THE WHITE HOUSE

WASHINGTON

May 26, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE R. LINDSEY

RE: John Broderick

Terry Schumaker sent me the following message this week concerning John Broderick. You will obviously be out of the country when John is in D.C., but a call this weekend might be nice.

> John is by all accounts in no way out of the woods. He testified for 6 hours last week and more is scheduled this week. He is quite down and talks of resigning (we all say a terrible idea). He feels let down by Bar Ass'n and many "friends", as I am sure you can understand. He will be in DC on May 31 through June 1 for a Legal Services Corporation Board Meeting. If there is any time then for a visit that would lift his spirits I am certain. If not, a call, as we discussed, would be great (as far as I know that hasn't occurred.) His numbers are 603-271-2646 (court); 603-627-3736 (home).
>
> Thanks. Best to Everyone.
>
> Terry

Copied
HRC
McCoy
Hernreich

THE PRESIDENT

5/28/00

Dear John -

I tried to call today just to say I'm thinking of you. Hang in there, friend.

Sincerely,

Bill

1802
cc Annie
Mat -
He called about arrangements for him & family per conversation w/ President

Moynihan ltr
DX
5/25

I want this book—Don't agree
it why would u
be giving away
w/o telling me?

THE WHITE HOUSE

WASHINGTON

Carol:
pls have
gift unit
send back
over for POTUS;
let's give him
w/copy of letter
+ this note
5.30.00

May 26, 2000

PERSONAL

The Honorable Daniel P. Moynihan
United States Senate
Washington, D.C. 20510

Dear Pat:

I was glad to receive the copy of *Secrecy* with your kind inscription. Your continued thoughtfulness means a lot to me, and I send my best. I hope to see you soon.

Sincerely,

Bill

Not sent to Charity -
Intern made error. it
was corrected.

DR

White House Gift Record

Presented: 04/21/2000
Arrival: 04/27/2000
Entered: 04/27/2000
5/23

Gift ID: 5027307/GIFTINT2

Donor Information

The Honorable Daniel P. Moynihan
United States Senate
464 Russell Senate Office Building
Washington, DC 20510

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Comments:
Fowarded to Gift Office by Legislative Affairs. Received through the mail. Possible BC sig per previous IQ entries. Donor has sent same book in the past. cc: Legislative Affairs.

Gift Information

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A *New York Times* 1998 Notable Book of the Year

A *Los Angeles Times Book Review* Best Nonfiction Book of 1998

SECRECY

WITH A NEW PREFACE BY THE AUTHOR

DANIEL PATRICK
MOYNIHAN

INTRODUCTION BY RICHARD GID POWERS

Politics/History

Senator Daniel Patrick Moynihan here presents an eloquent and fascinating account of the development of secrecy as a mode of regulation in American government since World War I—how it was born, how world events shaped it, how it has adversely affected momentous political decisions and events, and how it has eluded efforts to curtail or end it.

"Moynihan's understanding of bureaucracy and of politics is phenomenal, but this is not a work of political 'science'; it rests on a very creditable knowledge of history. It contains startling and important revelations, without attempting to become sensation. It is the kind of history whose proper aim is the reduction of untruths."
—John Lukacs, *Los Angeles Times Book Review*

"In a U.S. political landscape increasingly dominated by soundbites and instant opinions, Senator Moynihan stands out as a beacon of careful reflection and reasoned debate. What American politics badly needs is . . . a new generation of Moynihans in Congress. They will be hard to find."
—Christopher Andrew, *Sunday Telegraph*

"In his decades of governmental service, New York Senator Moynihan has championed the principles of liberal democracy, in its original sense. His intellectual rigor and wry demeanor are both amply evident in this signal work on the state of American democracy."
—*Publishers Weekly*

Daniel Patrick Moynihan, the senior U.S. senator from New York, is the author of many books.

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NEW HAVEN AND LONDON

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9 780300 080797

For President Clinton
with great
respect

2000

CORPORATION
FOR NATIONAL
SERVICE

'00 MAY 26 PM4:53

May 26, 2000

William Jefferson Clinton
The White House
Washington, DC 20500

Dear Mr. President,

As an old Ethiopia – Eritrea hand, from my two years there in Peace Corps in the 1960s, I have followed the situation with care. I believe this is the time for the strongest possible statement and pressure on Ethiopia to stop its attack.

The consequences to one of the most promising little developing countries in the world are already terrible. I urge you to see that the United States does everything it can to bring Ethiopia's attacks to an end.

With best regards,

Harris

Harris Wofford

5-26-00
To NSC for reply?
Yes ✓ No –

1201 New York A ... 6-5000. x167 ★ Fax: 202-565-2784

5-26-00

PATTON BOGGS LLP
ATTORNEYS AT LAW

~~How should we handle?~~
Send to NSC

2550 M Street, NW
Washington, DC 20037-1350
202-457-6000

Facsimile 202-457-6315
www.pattonboggs.com

May 24, 2000

Timothy A. Chorba
(202) 457-6060
tchorba@pattonboggs.com

Hon. William J. Clinton
President of the United States
The White House
Washington, D.C.

'00 MAY 26 PM3:28

Re: Your Trip to Germany
The Cooke Case

Dear Mr. President —

In conjunction with your upcoming trip to Germany, I urge you to take up forcefully the case of the Cooke family (of New York City) when you meet with Chancellor Schroeder. This bizarre case is the focus of widespread investigative press attention in the print and broadcast media in Germany right now, triggered by a lengthy front page expose in the *Washington Post* on May 7. I assume that you will be briefed fully by the NSC and given talking points.

Your trip represents an opportunity for you to return to New York City the Cooke siblings, ten year old Danny, born in New York City, and nine year old Michelle, born in Boston. On their paternal side they are of Hispanic and Irish heritage. They have been detained in Germany for six years in fostercare by local Swabian authorities against the will of their natural father, Joseph Cooke, and their paternal grandmother, Patricia Alfaro Cooke, both of Queens, New York. Their detention in Germany by the local Swabian state childcare agency continues in defiance of the New York State courts, which have ruled that these children belong back in New York with their father. Their German born mother, who now lives in California, surrendered the children in 1994 to local Swabian fostercare without her husband Joseph Cooke's knowledge when she suffered a mental breakdown during a visit with the couple's children to her parents in Germany. She expresses no interest in recovering the children, but now concurs that they should be returned to their father in New York City.

I am familiar with the case because the Cooke family is represented in Germany by a young German lawyer, Marcus Rosenlehner, who is associated with our law firm. His grandfather, an anti-Nazi activist during World War II, was imprisoned and fortunate to survive the war. Marcus' father recently retired as station chief for the BND (Germany's CIA analog) at the German Embassy here in Washington.

This Kafkaesque case of the Cooke children is a judicial travesty perpetrated in Swabia (the Stuttgart area) by local German courts and the local government fostercare agency. The Cooke siblings, who are American citizens, are being raised by paid German fostercare personnel apparently without learning English and without the opportunity to practice the Catholic religion, in which they were baptized. The natural mother who abandoned the Cooke children without her then husband's knowledge now openly acknowledges that she made a mistake and that these American children should be returned to their father in New York. Joseph Cooke, a *magna cum laude* graduate of St. John's University in New York City and a teacher in the New York City public school system, has suffered greatly for six years in a crusade first to locate and then to wrest his children from the enforced custody of German fostercare personnel. His mother, Patricia Alfaro Cooke, the children's grandmother, is a resilient New Yorker in her late 60s who keeps alive her son's hope to recover his children.

The provincial German judicial rationale for consigning the children to permanent German fostercare and denying their father the right to return them to America has been that after their initial placement with fostercare personnel (without their father's knowledge or consent), to return them to America would be "to force them into totally strange surroundings with strange people, in a strange mentality and culture and a foreign language......". That provincial German courts conclude that America is "strange" and characterize English as a language foreign to the Cooke children, and upon that preposterous basis refuse to return American children to their homeland manifests an outrageous cultural arrogance and presumptuousness. The provincial German courts view the custody rights of the paid German fostercare personnel as equivalent to those of their natural father. Underscoring the unbelievable background of this case is the fact that the provincial German courts have taken note that the German fostercare personnel who are paid to house and feed the Cooke children felt that Joseph Cooke (then age 25, now 31) was too young to be a father and that their dog dislikes him.

However, the Cooke children are not abandoned luggage that somehow has escheated to the German state to be de-Americanized. Instead, they are American citizens whose parents want them freed from local German government control and returned to their natural family in America. The Cooke children have the fundamental human right to be raised by their natural family in New York City as the American children and Catholics that they are, and not to be detained in Germany for enforced deprogramming of their American natures and disregard of the religion into which they were baptized. That German fostercare personnel financially benefit from the existing situation and would be upset to have it end is inconsequential and irrelevant. This Dickensian case is not one of an expression of conventional German law, but rather one of provincial judicial recklessness and bureaucratic obduracy which successive German Federal governments have felt politically powerless to challenge.

Until Secretary of State Albright recently raised this case directly with German Foreign Minister Joschka Fischer, the State Department was predictably ineffective in presenting the case to the German government and obtaining its resolution.

I wish you success in all aspects of your upcoming trip to Germany, with which as you know I have had considerable familiarity over the years since Georgetown. In particular I wish you success in securing the expeditious return of the Cooke children to their natural father and their natural family in New York.

Best regards,

Tim

Timothy A. Chorba

5-26-00 ng

4772 Su

Former Member of Congress
1983-1995

Jim Slattery
(202) 719-7264
jslatter@wrf.com

Fax: (202) 719-7049
www.wrf.com

Send to Burkhardt?

Yes ✓

No ______

'00 MAY 26 PM12:28

The President
The White House
Washington, D.C.

include recent decision/proclamation and coordinate w/ NEC/NSC.

Dear Mr. President:

The Wheat Gluten Industry Council ("WGIC") understands that the Trade Policy Committee, after lengthy consideration, is recommending further action to combat the circumvention of the quantitative restrictions on the importation of wheat gluten that you imposed in Proclamations 7103 and 7202. These additional measures will bring Polish wheat gluten under the quota and will establish quarterly allocations on the importation of wheat gluten to prevent the quota from being filled in the first few days of June. These measures are esse[illegible] to the recovery of the domestic industry and the full implementation of the adjustment plans that are underway. We urge you to impose them immediately.

The WGIC also understands that the EU has objected to the proposed action. Those objections should be viewed as promoting the interests of the international agri-business giants that dominate the EU wheat gluten industry and that have consciously circumvented the quota by having their Polish affiliates ship wheat gluten to the United States in increasing quantities. Their ultimate objective is to destroy the much smaller U.S. wheat gluten industry and the competition it offers to them.

It is further understood that those same interests are demanding that no steps be taken to extend the quantitative restrictions. The issue of whether to extend the quota can no longer be avoided. The rampant circumvention during the first two years of the quota has deprived the domestic industry of at least one year of relief. Because the adjustment plans submitted by the industry, and approved by the U.S. International Trade Commission, anticipated four years of relief from the flood of imports, the circumvention has forced the domestic wheat gluten industry into the untenable position of having to implement the adjustment plans in only two years. That is an impossible goal to achieve.

If nothing is done to provide the domestic industry with an adequate time in which to implement the adjustment plans, the effectiveness of the remedy will be eroded despite the best efforts of this Administration and the domestic industry. In order to ensure that the goal of

Wiley, Rein & Fielding

Former Member of Congress
1983-1995

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May 17, 2000

'00 MAY 26

The President
The White House
Washington, D.C. 20500

Re: Wheat Gluten

Dear Mr. President:

The Wheat Gluten Industry Council ("WGIC") understands that the Trade Policy Committee, after lengthy consideration, is recommending further action to combat the circumvention of the quantitative restrictions on the importation of wheat gluten that you imposed in Proclamations 7103 and 7202. These additional measures will bring Polish wheat gluten under the quota and will establish quarterly allocations on the importation of wheat gluten to prevent the quota from being filled in the first few days of June. These measures are esse to the recovery of the domestic industry and the full implementation of the adjustment plans that are underway. We urge you to impose them immediately.

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If nothing is done to provide the domestic industry with an adequate time in which to implement the adjustment plans, the effectiveness of the remedy will be eroded despite the best efforts of this Administration and the domestic industry. In order to ensure that the goal of preserving this small, but important, U.S. industry is realized, the WGIC urges you to take immediate action as authorized by 19 U.S.C. § 2253(e)(1)(A) to impose the full four years of quota relief originally recommended by the ITC. There are no legal impediments that would prevent you from taking such action based on the evidence that is summarized in the ITC's section 204 monitoring report of December 1999, to address the circumvention that has plagued the relief that you authorized. That is not a task that should be left unfinished.

Please keep in mind that this problem is the direct result of the fact that the E.U. starch gluten producers have a totally protected E.U. market. The E. U. tariff on wheat gluten is 10 times higher than the U.S. tariffs on wheat gluten. While the E.U. tariff on the co-product wheat starch is 27 times higher than the U.S. tariff on wheat starch. These very high E.U. tariffs enable E.U. producers to sell wheat starch within the E.U. for 2 times the global price. As a result the E.U. produced gluten co-product can be sold in the United States for a price far below the U.S. cost of production. The Europeans, in effect, cross subsidize the sale of gluten in the United States. The ultimate solution to this problem is for the E.U. to simply lower their starch ad gluten tariffs to a level equal to the U.S. tariffs. The U.S. gluten industry advocates opening the European market, but if that is not possible, aggressive enforcement of our trade laws is absolutely essential.

In closing, the members of the WGIC wish to express their gratitude to you for your continued efforts to provide them with an opportunity to adjust to the ruinous imports of wheat gluten that threatens their continued existence. You have started the domestic wheat gluten industry on the path of recovery from the debilitating effects of an avalanche of unexpected low-priced European imports that are made possible by the tariff barriers described above. You have introduced corrective action to keep the industry on the path to recovery. The only question now is whether you will see the process through to a successful completion and make sure that, as a proud part of your presidential legacy, you will be able to say that you saved a vital U.S. agricultural industry from extinction by using the full arsenal of the trade rules you helped to create.

Very truly yours,

Jim Slattery

James C. Slattery

JS:rs

P.S. I deeply appreciate your thoughtful consideration. This is huge to my hometown of Atchison, Kansas. Thanks. Jim

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

'00 MAY 26 AM10:59

May 25, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH THURGOOD MARSHALL, JR.

FROM: BARRY R. McCAFFREY, DIRECTOR ONDCP

PURPOSE: To nominate James Edward Burke for the Presidential Medal of Freedom.

BACKGROUND: As former chairmen of Johnson & Johnson and current chairman of the Partnership for a Drug-Free America, James Edward Burke has helped define
corporate and civic responsibility through h
remarkable contributions in both the private
deserving of our country's most distinguish

5/26/00

Send to Burkhardt?

Yes ✓

No ____

cal

Through wisdom, dedication, and generosit
stronger America. (Attachment A to this me
Burke's historic public service):

- **Building Corporate Ethics:** Mr. Burke
scare. Throughout this period, he put pu
immediately pulled questionable produc
initiative and came out with a tamper-pr
in the ethics of corporate responsibility.

- **Protecting America's Youth:** After lea
Partnership for a Drug-Free America where he not only helped set the standard for public service advertising but became one of the most important figures in drug-abuse prevention for youth. Mr. Burke was instrumental in helping develop the Administration's National Youth Media Campaign. Burke and the Partnership now serve as our partners in this historic public health education effort. With the assistance of this organization, scientifically proven anti-drug messages are now reaching more than 90 percent of America's children four times per week. We are having similar success with parents and other adult caregivers. Recent studies show that the Campaign is strengthening youth attitudes against drugs and beginning to drive down drug use among young people.

CC: STAFF SECRETARY
WHITE HOUSE CORRESPONDENCE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

'00 MAY 26 AM10:59

May 25, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH THURGOOD MARSHALL, JR.

FROM: BARRY R. McCAFFREY, DIRECTOR ONDCP

PURPOSE: To nominate James Edward Burke for the Presidential Medal of Freedom.

BACKGROUND: As former chairmen of Johnson & Johnson and current chairman of the Partnership for a Drug-Free America, James Edward Burke has helped define corporate and civic responsibility through his career in public service. Mr. Burke's remarkable contributions in both the private and public sector make him uniquely deserving of our country's most distinguished civilian award.

Through wisdom, dedication, and generosity of spirit, Mr. Burke has helped create a stronger America. (Attachment A to this memorandum provides more details about Mr. Burke's historic public service):

- **Building Corporate Ethics:** Mr. Burke led Johnson & Johnson through the Tylenol scare. Throughout this period, he put public health before corporate profits. J&J immediately pulled questionable products from America's store shelves on its own initiative and came out with a tamper-proof cap. Burke's efforts became a case study in the ethics of corporate responsibility.

- **Protecting America's Youth:** After leaving J&J, Mr. Burke became chairman of the Partnership for a Drug-Free America where he not only helped set the standard for public service advertising but became one of the most important figures in drug-abuse prevention for youth. Mr. Burke was instrumental in helping develop the Administration's National Youth Media Campaign. Burke and the Partnership now serve as our partners in this historic public health education effort. With the assistance of this organization, scientifically proven anti-drug messages are now reaching more than 90 percent of America's children four times per week. We are having similar success with parents and other adult caregivers. Recent studies show that the Campaign is strengthening youth attitudes against drugs and beginning to drive down drug use among young people.

CC: STAFF SECRETARY
WHITE HOUSE CORRESPONDENCE

5-26-00

A Short-Term Trade Victory

Yesterday's vote on free trade with China was a warning shot for free traders, the business community and labor groups.

The House voted to grant Permanent Normal Trade Relations (PNTR) to China, to the delight of free-trade supporters and business communities. More remarkable than the passage, however, was how tough it was to approve a measure so demonstrably beneficial. Americans are currently enjoying the best economy ever. If it's a struggle to pass free-trade bills in this environment, what would it be like in less bullish times?

The agenda for much of the debate was set by labor groups, most of which fiercely

Politics & People

By Albert R. Hunt

opposed the measure. Politically, labor can still crow that almost two-thirds of House Democrats sided with them and opposed President Clinton on the China trade legislation. But globalization isn't going away and it deeply divides the Democratic Party, an estrangement that threatens other labor goals.

On the eve of the vote, two of the more thoughtful and politically knowledgeable free-trade supporters reflected on the debate. Vin Weber, a former Republican House leader, and Vic Fazio, a former Democratic House leader, are executives with the lobby firm Clark and Weinstock. Unlike most high-powered lobbyists, however, both care a great deal about public policy and political dialogue.

For free traders, the China debate "was yet another lost opportunity to frame the debate in broader terms that would sustain a policy," worries Mr. Weber. "The arguments about the specific benefits are fine, but we've made no progress in explaining the benefits of liberal trade in a world that is globalizing."

As a result, concurs Mr. Fazio, despite yesterday's vote, the intensity and passion remains with those against free trade: "The people who have lost their jobs or seen their brother-in-law's assembly line shut down instinctively blame it on globalization. But when a new plant or a new line is opened, people don't make the connection to exports."

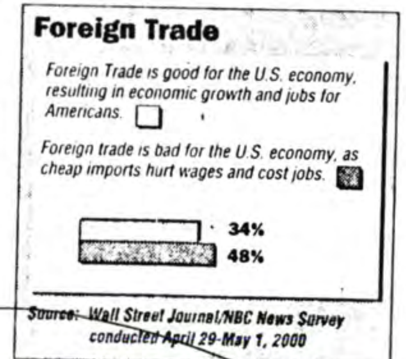
The California Democrat notes that the conventional wisdom—that the closeness of the House vote is because of labor money or clout—is misplaced: "It's a world view, and insecurity about globalization is just as likely to impact the small-business guy as the union member."

This won't change as long as business persists "in treating trade as a mercantilist issue," Mr. Weber says. "Major corporations go into a fight like China and make arguments almost strictly based on the immediate and direct benefits to that company." That's more than just an academic point. Specific pacts like PNTR for China or the North American Free Trade Agreement engender constituencies, but longer-term measures like giving the president expedited authority to negotiate trade agreements—essential in a fast-moving global economy—are doomed to failure. "A fast-track agreement is too theoretical," notes Mr. Fazio.

The business community has done a better job recently in appreciating trade-related concerns about labor standards, the environment and human rights. "We've reached the point where labor standards and environmental standards will be part of any trade discussion," acknowledges Mr. Weber, the Republican, while worrying that too often these are used as excuses for protectionism.

Yet the insecurity many American workers feel—despite record employment and a booming economy—won't diminish until the country has better training programs, more health-care guarantees and portable pensions. The losers in this economy are a minority, but those who fear they might lose are not.

It's easy to disagree with Rep. David Obey's vote against PNTR. But the Wisconsin Democrat makes a compelling case when he argues that the issue "is whether those in this society—the investing class, the managing elite, the venture capitalists, the multinational corporations—who have so much to gain by further globalization will be willing to see a tiny fraction of that increased wealth used to help those who will otherwise be caught in the prop wash of their incredible prosperity."



Labor's hard-line approach to trade, driven by the industrial unions, is ultimately self-destructive. They're perpetuating a ruse. "Some politicians and labor leaders tell people that this isn't a result of technology or a changing world and that it's reversible," observes Mr. Weber. "You're not doing those followers any good because it's just not true."

Whether or not it has an effect on the November election, labor has stirred resentment among House Democrats by threatening to "take out" lawmakers like California Rep. Lois Capps for voting for PNTR. At one point, labor demanded that House Democratic leader Dick Gephardt offer a rebuttal should Mr. Clinton give a final televised appeal for PNTR. If that had happened, GOP Speaker Dennis Hastert could have taken out a long-term lease.

The union movement remains a vital force for a more just society. But the country, as well as the Democratic Party, would be much better off if labor were to expend its intensity and political chits on progressive social and economic measures, rather than on rearguard actions against trade.

The good news for free traders should be national politics. George W. Bush and Al Gore support them. But so did Bill Clinton, Bob Dole and President Bush. In the past two elections, though support for their cause has been relatively small, Ross Perot and Pat Buchanan have dominated the economic nationalism debate. That is reflected in a slowly rising protectionist sentiment in Congress.

That clearly is a danger in this fall's presidential contest. Vin Weber sees a worrisome political paradox: "Gore and Bush may have an incentive to essentially agree on trade. But the new member of Congress who gets elected for the first time by a couple percentage points will remember that Pat Buchanan and Ralph Nader combined got 9% of the vote in their district and it resonated strongly with those voters."

The best of all worlds would be if business and labor sat down in the months ahead to seek some common ground. They could then give the newly elected president the political freedom and flexibility to make a consensus on globalization a top priority in his first year. Both Vic Fazio and Vin Weber think that's a splendid notion. But neither think it's likely.

THE WALL STREET JOURNAL
THURSDAY, MAY 25, 2000

5-26-00

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BC

5-26-00

Doctor Yes

How Is Merrill Lynch Limiting Health Costs? By Expanding Benefits

Its Generous Plan Includes More Scrutiny of Care Provided to Employees

Exercise Pool Gets an OK

A1

By CAROL GENTRY
Special to THE WALL STREET JOURNAL

There are health plans, and there are health plans. And then, there is Merrill Lynch & Co.'s health plan.

By just about any standard, the financial-services giant is generous in what it covers. For example, it sets no limits on how long its employees can get care in a mental hospital—an approach virtually unheard of elsewhere.

The company regularly retools its coverage to accommodate special needs. For a secretary rendered mute by Lou Gehrig's disease, it approved a synthetic speech machine that costs $6,000.

Early Detection

Even when Merrill Lynch turns down a request, it can do so in an unusually forgiving way. A disabled former employee suffering from multiple sclerosis asked Merrill to cover construction of a large swimming pool, so he could get exercise therapy. Can't do that, Merrill said, though we will cover a pool 4 feet by 6 feet.

But here's the really odd part: The company says its approach appears to be saving money. Adjusted for inflation, its health costs have declined even while benefits have expanded. And Merrill spends less per employee than many similarly sized companies. In fact, a half-dozen other corporations have copied its health plan, and the government will run a pilot project of it for thousands of federal workers this summer.

Where? All

The story of how the nation's largest investment firm built its own benefits program rather than use an off-the-shelf plan challenges many of the assumptions that led employers into managed care. Instead of controlling costs by restricting employees' access to specialists or brand-name drugs, Merrill says it saved money by focusing on the quality of care and early detection.

The Company's Role

The company's experience also illustrates a fact that gets lost in the managed-care debate: If you work at a big company, it's probably your boss, not your HMO, who calls the shots. While small employers usually have to buy a standard health plan with preset limitations, large companies can act as their own insurer. They can make decisions about coverage and hire an insurer to act as the middleman and pay the claims.

Many corporations are content to delegate authority over the scope of coverage to insurance administrators, says Kenneth J. Reifert, director of global benefits for Merrill Lynch. "They want to distance themselves from a tough decision."

Merrill Lynch's different route dates back to 1987, when William Schreyer, chief executive at the time, underwent open-heart surgery. Shortly thereafter, he brought in a young cardiologist, Lonny Reisman, to screen Merrill executives for heart problems.

Soon after Dr. Reisman arrived, he met with Herbert Allison Jr., who was then Merrill's head of human resources and later became its president. Mr. Allison asked Dr. Reisman his opinion of the company's cost-containment strategy. "I think it stinks," Dr. Reisman says he told him. "You're completely missing the point. It isn't about resource consumption, it's about clinical excellence." He suggested that if Merrill focused on improving quality of care, the company could solve its cost problems.

Mr. Allison introduced him to the then-director of health benefits, Mr. Reifert, and the two visited insurance contractors nationwide, conducting random audits of staffers' medical care. Records showed employees with untreated sky-high blood pressure or out-of-control glucose levels. Some Merrill employees had spent days in the hospital being treated for the wrong disease. Ominous results on screening tests weren't always followed up.

'A Blank Check'

Meanwhile, insurers' prices were soaring. "We were giving them a blank check," Mr. Reifert says.

He and Dr. Reisman tried to recruit HMOs as partners for a quality-improvement project. But they couldn't get the HMOs' attention.

So Merrill formed a coalition with other major employers to lobby health plans to put more emphasis on monitoring quality. The bird dogs for the group were Dr. Reisman, who by now was a full-time consultant to Merrill employed by the William M. Mercer consulting company, and his colleague at Mercer, Charles Blanksteen.

The two started a company to serve as an incubator for the quality-improvement project. With encouragement and money from Merrill and venture capitalists, the firm evolved to become the closely held Active Health Management Inc.

They began by examining the treatment given to Merrill employees and dependents who had generated more than $50,000 in claims in a year. They checked on whether those patients had been properly diagnosed, were being given the best

Please Turn to Page A16, Column 1

1/2

THE WALL STREET JOURNAL
TUESDAY, MAY 23, 2000

possible treatment (whatever the cost) and were being monitored properly.

When the answer was no, the patient's doctor would get a call from a Merrill medical consultant with a few tactful suggestions. Then, Dr. Reisman would check on the patient from time to time.

But Active Health and Merrill Lynch managers concluded they needed to intervene much sooner—not after a heart attack, but when a patient with angina went untreated; not after a stroke, but when a patient failed to fill a prescription for blood-pressure medicine. What they needed was computer software to alert them to danger signals, so they could alert the patient's physician. Active Health developed a program that could take in data from throughout the system—doctors, laboratories, hospitals and pharmacies—and flag mistakes, misdiagnoses and disasters waiting to happen.

Next, Merrill needed a national insurer to handle payment of bills and follow up on hazards the computer flagged. The big insurers declined, but there was another possibility: String together Blue Cross and Blue Shield networks across the country, under the leadership of Empire Blue Cross and Blue Shield of New York. Michael Stocker, Empire's CEO, was enthusiastic.

Merrill Lynch officials decided that while Empire would handle bill payment, they would determine what the coverage should be. The company said it would abide by the principle of following the advice of the best medical experts.

That strategy sometimes puts the company in a lonely position. Most insurers, for example, don't cover behavioral therapy for children with autism, saying it's the province of education, not health care. Merrill Lynch covers the treatment in some early cases where experts say such therapy can bring lasting improvement.

Merrill Lynch doesn't coerce patients into taking a generic drug if the doctor wants them to have a brand name. "We want patients to get what the doctor is prescribing," says Shari Goldfarb, a vice president for global benefits.

When Viagra came out, the company that manages Merrill's prescription-drug program called Mr. Reifert's staff to say that a lot of companies weren't covering the anti-impotence drug. After checking with Active Health, Merrill gave the go-ahead. "Impotence is a medical condition," says Louis DiMaria, vice president and manager of international benefits planning. "So we're covering it. Simple."

Merrill Lynch's plan sets no arbitrary limits on the number of home-health visits or the number of days for inpatient hospital care for mental health, substance abuse or rehabilitation. Coverage remains at 100% as long as doctors consider the treatment medically necessary and the patient is improving.

Most insurers set caps on those services because they have been overused by hospitals and because the treatment for such problems wasn't clear-cut. But Mr. Reifert says it's now clear that psychiatric problems can stem from biochemical irregularities. So why would the company cover them differently than physical ailments?

It doesn't make sense to kick patients out of the hospital when they're making progress, adds John Brence, a vice president for global benefits. The same logic governs home visits, he says. If there are set limits, "sooner or later, somebody's going to need care beyond that," he says. "And if they don't get that care, they're going to get sicker and end up going back to the hospital."

Merrill Lynch insists it knows where to draw the line. When some New York employees asked for acupuncture coverage, the staff and its Active Health physicians said OK—but only if it's done by an acupuncturist with traditional medical training.

When a request came in for a new type of mammogram that was still being tested, Active Health suggested Merrill say no. There were still too many problems to trust its reliability, they said.

Employees who aren't satisfied with answers from benefits managers can appeal to a panel from Merrill's human-resources staff. But employees say Merrill goes to extraordinary lengths on their behalf.

Once, Merrill sent a Learjet, staffed with a surgeon, from Germany to Kenya to pick up a manager's desperately ill wife stricken while on vacation with a blood clot on the brain. Mr. Reifert blanched at the price—almost $100,000—but paid it at the recommendation of Merrill Lynch's medical director, Donald Gemson, who decided that Kenya and neighboring countries lacked the imaging equipment and experienced surgeons required to the treat the problem. The patient recovered.

Employees have heartily endorsed Merrill's health plan and its quality-monitoring system, tested in 1998 and fully implemented in January 1999. In the mid-1990s, many of them had gone to managed-care plans to get away from deductibles, paperwork and coverage of only 80% of the bill. But when they heard that the new Merrill plan had none of those features, and still covered three out of four doctors and nine out of 10 hospitals, they jumped back in. Now 80% of the company's employees are on the new plan.

Insurance industry groups say that HMOs and other insurers have already used technology to develop quality-monitoring systems, and private employers don't need their own system. "This isn't anything new," said Charles N. Kahn III, president of Health Insurance Association of America.

But Active Health says the Merrill system is far ahead of the usual insurance company efforts because it focuses only on quality, not on cost, and because it has such a huge database. Thus, Active Health was warning doctors about drug interactions and other risks with the heartburn drug Propulsid more than a year before the manufacturer acknowledged them and pulled it off the market in March.

In some ways, Merrill's generous coverage is an extension of similar policies that go back decades. The company opened its first on-site health clinic more than 50 years ago, and it now has clinics at 10 Merrill locations, designed to save workers time and increase the chance that problems will be detected early.

Karen Scales, who works in Merrill's New York headquarters, saves about four hours a month by getting her allergy shots downstairs. But she values the clinic for more than convenience: Her first skin cancer was spotted there, and she was referred to Memorial Sloan-Kettering Cancer Center, which has now removed three. Ms. Scales says she "never, ever would have gone" for screening if it hadn't been so convenient.

While the clinics rang up 80,000 visits last year, they account for less than 2% of Merrill's $130 million a year in medical spending. The lion's share goes into the health-insurance system.

So what evidence is there that Merrill's approach saves money? The company's medical cost per employee last year, including workers' own contributions, was roughly $3,600—about 25% less than the average found in a benchmarking study of 54 large employers by the Towers Perrin consulting company last summer.

Merrill Lynch has fewer retirees to cover than many large corporations, such as auto makers, Mr. Reifert says, so it's possible there are other factors at work. But he also notes figures that show Merrill Lynch's health insurance costs per capita dropped slightly between 1995 and 1999 when adjusted for medical inflation during that period.

The company also has found that the rate of large claims (more than $50,000) has been steadily declining. There were 2.2 claims per 1,000 people covered in 1999, vs. 3.3 per 1,000 in 1995. Meanwhile, the average for a high-cost claim remained stable at around $100,000.

Mr. Brence calculates that the reduction in high-cost cases saved Merrill $6.5 million in direct medical costs over the five-year period—not to mention the reduction in suffering and time lost for employees.

After seeing Merrill's experience, other companies have signed up for the Active Health/Empire system, including Marriott International Inc., Sears, Roebuck & Co. and Circuit City Stores Inc.

The plan puts "dollars in the right place," says Gary Krueger, manager of group benefits for Circuit City, "as opposed to buying something that's just managing access to care."

The quality-monitoring system also caught the federal government's interest. This summer, the government will begin a pilot project, to last at least a year, using the system for 40,000 federal employees in New York and an undetermined number of other workers elsewhere in the country.

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VP suggested look at this — which federal employees & how many are in the pilots?
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Senate Committee Staff Proposes Limits on Corporate Tax Shelters

By DAVID CAY JOHNSTON

Corporate tax shelters, whose resurgence is costing the government billions of dollars a year, would be much less lucrative under revisions proposed yesterday by the bipartisan staff of the Senate Finance Committee.

The proposals would require companies and the shelter designers to disclose tax-avoidance transactions more fully, subject companies that engage in shams to a 40 percent penalty on taxes they evaded and penalize the designers up to half the fees they charged for creating shams.

The staff proposal is similar in many ways to regulations proposed in February by Treasury Secretary Lawrence H. Summers to crack down on abusive tax practices by large companies. The official estimate that abusive shelters cost the government $10 billion annually, Mr. Summers said, is "just the tip of the iceberg." Some estimates say it is as high as $80 billion.

But the latest plan differs on key points.

One difference involves whether to define tax shelters by statute or to rely on tests created under a series of rulings by tax court and other judges to determine whether a transaction was motivated by a hope for profit or was primarily a tax-avoidance technique.

Senator William V. Roth Jr., the Delaware Republican who is chairman of the Finance Committee, wants written comments on the proposal by June 9, after which he will decide whether to hold hearings, said Tara Bradshaw, a committee spokeswoman.

But a new law to curb corporate tax evasion is unlikely this year because Representative Bill Archer, the Texas Republican who heads the House Ways and Means Committee, has said he sees no reason to pass such legislation.

And Mr. Archer has strong allies. Kenneth J. Kies of PricewaterhouseCoopers, perhaps the nation's most widely consulted expert on corporate tax-reduction techniques, says there is no need for new legislation to curb tax shelters because there is no significant problem with improper corporate tax avoidance.

Mr. Kies, former chief of staff for the Congressional Joint Committee on Taxation, said that rather than being a huge problem, abusive tax shelters are used by no more than 50 companies. He said he based this number on a report that the Treasury Department had prepared under the Paperwork Reduction Act. That report estimated that only four designers were selling tax shelters under confidentiality agreements and that 50 corporations and 50 designers were involved in the kinds of abusive practices the proposal seeks to curb.

Tax specialists on Capitol Hill and in the Clinton administration said yesterday that since Mr. Summers issued the proposed regulations to curb corporate tax shelters, the use of confidentiality contracts had dried up. Instead, designers of the shelters are relying on clients to be quiet about their use of tax-shelter devices.

The specialists said they were confident that far more than 50 companies used abusive shelters and that the number of 50 was a mere guess used to comply with the paperwork act's requirements.

Mr. Kies's view that corporate tax shelters are a minor problem was also disputed yesterday by leaders of organizations representing tax lawyers and corporate tax executives, who say there is a significant problem of abusive corporate tax practices. Both the American Bar Association tax section and the Tax Executives Institute favor requiring fuller disclosure of tax shelters to the Internal Revenue Service.

Paul Sax, chairman of the association's tax section, said, "Many parts of this proposal are welcome."

Mr. Sax said that among the provisions he liked was one requiring chief financial officers or other top executives to certify the legitimacy of transactions that create far bigger tax benefits than they do profits for a company.

This proposal, similar to one made by Treasury, grew out of complaints by some corporate tax executives that they opposed illegitimate tax shelters but were overruled by chief financial officers eager to show profits.

But Michael Murphy, executive director of the Tax Executives Institute, which represents corporate tax officials, said it opposed this provision.

"I am not denying there have been tax directors who say their advice was ignored," Mr. Murphy said. "But the clear consensus among our leadership and a sampling of our membership is that requiring the chief financial officer to attest to his knowledge of transactions is a total waste of time."

Mr. Murphy added that increased disclosure would be meaningless unless it was accompanied by expanding the auditing staff of the I.R.S. so that the disclosures were fully investigated and improper activities were identified and stopped.

"You have a right to expect that somebody will look at those and act accordingly," Mr. Murphy said, adding that the institute also favors increasing the number of auditors examining individual returns.

Mr. Murphy said he had doubts about the need for legislation, saying the Treasury and I.R.S. had sufficient authority through regulations to deal with abusive transactions.

The Senate Finance Committee staff proposal deals only with companies with revenues of $10 million or more. The draft legislation would not affect wealthy individuals, though many of the most abusive tax evasions uncovered by the I.R.S. in recent years, including one marketed by PricewaterhouseCoopers, could also be used by very wealthy individuals.

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THURSDAY, MAY 25, 2000

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Probe Finds Security Lapses At Airports, Pentagon, FBI

GAO Testers Used Fake Law Enforcement IDs

By Susan Schmidt
Washington Post Staff Writer

Investigators masquerading as armed law enforcement officers carried unsearched briefcases past security guards at Reagan National Airport and secure government buildings—including the Pentagon, the FBI and the State Department—penetrating into or near Cabinet secretaries' suites in almost every attempt, according to new findings by the General Accounting Office.

Startling security weaknesses were discovered at two airports and all 19 of the federal agencies visited by special GAO investigators, who used counterfeit identification and phony law enforcement badges they obtained on the Internet.

The results of the investigation were shared with the agencies at a closed-door briefing on Capitol Hill on Tuesday morning. The FBI and some other agencies immediately tightened security.

The lapses suggest how vulnerable federal facilities remain to potential acts of terrorism or espionage, even though many buildings are now equipped with metal detectors and protected by concrete barricades.

Late last year, a listening device transmitting to a Russian foreign intelligence officer was discovered in a seventh-floor conference room at the State Department. U.S. officials believe someone penetrated State Department security not only to install the device but to regularly maintain it.

The GAO reported that at every federal building tested, undercover investigators posing as plainclothes officers of the FBI, Drug Enforcement Administration and New York City Police Department were waved around metal detectors when they announced that they were carrying weapons.

In some cases, they were able to roam freely through the buildings and were easily able to locate the agency head's office from room numbers listed in publicly available federal directories. The CIA was the only place where they were unable to reach the office of the department or agency head.

The phony officers—who did not actually carry guns—were able to drive a rental van into the interior courtyard of Justice Department headquarters and simply walk away from it.

"This is a shocking report revealing a dangerous vulnerability plaguing thousands of people who work in our public buildings," House Judiciary Committee Chairman Henry J. Hyde (R-Ill.) said in a statement. A Judiciary subcommittee concerned about the easy availability of stolen and counterfeit law enforcement credentials commissioned the GAO investigation.

At the two airports tested—Reagan National and Orlando International—the fake law enforcement officers were not searched and were given permits to carry weapons aboard airplanes.

GAO Special Investigations official Bob Hast, in a memo prepared for Tuesday's briefing, said the undercover team that penetrated secure locations "could have introduced weapons, explosives, chemical/biological agents, listening devices or other hazardous material."

Said FBI spokesman John Collingwood: "This was a little bit of a wake-up call for every agency put to the test." He added that security measures were changed within an hour after the conclusion of Tuesday's GAO briefing

"Because people got into the building using false police ID, we changed our internal procedures. All non-FBI law enforcement officers have to surrender their weapons when they come in the building," Collingwood said. New efforts are being made to verify visitors' identification, he said, and visitors will not be able to enter the building unless they have appointments with people authorized to let them in.

Crime subcommittee Chairman Bill McCollum (R-Fla.) said the GAO findings point to a "systemwide breakdown," because investigators were able to penetrate every location they tested. He said the fake badges and IDs were not intended to be perfect counterfeits. The investigators created the IDs by using computer graphics and bought badges over the Internet and at police supply stores.

McCollum faulted "certain customs and courtesies being extended within the law enforcement community." His subcommittee plans a hearing on the security problem today.

The GAO team not only brought an unsearched vehicle into the Justice Department's courtyard, but made its way up to the area of Attorney General Janet Reno's office suite, though she was not there at the time. The undercover agents were asked to leave by members of the attorney general's staff.

The availability of counterfeit IDs noted by the GAO "has raised some concerns—it's caused us to review and amend our security procedures," Justice Department spokeswoman Gretchen Michael said yesterday. She declined to discuss specific changes.

At the Pentagon, a spokesman said a review of security was recently initiated. "It's been a professional courtesy to allow other law enforcement in without going through the metal detector," he said. In addition to the fake IDs, members of the GAO team were allowed into the Pentagon because some security people recognized them as law enforcement officials, he said.

Those courtesies may be abolished and escorts may be required, the spokesman said.

Charitable Giving Soared In '99 to Record $190 Billion

By Kent Allen
Washington Post Staff Writer

Charitable giving in the United States increased by nearly $16 billion last year, according to a report released yesterday—a 9.1 percent increase over 1998, but still considerably less than what some charity research organizations believe Americans can afford.

Donations from individuals, foundations, corporations and bequests rose to an estimated $190 billion in 1999, a historic high, according to the AAFRC Trust for Philanthropy's annual report, Giving USA. Philanthropy amounted to 2.1 percent of the gross domestic product, up from 1.7 percent in 1995.

Individual giving last year increased by 7.2 percent over 1998, to $144 billion.

George J. Ruotolo Jr., chairman of the AAFRC Trust, attributed the growth in giving to the dramatic increase in prosperity enjoyed by many Americans.

"When wealth increases, people are more comfortable using income to make charitable contributions," he said in announcing the figures. He noted that giving as a percentage of the gross domestic product has not been this high since 1971, shortly before the oil crisis.

The Clinton administration took some credit for the growth in donations.

"Clearly, America is in a charity boom," Bruce Reed, assistant to the president for domestic policy, said in a statement issued in conjunction with the AAFRC Trust announcement. Reed said last fall's first White House conference on philanthropy helped raise awareness of the continued need for a nonprofit and charitable sector.

Despite the rise in philanthropy, two groups say Americans easily could give more.

While personal giving represents 1.8 percent of personal income, "it could ultimately be 3.6 or 3.7 percent . . . without affecting wealth," said Claude Rosenberg, founder and president of the San Francisco-based Newtithing Group, which studies philanthropy. The group asserts that the wealthiest Americans could give away much more and still maintain significant growth in their investment portfolios.

Neil Carlson, editor of the National Committee for Responsive Philanthropy's newsletter, said that the 16 percent increase in foundation giving (to $19.8 billion) backs up his group's belief that Congress should raise the minimum standard for annual payouts by such groups. The current minimum is 5 percent of an organization's endowment; Carlson's group believes it should be increased to 6 percent.

Endowments have swelled both from investment returns and infusions of personal giving, the Giving USA report said.

In an interview, Ruotolo noted that in-kind giving such as volunteering is not reflected in the Giving USA figures.

Ruotolo attributed part of the boom in giving to more sophistication in the grant-receiving community. "Nonprofit organizations became better stewards of philanthropic support," he said, "and were more responsive to the public's demand for accountability and information."

Foundation support and charity from donors accounted for about 86 percent of all giving.

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Sally Quinn

Bring the Stolen Children Home

President Clinton is going to Germany to visit Chancellor Gerhard Schroeder next week. This is his chance to do something extraordinary. He can get back American children who have been stolen from their American parents.

That's right, stolen. Hundreds of children have been kidnapped by their German parents and taken back to Germany. Their non-German parents have no access to them and in some cases no visitation rights—nothing. The German courts maintain that they are better off in Germany, being raised by Germans.

This is not some country that has no rule of law. This is our ally, a member of the European Community, a signatory to the Hague Convention that is deliberately and unlawfully keeping children away from their custodial parents for the simple reason that it feels Germans are better. From 1990 to 1998, as Sen. Mike DeWine (R-Ohio) pointed out last week in a letter to President Clinton, "only 22 percent of American children for whom Hague applications were filed were returned to the United States from Germany—and that percentage includes those who were voluntarily returned by the abducting parent."

There are so many horror stories that it is incomprehensible that our government, Congress and State Department do not simply refuse to have any dealings with the Germans unless they return these children to their parents or at least allow the parents to have liberal visitation rights. If the Germans were stealing weapons or Internet ideas or medicine from us you can imagine the outrage. But kids? No problem.

Talk to Joseph Cooke, who was profiled in this paper recently. His children were turned over to foster parents when his German wife abducted them back to Germany and was too mentally ill to raise them. The German courts deemed them better off with foster parents than with their natural father. And what did our State Department do? It assisted in filing a Hague Convention application, while our embassy in Bonn wrote a letter to Germany's foreign ministry. In other words, it did virtually nothing. Sens. DeWine and Jesse Helms and Rep. Ben Gilman, among others on the Hill, are fighting hard for the American parents. But they need help from Secretary of State Madeleine Albright and the White House.

Joe Cooke is one of many American parents brought together by Lady Catherine Meyer, the wife of the British ambassador to the United States, to form PACT, Parents of Abducted Children Together. It seeks to raise awareness of this problem and to get the children back.

Catherine Meyer has seen her two sons for a total of 24 hours in the past six years. They, too, were abducted by their German father. The German courts decided they were better off without her. She has spent six years fighting to no avail. Her children have been told that their mother abandoned them and did not want them anymore, so the few times she has seen them—mostly in supervised visits at the father's house—they have been hostile and unresponsive.

The Germans argue that the courts need time to decide the cases. By the time a decision is made, they can argue that the children would be psychologically damaged by being taken out of the comfortable surroundings where they have been such a long time and placed in an alien environment.

BY MARGARET SCOTT

In her book, "They Are My Children Too," Meyer writes that the German courts maintain that "it is better for a child's development to live in Germany and be exposed to German culture; that German blood is superior to others."

The German government claims that it can't do anything about the courts that make the decisions. But in fact it has acted before. When two French babies were kidnapped by thugs and driven across the border to their German father, the French foreign minister flew to Germany and raised so much hell that . . . guess what? The German courts miraculously reversed a ruling they had made in favor of the father.

And France and Britain put so much pressure on the Germans that last July German law was changed to allow Hague Convention cases to be tried in only 25 courts (courts which were aware of and understood it) rather than the previous 600. So pressure does work.

Germany is not the only offending country. Austria and Sweden are as bad. It's just that there are so many more cases out of Germany. And if Germany reverses its position, the others will most likely follow suit. (Many other countries are equally bad, but they are nations that have not signed the Hague treaty.)

It is clear that nothing will change unless President Clinton personally demands of the German government that our children be given back. Bill Clinton is a father. He should recognize that the pain suffered by many of these American parents is unthinkable. He has it in his power to alleviate that pain.

Sally Quinn is a Washington Post staff writer. She wrote the foreword to "They Are My Children Too."

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THURSDAY, MAY 25, 2000

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What's the deal here? Can I do anything?

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Richard Cohen

Putin's Bad Company

Who is Vladimir Putin, anyway? Is he the democrat he says he is, a regular freedom-of-the-pressnik, or is he a neo-autocrat, who step by step will return to some of the policies and practices of the old Soviet Union? As of yet no one can say, but the signs—especially recently—are not encouraging. The man keeps some strange company.

Earlier this month, for instance, the Kremlin invited an indicted war criminal, Yugoslavia's Gen. Dragolub Ojdanic, to Moscow. He met with the Russian defense minister and the army's chief of staff. On both occasions, the Russians neglected to put the cuffs on him, which is what they are required to do as members of the United Nations. This was a clear signal that Putin is going to play by his own rules.

Ojdanic's visit shows a studied and brassy contempt for the United Nations, its war crimes tribunal in the Hague and—most important—for common decency. In the words of his indictment, Ojdanic is accused of "crimes against humanity and violations of the laws or customs of war." In plain language, we're talking ethnic cleansing.

The United States has protested Ojdanic's visit but is not prepared to confront Russia in the Security Council. The Clinton administration has decided this is not the way to go. Instead, it will do its confronting in private, maybe when Secretary of State Madeleine Albright meets with her Russian counterpart, Igor Ivanov, or maybe when Bill Clinton meets with Putin himself at next month's summit. "This is serious," said one U.S. official. Yes, indeed. Let's see if the Clinton administration treats it that way.

For a host of reasons—some of them sound and some of them just plain wishful thinking—this administration has been loath to confront Moscow. One reason is that it would like Moscow not to go ape if the United States goes ahead with a missile defense system. Another reason is that the administration has a stake in trying to prove it has not been wrong in making nice-nice to Russia. A third reason is that it's still feeling out Putin, trying to determine if he is the man of his comforting words or of his alarming actions. There's cause for pessimism.

Under Putin, the authorities raided the office of an opposition news organization, Media-Most, carting off records and even videotapes of popular programs. Before that, Russian forces seized the journalist Andrei Babitsky, who was reporting critically from Chechnya, and swapped him for three Russian POWs. Putin says he respects freedom of the press. Any more of this sort of respect and the press will be thoroughly cowed.

In Chechnya Russia has flouted international norms of warfare by, in effect, making war on the civilian population. As with the United States in Vietnam, it is admittedly hard to distinguish non-combatants from combatants, but the Russians haven't really tried. They leveled Grozny, the capital, treating everyone the same. It was a perverse example of Russian democracy.

These, though, are domestic matters—even Chechnya, the Russia's insist. But in foreign relations the pattern is no more promising. Russia remains buddies with Iraq's Saddam Hussein and Serbia's Slobodan Milosevic. Recently, in fact, Moscow has exhibited its commitment to Serbia by propping up the tottering Milosevic regime. It has granted Belgrade a loan for $102 million and has offered to sell it oil at below market prices. Maybe Putin has not noticed that Milosevic, too, has been indicted for war crimes.

About half of the people accused by the war crimes tribunal have either been arrested or have turned themselves in. This is not a bad record for an organization that was initially thought to be all good intentions and no action. The tribunal has proved that individuals, even political leaders, will be held accountable for crimes against humanity.

Ojdanic ought to be one. He commanded the units that rousted Albanians from their homes, killed some of them, herded the rest onto packed trains, deprived them of food and water—and forced them out of Kosovo. The action recalled the roundups of Jews by German units during the Holocaust. The planning was just as thorough, although the outcome was less lethal. Still, someone had clearly studied history.

The hospitality Moscow accorded Ojdanic—its indifference to universal norms of morality—is reminiscent of the days when it supported terrorist organizations. Back then, the Soviet Union had a lot of blood on its hands. Now Russia merely overlooks the blood others have on their hands.

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TUESDAY, MAY 23, 2000

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Sandy

This is a problem

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Jeffrey D. Sachs

What $8 a Year Could Do for Africa

We've all heard a great deal by now about the diseases ravaging Africa: AIDS/HIV, tuberculosis, malaria. They are killing people by the millions and destroying families and communities across large parts of the continent. And while most of us would like to do something to help, the problem seems so huge, the prospective cost of dealing with it so immense, that one cannot even put a number on it.

Well, actually, one can put a number on it: about $8 a year from every one of us in America—roughly the cost of going out to a movie.

Let us see how this number is arrived at. A reasonable estimate is that sub-Saharan Africa will need at least $1 billion per year from donors—in addition to cancellation of the international debt that drains many treasuries—in order to cut sharply the burden of malaria on the continent. A typical assumption is that the United States should bear about 20 percent of any global effort, so the $1 billion from all sources would require about $200 million per year from this country—75 cents per American per year to save millions of lives from malaria.

Now add in the additional costs for greatly increased efforts to control AIDS, TB and the like. Even with the indirect expenses to the United States of debt cancellation, the sums are still quite small. For example, the United Nations recently estimated that around $4 billion per year is the amount needed worldwide to fight the HIV/AIDS epidemic. A few billion dollars more could mount a similarly effective effort against tuberculosis and other deadly infectious diseases.

So suppose the world's rich countries came up with $10 billion per year to fight all these killer diseases—what would it cost us in America? Our $2 billion share of the contribution would require about $8 from every one of us.

And of course in the future, these costs could actually go down, not up—if vaccines can be developed for the diseases. President Clinton, with bipartisan support of Sens. Helms, Frist, Kerry, Roth and others, has wisely called for a new tax incentive scheme to encourage pharmaceutical firms to invest more heavily in research and development of vaccines for malaria, TB and HIV/AIDS.

Africa's present crisis has multiple and interconnected parts: the 500 million clinical cases and more than 1 million deaths per year from malaria; the HIV/AIDS epidemic, which now kills 2 million Africans per year; the tuberculosis crisis, re-surging on the back of AIDS, and claiming more than a million African lives per year, and interconnected crises of measles, diarrheal disease and undernourishment, claiming millions more. Life expectancy on the continent is around 50 years and falling.

Africa's disease burden not only causes untold human pain and suffering; it also cripples economic development. Malaria alone costs billions of dollars per year just in lost earnings and medical charges. The cost is many times that when we consider the longer-term effects of the disease such as suppressing foreign investment and educational attainment in the region.

Meanwhile, debt cancellation for Africa has come down to a matter of life and death. African leaders know very well that for their own countries to muster the internal resources to fight these dread diseases, they will have to be permitted by the creditor nations to shift the funds now spent on debt servicing into public health. The increased domestic resources would help get public health centers operating. The additional contributions from donor nations would be needed to procure vitally needed supplies such as insecticides, bed nets, anti-malarial medicines and the greatly expanded services of experts in fields such as entomology, immunology, parasitology and water resource management.

I will ask the question bluntly: Would Americans invest an extra 75 cents per year to battle malaria? Would they be ready to provide $8 per year as part of a global campaign to control and turn back a wider range of killer diseases, thereby saving millions of lives in sub-Saharan Africa?

In the America I know, the answer is surely yes—whether you are a liberal Democrat or a conservative Republican, a well-paid professional or a working-class family. All of us want to know that we have contributed to the good of humanity and to the lives of children everywhere. If given the opportunity, Americans would never allow it to pass.

The writer is the director of the Center for International Development at Harvard University.

The Washington Post

TUESDAY, MAY 23, 2000

THE PRESIDENT HAS SEEN
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