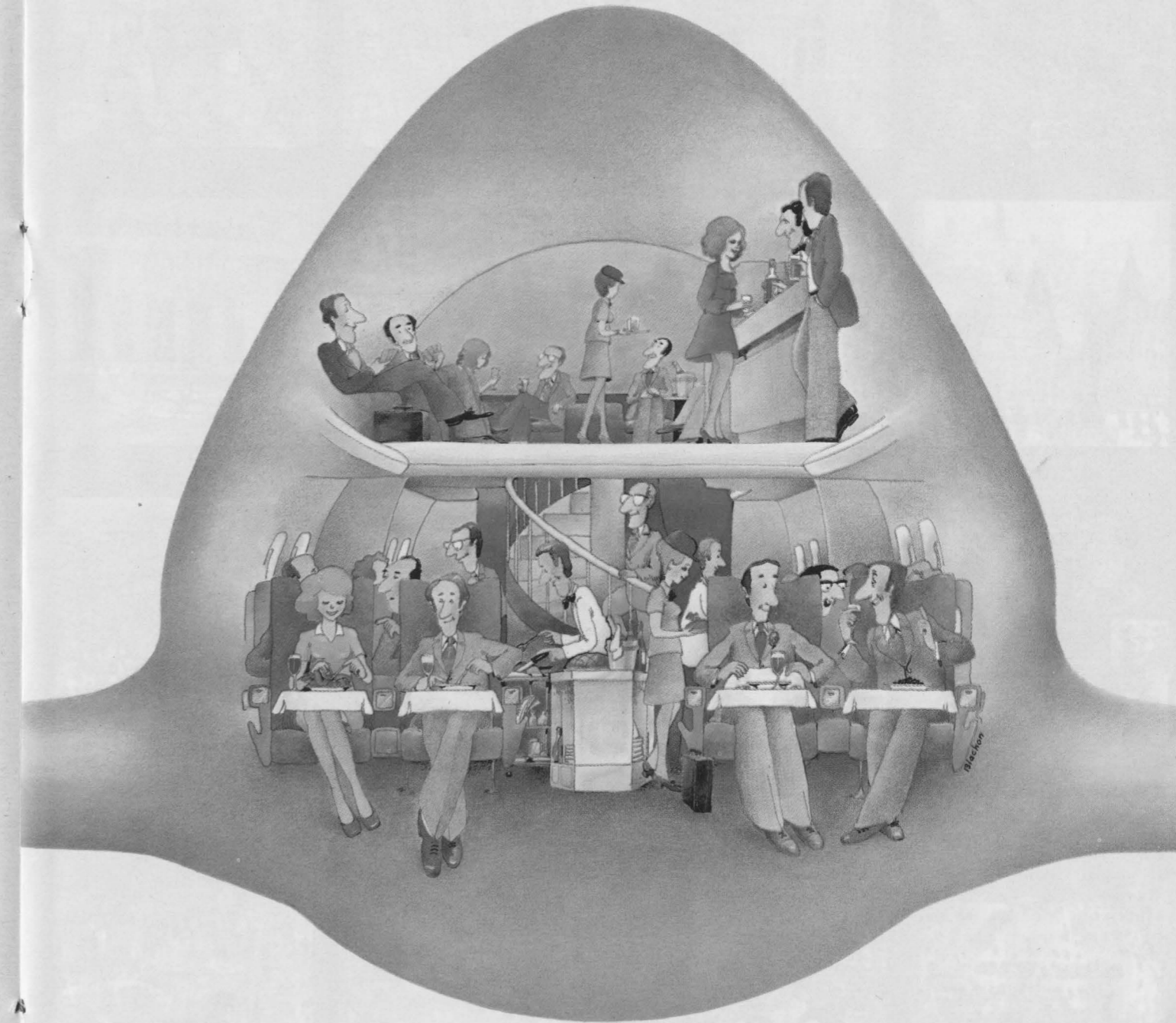
—CARTER S. WISEMAN with PETER WEBB in London

**SOVIET UNION:  
Mozhaisky's Machine**

In their more brazenly revisionist days, Soviet historians used to raise chuckles in the West by attributing many of the world's major inventions to Russian scientists. Aleksandr Popov, as Moscow had it, tuned in the world's first radio while Guglielmo Marconi still had his wires in knots. And Aleksandr Lodygin allegedly switched on the first electric light while Tom Edison was just playing with matches. In the wake of very real Soviet advances such as sputnik, however, the need for such puffery waned and the Russians toned down their claims to have originated practically everything. But last week, from Odesa to Vladivostok, Soviet hearts swelled with pride in celebration of the 150th birthday of Aleksandr Fyodorovich Mozhaisky, the Russian who, as everyone knows, invented the airplane.

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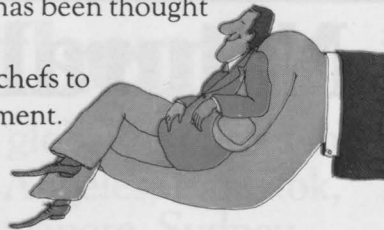


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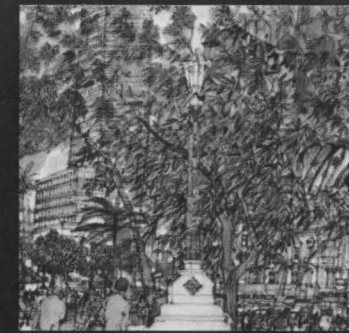
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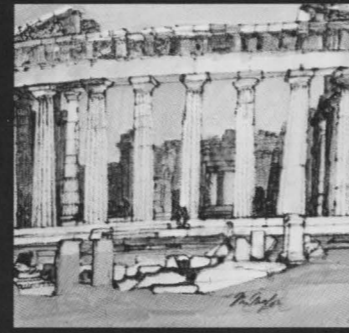
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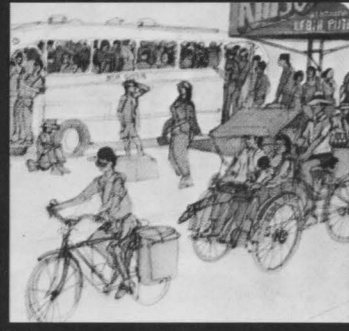
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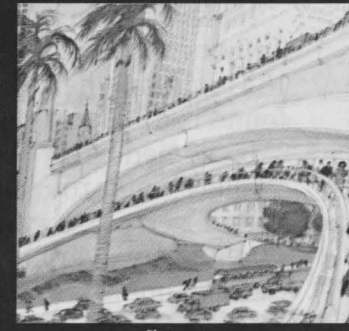
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## When Luis Marden found the Bounty...

After Captain Bligh and 18 loyal men had been put into a boat and cast adrift, Fletcher Christian sailed away in the *Bounty*—and disappeared. Eighteen years later, in 1808, an American ship called at Pitcairn Island and uncovered the grim fate of the *Bounty* and her crew.

Mr. Christian had run the ship ashore and burnt her. Of the crew, all but one died violent deaths.

Pitcairn Island is 1,300 miles south of Tahiti. Luis Marden went there to see if he could find the *Bounty*.

He knew some of her charred timbers had been found in 1841 and that her rudder was found in 1933.

It seemed likely that the shallow water round that totally exposed coast would have swept away every trace of the *Bounty*, but Marden felt there was a chance.

He dived again and again in the rough seas in *Bounty* Bay and found nothing, but his luck turned.



One day Marden came upon what he believes to be the complete keel line of the ship. All around were fragments of the copper that had sheathed the *Bounty's* hull, as well as a pintle, an oarlock and fastenings and nails, all covered in hard limey growths.

Marden has dived all over the world in his work for the *National Geographic Magazine*. He always wears a Rolex.

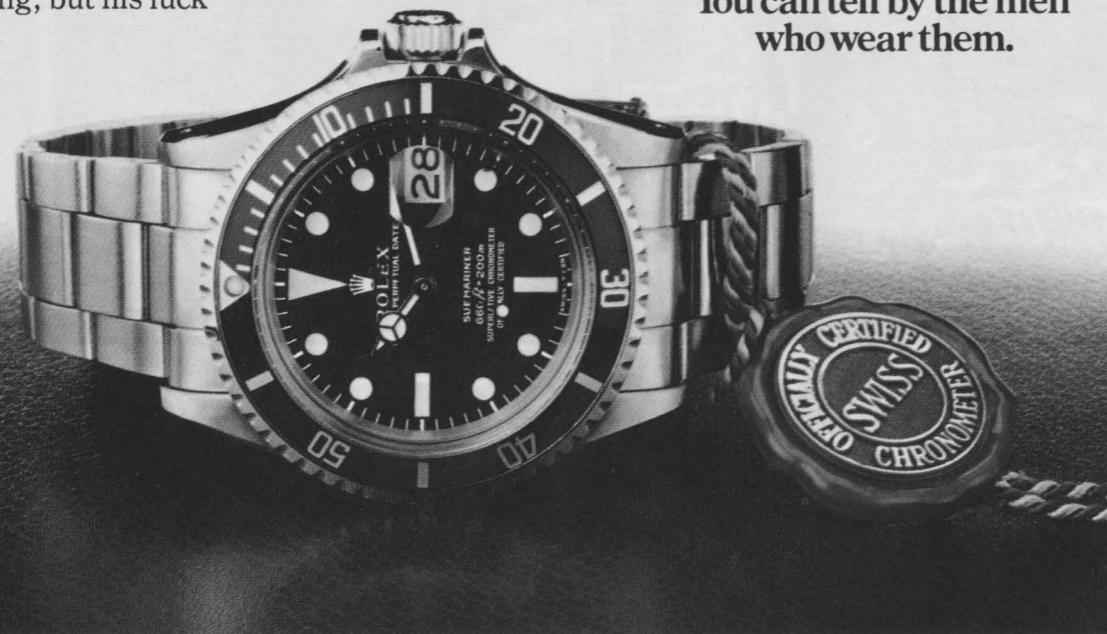
A Rolex Oyster case is carved from a solid block of 18ct. gold, platinum or stainless steel; so you'll find no seam around its elegant circumference. In all other watches the winder is a weakness. The patented Rolex winding crown holds a unique strength, screwing down onto the case rather like a submarine hatch, to provide a perfect, impenetrable seal. The Rolex crystal is another unique device and becomes even tighter under pressure.

Luis Marden has been wearing his Rolex Submariner for over 16 years. He still calls it his new watch. But then he expects to be wearing it for a long time to come.



**ROLEX**  
of Geneva

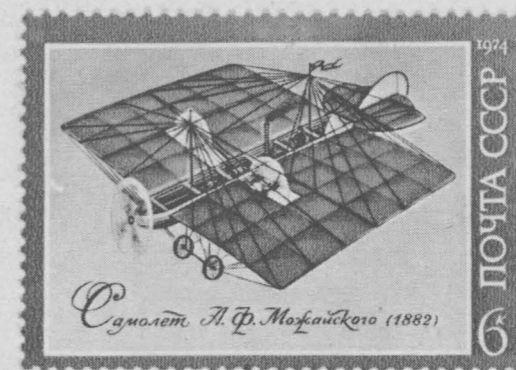
You can tell by the men  
who wear them.



Pictured: The Rolex Submariner. Available in 18ct. gold or stainless steel with matching bracelet.



Great Soviet Encyclopedia



Mozhaisky, commemorative stamp: First flight?

cal research, Mozhaisky was reported to have launched his first steam-powered, heavier-than-air craft from a field outside St. Petersburg in the summer of 1882. Sadly, the craft stayed aloft only a few seconds before crashing. And although Mozhaisky tried desperately to find backers for another flight, none came forward. Mozhaisky died, ironically enough, earthbound and penniless on April Fool's Day, 1890.

Why did the Czarist court scorn such a pioneer and allow his dream to be snatched away by those cunning Americans, Orville and Wilbur Wright, 21 years later? One account circulating in Russia last week claimed that Czar Alexander's military advisers discouraged development of Mozhaisky's craft with the warning that "some evil revolutionary might use it to assault your sacred personage from the sky."

### Doctor of Deals

Aside from being a multimillionaire oil tycoon and an art collector of international repute, Dr. Armand Hammer also happens to be the Kremlin's favorite American capitalist. And whenever his private, blue-and-white Gulfstream II jetliner flies into Moscow, the odds are pretty fair that either a big business deal or an art coup with the Soviets is in the making. Last week it was art. Amidst champagne toasts and a blaze of klieg lights at a televised signing ceremony, Hammer and Soviet officials jointly announced a swap of U.S.-Soviet art exhibits that will include priceless European old masters from the Hermitage Museum in Leningrad. In his typically expansive style, the 76-year-old Hammer described the deal as "undoubtedly the most important agreement in cultural exchange between our two countries."

Judging from the list of paintings involved in the exchange, Hammer may not be far off the mark. Among the Hermitage treasures due to begin a five-city tour of the U.S. in July are works by Rembrandt, Veronese, Hals, Rubens, Gainsborough and others, many of which will be seen for the first time in centuries outside of Russia. In return, American museums in Washington, Detroit, Houston and Los Angeles, plus Hammer's

own Knoedler gallery in New York, will send 30 paintings of "comparable quality" to tour the Soviet Union later this year or early next year. In addition, to give the exchange a special Russo-American flavor, the Soviet exhibit will also include ten canvases by nineteenth-century Russian artists from Leningrad's State Museum, and the Americans will send an equal number of paintings by artists of the American West.

In a rather transparent effort to serve the interest of Moscow-Washington détente, the opening of the U.S. segment of the art exchange was timed to coincide with the joint American-Russian space shot this summer. The show is also likely to run at least until the completion of the scheduled Washington visit of Soviet party General Secretary Leonid Brezhnev in September. Still, Armand Hammer's most recent coup provided yet another striking example of the extraordinary entrée that the American industrialist enjoys in the land of the commissars.

The descendant of Russian emigrés, Hammer first began to forge his links to the Soviet Union while he was still fresh out of an American medical school. In 1921 he went to Moscow to assist the Russians during a typhus epidemic but soon realized that what post-revolutionary Russia needed even more than medical help was food. With the help of no less a personage than Lenin

himself, Hammer arranged for shipments of surplus American grains in exchange for Russian furs and caviar. That was followed by concessions to operate a Siberian asbestos mine and a pencil factory and service as sales representative for 38 American companies doing business in the Soviet Union. And when he returned to the U.S. in 1931, Hammer left Russia with a working command of the Russian language, important ties with the Kremlin and crate-loads of Czarist art treasures that he had bought at bargain prices.

Though his associates still refer to him as "The Doctor," Hammer never quite got around to practicing medicine. Instead he parlayed some of his Russian art into an investment bankroll and went on to make fortunes in pharmaceuticals, distilling and livestock before taking over a small, struggling company that has since become an oil giant: Occidental Petroleum. Then in 1961, on a suggestion from President John F. Kennedy, Hammer returned to Russia on a commercial scouting mission. Despite an absence of three decades, he discovered that the Soviets had forgotten neither his good works on their behalf in the past—nor his old friendship with the revered Lenin.

**Prestige:** Since then Hammer has been a leading proponent of increased East-West trade. And he personally has made some of the biggest deals with the Russians, including a contract to build four ammonia plants on the Volga River and another \$200 million deal, in partnership with the Japanese, to explore for natural gas in eastern Siberia. "Hammer has two special talents: a sense of the enormous possibilities of trade here and a knowledge of our bureaucratic psychology," explains an admiring Russian. And his cultural sideline adds to his stature in Soviet eyes. "He uses it for his own prestige," says an American businessman in Moscow. "But he shares that prestige with the Russians. It's their art he's showing off, and they do crave the kind of recognition he provides for it."

—DANIEL CHU with ALFRED FRIENDLY JR. in Moscow



Hammer (left) inspecting art collection at the Hermitage: An old friend of Lenin's





BY BERNARD LEVIN

## 'WHEN BAD MEN COMBINE...'

There is (or, if there isn't, there soon will be) a law of nature which decrees that the more the international significance of a country declines, the more noise that country tends to make claiming that it doesn't matter. And the noise being made in Britain at the moment is so deafening that an observer from outside, acquainted with the rule, might very reasonably assume that we were just about ready to go down for the third and final time. Unfortunately, an observer who did conclude as much might very well be right.

## TIGHT LITTLE ISLAND

Britain at present is suffering from what might be called an attack of vociferous isolationism: I cannot remember a time when there was so much strident assertion that this tight little island was self-sufficient, and so little understanding of the realities of the world outside.

The present condition has been set off, of course, by the increasingly lunatic debate over Britain's membership in the EEC; but that did not cause the disease. Take defense. One of the first promises the Wilson government made on being elected was to reduce Britain's armed forces—to reduce, that is, something that had already been made, by repeated reductions and withdrawals, exiguous almost to the point of invisibility. Yet the most recent cuts are so massive that they have had to be accompanied by a ridiculous assurance that, in an emergency, civil airliners could be hastily commandeered and adapted for military use. (The cuts, which bear most heavily on the RAF, mainly because the army and navy had already been cut almost to extinction, mean that the air force would probably be wise to invest in a fleet of hot-air balloons, since they will soon have no operational aircraft at all and there will certainly never be any lack of hot air around these parts.) Yet the cuts have been greeted with outcries that they do not go nearly far enough, and this view has been not so much chal-

lenged as treated with a kind of ostentatious indifference.

The emptiness and irrelevance of the EEC debate itself is naturally emphasized by the fact that it has nothing to do with the EEC anyway; the whole thing turns on a matter that could hardly be more parochial—that is, an affair of internal Labor Party politics, the referendum and attendant hoopla being no more than devices designed to help keep the Labor Party from falling apart. No doubt it is important, at any rate to the Labor Party, to help keep the Labor Party from falling apart. But this does seem a rather expensive brand of glue, and will prove a good deal more expensive if the referendum results in a "no" vote.

As for foreign affairs in general, it takes something like the assassination of King Faisal to make us realize how little interest we normally take in the world outside.

## THE NEW ISOLATIONISTS

Now if it were only that isolationism was growing in Britain as Britain recognized its diminished international standing, there would be less to worry about even if more to resign ourselves to. But it isn't as simple as that. The fanatical, indeed hysterical, Little-Englandism of the "noes" in the EEC debate is not just the traditional insularity of the romantic right ("Cannibals begin at Calais"), reinforced by the equally traditional chauvinism of the left ("Who's he, Alf?"—"A foreigner"—"Well, heave half a brick at him"). To begin with, the "noes" are dominated by (though they do not, of course, entirely consist of) those on the left wing of the Labor Party and the big unions, and their ultimate aim is quite clear: it is to shift Britain's political position decisively away from its traditional alliances, just as the equivalent domestic aim is to shift our economy away from the mixed form it has for so long taken to an overwhelmingly, or even exclusively, state system. By these forces, Britain's membership in the EEC is

seen—rightly, as a matter of fact—as the rope with which we may lash ourselves to the mast to ride out the forthcoming storm. Those whose ultimate intention is to take Britain out of NATO must walk before they can run, and taking Britain out of the EEC is a good first step.

"When bad men combine, the good must associate..." But we have forgotten our Burke, too. What has happened, by a strange irony, is that the strength of the old isolationists has waned as that of the new has grown. The old lion became mortally sick during the second world war, and was killed at Suez; never again could Britain hope to influence the world by acting alone. But that lion, though dead, took the best part of another twenty years to lie down, and was finally buried only when Edward Heath led the Tory party into Europe. Now, just when the ancient British vices of xenophobia and overweening pride have largely disappeared in those who used to provide the perfect repository for them, there come new forces, whose xenophobia is based not on instinct but on policy, and against whose assaults the newborn feelings of national interdependence are weak and hesitant.

## THE PRICE OF BUTTER

In the middle are the people, who appear to be less interested in the world outside than ever before, which is saying a lot. The traumatic events in Southeast Asia, in the Middle East, in Portugal, in Ethiopia, seem to have caused no stir at all. And the reason—it can hardly be called an excuse—is easy to see: there is no feeling in Britain that these events have anything to do with us, and the EEC argument itself is about to be conducted, if you please, over the price of butter and the concept—even more nonsensical, where Britain is concerned, than the whole idea of the referendum—of "sovereignty." Forgotten our Burke? We have forgotten our Shakespeare: "There is a world elsewhere."



The Israeli Cabinet confronting Kissinger: The White House made clear exactly what it was reassessing, and why—and whom

## Twisting the Israelis' Arm

Henry Kissinger is not a man who suffers defeat easily. The Secretary of State could barely choke back the tears three weeks ago as he announced in Jerusalem that his latest round of shuttle diplomacy was ending in failure. There seemed to be no alternative, he said then, but to shift the search for a Middle East peace formula back to Geneva. Within hours, however, Kissinger had launched an intensive, behind-the-scenes effort to discover another route to an Arab-Israeli accord—and late last week there were some indications that he might have found one. NEWSWEEK learned that President Ford dispatched a special emissary to Jerusalem with the hope—and the expectation—that Israel was ready to show enough flexibility to warrant a resumption of Kissinger's step-by-step diplomacy.

The White House had cause for a certain degree of optimism. True, neither Israel nor Egypt has yet demonstrated any public willingness to offer any compromises and leap the chasm of suspicion that separates them. In addition, relations between the U.S. and Israel have been anything but cordial since the failure of Kissinger's mission. The Ford Administration is exerting a tough—and public—squeeze on Israel to make concessions, and the Jerusalem government has responded with an energetic campaign to win enough support in the U.S. to resist the pressure (following

story). But weighed against those obstacles was one undeniable fact: none of the principal parties wants to take the Mideast peace talks to Geneva. Kissinger is leery of giving the Soviet Union a ready-made opportunity to extend its influence in the Middle East. Egypt, anxious to forge ahead with its plans for economic development, fears that Geneva will turn into an endless round of polemics that will frighten away foreign investors. Israel knows all too well that it would be outnumbered, outshouted—and perhaps outmaneuvered.

**Funeral:** The first hint that something might be in the works came at the funeral of Saudi Arabia's King Faisal two weeks ago. Egyptian President Anwar Sadat, in meetings with other Arab leaders, showed little interest in pressing for a quick resumption of the Geneva peace talks. Moreover, Sadat declined to join the leaders of Syria, Algeria and the Palestine Liberation Organization in calling for a special Arab summit conference to map a joint strategy. His attitude so angered Syrian President Hafez Assad that he refused even to talk to Sadat.

Sadat further confounded the more radical Arab leaders a few days later with his announcement that he planned to reopen the Suez Canal on June 5 and to renew the mandate of the United Nations peace-keeping force in the Sinai. The move enraged Syria and the PLO, who realized all too well an operating

canal would reduce the likelihood of Egypt's starting—or even joining—a new war against Israel. In Europe and the U.S., however, the decision was viewed as a public-relations coup and a tactical master stroke. Sadat—whose prestige had been dented by the collapse of the Kissinger talks—had suddenly regained the diplomatic initiative and escalated the pressure on Kissinger to obtain concessions from Israel.

The Ford Administration was already tightening the screws on Jerusalem. Publicly, the White House talked only of a general "reassessment" of America's Mideast policy. Privately, it left no doubt in anyone's mind at whom this reassessment was aimed. Negotiations were suspended on Israel's request for new F-15 fighter planes, and the delivery of Lance ground-to-ground missiles to Israel was held up—even though a special Israeli Army team has been in the U.S. to learn how to handle them. A scheduled visit by Israeli Finance Minister Yehoshua Rabinowitz was postponed for a third time, and Kissinger even refused to return telephone calls from Israeli diplomats in Washington. The Ford Administration also suggested that Israeli Defense Minister Shimon Peres—who had intended to visit the United States to discuss new military aid—stay home until the reassessment was finished. When Israel quickly proposed sending Foreign Minister Yigal Allon instead of Peres, the



State Department responded that his visit, too, would be inopportune.

Kissinger also sent some blunt signals that American policy in the Mideast might well take some new turns that Jerusalem would not welcome. First, he called home four U.S. ambassadors (three of them career Arabists) to take part in the reassessment. Then the Secretary invited a group of "senior advisers" to a meeting at the State Department to solicit their ideas. From the Israeli point of view, the guest list was somewhat chilling. There was former Under Secretary of State George W. Ball, an advocate of greater cooperation with the Soviets in the Mideast; former Secretary of State Dean Rusk and former Defense Secretary Robert S. McNamara, both of whom Israel regards as a bit unfriendly; David

State Department and asked to help with the arm-twisting. To both, it was made clear that Kissinger would resume his negotiations only if Israel came up with some significant concessions.

For all the American prodding, Israeli officials blandly continued to insist last week that there was no serious strain in relations between the two nations. "There are ripples of discontent between our two countries," said one high-ranking Israeli, "but we don't think there will be a tidal wave." What's more, Prime Minister Yitzhak Rabin, under pressure from new demonstrations at home, strongly defended his stand and insisted that Egyptian intransigence was to blame for the collapse of negotiations. But while Rabin held to his hard line, an Israeli think tank was at work investigat-

probably have to agree to give the U.N. peace-keeping force an extended mandate subject only to termination by the Security Council.

The big question, however, was whether Israel—under U.S. pressure—was now willing to accept this kind of compromise. The answer, NEWSWEEK learned, may be contained in a sealed letter from Rabin to President Ford that was being hand-carried from Jerusalem by Detroit millionaire Max Fisher. The Jewish leader, who has met separately with Kissinger and Ford at least four times since the start of the current crisis, was dispatched to Israel late last week as the President's personal emissary in response to a phone call from Rabin. The mission was carried out in near-total secrecy, and the cover story was put out that Fisher was visiting Israel on "Jewish Agency business."

**Strong:** Even if Kissinger is able to revive the negotiations, his shuttle diplomacy will probably not be resumed. Instead, the Secretary would prefer to try "proximity" talks. Under this approach, Israeli and Egyptian negotiators would gather in the same city—probably Washington—and Kissinger would confer with them alternately. The most likely representatives in such talks would be Egyptian Foreign Minister Ismail Fahmy and Israeli Foreign Minister Yigal Allon. Kissinger, however, was passing the word last week that if such talks are held, he would like Israel to send a strong figure with Allon, who, he complains, talks big in Washington but takes a back seat in Jerusalem.

It was still premature to rule out a return to Geneva. The latest maneuvering on all sides could stall just as easily as the last Kissinger shuttle. But although Egypt went through the motions last week of asking the U.S. and Russia to reconvene the peace parley, Cairo pointedly didn't propose a date. In addition, the leaders of both Israel and Egypt took pains to emphasize their reluctance to go to a free-for-all in Geneva. "Such a conference will contribute neither to peace nor to pacification of the Middle East," Rabin declared. And Sadat, in an interview last week with columnist Joseph Kraft, made it clear he hoped his friend Henry would give it one last try. If Kissinger thinks he can accomplish something, Sadat said, "I'm ready."

MILTON R. BENJAMIN with BRUCE van VOORST in Washington, JAY AXELBANK in Jerusalem and BARRY CAME in Beirut

## The Other Battlefield

"The main battlefield now," Israeli Gen. Chaim Herzog declared last week, "is the theater of opinion in the United States." In this public-relations war between Arabs and Israelis, Egypt seems to be scoring the same kind of early successes that it achieved in the Sinai in October 1973. Israeli leaders have been thrown on the defensive, countering charges that they were responsible for

scuttling Henry Kissinger's recent peace mission. By contrast, as even top Jewish leaders concede, Egyptian President Anwar Sadat's decision two weeks ago to reopen the Suez Canal and extend the life of the U.N. peacekeeping force was a master stroke. "The Arabs have gotten much cleverer," admitted former Israeli Ambassador to the U.S. Abraham Harman, "since they dropped the slogan of throwing the Jews into the sea."

**Mobilize:** In an effort to regain the offensive, more than 700 American Jewish leaders met in New York last week to launch a nationwide drive to mobilize support for Israel. Within hours, Hillel Foundation clubs on campuses of universities around the country arranged meetings with Protestant and Catholic student groups, the Jewish Labor Committee made contact with trade unions, and leaders of the Jewish War Veterans wangled invitations to address American Legion gatherings. In some cities, Jewish groups even prepared to crank up radio and television advertising campaigns. "If we can sell toothpaste," said Miami Rabbi Leon Kronish, "we should be able to sell the position of Israel."

While mounting this all-out blitz, Jewish leaders sought to recapture for Israel the image of a beleaguered underdog fighting an uphill battle against powerful enemies. NEWSWEEK correspondents around the country were repeatedly told last week that the Arabs were spending as much as \$50 million on a campaign to influence U.S. opinion and that Israel just couldn't match the Arab public-relations drive. "Really," said Frank Lautenberg, head of the United Jewish Appeal, "we're the David in this relationship."

If the Arabs were spending millions, they were keeping any trace of it well hidden. Mrs. Margaret Pennar, president of the New York chapter of the Association of Arab-American University Graduates, called the charge "the funniest joke on the face of the earth." One of the few new pieces of pro-Arab propaganda being circulated was a pamphlet published by the American Palestine Committee containing what it called a "partial list of U.S. senators who have received money [for speeches] from pro-Zionist organizations."

Israel has long outgunned the Arabs on the U.S. lecture circuit, and that effort is picking up on both sides. The Jerusalem government last week dipped into its precious foreign-exchange reserves to send three well-known Israelis—former Foreign Minister Abba Eban, former Defense Minister Moshe Dayan and former Information Minister Aharon Yariv—on an "information" tour of the

United States. The Arab League, for its part, planned to send Lebanese journalist Clovis Maksoud—who toured the U.S. for six months last year—back for another round of speeches and television appearances. "I don't think we can win the hearts of the Americans," Maksoud said last week, "but certainly their minds are open to reason."

**Record:** Both the Arabs and Israelis were also making an all-out effort to influence American senators and congressmen touring the Middle East last week. With Congress in Easter recess, a record crowd of nearly 150 U.S. lawmakers, wives and aides visited Israel, and the Rabin government pulled out all stops. The Prime Minister himself spent hours with the lawmakers—and then sent them off for a visit to Yad Vashem, the memorial to the 6 million Jews who died in the Nazi holocaust.

on Henry Kissinger. Jewish sources in Washington told friends that President Ford was angry with the Secretary of State—presumably because Kissinger persuaded the President to send a hard-nosed letter to Rabin during the peace negotiations. Some Israeli sympathizers claimed that Ford might soon be planning to replace Kissinger with Donald Rumsfeld. "If the Greek-American community can make it so hot for Kissinger over Cyprus," said one Jewish source, "think of what we can do on the vital Israel issue." The Secretary of State, disturbed by the possibility of this kind of showdown, considered retaliating by publishing a State Department White Paper on the Mideast that would clearly indicate the blame for the collapse of the talks lay with Israel.

A number of Israeli leaders, however, seemed to be having strong second



Home front: Israelis demonstrating for retention of the West Bank of the Jordan

Rockefeller, considered pro-Arab because of his oil ties; William Scranton, who stunned Israel years ago by calling for an "evenhanded" U.S. policy, and W. Averell Harriman, an outspoken advocate of the Geneva peace talks. It looked very much, one Israeli complained, like a "stacked deck."

**Pressure:** At the same time, Kissinger sought to enlist the aid of several other countries in his campaign to keep the pressure on Israel. In a meeting with Canadian External Affairs Minister Allan MacEachen (who came to Washington at the Secretary of State's request), Kissinger put the blame for collapse of the negotiations "foursquare" on Israel and urged the Ottawa government to use its influence in Jerusalem. Later in the week, the Dutch ambassador, Age Tamenoms Bakker, was also called to the

ing a series of proposals that might lead to a resumption of negotiations. Late last week, Rabin's government transmitted some "new ideas" to Washington.

One of these new ideas called for a much larger Israeli pullback than was discussed during the last round. Under this plan, Israeli forces would fall back to a line running from El Arish on the Mediterranean to a point just west of Sharm el Sheikh—giving most of the Sinai back to Egypt. But since Israel would in return require even greater political concessions than those rejected by Sadat three weeks ago, it was hard to see much hope for this proposal. A more likely compromise—if indeed one is possible—might involve total Israeli withdrawal from the Mitla and Gidi passes, instead of the partial pullback Israel offered. Egypt, in turn, would



McGovern visiting Yad Vashem: 'Israel made a strong case, but I would prefer more flexibility'

But many of the American visitors to Israel stopped off last week in Arab capitals as well, and at least some of them clearly felt there were merits to the arguments of both sides. Sen. George McGovern, who met with Palestine Liberation Organization leader Yasir Arafat in Beirut, was given 90 minutes by Prime Minister Rabin when he later called in Jerusalem. "Israel made a strong case," McGovern said, "but I would prefer more flexibility." House Majority Leader Thomas P. (Tip) O'Neill, who led a delegation that met both Sadat and Rabin, said: "I have never seen such a fine and open discussion as the one we had with the Egyptians." Still, it appeared that Israel could count on the support of the majority of U.S. congressmen on such vital issues as continued economic and military aid.

Yet another tactic being considered in Jerusalem last week was a frontal attack

thoughts about the wisdom of such a set-to. It seemed like an overreaction in any case. The latest Lou Harris poll, published this week, showed support for Israel in the U.S. at an alltime high—52 per cent sympathizing with Israel and only 7 per cent with the Arab side. While the poll was taken before the collapse of the Kissinger negotiations, most observers felt there has been no major shift in American opinion in the three weeks since. Still, the Jewish organizations clearly had no intention of cutting back on their public-relations campaign. "Whenever there is a reassessment, there is a possibility of danger," said Bernard Gold of the American Jewish Committee. Then he added with a laugh, "It is endemic for Jews to be worried anyway."

—MILTON R. BENJAMIN with BRUCE van VOORST in Washington, JAY AXELBANK in Jerusalem, BARRY CAME in Beirut and bureau reports



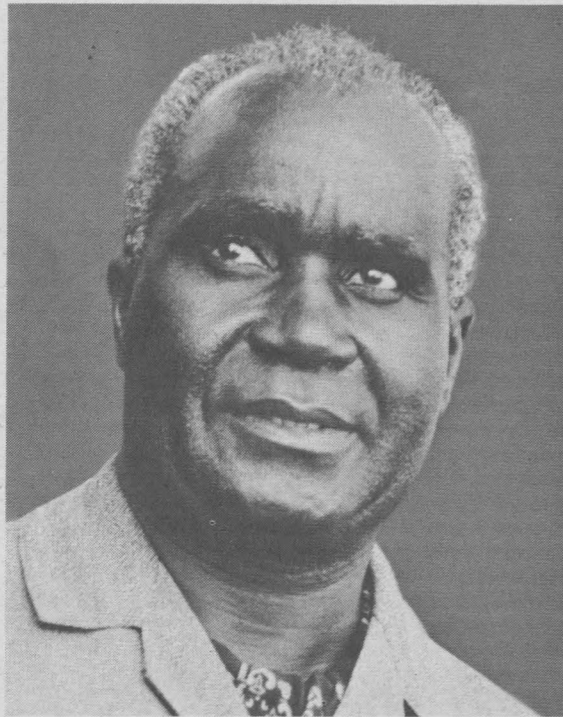
**SOUTHERN AFRICA:  
Pushing for Peace**

For years, Zambia has served as a safe haven for black guerrillas seeking to topple white governments in southern Africa. Striking from their Zambian sanctuaries, the guerrillas' fierce attacks helped to precipitate the end of Portuguese rule in Mozambique and Angola and have kept Rhodesia's tiny armed forces on the defensive. But now the Zambians have had a sudden change of heart about the liberation movements in their midst. In a surprise move, President Kenneth Kaunda recently ordered the arrest of more than 50 Rhodesian guerrilla leaders and closed down their headquarters in Lusaka.

What prompted Kaunda's abrupt turnaround? The most immediate cause appeared to be last month's assassination in Lusaka of Herbert Chitepo, a moderate black Rhodesian leader. Although no firm proof exists, many Zambians believe he was murdered by rivals within his own movement. And Kaunda's swift action against the Rhodesians was in part simply a warning that he will not tolerate bloody internecine warfare among liberation groups in Zambia.

**Cease-fire:** But Kaunda had a deeper reason for being angry with the guerrillas. For the past six months, he has worked assiduously to avert an all-out racial conflagration in neighboring Rhodesia. In a series of semi-secret negotiations with South African Prime Minister John Vorster, Kaunda appeared to have paved the way for a gradual transition to majority rule in Rhodesia and an end to that nation's bloody guerrilla war. But during the past few weeks, those plans have been seriously jeopardized. Despite a cease-fire that Kaunda had helped arrange, guerrilla groups launched new attacks against Rhodesia's white settlers; almost simultaneously, the Salisbury government arrested and tried black nationalist leader the Rev. Ndabaningi Sithole (NEWSWEEK, April 7). Deeply disappointed, Kaunda cracked down on the guerrillas he had previously hosted and invited more moderate black Rhodesian leaders to take their place in Lusaka.

While Kaunda attempted to help black moderates prevail, South Africa was exerting its own pressure on Ian Smith's white supremacist regime to prevent it from sabotaging a political settlement. Late last week, South African Foreign Minister Hilgard Muller flew to Salisbury and managed to obtain the reversal of an earlier verdict that called for the



Kaunda: A chance to keep détente alive

Rhodesia. When Sithole was in jail, that looked like an exercise doomed to failure. But now that he has been released, Kaunda appeared to have at least a chance of keeping détente alive in southern Africa.

—ANDREW NAGORSKI with ANDREW JAFFE in Nairobi and PETER YOUNGHUSBAND in Cape Town

**ANGOLA:  
Civil War?**

Four months ago, after fourteen years of bitter feuding and bloody fighting, Black Africa's longest colonial war was officially consigned to history. Gathering at a resort hotel in the Algarve, Portuguese officials carved out a delicately balanced transitional government for Angola, the jewel of their African empire. Ideally, the agreement aimed to keep the peace until Angola's indepen-

dence next November by sharing power among the country's three rival liberation groups. However, even the most optimistic negotiators admitted that the chances for peace in Angola were slim. "If you put three angry cats together in one sack, they're likely to fight," one official observed at the time.

As it turns out, that is exactly what happened. Late last month, violence erupted in Luanda when soldiers from the centrist National Front for the Liberation of Angola (FNLA) stormed the barracks of the Marxist-backed Popular Movement for the Liberation of Angola (MPLA). The fighting quickly spread to the streets and by the time it ended, 200 people lay dead, including 50 MPLA recruits allegedly massacred by the FNLA. Worried that the bloodletting might escalate to full-scale civil war, Portugal's new Foreign Minister Ernesto Melo Antunes rushed into Luanda to negotiate a cease-fire between the factions. But the ink had hardly dried on the agreement when shooting broke out again and last week Antunes was back in Luanda, amid speculation that a government shake-up was in the works.

**Chaos:** Although the confrontation between the liberation groups has been building for months, the Portuguese share the blame for the latest chaos. Gen. António da Silva Cardoso, the Portuguese high commissioner, has turned in an indecisive performance as head of the transitional government and Portuguese troops in Angola have proved totally incapable of maintaining order. To make matters worse, the leaders of all three liberation movements have inexplicably remained out of the country.

In the absence of their leaders, the liberation groups have simply pursued the rivalry that has brought Angola to the brink of civil war. The FNLA, for example, worries about the MPLA's Communist ties and fears that with Portugal rapidly swinging left, political power in Angola may eventually just be handed over to the MPLA. The MPLA, on the other hand, frets over the close support provided the FNLA by neighboring Zaire's President Mobutu and fears that Kinshasa wants to create a West African empire by annexing Angola.

One consequence of the bickering between the FNLA and the MPLA has been to make the third liberation group, UNITA, the most popular, particularly among whites. Still, officials in Luanda are pessimistic about the ability of UNITA or anyone else to settle Angola's difficulties peacefully. Unlike Mozambique, which is set to become independent in June, Angola seems headed for protracted violence and uncertainty. "The liberation groups said they were going to free us," complained one black Angolan last week. "Then they started a war right among our homes. Not even the Portuguese ever did that."

—SUSAN FRAKER with MICHAEL CHAPMAN and CARYLE MURPHY in Luanda and PETER YOUNGHUSBAND in Cape Town



Wally McNamee—Newsweek



AP

On the links and in the mess hall: 'Would it prevent anything from happening in Vietnam if he did not play golf?'

**Ford's Unholiday**

Some of the President's men had advised Gerald Ford to stay home this year. A spring vacation in affluent Palm Springs, Calif., they warned, would sit badly with a country in the grip of hard times. But Ford, who had spent eight previous Easters at the sparkling oasis, retorted that he had worked hard and deserved a break, and so he headed west. He was still airborne when word came that Da Nang had fallen to the Communists, and he was on the links almost every day of South Vietnam's swift and bloody collapse. What was to have been a working, golfing vacation for Ford turned rapidly into a public-relations embarrassment.

In better times, Ford's week in Palm Springs would have raised few eyebrows; the last four Presidents have all vacationed there. But viewed against a background of domestic recession and foreign war, the luxurious spa worried the President's aides. Ford stayed in a posh neighborhood called Thunderbird Heights, a development that adjoins a country club, is patrolled by private police and lists its residents by name beneath the street signs. Neighbors include industrialist Leonard K. Firestone, entertainers Alice Faye, Phil Harris, Hoagy Carmichael and Ginger Rogers.

Jerry and Betty Ford rented the \$355,000 ranch home of insurance millionaire Fred C. Wilson for nine days, paying \$100 a day out of their own pocket.

Offering panoramic views of the craggy Santa Rosa Mountains and the Coachella Valley, the house is built around an enormous, glass-walled living room with a 20-foot bar and fireplaces at each end. A parquered game room leads to a 50-foot, turquoise-tiled, S-shaped swimming pool where the President swam twice a day; at one of the curves is a double-jet fountain, inlaid with mosaics and adorned by a bronze nude. A lighted tennis court with an automatic serving machine and a five-hole putting green with sand trap offered other diversions.

**Bishop:** Ford's staff lived almost as comfortably. White House chief of staff Donald Rumsfeld and his deputy, Richard Cheney, rented the nearby home of retired industrialist John Mulcahy for \$100 a day; topsider Robert Hartmann paid the same rent for Ginger Rogers's home down the street. Lesser aides were put up in another house for \$450 a week, while economic adviser Alan Greenspan and speechwriters Milton Friedman and Robert Orben holed up in hotels or country clubs. At least 150 more press officials, stewards, military and logistics staff and middle-level aides rounded out the entourage. A handful of White House kitchen stewards was flown out to cook for the President, and white-topped VIP helicopters were ferried in from Fort Belvoir, Va., to carry Ford around California. His Easter sermon at a Palm Desert

church was preached by the Episcopal bishop of San Diego, jetted in courtesy of Ford millionaire friend Leon Parma.

Newsmen were kept at a discreet distance while Ford played golf with the likes of Parma, Bob Hope, retired Army football coach Earl (Red) Blaik and movie director Frank Capra. The President suffered through a few mediocre rounds, whose scores weren't disclosed, but when he shot a respectable 86, that fact was quickly made known.

**Pardon:** Despite the fun and luxury, the President's staff had scheduled a number of official "events"; Ford himself called the trip "three-quarters work." There was an inspection of the naval petroleum reserve at Elk Hills, Calif. (see BUSINESS AND FINANCE), and a news conference in San Diego. Ford also visited a naval training center there, lunching in the mess hall with enlisted men. The Commander in Chief got a cheer from the recruits by issuing a pardon to men for minor infractions. Ford also announced his expected choice of a new Interior Secretary, former Wyoming Gov. Stanley K. Hathaway, and heard a report from the Army Chief of Staff, Gen. Frederick Weyand, just back from Vietnam. Other duties included a speech in which he urged the extension of unemployment benefits, a visit to a geothermal project and a planned appearance at the National Association of Broadcasters convention in Las Vegas en route back to Washington early this week.

Even so, Ford's aides were rattled by apparent image problems. When James Deakin of The St. Louis Post-Dispatch



**U.S. AFFAIRS**

wrote a story referring to the three pools at the Wilson house, press secretary Ron Nessen responded that there was only one swimming pool, plus a goldfish pond and "a decorative basin." And when a reporter asked about the "public perception of a President playing golf while a client state seems to be going down the drain," Nessen replied heatedly: "Would it prevent anything from happening in Vietnam if he did not play golf?"

Ford got one piece of good news at the end of the week. The latest Gallup poll, taken in early March, showed Ford holding a narrow lead over his currently strongest challenger, Democratic Sen. Henry Jackson of Washington, in a nationwide trial heat for next year's Presidential election. Ford got 43 per cent of the hypothetical votes, 2 percentage points more than Jackson, and did a bit better against Maine's Sen. Edmund Muskie (47-41) and Gov. George Wallace of Alabama (49-39). The survey also showed that homespun Jerry Ford goes over better with women than men. Among men, Jackson had a "substantial" but unspecified lead, while Wallace and Muskie were neck-and-neck with the President.

—SANDRA SALMANS with THOMAS M. DEFRANK in Palm Springs

**TRIALS:**

**Jacobsen's Story**

The last major case prepared by the Watergate special prosecutor's office went to trial in a Washington courthouse last week. John B. Connally, onetime Treasury Secretary and Texas governor, showed up cool and confident to face charges of having accepted payoffs from the milk industry. Soon he was facing his principal accuser, Jake Jacobsen, a crony of 25 years' standing and a former lawyer for the Associated Milk Producers, Inc., the nation's largest dairy cooperative. On the stand, the sleekly groomed Jacobsen scrupulously avoided Connally's steady gaze and gave his testimony in a hesitant, barely audible drawl. But his message came through loud and clear. Four years ago, Connally had helped persuade President Nixon to raise milk-price supports. Soon after, as Jacobsen told it, Connally had observed that "dairy people raised a lot of money for a lot of people and why didn't I get them to raise a little money for him?"

According to the prosecutors, that was the start of a criminal conspiracy in which Connally accepted a \$10,000 payoff in two installments and then tried unsuccessfully to conceal the transaction by returning the sum to Jacobsen, who has pleaded guilty to being the bagman. Jacobsen's testimony, prosecutor Jon A. Sale told the mostly middle-class jury of nine blacks and three whites, was supported by a "trail of footprints" that included hotel, telephone, airplane and bank records. But for all the circumstan-

tial evidence, the key issue was whether Connally had actually accepted the money—and there the case boiled down to his word against Jacobsen's.

That Connally had indeed been a friend to the dairymen was established by the tape of a March 23, 1971, meeting in Richard Nixon's Oval Office. Connally could be heard telling the President that the milkmen had a "legitimate cause" in seeking increased price supports. "They're amassing an enormous amount



Susan T. McElhinney

**Connally: Were there 'footprints'?**

of money that they're going to put into political activities," he added, urging Nixon to guarantee their financial aid in 1972. The meeting concluded with Nixon's agreeing to higher price supports.

A month later, according to Jacobsen, Connally made his vague request for money, and Jacobsen obtained \$10,000 in \$100 bills from AMPI lobbyist Bob Lilly. "I didn't want it to be too small," he testified, "and I didn't want it to be

too big. I didn't want it to look like we bought the decision." Jacobsen divided the cash into two payments—"to get more credit for it," he explained—and took the first \$5,000 to Connally's office in May 1971. "There is more where this came from," Jacobsen recalled saying as he gave it to Connally. "He went into the bathroom," Jacobsen said. "When he came out, I didn't see the money." The second \$5,000 according to Jacobsen, was paid in September.

Two years later, Watergate investigators began probing AMPI. Jacobsen became concerned and Connally, who had left office by then, purportedly offered to return the \$10,000. In Connally's Houston office, Jacobsen recalled, the former Treasury Secretary appeared with "a cigar box that was filled with money [and wearing] . . . rubber gloves, and he took the . . . gloves and threw them in the wastebasket and handed me the box with the money in it and said, 'This money should be all right.'" Unlike the original payment, which consisted entirely of \$100 bills, the cigar-box money included \$10, \$20 and \$50 denominations—but, Jacobsen said, "I figured I could handle that." The cover story, according to Jacobsen, would be that he had offered the money to Connally as a political contribution, that Connally had refused it and that the money had never been taken out of Jacobsen's safe-deposit box.

**New Bills:** But within a month, Jacobsen said, Connally began to fret that the bills he had handed over might have been too new to have been the same ones originally withdrawn from a bank by Lilly. Jacobsen and Connally allegedly met at the Austin home of George Christian, former press secretary to Lyndon Johnson, and Connally gave his friend a second bankroll wrapped in newspaper. Despite all the precautions, FBI agents found sixteen new bills in the bundle when they opened Jacobsen's safe-deposit box the next day, and the alleged cover-up gradually came apart.

Jacobsen's story was intriguing but full of gaps. Although his visits and phone calls to Connally were documented by the Secretary's office logs, there was nothing to prove that the original \$10,000 had actually changed hands. And in his opening remarks defense lawyer Edward Bennett Williams promised evidence that Jacobsen had asked AMPI officials in late 1971 for another \$5,000 for Connally—and had pocketed those funds himself.

Nor did it help Jacobsen's credibility that, by his own account, he had perjured himself three times during the investigation and had pleaded guilty in order to escape more serious charges of bank embezzlement in an unrelated case. "As the old mountaineer said about his pancakes," Williams folksily told the jurors, "'No matter how thin I make them, there is always two sides.'" In grueling cross-examination this week, Williams would try to expose Jacobsen's other side.

—SANDRA SALMANS with STEPHAN LESHNER in Washington

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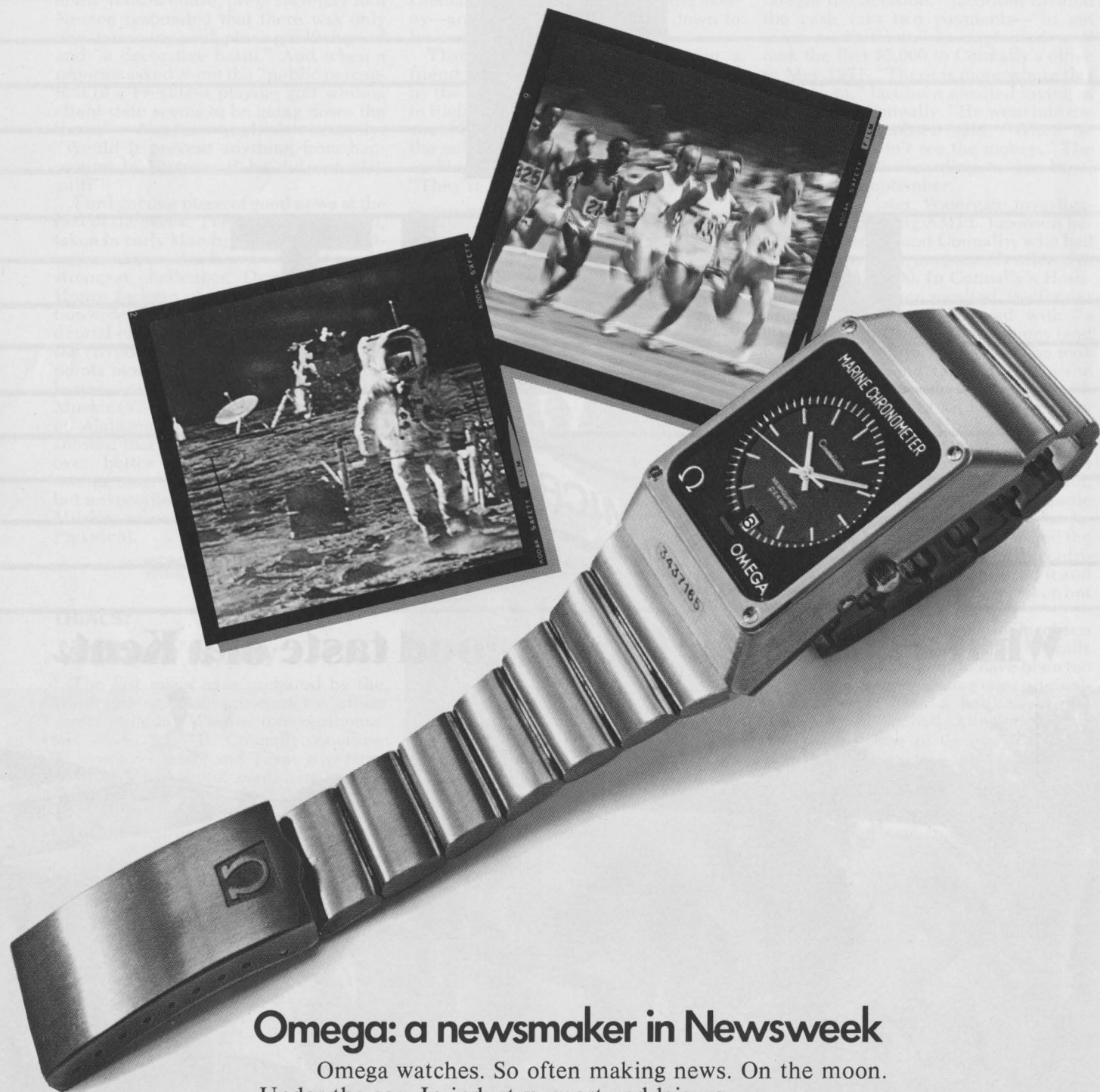
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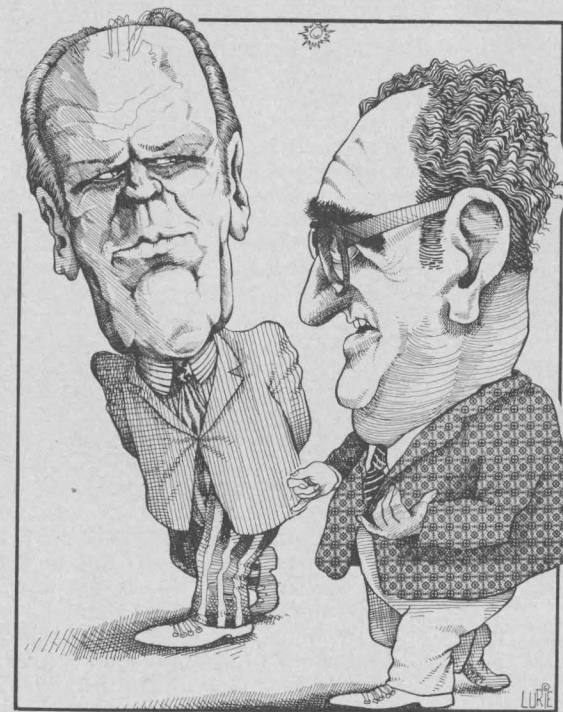
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## LURIE'S OPINION

On U.S. Foreign Policy



*'The South Vietnamese are no good because they don't want to fight . . . the Israelis are no good because they want to fight . . .'*



*'Want me to make you an offer you can't refuse?'*







Susan T. McElhinney  
General Davis, with Stephen in Vietnam (left) and today: 'Let's cut our losses and get away from it'

## 'It All Seems a Waste'

Hank Marsh was wounded there during Tet 1968, and half his unit of combat engineers got blown away, and when he sat with his grandmother in front of the TV seven years later watching Hue go under without a fight, he suddenly felt ill. Marsh, now 27 and serving out his time as an Army recruiter in Miami, remembers his grandmother asking him in puzzlement whether the U.S. shouldn't send the boys back in. "No," he answered quickly. "Well," she asked, "what does this mean, then? Why were you over there?" And Hank Marsh couldn't think of anything to say.

They were the ones who paid the heaviest dues for America's misadventure in Vietnam—the men who fought and bled there, the parents who lost their sons there—and they were the ones who felt the keenest sense of loss last week at the daily images of Vietnam disintegrating before their eyes. Some of the survivors, in conversations with NEWSWEEK reporters across the nation, spoke angrily of the government for having got the U.S. into the war. Others were aggrieved at "the politicians" for having contained the effort short of victory. Still others felt let down, even betrayed, by the incapacities and indifferences of the Vietnamese themselves. "For 31 of the 34 months I was there," said Fred Terhune, 28, an ex-Green Beret who came home with one elbow and both knees shattered, "I firmly believed in what I was doing—trying to stop Communist aggression. But then

I woke up one morning and said, 'What the hell am I doing here?' We were fighting for people who didn't really give a damn."

Yet what bound them together most closely was a sense of the futility of the whole endeavor—the empty feeling that 55,000 American lives and billions of dollars in American treasury had been wasted. There was bitterness for some in that suspicion. "The mainspring in this country has been broken," said Ronald Radcliffe, a decorated black chopper pilot who was shot down and wounded in Quang Tri Province two years ago. "I want to take my wife and just sort of live alone." Others found only melancholy in the shattering pictures of rout filling the nightly newscasts. "Sometimes, over there, I didn't even realize what the cause was," said Steve Javier, 30, a Californian paralyzed from the waist down by a sniper bullet in 1967. "And now I see what's happening and I don't really care any more. I just want it to end so we can all forget it."

John Pollitt and Matt Senizaiz are among the angry ones. Senizaiz, then an Army Pfc. of 20, caught a burst of machine-gun fire in an ambush near Phu Bai and has lately learned, after seven touch-and-go years, that one ruined leg may have to be amputated. Pollitt was a baby Marine lance corporal of 18 when they sent his assault company up some nameless hill near the DMZ. Most of his buddies died; Pollitt, in a manner of

speaking, lucked out, with a steel plate in his head, a rickety leg and a ticket home. He tried college for a while, wearing his uniform like a badge of pride. But the courses were tough and the hoots in the corridors tougher—"How you doing today, baby-killer?"—so he dropped out and drifted through several jobs, a ghost from a war nobody wanted.

Both men finally caught on as service officers with the American Legion in Chicago, and there, along with their desk space, they share their private bitterness. Pollitt had believed in the cause and had felt traduced—"sold out by the people in Washington"—when the war was not prosecuted to victory. Senizaiz doubted that it should have been fought at all. "It was all those Ivy League dudes with great educations that thought all this bullshit up," he says hotly, "and then when it didn't work, they just went off to fancy jobs and left us with our dangling legs. It was an intellectuals' war, except 55,000 of us had to die. And for what? Nothing, man, nothing at all. And if you don't believe that, just watch what's coming down on television right now."

He was a general's son, and when he came out of the Citadel with his mint-new second lieutenant's bars in the middle '60s, Stephen Davis was first concerned that no one think he was getting special treatment. But he had dim eyes, and they threatened to disqualify him from what he wanted even more: an infantry assignment and a ticket to Vietnam. "So I pulled some strings," his father, Maj. Gen. Franklin Davis Jr., remembers with rueful irony. Bad eyes and all, Stephen was posted to the infantry, and to Nam, and in August 1967, while leading a platoon in combat in



Jeff Lowenthal  
The Rosses: 'Terrible sorry'

Newsweek, April 14, 1975



Susan T. McElhinney  
Cleland: 'It wasn't the war of the worlds'

Quang Tin Province, he died at 23. The general, himself on duty in Vietnam, took his son home for burial. Two weeks later, he returned to his post; a few months thereafter, a Viet Cong grenade exploded in his face, blew off both his eardrums and retired him reluctantly from the war. Today, in a Washington law firm, Davis still honors his son's sacrifice, and is sustained by something Stephen said two weeks before his death: "I couldn't live with myself if I had not come out here." But Davis has begun to wonder about the cost of the war, and if it had been his lot to size up the situation for President Ford, he knows what he would report: "Look, Mr. President, that set-up is down the tube. Let's cut our losses and get away from it."

His picture is one of the indelible images of the war, clad in his baggy POW stripes, bowing before his North Vietnamese captors. Richard Stratton is back in "the world" now, a Navy contract officer at a Lockheed plant in California, but he has not lost sympathy with the cause he served or with the Vietnamese, even in their panicky flight. "I don't know how I'd react," he says, "if someone gave me one bomb and one shell and one rifle and said, 'There's no more coming, but go and fight for your country.' I hope I would drop the bomb and use the shell and rifle, and then get out of there, but I don't know." What he does know, for all his six years in the camps, is how he would respond if he had to do it over. "If they asked me to go back and bomb Hanoi again," he says, "I would."

Newsweek, April 14, 1975

Joseph Maxwell Cleland volunteered for everything he got in the military—everything but the grenade accident that blew off his right arm and both of his legs. He went off to Vietnam in 1967 as an officer in the First Air Cavalry—he called it the Army's Great Flight Hope—and a believer in the cause he had been sent to serve. But he began to question it even before his own personal disaster—began to wonder about the toll in lives and money, and about America's place as an intruding presence in what he came to see as a struggle between Vietnamese and Vietnamese.

"It wasn't the war of the worlds," Cleland says now. "The point was most Vietnamese were just interested in surviving. They didn't care whether they survived under Saigon or Hanoi. And no matter how many military successes you had, there was just no way to beat the political fact that you were foreign and they were out of the soil—cousins and brothers from up north. In a sense, everybody knew they were always going to be there, and everybody knew that one of these days we Americans were going to leave."

Cleland left early, to a career in Georgia politics (one term as state senator from Lithonia, a losing run for lieutenant governor last year) and lately to a staff job on a U.S. Senate subcommittee on veterans affairs. He has in the process learned to live with his wounds. But he wonders whether America will make its own peace with the large traumata of Vietnam. "That's the question," he says. "Will we learn that every time we go into battle, we don't necessarily carry God's banner as seen from the ground we fight on? We may perceive ourselves that way, but it doesn't mean they see us the same way. And that's the crucial lesson to learn—that not every line that's drawn

on a map in this world is put there for the United States to defend come hell or high water."

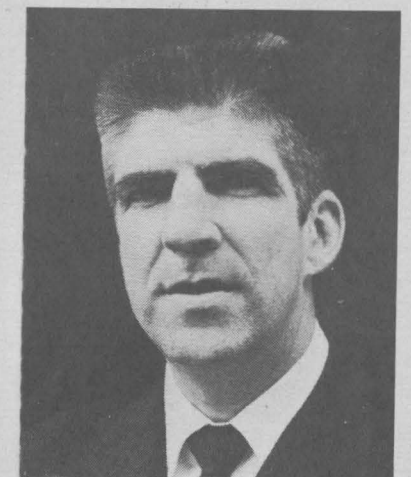
In the dusk of a late summer evening six years ago, Russell Ross took his boy Stanley, 20, to the Burlington railroad station near little Mount Pleasant, Iowa, and put him on a train to join the Army. In the moments before he climbed aboard, Stanley talked about going, and about how maybe he wouldn't owe his country as much when he got back. Then he was gone, and Russell Ross stood for a long time watching the train lights twinkle away into the darkness and feeling "just real proud for Stanley . . . standing up for what he believed" at a time when kids his age in distant cities were picketing and rioting for peace. His heart full, he decided on the spot to do something nice for his boy, and settled on buying him a new motorcycle. He began laying away cash, saved up for a Harley-Davidson and wheeled it into a shed on the family's 160-acre farm to await Stanley's return.

Last week, a spring blizzard blanketed Mount Pleasant, and in Forest Home Cemetery, an icy wind knocked a plastic Easter wreath off the grave marked STANLEY ROSS. They had sent Stanley home from the war in a government-issue casket, too soon after the night he had left; the Harley had stood long after in the shed until Russell Ross mustered the heart to sell it. And now he reads the dispatches in the Mount Pleasant News with a daily deepening sense of frustration and loss. "All it seems to come to," he says wanly, "is a waste of lives. All we've done is create a lot of homeless people and orphans. I feel terrible sorry for them people over there. But I feel terrible sorry for Stanley, too." He pauses for a moment, remembering their good-bys in the darkness at the Burlington station. "I guess he doesn't owe anybody anything now," Ross says. "I guess he done more than anyone had a right to expect."

—PETER GOLDMAN with TONY FULLER in Chicago and bureau reports



Lee Lockwood—Black Star, courtesy Life Magazine



James D. Wilson—Newsweek  
Stratton, then and now: 'Ask me to bomb Hanoi again, and I would'





Don Chesser

Michael Aspinall: Wickedly accurate in diva drag

An evening of operatic music isn't likely to cause many audiences to choke with laughter, but then **Michael Aspinall** hasn't yet graced many stages. A trained counter tenor turned coloratura soprano, Aspinall made his London debut last week and presented a wickedly accurate parody of the affectations of grand divas past and present. Decked out in a floor-length satin gown and feather boa, Aspinall ran through a program ranging from La Traviata aria "Ah, fors'è lui" to a

little ditty called "A Fairy Went A-Marketing." London critics were clearly enchanted with the drag diva's performance. Said one: "If you hate opera, see his forthcoming concerts by way of revenge—if you adore it, as he does, you'll enjoy it all the more."

Within the past year, actress **Jennifer O'Neill**, 27, has been engaged first to actor Elliott Gould and then to John Revson of the cosmetics family. Now that the wed-

## NEWSMAKERS

ding bells have tolled at last, which one did she marry? Neither one of them. Jennifer's new husband—her third—turned out to be Nick De Noia, 32, a choreographer she met a few months ago when he was hired to map out a nightclub act for her. The newlyweds are now in Palm Springs, Calif., planning Jennifer's next engagement—in a nightclub, that is.

He was a gravedigger a dozen years ago. Now British rocker **Rod Stewart**, 30, shovels money into his bank account and digs expensive cars, fancy threads and one beautiful companion after another. His latest amour is Swedish actress **Britt Ekland**, 31, who met Stewart at a concert in Los Angeles last month and soon began sharing her London apartment with him. No marriage is planned, but, she said, "we've got a pact to be faithful to each other."

Not much more than a year ago she was just about the hottest thing in show business, but then **Bette Midler** dropped from sight until her current comeback. "Where was I?" she said to an interviewer from New York magazine. "I was sitting around getting very chubby for a year. But I was having the time of my life. I was bruised and battered and I needed a rest. So I went to Paris, France, to become very elegant and I failed miserably. You know, I thought I spoke French. Then I got there and I realized I didn't. But I ate my brains out." Her "Clams on the Half Shell Revue" opens



Harry Benson—New York

Bette Midler: Sarong on the half shell

on Broadway next week, with Bette wearing a sarong in one number and singing "The Moon of Manakora" à la Dorothy Lamour. From all appearances, "The Divine Miss M" is a good Bette to zoom back to superstardom; the first day's ticket sales topped \$200,000, breaking her own Broadway record.

## TRANSITION

**CELEBRATING:** **Clementine**, Baroness **Spencer-Churchill**, the widow of Sir Winston Churchill; her 90th birthday; at a London luncheon given by her grandson, Winston Churchill, a Conservative member of Parliament.

**MOVING:** **J. Paul Getty**, 82, American oil multimillionaire; from his estate in Surrey, England, to Malibu, Calif. Getty said that he had long intended to retire in the U.S., but observers noted that the British Government has recently moved to tax all residents, including foreigners, on their worldwide income.

**FIRED:** **Guru Maharaj Ji**, 17, erstwhile Perfect Master to millions of devoted followers in India and the U.S.; from his post as spiritual leader of the Divine Light Mission; by his mother, Shri Mataji. Following a recent visit to her son's lavish Denver mansion, Shri Mataji denounced his "despicable" rejection of vegetarianism and celibacy.

**DIED:** **Mary Ure**, 42, British stage and screen actress; of a cause to be established by a coroner's report, in London, April 3. Ure's husband, actor-playwright Robert Shaw, found her dead in their apartment the day after she had opened to favorable personal reviews in a new

One of the great faces of the 1970s belongs to **Beverly Johnson**, 23, perhaps the most successful black model in history—the first to land on the cover of *Vogue*, among other distinctions. "She's smashing—her face is full of energy, excitement, life," says glamour photographer **Francesco Scavullo**, who calls her "an American black beauty" and plans to include her in a book on the most beautiful women in the world. "I don't think it matters what color she is—she just happens to be black." She grew up in Buffalo, N.Y., and went to Boston's Northeastern University "with great expectations of being a big-time lawyer. But people would always say to me, 'You're so beautiful, you should be a model.'" That advice is now paying off to the tune of \$100,000 a year.

The non-winner and new champion of the chess world: 23-year-old **Anatoly Karpov**, a 120-pound Soviet economics student who has succeeded to **Bobby Fischer's** title by default. Fischer was to have met challenger Karpov in Manila next fall in a \$5 million match—\$3,125,000 to the winner—but the temperamental U.S. master unyieldingly insisted on his own rules and rejected those laid down by the International Chess Federation, which finally resolved the stalemate by canceling the match and stripping Fischer of his world championship. In Moscow, Karpov took a jab at his deposed predecessor: "It seems to me Fischer sought a pretext for not playing the match." No

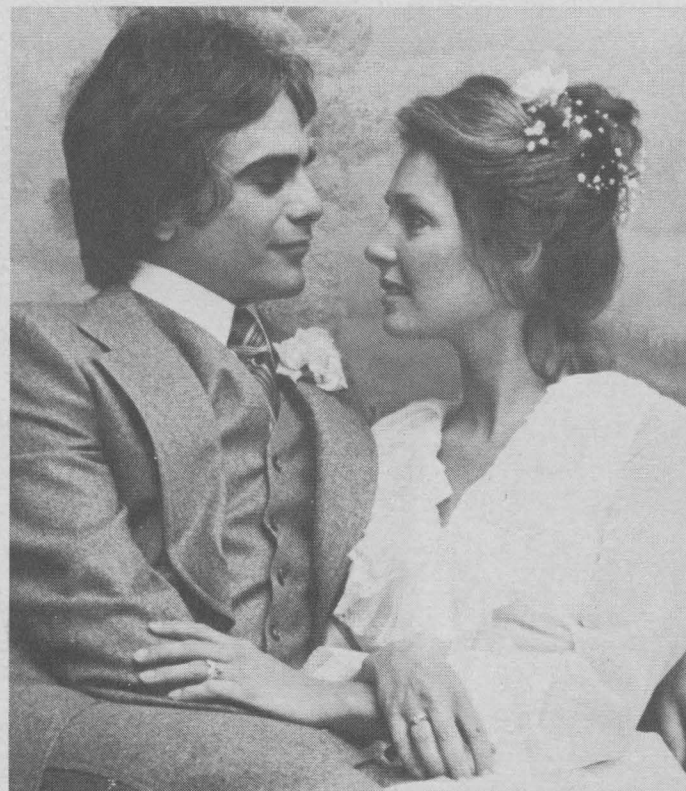


Scavullo © 1975

Beverly Johnson: Beauty on the rise

comment from Fischer, 32, who lives as a recluse in Pasadena, Calif., with the shades in his apartment windows pulled down to keep "the press and the Russians" from spying on him. He reportedly has grown a beard to avoid being recognized.

—BILL ROEDER



Central Press

Britt Ekland and Rod Stewart: Plighting a non-troth

Nick De Noia and Jennifer O'Neill: Choreographing a wedding

play, "The Exorcism." Scottish-born and possessed of a blond, Dresden-china beauty, Ure scored her biggest hit on the London and New York stage in the late 1950s in then-husband John Osborne's "Look Back In Anger."

■ **Lady Louise Hillary**, 44, wife of Sir Edmund Hillary, the New Zealander



Friedman-Abeltes

Mary Ure in "Look Back in Anger"

who in 1953 became the first man—along with Sherpa guide Tenzing Norkay—to reach the summit of Mount Everest, and their daughter **Belinda**, 16; in an airplane crash near Katmandu, Nepal, March 31. The plane was headed for a reunion with Sir Edmund on Mount Everest, where he had been helping to construct hospitals and schools for the Sherpas.

■ **Tung Pi-wu**, 89, elder statesman of the People's Republic of China and figurehead Chief of State from 1969 until last January; in Peking, April 2. A participant in the 1911 revolution that ended imperial rule in China, Tung joined Mao Tse-tung and a handful of other revolutionaries in founding the Chinese Communist Party in 1921. Tung was also a veteran of the historic Long March that kept Mao's guerrillas from being wiped out by Nationalist forces in the 1930s.

■ **Otto Soglow**, 74, cartoonist who created "The Little King"; of a heart attack, in New York City, April 3. For the first few years of a long reign, Soglow's whimsical monarch appeared in *The New Yorker*. Since 1934, "The Little King" has been a Hearst comic strip—currently running in about 100 newspapers—but it will be discontinued rather than carried on by another artist.



## Communist China to Slash Prices

Under the twin pressures of the worldwide recession and its own urgent need for hard currency, Communist China has decided to resort to a time-honored capitalistic device. At this month's Canton Spring Fair the Chinese will slash prices on most export items—textiles, garments, carpets and even antiques. Just how far Peking will go in its efforts to undercut its Asian competitors remains to be seen. But left-wing Chinese businessmen in Hong Kong believe that a 15 to 20 per cent markdown on light industrial products is entirely conceivable.

## Japan Expands Trade With Hanoi

• Even if the South Vietnamese state completely collapses, Japan stands to suffer less from the debacle than other trading nations. For some time, the Japanese have assiduously cultivated economic relations with North Vietnam—with the result that trade between the two countries hit a healthy \$49 million last year. Though the figure was still substantially less than trade between Japan and South Vietnam (\$132 million), it nonetheless marked a 300 per cent increase over 1973. So far, Hanoi's purchases in Japan have been largely confined to machinery and metal and chemical products. (Japan, in return, has imported North Vietnamese anthracite.) But this may be about to change. Japan is already pledged to give Hanoi a \$16 million grant in lieu of World War II reparations, and as soon as all the details of the grant have been worked out, North Vietnam is expected to start buying entire industrial plants in Japan.

• Unlike Japanese traders, the U.S. oil companies that have been engaged in exploratory drilling off the coast of South Vietnam regard the prospect of a North Vietnamese take-over of the country with grave forboding. Shell Oil, for example, has moved most of its Vietnam-based employees and all of their dependents from Saigon to Singapore "pending assessment of the political and military situation." And at least one U.S. company is reportedly making preparations to pull out of South Vietnam completely if the North Vietnamese win total victory. Some other American and Canadian oil firms, however, suggest that it may eventually be possible for them to strike a deal with the North Vietnamese. "I should think they would also be happy to have oil deposits off their shores," says one American oilman hopefully.

## Kuwaitis May Profit From Israeli Industry

• When the Arab Boycott Office put pressure on Volkswagen to prevent production of the Wankel rotary engine in Israel, its operatives seemingly overlooked one ironic fact. NSU-Wankel GmbH, the German company which actually controls license rights to the Wankel patent, is, as the boycott office charged, an affiliate of Volkswagen. But NSU-Wankel is also partly owned by Britain's Lonrho, which, in turn, is 40 per cent owned by a group of Kuwaiti investors. Thus, the Kuwaiti group—headed by Sheik Nasser Sabah El Ahmad—has an interest, willy-nilly, in the license to produce Wankels which NSU-Wankel has granted to the Savkel Co. of Tel Aviv. Therefore, indirectly at least, the Kuwaitis will presumably profit from the activities of Savkel, which currently plans to be producing up to 100,000 rotary engines by 1977.

## Has the Luster Gone Out of the Kruger Rand?

• Only a year ago South Africa's Kruger rand coins, each of which contains 1 fine ounce of gold, commanded a 19 per cent premium over the free-market price for an equivalent weight of unminted gold. But between diminishing inflation rates and the slackening of the great gold boom, demand for the Kruger rand has dropped so severely that the coin now fetches only 3 per cent more than an ounce of unminted gold. And with almost a third of South Africa's gold being smelted into Kruger rands, that margin looks very slim. As a result, even though sales of the Kruger rand are still booming—they topped \$1 billion in the first two months of 1975 versus \$574 million for the corresponding period of last year—South African officials are seriously considering suspending exports of the coin.

## Suez Opening Brightens East Africa

• Egypt's announcement that the Suez Canal will reopen to shipping in June has delighted importers and exporters in East Africa. Since the canal closed in 1967, the necessity to ship goods to and from Europe round the Cape of Good Hope has cost the East African nations an additional \$125 million a year—which has inevitably had a dampening effect on their economic development. By using the canal, East African trade experts estimate, shipowners will be able to cut the cost of voyages to East Africa by about one-third. As a result, these experts expect that shipments to East Africa through the canal will quickly revert to the pre-1967 level. This would mean that the canal would handle roughly a third of total shipping to and from ports in Kenya and Tanzania. (Besides their own countries, these ports also serve Zambia, Uganda, Rwanda, Burundi, eastern Zaïre and southern Sudan.)

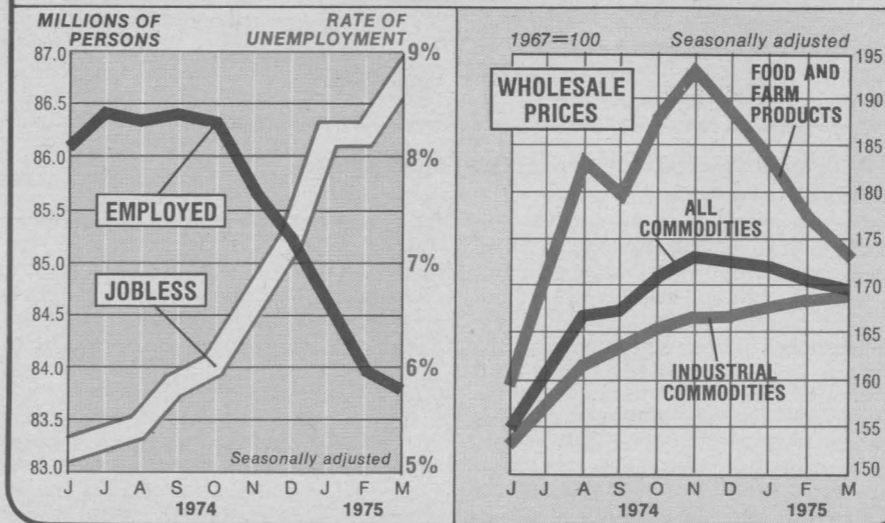
## Fiat Pays Off Despite Auto Slump

• Anybody who sold shares in Fiat because of the general slump in the auto industry or the gloom-and-doom reports emanating out of Italy may now go to the foot of the class. Last week, Fiat announced that, despite an 86 per cent drop in its net profit in 1974, there was still enough money in the till to pay stockholders a 15-cents-a-share cash dividend, plus three shares of SAI Insurance Co. for every 1,000 Fiat shares owned. (SAI is a part of the Fiat group.) Although no sales figures were made available, company spokesmen said that improvements in Fiat's truck and steel sectors had at least partly offset a continuing decline in auto earnings.

—STEPHEN KINDEL with bureau reports

## MIXED REVIEWS

Employment fell and unemployment rose again last month, with 8 million Americans out of work. But wholesale prices fell, with food and farm products leading the decline.



## Fear of Flying?

"The worst may be behind us," said Gerald Ford—and so at last it seemed. After months in which every glimmer of optimism turned into a will-o'-the-wisp, there was a solid uptick in confidence last week that the bottom of the economic slump was in sight. By any measure, really good times for millions of Americans would be a long time in arriving; high unemployment seemed sure to drag on for months and possibly years, and it would take vigorous economic growth to cut the jobless rate. Yet a powerful government faction—led by Treasury Secretary William Simon and Federal Reserve Board chairman Arthur Burns—seemed determined to damp down the recovery and discourage any public exuberance for fear of resurgent inflation.

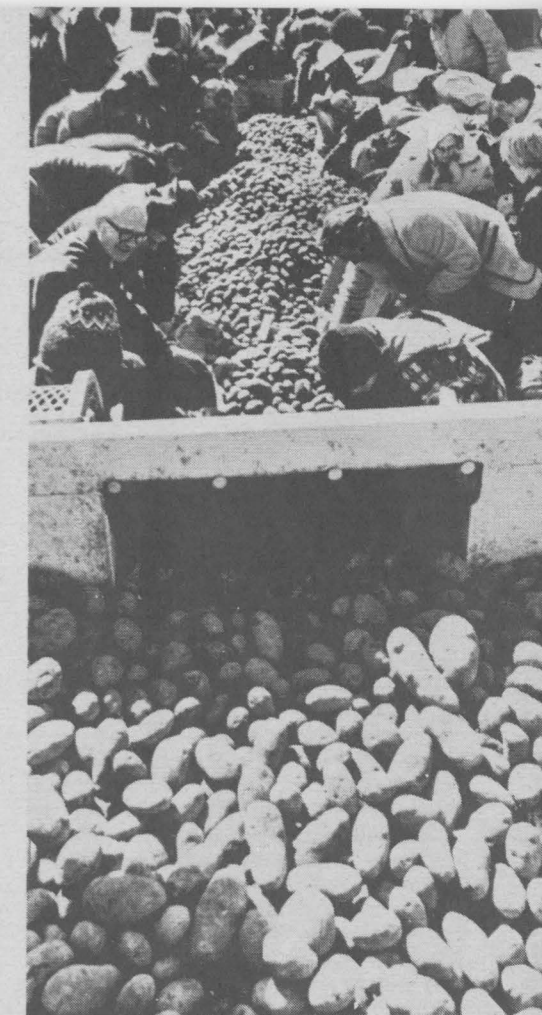
"The seeds of recovery have been sown, and will sprout in due time," Simon told a breakfast gathering of newsmen. Indeed, he said, "there is nothing that the government can do right now that can halt the recovery." But he sounded almost as if he wanted to. After the slump bottoms out in the third quarter of this year, he said, growth should be limited to an annual rate of 4 per cent to 5 per cent, even though unemployment by his own admission would thus hang at a high level.

Under the best of circumstances, Simon said, long-term interest rates would remain high and there wouldn't be enough money for government, business and consumers to do all the things they might wish. Did he think, a reporter asked, that inflation was still a bigger

problem than recession? The President and his tax cut to the contrary notwithstanding, Simon said: "Yes, I do... I am suggesting that for once we keep a recovery under control."

That blunt diagnosis and Simon's forecast that long-term interest rates would probably fall no lower than 8 to 8.5 per cent sent the bond market into a tizzy, with prices slumping and interest rates rising. The Treasury had already increased its own borrowing estimate by \$13 billion, to a total of \$41 billion, for the first half alone. Now there were rising fears that private borrowers would be squeezed out of the market, and several major companies had to postpone bond issues they had already announced. To make matters worse, the Federal Reserve Board was doing nothing to soothe the jitters, and that was read as a signal that Burns also wanted to restrain the recovery. "Simon and Burns failed to persuade Ford to veto the tax cut last week," guessed a prominent liberal economist who didn't want his name used because he wasn't sure what was going on. "They seem to be trying to veto it in the capital markets now."

**'No Way':** Simon's inflation worries seemed decidedly premature. Unemployment was still on the rise, hitting 8.7 per cent of the labor force in March, and Administration officials conceded that the rate would probably top 9 per cent before turning down. By almost unanimous consent, the bottom of the slump was still several months away. Even the good news of the week was mixed and tentative. Wholesale prices fell for the



Giveaway: In Utah, potatoes were free

fourth straight month, with food and farm prices leading the way; farmers in Salt Lake City protested low prices by giving away 70,000 pounds of potatoes. Industry's new orders turned up slightly after a six-month decline, and the rise in factory inventories slowed almost to a standstill, encouraging hope that production might soon speed up again.

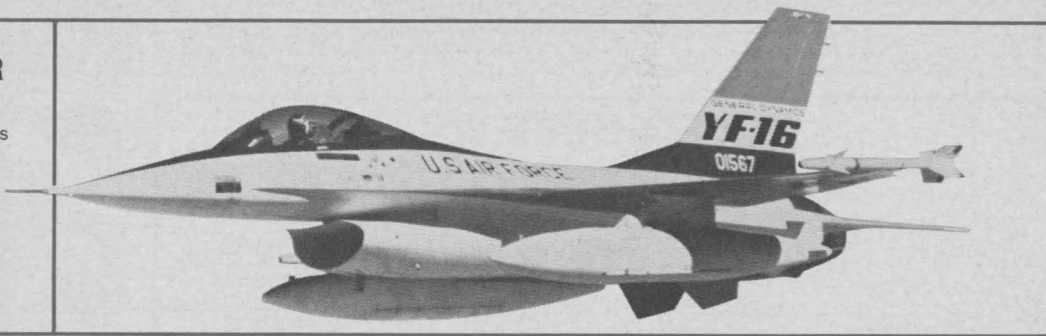
Economists at New York's First National City Bank found encouragement in the very sharpness of the economic slump, arguing that it would make for an accelerated recovery after the bottom was reached. But hardly anyone agreed that the recovery could touch off inflation any time soon. "When you are facing 9 per cent-plus unemployment," said a Fed system official, "your economy is simply not in an inflationary posture in terms of demand. There's no way you can argue that it is." Even within the Administration, Assistant Secretary of Commerce James Pate differed openly with Simon. Conceding that inflation remained a threat, Pate said flatly that it "is not the No. 1 problem in the economy. Clearly the unemployment rate and the slump should have precedence."

Simon's own case was overstated and a bit jumbled, but it was arguable. In his view, the threat was not an immediate surge of demand but the mere expectation of it—an inflationary psychology not



## THE F-16 FIGHTER

**Speed:** 1,500 mph  
**Combat radius:** 500 nautical miles  
**Typical weapons load:**  
 2 Sidewinder missiles  
 24 500-pound bombs  
 1 20-millimeter cannon  
**Maximum altitude:** 60,000 feet  
**Price:** \$5 million to \$6 million



General Dynamics' F-16: Another leg up on a potential \$20 billion market

yet wrung out of the economy but waiting for the first sign of a boom to spring forth in a round of extravagant wage settlements and price increases. In the credit markets especially, as last week's flurry showed, rates soar at the mere hint of a warning. And as Simon saw it, the prospect of a Federal deficit ranging up to \$100 billion next fiscal year would strain the markets, forcing the Fed to print new money at an inflationary pace or else create a new money crunch.

**Wages of Sin:** In either case, rates would be forced up—in anticipation of inflation if the Fed monetized the debt by creating more money, or by the shortage of supply if the Fed hung back. Either way, Simon argued, the recovery would be retarded: "The stock market can't flourish with high interest rates, and neither can housing." Unemployment would remain high—given Simon's scenario, most economists would predict a jobless rate stagnating for months around 9 per cent—but that, in the Secretary's view, would be the lesser evil. "Our options are all lousy," he concluded. "We have to pay a price for the sins of the past."

Calvinism apart, the weakest link in Simon's argument was his estimate of the credit market's capacity. With savings on the rise and business and consumer loan demand dwindling, bond experts are not very perturbed about the disruptive effect of a huge Federal deficit; National City Bank economist Leif Olsen, for one, thinks that the market can absorb fully \$150 billion of Federal borrowing this year and next without affecting interest rates or freezing other borrowers out of the market. But the repeated warnings of trouble tend to unsettle investors and jangle the market, as they did last week. And it didn't help matters when the Fed failed to give a soothing signal by holding short-term rates even. "I'd say the Fed is acting in the markets to give substance to Simon's warnings," said an Administration economist.

If so, the anti-inflation crusade isn't wholly popular even in Burns's own back yard. "Arthur has just turned into a fanatic on inflation," complained a high official in the Federal Reserve System. Another source in the system exclaimed in exasperation: "For God's sake, let us all try to be more responsible than the Treasury Secretary. The Federal Reserve is not going to strangle this coun-

try, I can assure you of that, even if Simon wants us to. And remember, Arthur Burns only has one vote." Maybe so, but he controls enough other votes at the moment to get his way.

**Valedictory?** It remained something of a mystery last week where Gerald Ford stood on Simon's apparent flouting of his policies to fight the recession. At his news conference, Ford himself merely repeated his plea for Congressional restraint in spending; later, in a speech, he proposed another thirteen-week extension of Federal unemployment benefits for the long-term jobless. By one theory, Simon was on his way out of the Cabinet and voicing defiance—a notion bolstered by the fact that he was avoiding any engagements after June and that he took off last weekend on what looked remarkably like a valedictory three-week trip around the world. But others argued that the Simon-Burns position reinforced Ford's own native conservatism and underscored his reluctance to sign what he considered a dangerously stimulative tax cut.

If Ford was backing Simon's play, it might not even be a political hazard: the economy could be growing healthily by Election Day next year even if the recovery were stretched out, and unemployment, while high, would be receding. But for Burns and his supporters, the political considerations came second in any case. It was, said one of them, a question of the country's welfare—a chance to lay the foundation for the kind of solid growth that came in the early 1960s, after three recessions had sweated inflation out of the economy. In this view, another bout of inflation could be literally ruinous—and this might be the last chance to heal the economy.

—LARRY MARTZ with RICH THOMAS in Washington

## DEFENSE CONTRACTS:

### Direct Hit

The countdown had been tantalizing on both sides of the Atlantic. Defense ministers from Norway, Denmark, the Netherlands and Belgium dickered for months over whether to modernize their fighter-plane forces with America's General Dynamics Corp.'s F-16 or the French-made Mirage. Then suddenly last week, the ministers all but dropped

the \$2 billion order for 350 planes into the lap of General Dynamics by announcing that the F-16 has "undisputed advantages," both military and economic, over the Mirage. Political problems could still develop, but the four nations were expected to make their choice official by the end of the month.

If the scenario is played out as expected, the order from the four North Atlantic Treaty Organization countries will give General Dynamics a second leg up on what has been described as the "arms deal of the century." The U.S. Air Force has already ordered 15 F-16s and expects to buy as many as 650. If the business from the four NATO countries does in fact come through, it could spur orders from still other nations. The eventual market could add up to 3,000 planes worth \$20 billion.

Despite the lengthy negotiations, there was never much doubt about the overall superiority of the F-16's capabilities versus those of the Mirage. The F-16 flies at twice the speed of sound, can reach altitudes of more than 60,000 feet and carries a large weapons payload. But there were serious misgivings—particularly on the part of Belgium—over ordering U.S. planes rather than trying to build up Europe's own faltering aerospace industry. General Dynamics tried to ease the concern by promising to produce some F-16s in Europe and create about 25,000 jobs. A full-scale F-16 program could create 65,000 sorely needed jobs in the U.S.—7,000 at GD and the rest among suppliers.

## AIRLINES:

### No Profits, No Frills

It may be just the time for bargain-conscious Americans to take a plane trip. National Airlines is offering a 35 per cent fare discount on certain flights for passengers willing to do without food or drink service. Other airlines are promoting excursion fares giving 25 per cent discounts to travelers who book flights a week in advance. Trans World Airlines wants to revive youth and family discounts. And last week, World Airways, the newsmaking charter airline, asked the Civil Aeronautics Board to make it a scheduled airline and let it cut transcontinental fares to \$89 from the \$179 now

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Sellers, sky lounges, discounts: It will take more than gimmicks to end the slump

Robert R. McElroy—Newsweek



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The frill is gone.

## BUSINESS AND FINANCE

to order tickets by telephone. Of the new promotions involve Continental Air Lines has put back in many of its DC10s. It is offering free movies—including old don and Buck Rogers adventure newsreels from the 1940s—and beer and pretzels and wine to passengers who don't get it. TWA has hired actor Peter Onorati to promote the European cuisine as it is now offering on its lights.

B is expected to approve most office-building schemes. "The thing just sailed through," said a spokesman. "Now everyone is watching, and it's going to be all but to turn the others down."

The cut-rate air fares may have a trickle effect through other sectors of the industry. Amtrak has cut rail fares between New York-Florida and Chicago by \$45 to \$49 on an experiment. Eventually, travel experts say, operators and car-rental companies will reduce their charges as well. There is a debate over whether the

fare discounts will win back enough traffic. National says they will work. It reports that its "no-frills" bookings so far are "substantial" and that a survey showed 40 per cent of those who bought tickets would not have done so without the cheapie fares. Airlines analyst Richard Sterne of Merrill Lynch, Pierce, Fenner & Smith agrees that the discounts will work. "The recession and rising fares knocked many discretionary travelers out of the market," he said. "The new deals should attract them back." Others aren't so sure. "Over-all, no promotional fare can have a significant impact on the industry," Eastern's Ehrlich insisted. "Its effect is only marginal." He considers discounts a "rather large gamble" that may not attract much new business but may simply be used by those who otherwise would have paid full fares.

Whatever the effect, all industry sources agree that discounts alone will not pull the airlines out of their slump. Only the end of the recession will do that. And even an economic upturn would leave the carriers with substantial longer-range problems. The very fact that the CAB is ready to approve lower fares is an indication of a sharp turnabout in the regulatory climate in Washington. In 1973, the CAB decided that many discount fares were discriminatory and harmful to airline profits, and it cut down on their use. But since then, the Ford Administration, Congress and consumer groups have been pressuring the agency to stimulate more competition in the industry. The CAB may also be forced to increase competition on many routes and make it easier for new airlines to enter the market. This is one reason last week's World Airways request has a better chance of being approved than it would have had six months ago.

—DAVID PAULY with TOM JOYCE in Washington and bureau reports



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The countdown had been tantalizing on both sides of the Atlantic. Defense ministers from Norway, Denmark, the Netherlands and Belgium dickered for months over whether to modernize their fighter-plane forces with America's General Dynamics Corp.'s F-16 or the French-made Mirage. Then suddenly last week, the ministers all but dropped

what has been described as the "arms deal of the century." The U.S. Air Force has already ordered 15 F-16s and expects to buy as many as 650. If the business from the four NATO countries does in fact come through, it could spur orders from still other nations. The eventual market could add up to 3,000 planes worth \$20 billion.

Despite the lengthy negotiations, there was never much doubt about the overall superiority of the F-16's capabilities versus those of the Mirage. The F-16 flies at twice the speed of sound, can reach altitudes of more than 60,000 feet and carries a large weapons payload. But there were serious misgivings—particularly on the part of Belgium—over ordering U.S. planes rather than trying to build up Europe's own faltering aerospace industry. General Dynamics tried to ease the concern by promising to produce some F-16s in Europe and create about 25,000 jobs. A full-scale F-16 program could create 65,000 sorely needed jobs in the U.S.—7,000 at GD and the rest among suppliers.

### AIRLINES:

#### No Profits, No Frills

It may be just the time for bargain-conscious Americans to take a plane trip. National Airlines is offering a 35 per cent fare discount on certain flights for passengers willing to do without food or drink service. Other airlines are promoting excursion fares giving 25 per cent discounts to travelers who book flights a week in advance. Trans World Airlines wants to revive youth and family discounts. And last week, World Airways, the newsmaking charter airline, asked the Civil Aeronautics Board to make it a scheduled airline and let it cut transcontinental fares to \$89 from the \$179 now

charged by scheduled carriers flying these routes.

The proliferation of cut-rate fare proposals recalled the days of the mid-1960s, when nearly half the passengers on U.S. flights were benefiting from one sort of discount or another. There was an important difference this time, however. A decade ago, airline profits were soaring. Today, the industry is in sad shape.

The major problem is the recession. The long economic slump has put air travel out of reach for many people, and business executives are flying less often to cut corporate costs. The recession also hit the airlines when they were least prepared to cope with it. The carriers were already suffering from a bad case of indigestion because they ordered too many big jets, and they were paying sharply higher prices for jet fuel. They responded by selling or grounding planes to reduce their fleets, cutting back flight schedules and raising fares to offset rising costs.

But then traffic began to drop. In January, domestic business slid 2 per

cent below a year earlier, and in February the drop was 6 per cent. The March picture was bleaker still, reported the Air Transport Association. Business was poor overseas, too. Pan American World Airways' January-February traffic was off 16 per cent—though some of that was because it dropped a number of routes. For the year as a whole, the industry's domestic traffic is expected to decline 4 to 5 per cent from the 1974 level. The profit picture is equally bad. The major carriers as a group will probably lose money in 1975 vs. last year's \$247 million profit. "The outlook now is dismal," said Morton Ehrlich, vice president and economist at Eastern Airlines.

**Stand-by:** It's no wonder, then, that the airlines are trying to stimulate traffic with discount fares and other promotional gimmicks. National's competitors are seeking CAB permission to offer "no-frills" service on narrow-body jets as well as on jumbos. TWA wants to grant 33 per cent discounts to youths, senior citizens and families. All the discounts are subject to restrictions, however. Many won't be available in the summer. Youth and senior-citizen fares will be available only on a stand-by basis. National does not allow its "no-frills"

## BUSINESS AND FINANCE

customers to order tickets by telephone. Not all of the new promotions involve fares. Continental Air Lines has put lounges back in many of its DC10s. It is also offering free movies—including old Flash Gordon and Buck Rogers adventures and newsreels from the 1940s—and it is selling beer and pretzels and wine and cheese to passengers who don't get free meals. TWA has hired actor Peter Sellers to promote the European cuisine and movies it is now offering on its domestic flights.

The CAB is expected to approve most of the traffic-building schemes. "The National thing just sailed through," said an ATA spokesman. "Now everyone wants a match, and it's going to be all but impossible to turn the others down."

**Ripple:** The cut-rate air fares may have a ripple effect through other sectors of the travel industry. Amtrak has cut rail fares on its New York-Florida and Chicago-Florida runs by \$45 to \$49 on an experimental basis. Eventually, travel experts said, hotel operators and car-rental companies may reduce their charges as well.

But there is a debate over whether the fare discounts will win back enough traffic. National says they will work. It reports that its "no-frills" bookings so far are "substantial" and that a survey showed 40 per cent of those who bought tickets would not have done so without the cheapie fares. Airlines analyst Richard Sterne of Merrill Lynch, Pierce, Fenner & Smith agrees that the discounts will work. "The recession and rising fares knocked many discretionary travelers out of the market," he said. "The new deals should attract them back." Others aren't so sure. "Over-all, no promotional fare can have a significant impact on the industry," Eastern's Ehrlich insisted. "Its effect is only marginal." He considers discounts a "rather large gamble" that may not attract much new business but may simply be used by those who otherwise would have paid full fares.

Whatever the effect, all industry sources agree that discounts alone will not pull the airlines out of their slump. Only the end of the recession will do that. And even an economic upturn would leave the carriers with substantial longer-range problems. The very fact that the CAB is ready to approve lower fares is an indication of a sharp turnabout in the regulatory climate in Washington. In 1973, the CAB decided that many discount fares were discriminatory and harmful to airline profits, and it cut down on their use. But since then, the Ford Administration, Congress and consumer groups have been pressuring the agency to stimulate more competition in the industry. The CAB may also be forced to increase competition on many routes and make it easier for new airlines to enter the market. This is one reason last week's World Airways request has a better chance of being approved than it would have had six months ago.

—DAVID PAULY with TOM JOYCE in Washington and bureau reports



Sellers, sky lounges, discounts: It will take more than gimmicks to end the slump  
 Robert R. McElroy—Newsweek



**National's No Frills Fare**  
 To Miami. Only \$61.

The frill is gone.



**ENERGY:  
Battle Over Elk Hills**

The Elk Hills naval petroleum reserve is a cheerless stretch of 46,000 dry, brush-covered acres along the western edge of California's San Joaquin Valley. Beneath those barren acres are at least 1 billion barrels of oil, and Elk Hills has become a symbol of the latest issue raised by the energy crunch: Has the time come to tap the enormous riches of Elk Hills and three other U.S. Navy petroleum reserves? And if they are tapped, should the oil be put into government storage, offered for sale—or both?

President Ford wants to tap the reserves, a position he dramatized with a brief visit to Elk Hills last week. Administration officials calculate that Elk Hills could yield 300,000 barrels a day by 1977 and cut the U.S. oil-import bill by \$1 billion a year. But the question of exploiting publicly owned land has always been a touchy one, and the fate of Elk Hills has kicked up a spirited debate that is certain to intensify.

**Output:** For 30 years, Elk Hills has been maintained for the Navy by Standard Oil of California, which owns 20 per cent of the field's oil and receives \$120,000 a year for its technological and managerial help. While the field contains 1,000 potentially productive wells, only about 3,000 barrels of oil per day are currently being pumped, largely for testing purposes and to keep the equipment in shape.

A bill that recently cleared the House Interior Committee would simply transfer control of the naval reserves from the Navy to the Interior Department, which would open Elk Hills and eventually the other three fields to exploitation by private oil companies. An Administration bill would go several steps further. While it would open the fields to private exploration, the first priority would be to keep all of the Defense Department's reserve storage facilities filled. The remaining oil would be available for sale. The government's proceeds would be used to develop the reserve with the greatest potential, on Alaska's North Slope, which could contain as much as 33 billion barrels. "There is no intellectual argument against developing Elk Hills," said administrator Frank Zarb of the Federal Energy Administration. "The nation needs the oil." Other Administration officials claimed that the Navy has never really used the reserves anyway; during the Arab oil embargo, they said, the armed services were simply allocated fuel from the civilian sector to make up any shortfalls.

Any proposal to give the Interior Department jurisdiction over the fields is virtually certain to hit a brick wall when it moves on to the House Armed Services Committee this week. Former committee chairman Edward Hébert of Louisiana is determined that the Navy retain control. "I don't care what you hear,"

snapped Hébert last week, when asked about a potential compromise on the matter. "That [Navy control] is basic." Publicly, the Navy is supporting the Administration's plan to open the fields—provided its fuel reserves are protected. But some Congressional staffers claim that Navy lobbyists are privately warning of "massive fraud and bribery" on the order of the Teapot Dome scandal if the fields are opened to bids from private companies.

**Questions:** There also is an antitrust aspect to the Elk Hills debate. Because Standard of California owns 20 per cent of the field and has been exploring the area for decades, California Congress-



The Navy's riches: Time to tap?

man John Moss thinks that any leasing arrangement would give Socal an unfair advantage and raise serious questions of restraint of trade. California State Controller Ken Cory claims that seven large oil companies could freeze independent firms out of Elk Hills simply because they own the major pipelines in the state. The House Interior Committee thought enough of the antitrust issue that it decided last week to reopen hearings on the bill it had already cleared.

But the question whether to tap the huge Naval reserves is much bigger than deciding which companies get the contract. Just last week, the American Petroleum Institute reported that in the U.S., proved oil reserves had been drawn

down by nearly 1 billion barrels last year and now total 34.3 billion barrels. The Navy's Alaska field, still virtually unexplored, could by itself nearly double that critically needed stockpile.

—TOM NICHOLSON with JAMES BISHOP JR. in Washington and GERALD C. LUBENOW in San Francisco

**INDONESIA:  
A Shaky Empire**

*Pertamina always thinks big. Money's no object.*

—A Jakarta banker

It has more aircraft than the national air line, its fleet of ships is bigger than the Indonesian Navy and its capital spending on everything from steel mills to urban office towers rivals the government development budget itself. But if spending money has never been a problem for the freewheeling men who run Pertamina, Indonesia's national oil company, managing it apparently has been. Despite Pertamina's still-mushrooming oil revenues, the headstrong, once seemingly invulnerable company now finds itself awash in a sea of debts it doesn't have the cash to handle.

No one knows precisely what Pertamina's financial obligations are, but the estimates are staggering. According to sources in Jakarta's financial community, the company has about \$600 million in loans due this year, is behind in its revenue payments to the government by \$800 million more and has yet to come up with payments to many Indonesian contractors. Given the oil boom, the debts had mounted almost unnoticed. But early this year the company fell behind on several loan payments, and with that, bankers began to ask whether they were going to get their money. When Pertamina could do little better than "maybe" for an answer, the government had to step in or let the nation's economic backbone collapse.

Two weeks ago, the Suharto government ordered the Bank of Indonesia to assume the company's short-term financial responsibilities if necessary and to clamp down on future Pertamina borrowing. At the same time, the government's economic brain trust set in motion a plan to conduct a full-scale review of the Pertamina empire. The government's move was a bitter pill for Pertamina's flamboyant president, Lt. Gen. Dr. Ibnu Sutowo, and it almost certainly foreshadowed far-reaching changes in the company's role.

In a sense, Pertamina was a victim of its own success. In a nation with a notorious reputation for business inefficiency and bureaucratic ossification, Sutowo and Pertamina succeeded in building a "can do" reputation. When President Suharto wanted to turn the ruins of a Soviet-launched steel mill in western Java into a multimillion-dollar steel complex, he asked Sutowo to handle the job. Pertamina also got the call to

develop a mammoth rice estate in Sumatra and an exotic floating fertilizer plant off the coast of Kalimantan.

The attitude of international bankers only reinforced Pertamina's euphoric outlook. Normally cautious banks threw out the rule book in racing to lend Pertamina money in the early '70s. Most didn't even ask for details of the projects they were financing. One trusting group of New York bankers was even ready to loan the company money on the basis of Sutowo's signature alone—until a last-minute check revealed that the signature was a forgery. As one diplomat in Jakarta put it: "The bankers were practically on their knees, saying, 'Here, take our money'."

Sutowo himself didn't exactly go out of his way to discourage either the new projects or the loans. He liked the image

Mafia"—criticized the company's extensive borrowing, Sutowo dismissed their comments, saying that he was a businessman, not an economics professor.

**Eager:** He might well have pulled it all off if the banks had been willing to continue their policy of "rolling over" the short-term notes year after year. But when the world money markets tightened, the bankers weren't so eager to roll over. They began asking Pertamina for facts and figures the company didn't have. And after representatives of eighteen international banks turned up in Jakarta last month on a long-standing invitation from Sutowo and let the government and Pertamina know that a severe liquidity crunch was coming, government officials, Bank Indonesia, Sutowo and reportedly Suharto himself sat down to ponder the dilemma.

from Pertamina, other projects such as the Batam Island oil services center near Singapore will be delayed and that the government will pay Pertamina increased compensation for its role in risky development schemes.

But monumental problems still remain. Even now, Pertamina's books are in a chaotic state. And the accountants don't expect to have a set they can really vouch for until mid-1976. Compounding the bookkeeping problem is the question of debts to local contractors—some of whom have already defaulted on their own bank loans because Pertamina hasn't paid them for months. With the records in a shambles and given Indonesia's history of high- and low-level corruption, sorting out just who is owed how much and for what could take years.

In the long run, there is also the danger



General Sutowo, Pertamina oil rig: A victim of its own success



Caltex Pacific Indonesia

of Pertamina as a "national development company." He added his own non-oil projects, took on special jobs for Suharto and parceled out a few sure money-makers to relatives and close friends. Whatever he took on, he pursued in grand style, spending vast sums on everything from executive jets (including a refitted Boeing 727 with showers and a conference room) to lavish parties for Pertamina clients in Europe and America. And all along, Sutowo resisted outside financial controls on his empire. When the government, on the advice of the International Monetary Fund, instituted a regulation in 1971 which required Pertamina to get government permission before contracting for intermediate-term loans (one to fifteen years), Sutowo promptly moved into the short-term market. When the country's technocrats—known as the "Berkeley

Despite persistent rumors that Sutowo threatened to resign, most Jakarta insiders believe that the short-term crisis was solved with a minimum of bloodletting—and they see reasons for optimism. Some Pertamina heads are expected to roll, particularly in the financial management division. But Sutowo, who retains the respect of most international oilmen, seems likely to stay on. In the financial area, a host of foreign advisers (including the accounting firm of Arthur Young and Co. and consultants from merchant bankers Kuhn, Loeb & Co., Lazard Frères and S.G. Warburg) are on hand in Jakarta, to advise both Pertamina and the government. Most important, the government finally seems committed to reviewing both development and oil projects and drawing up a single set of national priorities. The betting is that the steel project will eventually be weaned away

that Pertamina will again be burdened with unwanted and unprofitable political tasks. Indeed, when Cambodian President Lon Nol traveled to Indonesia last week, he and his baggage flew on two of Pertamina's executive jets, and when President Suharto makes an around-the-world tour in a few months, he too is expected to fly the friendly skies of Pertamina. But the recent scare and the government's swift response suggests that Jakarta is not about to let things get out of hand again soon. The stakes are clearly enormous. "Suharto and his 'New Order' have been scrambling for ten years to live down the unpredictable, financially irresponsible image of the Sukarno era," said one Jakartan. "If it even looks like Pertamina is going to falter, then we're back to square one—and everybody's in trouble."

—RICHARD M. SMITH in Jakarta



ITALY:

The Ghost

For years, Eugenio Cefis has been one of the most talked-about—and enigmatic—figures in Italian industry. A publicity-shy, 6-foot 2-inch former army officer and World War II resistance fighter, Cefis is head of the sprawling Montedison conglomerate, Italy's largest corporate group. As such, the 53-year-old business wizard has long been considered the single most powerful tycoon in Italy save Fiat's Giovanni Agnelli. And last week, the "ghost," as many of Cefis's own employees call their boss, pulled off a corporate coup so stunning that he no longer needs to doff his hat even to Agnelli.

Cefis's dramatic power play was a classic case study in the Byzantine workings of Italy's curious blend of state and private capitalism. The company he heads oversees a \$6 billion international empire made up of fourteen industrial groups with interests ranging from petrochemicals and synthetic fibers to real estate, insurance and supermarkets. And, like many other Italian businesses, its ownership structure is a peculiar hybrid: a significant portion of Montedison's 872 million shares is held by the government; the rest are scattered among more than 230,000 individual private shareholders.

Since he became president of Montedison four years ago, Cefis has run the organization as something of a private fiefdom. A consummate organizer, he has transformed the company from a massive money loser to a substantial profit-maker. But in the process he has managed to build a corporate power structure so extraordinarily intricate that no one but he ever seems to know exactly where all the different pieces fit. As a result, Cefis has for some time been in the enviable position of being able to make most of Montedison's most crucial decisions without having to consult either the private stockholders or the Italian Government.

But early last fall, word began to circulate throughout the financial and industrial world that a challenge to Cefis's hegemony was being mounted by two shadowy organizations based in Liechtenstein. According to the reports, a firm named Euroamerica Fiduciaria and another named Nicofico were quietly snapping up blocks of Montedison shares. Having used similar ploys himself to topple opponents on his road to

power, Cefis was immediately aware of the serious threat he suddenly faced and demanded that the men behind the dummy investment companies step forward and identify themselves. And when the members of his management committee balked at pressuring the new investors, Cefis promptly submitted his resignation.

Faced with the prospect of corporate chaos if Cefis refused to return, Montedison's managers spent two weeks in frantic deliberations—and finally gave the veteran power-player his way.



Montedison's Cefis: A neat bit of jujitsu

Called back as president, Cefis saw to it that both Euroamerica and Nicofico were banned from Montedison's central management committee. More important, though this detail was not made public at the time, he unmasked the men who had masterminded the attempted stock raid. One of them turned out to be Nino Rovelli, the head of Società Italiana Resine, Montedison's major competitor in the petrochemical and textiles fields. The other proved to be none other than Raffaele Girotti, the acting head of Ente Nazionale Idrocarburi, the Italian state oil and gas monopoly—Cefis's former

right-hand man during his own stint as ENI chief from 1967 to 1971.

But Cefis did more than just repel the assault on his position. In a characteristic piece of corporate jujitsu, he actually turned the affair to his advantage. In return for Girotti's pledge not to use ENI's holdings in Montedison to interfere in the management of the conglomerate, Cefis promised to support his former subordinate for a second term as head of ENI—a prize Girotti badly wants and hitherto had been unsure of getting. With his own position thus secured and

Girotti in his debt, Cefis at a single stroke established himself as "padrino" of ENI as well as Montedison. And some insiders now go so far as to speculate that Cefis may eventually move to combine elements of both groups to create a huge, nominally state-owned petrochemical trust.

Whether Cefis will, in fact, follow that course remains to be seen. But in a country where the distinction between business and politics has traditionally been a vague one, Cefis's latest wheeling and dealing would seem a pointless exercise without a political as well as an industrial objective. And Cefis is no stranger to politics. Before he took over Montedison, he was a protégé of the legendary corporate swashbuckler Enrico Mattei, who as the first head of ENI built it into an industrial giant largely on the strength of his masterful political maneuverings. Like Mattei (who died in a plane crash in 1962) Cefis has always been more interested in power and its uses than in business itself. And while few believe that he will ever actually enter the political arena, many observers are firmly convinced that Cefis's newly expanded influence over the flow of Montedison and ENI funds into the government could establish him as Italy's No. 1 kingmaker.

Indeed, some political odds-makers are already predicting that the staunchly conservative Cefis may try to use his new clout to help Giulio Andreotti, a witty conciliator, unseat the divisive Amintore Fanfani as leader of Italy's Christian Democratic Party. But whatever his ultimate goal, Cefis's latest round of maneuvering has left some Italians deeply concerned about the extent of their fellow citizen's personal power. "It is extremely difficult," one Italian industrialist said last week, "to see how Cefis can further extend his corporate empire without achieving complete domination in a major economic sector."

—CARTER S. WISEMAN with EDWARD BEHR in Milan

## Our Sunny Siberian Sunday



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# "Don't save up the news. Call us when it happens."

LONG DISTANCE IS THE NEXT BEST THING TO BEING THERE.

"A call to the U.S.A. costs less than you think."

BY PAUL A. SAMUELSON



## SOCIAL SECURITY: A-OK

As the age of 40 nears, a thoroughgoing health checkup is in order. America's social-security system for old-age-retirement pensions, started in 1937, has been going for 38 years. Fears have been expressed that it is becoming actuarially unsound; and, much worse, that at some time in the future, it will become bankrupt and be unable to pay the pensions so desperately needed and which people have earned the right to expect.

We have just had two independent audits. One is by the thirteen-person Social Security Advisory Council, consisting of representatives of the general public, labor, management, and the self-employed. Chaired by W. Allen Wallis, chancellor of the University of Rochester, this includes a fair example of Establishment leaders and is, if anything, weighted on the conservative side.

The other is by the Panel on Social Security Financing, appointed by 1974 Senate resolution and charged with giving "... an expert, independent analysis of the actuarial status of the social-security system." Chaired by William C. L. Hsiao of the Harvard School of Public Health, who is both an actuary and an economist, it includes three other actuaries and two other economists. If the actuaries have reputations for excellence and fairmindedness in their profession matching that of the economists in my profession, the Hsiao panel inspires confidence and serves as a valuable second opinion to supplement the Wallis council's checkup on social-security health.

### CLEAN BILL OF HEALTH

The clinical findings are favorable. The patient is sound with a life expectancy that can be measured in the centuries. Both authorities agree.

To be sure, there are some minor defects in need of attention, so to speak, like a mole that might become serious if not attended to. Retired participants have their pensions indexed, to protect them from inflation. The formula is a proper one. But the way that earners, who are not yet retired have their stipends computed is defective and could result after years of inflation in an inequitable and burdensome benefit cost. Just as there are alternative ways of treating an undesirable mole, so there are alternative ways of correcting the arithmetic of pre-retirement index-

ing: both groups recommend immediate attention to this matter.

The basic problem facing the social-security system is that its financing must take account of present declining birth rates, increasing years of life expectancy in retirement, productivity trends in the economy and plausible ranges of average inflation. Using the most reasonable guesses on these trends, one finds that the now-scheduled timing of tax changes and benefits will by the end of the 1980s threaten to deplete the so-called trust fund set up for social security. There is nothing new about this finding, which has been familiar to experts for years. However, the Hsiao panel estimates, which seem more realistic than those of the Wallis council, suggest that in 50 years the cost of the program, relative to total payrolls, will double to 20 per cent from the present 10 per cent. This is a sharp revision of previous official projections.

### NEEDED IMPROVEMENTS

What ought to be done to restore the system to the pink of health? For the present, nothing *has* to be done; but both groups believe that it would be well to *plannow* to augment revenues.

Remarkable indeed is the general recommendation of the Wallis council, subject to some dissents but still commanding a majority of this non-radical group, that *some recourse be made to general tax revenues of the Treasury rather than continue to rely exclusively on payroll taxing of prospective recipients*. This is a bold stand that, on reflection, I endorse. What is important is the principle. What is less crucial is the specific recommendation of the council that it be the hospital-insurance part of the medicare program that be put on the general taxpayers' shoulders.

The present system is neither fish nor fowl, but it is good red herring. Unlike private insurance, this is a case of social insurance in which the premiums levied on workers do not suffice to finance future benefits fully. But still there is adherence to the principle that benefits are to be related to earnings; and every earner is given the feeling that the benefits received are deserved by right.

Continued good health requires continued changes. Eventually we shall have comprehensive health insurance. And before that, I pray, a fairer deal for women.

## Worldwide Stocks

Most Active Issues Traded April 1-April 4, 1975

1974-75		Close	
High	Low	March 27	April 4
<b>TOKYO</b>			
345	119 Tokai Electrode	Yen 299	333
447	191 Toyo Kogyo	Yen 325	335
218	122 Nippon Sanso	Yen 175	217
274	114 Asahi Chemical	Yen 215	189
332	140 Nissan Chemical	Yen 304	320
549	337 Matsushita Elec.	Yen 533	532
271	130 Nippon Carbon	Yen 229	262
496	270 Nomura Secs.	Yen 485	488
<b>SYDNEY</b>			
3.03	2.1 Natl. Bk. of Asia	A\$ 2.47	2.48
1.22	.87 Bougainville	A\$ .98	1
.99	.54 Wsd. Bur. Oil	A\$ .73	.77
.34	.1 Oil Search	A\$ .29	.34
1.87	1.43 Eldersmith	A\$ 1.78	1.87
4.33	3.3 CSR	A\$ 4.27	4.33
6.76	5.02 Broken Hill Prop.	A\$ 6.07	6.08
7.19	5.2 Utah Mng. (Aust.)	A\$ 6.64	7.19
<b>HONG KONG</b>			
32.5	7.89 HK Shgh. Bk. (L)	H\$ 13.8	14
9.95	3.5 HK Land	H\$ 6.1	6.2
8.9	1.26 Hutchison	H\$ 1.86	2.225
33.25	11.25 Jardine Matheson	H\$ 24.7	26.6
6.25	1.25 Wheelock Mar. 'A'	H\$ 2.45	2.7
9.55	3.1 Jardine Secs.	H\$ 5.9	6.35
5.1	2 HK Electric	H\$ 3.6	3.15
3.65	.88 New World Dev.	H\$ 1.39	1.38
<b>SINGAPORE</b>			
4	1 Haw Par Bros. Int.	S\$ 2.4	2.36
4.92	1.47 Sime Darby	S\$ 3.42	3.38
1.03	.415 San Holdings	S\$ .76	.76
3.72	1.52 D.B.S.	S\$ 3.1	3.1
2.09	.75 Faber Merlin	S\$ 1.17	1.13
1.9	.63 City Devpt.	S\$ 1.41	1.38
2.58	1.06 Malayan Credit	S\$ 2.28	2.28
5.7	1.7 Un. Overseas Bk.	S\$ 4.68	4.6
<b>NEW YORK</b>			
26%	15 Polaroid	\$ 24%	25%
58%	43 Minn. MM	\$ 51%	48
33%	9% Nat. Semicon.	\$ 29%	32%
10%	5 Sony	\$ 9%	9%
51	21% Disney W.	\$ 45%	50%
22%	16% Gen. Tel. Tel.	\$ 19%	20%
27%	21% Texaco	\$ 24%	23%
11	8% Southern Co.	\$ 10	10
<b>TORONTO</b>			
1.60	1. Food Corp.	C\$ 1.49	1.4
14.625	13. Price	C\$ 14.	14.
8.625	5.875 Westburne Int.	C\$ 8	8.125
9.	4.90 Kaiser Res.	C\$ 8.75	8.625
11.	9.25 Brit. Col. Tel.	C\$ 11.	10.625
26	21.25 Int. Nickel 'A'	C\$ 23.75	24.625
28.375	21.75 Imperial 'A'	C\$ 25.375	24.625
14.375	21.75 Brasean 'A'	C\$ 12.75	12.5
<b>ZURICH</b>			
724	400 Ste. Bque. Suisse	Fr 524	507
505	368 Swissair Bearer	Fr 490	455
3480	2025 Credit Suisse	Fr 2660	2625
3950	2050 Nestle Bearer	Fr 2995	3000
141	42 Juvena Br. Prt.	Fr 64	66
945	620 Ciba-Geigy Nom.	Fr 645	645
1980	970 Alusuisse Br.	Fr 1210	1220
885	565 Oerlikon-Buehrle	Fr 855	855
<b>FRANKFURT</b>			
273.8	180 Siemens	DM 265.5	273.6
251	152 Dresdner Bank	DM 241	250
125	70 VW	DM 114.8	109
116	49.8 AEG-Telefunken	DM 84	80.5
330	222 Deutsche Bank	DM 320	329
156.4	110 BASF	DM 148.8	156.4
215	141 Commerzbank	DM 203.7	214.3
144.5	104 Hoechst-Farben	DM 140.4	144.5
<b>LONDON</b>			
36	13 Midland Bk 'New'	p 25 1/2	25
242	115 ICI	p 219	224
496	38 1/2 Burmah Oil	p 42 1/2	41 1/2
152	62 1/2 Distillers	p 104 1/2	116 1/2
168	44 Bowater	p 104	110
268	119 Shell Transport	p 225	230
32	15 Cons. Gold Fields	p 23	20
112	50 Courtaulds	p 95	102
<b>PARIS</b>			
578	362 Rente 4 1/2% 1973	Fr 555	542.5
3281	1061 Carrefour	Fr 2149	2255
1334	491 Michelin 'B'	Fr 1013	1079
1165	342 Bsn. Gerv.-D.	Fr 559	568
191.5	63 D.B.A.	Fr 120	120
359	233 Air Liquide	Fr 352	350
249.8	103.1 Thomson-Brandt	Fr 199.5	196
525	222 Cie. Bancaire	Fr 422	434

Quotations from Foreign Commerce Bank, Bellariastrasse 82, 8038 Zurich, Switzerland



## Shoot-out in Augusta

Only a few golf tournaments ago, the script for this week's U.S. Masters seemed set: meeting eye to eye among the azaleas of the Augusta National, young Johnny Miller and veteran Jack Nicklaus would shoot it out for the title of golf's top star. Talking brashly and playing sensationally, the 27-year-old Miller seemed ready to challenge Nicklaus just as young Jack himself had threatened the supremacy of Arnold Palmer a dozen years before. Nicklaus, older and wiser at 35 and secure in his reputation as the greatest golfer of all time, publicly played down the rivalry—but at the same time privately prepared to turn back Miller's charge.

Then Jack ruined the script. Thoroughly aroused by the Miller challenge and concentrating better than he has in several years, Nicklaus has played so well in winning his last two tournaments that it now seems almost foolish to match him in a showdown situation with Miller or anyone else. At Doral in Miami, Nicklaus was merely brilliant. Then, at the Heritage Classic on Hilton Head Island in South Carolina, he may well have played the best golf of his unparalleled career.

**Open:** Miller had grabbed the early-season headlines with a pair of 61s on wide-open Arizona courses—but neither really compared with Nicklaus's 63 on the narrow, demanding Harbour Town course at Hilton Head. And when Miller missed the cut while Jack was winning the Heritage, the Miller-Nicklaus question was dropped in favor of an older Augusta theme: is this the year when Nicklaus will finally win the Masters, U.S. Open, British Open and PGA championships—the modern grand slam that no golfer has ever achieved?

Jack has several factors in favor of his bid: the sites of the major tournaments are courses he likes, his swing is sounder than it has been in some time, and his mood is hungrier. "I took a long break before starting the year," he explains, "because I wanted to be eager and enthusiastic when I began to put my game together again." His attitude was also sharpened by Miller's widely publicized feats and statements. As one tour regular put it, "If Miller was smarter, he'd shut up. Every time he opens his mouth, he just helps to wake Jack up."

Awake and aggressive, Nicklaus is unquestionably the Masters favorite; as for Miller, his Hilton Head debacle left people wondering if he was falling into an old Masters trap by trying to tailor his game specially for the event. "I'm working on a high hook," said Johnny. "I'll need one at Augusta." Since players like Ben Hogan and Arnold Palmer have conquered Augusta without any such weapon, Miller's experiment seemed of dubious value. But as Miller sought to



Winner Andersson and his broken windshield: 'A very different rally'

tune his game again in the weekend's Greensboro Open, the real issue was whether he should have been experimenting at all. As defending champion Gary Player says, "You don't win the Masters with strategy. You win it, and the other major championships, with nerves."

Nicklaus's nerves have brought him fourteen "majors," more than any other golfer ever won. Miller is thirteen behind him, and he may have to close the gap considerably before his shoot-out script becomes a reality. For the moment, however, Nicklaus seems more than likely to widen his margin over Miller—beginning this week at Augusta.

—PETE AXTHELM

## Kenya's Rocky Road

At best, the 3,697-mile Kenya Safari auto rally is a grueling chase over winding roads dotted with tire-wrenching pot holes. And as racing-car driver Bert Shankland maneuvered his Peugeot 504 through the Aberdare Mountain region of central Kenya one night during last week's rally, he was on the lookout for the dust clouds, torrential rains, steep elevation changes and wandering game animals that also help make the race the toughest of the Fédération Internationale de l'Automobile's eleven annual world-championship road rallies. But suddenly, Shankland's headlights flashed on a totally unexpected hazard: a 2-foot-high stone barrier spanning the road. As Shankland screeched to a stop, his navigator, Chris Bates, jumped out to dismantle the wall. Suddenly, villagers began pelting Bates with stones from the dark mountains above. "It was like running into a trap," he said.

The attack was not an isolated incident. As they have for the past few years, stone-throwing Kenyans last week harassed drivers throughout the entire four-day race. The villagers were apparently

acting partly out of prankishness, partly out of anti-white feeling and partly out of a genuine aversion for the roaring races that disturb their bucolic way of life. A Kenyan newspaper also noted that the rally's conspicuous consumption of precious fuel is probably an anathema to Kenyans beset by inflation. But, whatever the reasons for it, the rock-throwing reached a crescendo this year. Thirty of the 85 cars in the rally were seriously damaged in rock-throwing incidents. Eight cars had to have windshields replaced and one driver, Kenyan Kim Gatende, was rushed to the hospital to have his scalp sewn up.

The stepped-up violence touched off a furor in Nairobi. "We are very concerned," said Safari chairman Bharat Bhargava. "If this continues it will certainly endanger the future of the Safari and damage Kenya's worldwide image." And Kenyans, casting an eye toward the prestige and foreign exchange engendered by the race, have already begun to take steps to prevent future rock-throwing. Police have arrested five villagers suspected in last week's stoning incidents and are promising greater vigilance along the course next year. Rally officials also announced plans to route the Safari through known trouble areas during daylight hours only. And the government is mounting a massive publicity campaign to try to explain to villagers how the rally benefits their nation.

Because the rally course is one of the most challenging tests of racing mettle anywhere in the world, the international corps of drivers who flock to it each year are hoping that efforts to save the Kenya Safari succeed. Said Sweden's Ove Andersson, who won this year's Safari despite a broken windshield: "It's a very different rally for Europeans, much more interesting than our usual fare. But it should be a test of cars and driving skills, not luck."

—KENNETH LABICH with ANDREW JAFFE in Nairobi

## Listing the Losses

The Rembrandt sketch has been in the family for generations. But one night its owners come home to discover a pale patch of wallpaper where the heirloom used to hang. What to do? Like thousands of other art-theft victims—from private collectors to national museums—they begin an often infuriating routine of police interviews, costly research efforts and seemingly endless insurance negotiations. In the end, if they are lucky, the victims may end up with 10 to 20 per cent of the lost work's market value in insurance payments. But the prospects of seeing their precious piece of art again are slim at best.

Some relief, however, may now be in sight. Alarmed by the recent global epidemic of art thefts (4,500 works of art were reported stolen in France last year, and in Italy the figure topped 10,000), Parisian art collector and entrepreneur Marc Tenens last month published the first issue of "l'Officiel International des Tableaux et Objets d'Art Volés." A slim publication in a magazine-cum-catalog format, l'Officiel is printed in English, German, Italian, Japanese and Spanish as well as French and carries small reproductions and descriptions of recently stolen works of art. Private theft victims pay a \$75 fee to have their lost works anonymously listed (churches and museums get free space). The hope is that dealers, who, as Tenens puts it, "even with the best will in the world can seldom identify most stolen objects," will keep the catalog on file and report

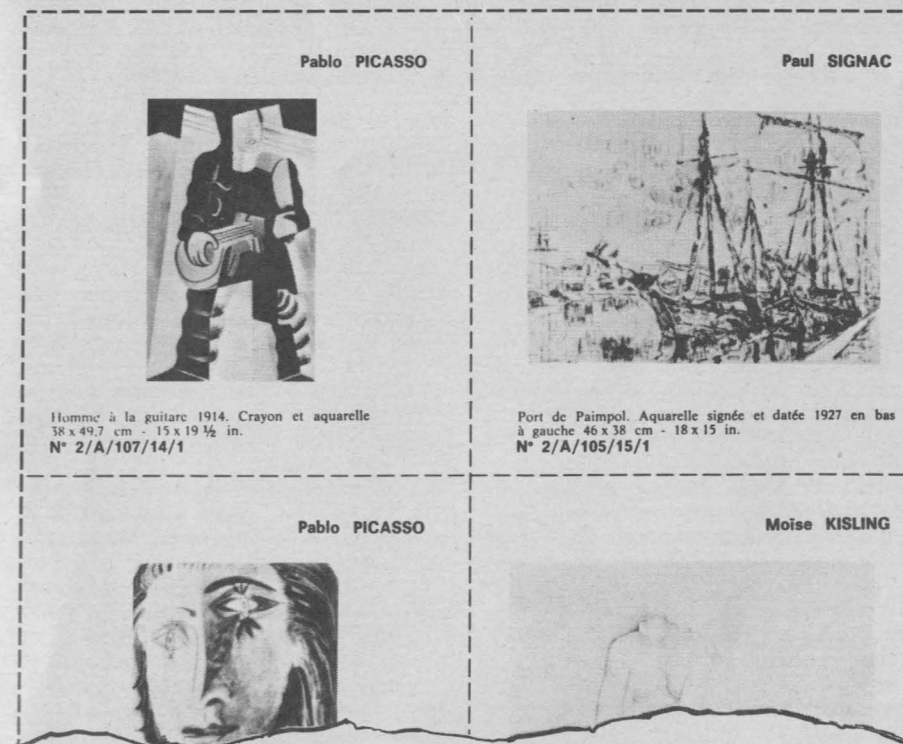
hot goods as they appear on the market.

Small as the effort may seem, it has already produced some impressive results. One Parisian dealer opened her first copy and found that a thirteenth-century statue of the Madonna and Child she had just bought had been pinched from a nearby church only last fall. All told, twelve of the 72 works listed in the first issue have already been recovered—among them works by Courbet, Soutine, Renoir and Pissarro.

**Illicit:** But such successes give Tenens no illusions about ending the illicit art trade singlehanded. Border officials are easy marks for thieves who sometimes paint over a stolen masterpiece and declare it as "something picked up from a street artist." And local authorities, confronted with the pressing problems of violent crime and drugs, tend to give stolen art low priority. To make matters worse, some professional art dealers prefer to ignore the origins of a work that might bring them a profit. "If a stolen object shows up on your shelves," says Tenens, "it's easy enough to tell the police that you just didn't know."

Despite all that, the collector-turned-sleuth is confident that his catalog will contribute to quelling the art-theft tide. Indeed, Tenens is now considering publishing as many as twenty issues a year with up to 200 listings apiece as well as articles on the rights and obligations of theft victims. "Who knows what I might uncover?" speculates the editor whimsically. "If this goes far enough, France might even have to return the treasures Napoleon brought home from Egypt back in 1799."

—CARTER S. WISEMAN with SCOTT SULLIVAN in Paris



Tenens's catalog of stolen art: A pale patch where the heirloom used to hang

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Brunei	2.30	2.340 ringgit
Burma	15.00	6.250 kyat
Canada	1.01	1.00 dollar
Fiji	0.78	0.800 dollar
France	4.26	4.600 franc
Germany (West)	2.30	2.670 mark
Hongkong	4.85	5.085 dollar
India	8.70	8.150 rupee
Indonesia	425.00	415.000 rupiah
Israel	6.30	6.000 pound
Japan	292.00	308.000 yen
Kenya	9.70	7.140 shilling
Khmer Republic	10,000.00	1,650,000 riel
Korea (South)	555.00	485.000 won
Laos	2,300.00	606.000 kip
Lebanon	2.24	2.340 pound
Macau	5.17	5.085 pataca
Malaysia	2.28	2.340 ringgit
Nepal	11.75	10.560 rupee
Netherlands	2.38	2.780 guilder
New Caledonia	82.00	83.710 franc
New Zealand	0.78	0.760 dollar
Pakistan	10.00	9.900 rupee
Philippines	7.30	7.100 peso
Singapore	2.30	2.340 dollar
South Africa	0.75	0.670 rand
Sri Lanka	15.00	10.150 rupee
Switzerland	2.47	2.600 franc
Tahiti	82.00	83.710 franc
Taiwan	39.00	38.000 NT\$
Tanzania	18.00	7.140 shilling
Thailand	18.50	20.000 baht
Uganda	40.00	7.140 shilling
Vietnam (South)	1,500.00	720.000 piastre
*Based on April 4, 1975. Foreign Banknote Selling Rates of DEAK & CO., (Far East LTD., 406 Shell House, Hong Kong.		



# 'American Troops Will Be Out'

Thailand has long been one of Southeast Asia's most accurate political barometers. As the Japanese swept through Asia in World War II, Bangkok capitulated to Tokyo. And only weeks before Japan surrendered, Thailand's leaders arranged a secret surrender that spared their nation the ignominy of Allied occupation. Ever since then, Thailand has remained a faithful U.S. ally. But with the winds of change sweeping through Indochina, the Thais have begun to modify their pro-American position. In recent weeks, Bangkok has told Washington to remove the 25,000 U.S. troops now stationed in Thailand and has begun moving toward an accommodation with Peking and Hanoi. The man behind this is the nation's new Foreign Minister, Maj. Gen. Chatichai Choonhavan. A veteran of the Korean War and a member of one of the country's most influential families, Chatichai, 54, outlined his nation's new political course in an interview last week with NEWSWEEK's Harry Rolnick in Bangkok.

**ROLNICK:** What is the future position of American troops and bases in Thailand?

**CHATICHAI:** Our foreign policy in this regard is very clear. American troops and their supportive logistics facilities will be out of Thailand within twelve months. We are presently negotiating only the schedule of withdrawal, which would take into consideration the situation in the area. As real peace comes to the area—in other words, a cease-fire in Cambodia—the troops will go.

**Q.** Is this withdrawal motivated by deteriorating relations between the U.S. and Thailand?

**A.** Definitely not. Most Thais recognize that some fundamental assumptions in our foreign policy are no longer valid and must lead to adjustments. But these adjustments don't have to lead to any unpleasantness. So I wouldn't call it a deterioration of relations but a change of relations. The deterioration notion comes from socialist propagandists inside and outside the country. Even from America. The relations between our two countries are now and will continue to be very strong. There need not be any unpleasantness unless there is unnatural resistance to the changes being made.

**Q.** Yet Thailand has received military aid from the U.S. for over fifteen years. Should Congress deny aid to Cambodia and South Vietnam, wouldn't your confidence in America be a bit less strong?

**A.** Well, the funds are internal affairs of the U.S., and I frankly don't know the

different moods of your Congress. But if you look at the per cent of military assistance given us, it's very little, almost nothing in comparison with what America has given to neighboring countries.

**Q.** Were Cambodia to be ruled by Sihanouk or the Khmer Rouge, would your security problems become greater?

**A.** We'll recognize any legal government of Cambodia. We don't care if it's socialist or not. As for our past relations with Prince Sihanouk, he has never been known to have acted against the Thai people or their institutions. I'm convinced that the past episode of friction can be forgotten; there have been so many important changes since then.

**Q.** What if the new government of Cambodia refuses to recognize Thailand?

**A.** That's up to them. But there's no

has been made in regard to actual relations. We're happy to say that Hanoi has condescended to exchange notes with us. And we're prepared to recognize that North Vietnam has legitimate interests at stake in Indochina. But we'd like to see that reciprocity is given to Thai interests.

**Q.** When does Thailand intend to establish diplomatic relations with China?

**A.** Already we have normalized our trade with China and I would hope that diplomatic relations could begin after my trip to Peking in a few weeks. Naturally, there would automatically be the immediate cessation of our political relations with the Republic of China. But the leaders in Peking have never demanded that we cut off our trade relations with Taiwan, which we expect to continue as in the case of other countries that have recognized Peking. We've had



Thai Foreign Minister Chatichai: 'We'll recognize any legal government'

problem with the Khmer Rouge. We know how to talk to each other.

**Q.** And the domino theory?

**A.** It never had substance.

**Q.** What about relations with North Vietnam? Would normalization with Hanoi be necessary for stability of the area?

**A.** It's hard to guess the intentions of a country that has more than half the armed forces in neighboring Indochina. As a country bordering Indochina and Thailand, North Vietnam has been infiltrating agents into Thailand for many years, making steady efforts to recruit Thai nationals for subversive operations in Thailand. I leave you to draw your own conclusions what intentions Hanoi has toward the area.

**Q.** But has not Thailand tried to normalize relations with Hanoi?

**A.** Well, we feel that inevitably North Vietnam should be one of the countries to join ASEAN. But very little progress

good relations with China for 2,000 years. China and Thailand aren't like autos. We can go on any road we choose.

**Q.** What do you feel are the best guarantees for peace in Southeast Asia?

**A.** Basically, four: self-reliance and intrinsic strength; regional cooperation; coexistence regardless of political ideology, and, fourth, before the establishment of a zone of peace, freedom and neutrality are realized, attempts must be made to promote the policy of equidistance in relations with the superpowers.

**Q.** How do you think Thailand will be judged in the future after all of the assistance you have given the U.S. during the Indochinese war?

**A.** The Indochina war certainly didn't end with the Paris agreement of 1973. And how it will ultimately finish is too big and too complex to even begin to understand at present. We'll just have to wait and leave it to the historians to work out some kind of logical plot to the story.

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