Chronology

1940s-1960s

After World War II, the number of displaced workers skyrockets in the wake of technological changes and a loss of 3.64 million farm jobs. Concern about displaced workers eventually decreases as unemployment drops.

1947-54
The number of coal workers drops from 436,000 to 126,000 as oil and gas replace coal.

1962
President John F. Kennedy signs legislation creating two displaced-worker programs: the Manpower Development and Training Act (MDTA) and Trade Adjustment Assistance (TAA). In addition to emergency funding and job-search help, they retrain workers displaced because of technological changes or increased foreign trade.

August 1964
Congress creates the National Commission on Technology, Automation and Economic Progress in response to growing concerns that automation is causing unemployment.

1965
President Lyndon B. Johnson declares a War on Poverty that shifts attention and resources away from displaced workers.

1966
The Commission on Technology, Automation and Economic Progress reports to Congress after the unemployment rate has fallen to its lowest level in more than 10 years; concern over displacement and technology fades.

1970s

Economic boom times end, especially for the American worker, as the cost of living soars above wage levels.

1973
Congress folds a variety of employment and training services — including the War on Poverty's Jobs Corps — into the Comprehensive Employment and Training Act (CETA).

1974
As concerns about displaced workers rise once again, the Trade Act relaxes the requirements for Trade Adjustment Assistance to include any worker dislocated because of reduced barriers to foreign trade.

1975
Nearly 55,000 workers are certified for TAA, about one-half of those who request aid.

1980s

About 2 million workers lose their jobs annually. Congress creates a new program to aid displaced workers.

1980
About 585,000 displaced workers claim TAA benefits.

1982
During a recession year, Congress re-evaluates the CETA program before it is set to expire. The result is a new program built upon a partnership between government and industry, known as the Job Training Partnership Act (JTPA), which includes a Title III program to aid displaced workers.

1984
Displaced-worker issue enters the presidential-campaign debate. Democratic candidate Walter F. Mondale emphasizes the need to address unemployment problems stemming from the decline of basic industries and the displacement of workers whose job skills had become outmoded; Republican President Ronald Reagan counters that millions of jobs had been created during the previous two years of his administration.

1988
Title III is amended and renamed the Economic Dislocation and Worker Adjustment Act.

1990s

Growing concern about workers prompts Congress to take increasing responsibility for workers it displaces through the creation of new regulations, closings of military bases or the enactment of the North American Free Trade Agreement (NAFTA).

1990
The Clean Air Act provides relief to workers who lose their jobs because of the new regulations through a new program: the Clean Air Employment Transition Assistance Program.

1991
The JTPA is amended to provide retraining and readjustment assistance to workers dislocated by defense cutbacks.

Dec. 8, 1993
President Clinton signs the legislation implementing NAFTA.

Jan. 1, 1994
NAFTA goes into effect.

An Interview With Secretary of Labor Robert B. Reich. . .

Editor's note: Reporter Susan Kellam interviewed Secretary Reich at his office on Dec. 15, 1993.

Is it the role of government to help displaced workers?

The government position is that we all benefit as a society from a better-trained work force. We also all benefit if workers who have lost their jobs get new jobs quickly. A better-trained work force is a more productive work force, and a more productive work force means national income is higher. We all benefit from a better economy.

Getting unemployed workers back to work more quickly means we'll have productive individuals rather than individuals who are using up unemployment insurance and welfare. Individuals who are unproductive are not paying taxes.

How important is it that the displaced worker get help quickly?

Our research shows that the earlier someone who is not going to get their job back begins the training and the process of gearing up for the next job, the more likely it is that this person will relatively quickly get the next job. The longer the interval before someone begins gearing up, the longer it is until they get the next job. And people become quite demoralized quickly. . . .

Counseling in the psychodynamics is quite important. But what people need most of all is information: Where are the jobs? What are the jobs? What can they train for? How can they build on their present experience?

Do you expect individuals to work while they're getting trained in new skills?

Many can't get a part-time job while training. That's why some are going to need assistance beyond unemployment insurance, beyond the 26 weeks. You see, we have a system right now that, in a way, like health care, is an extremely expensive system that doesn't really go to where it's most useful. We have a federal-state unemployment system that costs about $22 billion a year. Recently, because of the recession, the federal government has been putting in another $12 billion to $14 billion a year on extended benefits across the board in every state. That totals more than $35 billion a year. And then we have a scatter shot of relatively small job-training programs, each for a special group of people deemed to be an exception.

R. Michael Jenkins

Labor Secretary Robert Reich

Would the Workforce Security Program connect the unemployment insurance system with these scattered programs for displaced workers?

Yes, there are various pieces to it. One would be to consolidate the various job-training programs out there for dislocated workers and then fill in the blanks....We would fill in the patchwork so that we have a seamless program for people who need job retraining and can benefit from job retraining. But there's much more to it than that. In addition to providing reemployment services, we would identify people very early on who are not likely to get their old jobs back, and get them information as early as possible — where the jobs are and what the jobs are and what training is needed if they have to train. Also find out how they can build on their old skills, so that they can move as quickly as possible to the next job.

There would be changes in unemployment insurance, such as a bonus if you leave unemployment before the scheduled 26 weeks. Also, unemployment insurance for people who want to work part time, can only work part time, but at the same time want training.

Would this proposal restructure the unemployment system?

A different part of this proposal would restructure the extended-benefits program so it was targeted during cyclical downturns to the states that were hardest hit, helping individuals hit by structural unemployment, those who will not get their jobs back regardless of what happens to the business cycle. Selective individuals who are hard hit by structural unemployment will get longer-term unemployment benefits, even when the business cycle turns up.

But it would gradually phase out this very, very expensive

Continued from p. 58

found of all displacements," noted the National Commission on Technology, Automation and Economic Progress. The postwar revolution in agricultural technology, marked by mechanical cotton pickers and harvesters, chemical pesticides and fertilizers and high-yielding crop varieties, forced many farmworkers off the land; others were lured by the promise of jobs in the cities. Employment in agriculture dropped by 3.4 million workers (43 percent) from 1947 to 1964.[29]

But for many, dreams of postwar prosperity were elusive. Countless displaced farmworkers, "suffering from

. . . on the Need to Retrain Displaced Workers

extended emergency unemployment system. We may not succeed in phasing it out entirely because if and when there is another recession it may be so deep that the federal government has to step in again.

Why does the United States have a history of handling job training inadequately?

Although Germany and Japan are going through deep recessions right now, I don't think many people disagree with the proposition that their work forces are highly competitive and that businesses in Germany and Japan are both actively engaged in training workers. Partly, our problems stem from the development of a business culture and an education culture that are quite separate. We have educational institutions and business institutions that never had very much to do with one another, although community colleges and technical institutes are just beginning to bridge that gap.

Also, American business has not until recent years had to face the problems of an inadequately trained work force. Not just with regard to the three Rs but also with regard to skilled training. Our primary business strategy was high volume, standardized, stable mass production. You didn't need well-trained workers, it was a matter of volume. The more volume the lower the unit costs. The lower the unit costs the larger the market. And we have caught on rather late to the idea that a well-trained work force is a key business asset.

Did the NAFTA debate raise the issue of displaced workers to a new level?

Absolutely, absolutely it did. It exposed something that was just not that visible. And that is the number of people who fear for their jobs and have experienced downward mobility.

We can't continue to globalize and do nothing for our work force. We need a work force investment strategy that's hand-in-glove with a strategy for open markets and a more global economy. The two are inseparable.

Are we training people for jobs that don't exist?

Let me say two things. One, it's not just training. For many people, the job-search assistance, early intervention and good-quality information about jobs are as important as training. For some people, it's more important than training.

There's nothing crueler than training someone for a job that doesn't exist. There are many jobs out there. What we're seeing in this recovery, interestingly, is a majority of the 1.7 million new jobs have required some postsecondary skill or training. This is relatively unusual because the jobs in the 1980s did not.

What's happened to the economy as we become a more global and technological society is that even relatively menial jobs, such a garage mechanic, demand more and more skills. Under the hood of a car today are electronics. You don't find mechanical equipment. To be trained in electronics, to be a garage mechanic requires some real, honest-to-goodness training. Those jobs pay $30,000 to $50,000 a year, and they're not bad jobs, they're good jobs. . . .

In the factories we have today, the robots and computers work machines. But you need people to work the robots and computers to service them, to program them. In factories around the country today, you see people sitting behind computer consoles. They are checking and servicing the robots.

But there is a little bit of confusion in the public's mind. People equate service jobs with poor jobs, but actually there are two big categories of service jobs. The business service jobs, that is everything from technical sales support, lab technicians, paralegals to people who are systems analysts. These jobs are good jobs. These are the new middle-class jobs, replacing the factory work of 20 or 30 years ago as the gateway to the middle class. But they require some post-high school credit.

The other category of service job is the low-wage retail, restaurant, hospital orderly, hotel job. These jobs are still out there, and they're coming back. But even here, interestingly, compare a place like K-Mart to Home Depot. At Home Depot, the floor sales people are technically trained. They understand what they're selling. They're paid well for their technical competence. Consumers come to rely upon their advice. They have responsibility for reordering and deciding what to order.

What role do you see unions playing in all this?

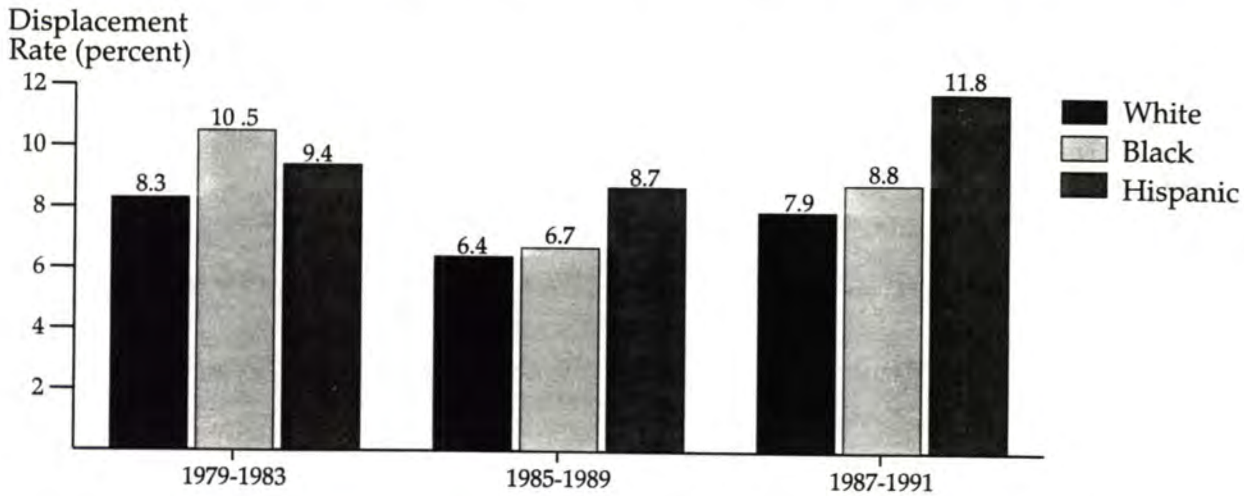
Some unions have been spearheading these changes. Of course, unions have for years been offering young people opportunities to learn trades. The unions have also been striking new contracts with employers in which employers agree to provide continuous retraining and upgrading of skills. Many workers are coming to understand that they have to stay competitive, and the only way they can stay competitive is if they are continuously trained. Lifelong learning is becoming a cliché, but it does reflect the necessity of everyone being continuously trained, including on the job. And many unions have put that into their contracts.

deficient rural educations, lacking skills demanded in urban areas, unaccustomed to urban ways, and often burdened by racial discrimination, exchanged rural poverty for an urban ghetto," the commission found.

Congress had created the commission in August 1964 in response to national concern about growing postwar unemployment and widespread fears that automation was the cause. The coal miners of Appalachia felt the tremors of that period when oil and gas took over most of the coal market, and technological advances in mining eliminated still more jobs. The number of coal miners fell from 507,333 in 1948 to 134,467 in 1968.

Blacks and Hispanics Hit Hardest by Displacement

Greater percentages of black and Hispanic workers lost their jobs than white workers during the three time periods shown below. Between the first and last periods, Hispanics replaced blacks as the group most affected by displacement.



Source: Bureau of Labor Statistics, November 1993

Between 1947 and 1954 alone, coal-mining employment fell 42 percent. [30]

Despite numerous efforts to bring new jobs to Appalachia, the region has never recovered. Elsewhere, however, workers displaced by technology in the mid-1960s found new jobs. By the time the commission reported to Congress in 1966, the unemployment rate had fallen, and concern over displacement and technology had faded. [31]

Aid for Displaced Workers

Since public concern for displaced workers tends to be sporadic, it follows that support for worker-aid programs has been fragmentary, too. A job-matching agency _ the Public Employment Service _ was created by the Wagner-Peyser Act in 1933, with many amendments since. Marshall and Tucker sharply criticize the agency in its current form and compare it unfavorably with its European counterpart.

"Starved of resources," they write, "the Employment Service is not computerized in many of its offices, does not have adequate personnel to do a serious job of [finding] employment openings and [providing] funds for relocations and wage subsidies, that enable European employment offices to succeed in their mission." [32]

Similarly, two national displaced-worker programs signed into law by President John F. Kennedy in 1962 — the Manpower Development and Training Act (MDTA) and Trade Adjustment Assistance — also never received the resources or the attention to target workers requiring new jobs.

The primary objective of MDTA was to retrain workers whose skills were inadequate or obsolete and who had been displaced from jobs because of technological change. The program was designed to simultaneously rehabilitate a portion of the nation's unemployed and alleviate the scarcity of certain trained workers, among them nurse's aides, electronic assemblers, TV repairers, elementary school teachers and psychiatric social workers. Congress appropriated $70 million for the program in fiscal 1963, with Kennedy estimating that 400,000 workers would be trained. [33]

At about the same time, however, the economy received substantial boosts, first from a cut in personal income taxes and then as spending escalated for the Vietnam War and the Great Society programs of President Lyndon B. Johnson. By mid-decade, the unemployment rate for adult white males had fallen to 1.9 percent, and the focus of MDTA shifted from displaced to disadvantaged workers. [34]

Training for jobless workers faded as a public policy issue by the time that Johnson declared war on poverty. Nonetheless, many workers in troubled industries still needed help. A large automobile company — Studebaker — went out of business.

and meatpacking plants were shut down as technology advanced and markets shifted. [35]

Workers who already had lost their jobs in import-troubled businesses also fell between the cracks of federal aid. For example, several restrictions in the Trade Expansion Act of 1962 were designed to weed out ineligible TAA recipients. A series of tests was to determine whether workers had really been laid off because of import competition, but some experts contended such determinations were difficult, if not impossible. In the end, no workers were certified to get TAA assistance between 1962 and 1969. [36]

The economic boom ended in the early 1970s, especially for the American worker. Wage increases could not catch up with the soaring cost of living, according to a 1974 year-end BLS report. And by the end of that year, the work force was facing mass layoffs that threatened to be the worst since the Great Depression of the 1930s. [37]

As concern about displaced workers grew, the Trade Act of 1974 relaxed the requirements for TAA assistance to include any workers dislocated because of reduced barriers to foreign trade. In 1975, nearly 55,000 workers were certified for the program, about one-half of those who requested aid. In 1980, 585,000 workers claimed benefits from TAA, which was the only major federal program in the 1980s that specifically benefited displaced workers. [38]

Under the Job Training Partnership Act, co-authored by Sen. Edward M. Kennedy and then-Sen. Dan Quayle, industry was given a subsidy to hold out a friendly hand to people facing barriers to employment.

1982 Training Act

The major focus for aid, however, remained on disadvantaged workers, primarily minorities and youths. [39] In 1973, Congress had folded a variety of employment and training services — including the War on Poverty's Jobs Corps — into the Comprehensive Employment and Training Act (CETA). It empowered local governments to operate training programs for unemployed adults and youths and to offer them public service jobs. Riddled with problems, CETA was amended and reauthorized several times in its nine-year history. [40]

Congress re-evaluated CETA before it was set to expire in 1982, another recession year, and came up with a new program built upon an industry-government partnership, the Job Training Partnership Act (JTPA). Co-authored by Sen. Edward M. Kennedy, D-Mass., and then-Sen. Dan Quayle, R-Ind., JTPA replaced CETA's scandal-plagued and costly subsidized public-employment concept with a business arrangement. Industry was given a subsidy to hold out a friendly hand to people facing barriers to employment. Congress also included a new JTPA program to aid displaced workers whose jobs had disappeared, known as Title III. It was amended in 1988 and renamed the Economic Dislocation and Worker Adjustment Act (EDWAA).

Any dislocated workers whose employment loss meant they were unlikely to return to their previous industries or occupations were eligible for assistance under EDWAA. This included workers who lost their jobs because of plant closings or mass layoffs; long-term unemployed persons with limited local opportunities for jobs in their fields; and farmers, ranchers and other self-employed people who became jobless due to general economic circumstances or natural disasters. In some circumstances, displaced homemakers (divorced women) could also receive aid.

In the mid-1980s, after three years of economic recovery, displacement again appeared to fade as a public policy issue. The administration proposed to reduce the funding for EDWAA, citing a slow rate of spending and lack of demand for its more expensive services, such as retraining. At the same time, concern was mounting over foreign competition and its effect on jobs.

Retraining became an issue in the 1984 presidential campaign when President Ronald Reagan's Democratic opponent, former Vice President Walter F. Mondale, D-Minn., called for attention to unemployment stemming from the decline of basic industries and the displacement of workers whose job skills had become outmoded. EDWAA funding amounted to $223 million a year, but Mondale called for a "much more ambitious" program for retraining and relocating workers. Reagan countered that millions of jobs had been created during the previous two years of his administration.[41]

New Solutions

The magnitude of worker dis placement was a matter of dispute, leading some economists to view broad-based tax incentives with skepticism. Marc Bendick, an economist at The Urban Institute, offered one of the most conservative estimates at the time, saying that about 100,000 workers a year lost their jobs and had trouble finding new work because of changes in technology, trade and consumer demands.[42]

But members of Congress from the Northeast and Midwest saw a broader phenomenon, estimating the number of workers displaced by industrial change at from 450,000 to 3 million.

Toward the end of the 1980s, several developments began to put the problems facing displaced workers back into the national spotlight. They included the increasingly common announcements of large-scale cutbacks by firms and the realization that cuts in the defense budget could cause massive job losses. In fact, the Bureau of Labor Statistics recently found that from 1981 to 1989, an average of 2 million workers lost full-time jobs each year. (*See graph, p. 52.*)

The 1990s are shaping up to be the decade when Congress attempts to take some responsibility for workers it displaces either through regulation or trade pacts. A precedent had been set in 1978, when Congress agreed to pay full salaries for up to six years to 2,900 timber industry workers displaced by the expansion of Redwood National Park. The deregulation era of the 1980s meant that Congress enacted few regulatory bills that directly cut jobs. But when lawmakers imposed new regulations on industry through the 1990 Clean Air Act, they provided relief through a new program — the Clean Air Employment Transition Assistance Program.[43]

The $250 million program was established in the belief that the Clean Air package's acid rain controls would shift jobs from the high-sulfur coal industry in the East to low-sulfur coal workers in Western states. The funding would stretch over five years to provide retraining and readjustment aid to affected workers. Jobs lost in the oil, chemical and auto industries would also be covered.

The job-training program was amended again in 1991, this time to provide $150 million in retraining and readjustment assistance to workers dislocated by defense cutbacks. The Defense Conversion Adjustment (DCA) Program targeted not only employees of the military but also individuals in corporations who were laid off as a consequence of reductions in U.S. expenditures for defense.[44]

With trade issues continuing to worry lawmakers and citizens alike, Bill Clinton took office keenly focused on concerns about making workers more competitive in the work force of the future. ■

CURRENT SITUATION

Clinton Initiatives

With a new administration in place, so is a new set of special programs and proposals to help displaced workers.

Clinton signed the Defense Diversification Program (DDP) into law last year. This new program, an addition to the JTPA, is similar to one signed by former President George Bush, except that it emphasizes conversion assistance to workers from facilities closed down by the Defense Department.

Clinton had signaled his concern for the defense industry within his first 100 days in office by visiting the Electronic Systems Group, a Westinghouse Corp. subsidiary near Baltimore. The firm had recently begun manufacturing such non-defense products as airline radar and home-security equipment. "You have given us a stunning example of just how brilliantly [defense conversion] can be done here in this fine facility," the president told workers.

But the company's viewpoint was somewhat different. Al Spencer, special assistant to the firm's president, told the *Los Angeles Times* that Westinghouse's diversification effort had been accomplished "pretty much on our cuff" without help from the federal government.

And Westinghouse officials conceded that despite success in finding new commercial markets, the corporation still had to lay off about 4,400 workers in Maryland between 1991 and 1993. The firm employed 17,000 workers in Maryland at its peak in the 1970s.[45]

Clinton also dived headfirst into the murky debate over protecting the northern spotted owl. The White House contends that 6,000 timber industry jobs would disappear if Clinton's plan to restrict logging — released July 1 and currently mired in legal challenges — goes into effect. Industry groups say that up to 85,000 jobs are at risk. A U.S. District Court in Seattle is reviewing Clinton's forest plan to determine if the logging ban should be lifted.[46]

To provide retraining and other assistance for displaced timber workers, Clinton proposed spending $270 million in fiscal 1994 through a new Northwest Economic Adjustment Fund. White House officials also said

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At Issue:

Should training for displaced workers be significantly upgraded?

SHELDON FRIEDMAN AND JANE MCDONALD-PINES

Friedman is an economist with the AFL-CIO. McDonald-Pines is assistant to the director of the Human Resources Development Institute, the employment and training arm of the AFL-CIO.

FROM *NORTH AMERICAN OUTLOOK*, SEPTEMBER 1993.

The training provided to dislocated workers is often of short duration and poor quality. Western Europe and Canada expend, on average, a far higher proportion of their gross domestic product (GDP) on worker training and provide training for a longer period than the United States. Federal programs intended to assist dislocated workers serve only 5 to 10 percent of the vast dislocated worker population, estimated to be 3.2 million in 1992.

There is little doubt that the U.S. training system needs reform. The number of workers (employed and unemployed) who need training and reemployment assistance continues to grow. A national strategy must be pursued that will restructure workplaces so that front-line employees can effectively utilize newly acquired skills. The system must provide workers with benefits and training services that will lead to high-wage, high-skill jobs and that will establish governance structures ensuring equal input from unions, employers and the community.

Even with its current limitations, Trade Adjustment Assistance (TAA) offers the best opportunity for education, training and income-support for trade-impacted workers. TAA should not be replaced with any program that provides less benefits or income support to workers affected by imports.

A redesigned employment and training system would provide workers with a wide range of benefits and services customized to meet their individual needs. It is important that workers have access to all information and referral services in a convenient and accessible location through a revitalized employment service.

Occupational skills training would provide tuition payments and income support to technical, vocational, undergraduate, graduate, professional, and post-graduate programs for a period of three years. Workers could choose to participate in class-size programs funded through direct contracts with training providers or could choose to utilize individual training grants for a specified period.

Basic literacy and math training, as well as English-as-a-second language training, would be guaranteed to any worker who could benefit from such training.

Employers would be encouraged to use on-the-job training for entry-level as well as incumbent workers who require skill-enhancement training.

WALTER CORSON

Vice President, Mathematica Policy Research, a for-profit public policy research organization based in Princeton, N.J.

Our findings do not indicate that making training mandatory had a significant impact on the estimated employment and earnings differences of Trade Adjustment Assistance (TAA) trainees and other Trade Readjustment Allowance (TRA) recipients. However, we also did not find strong evidence that training had a substantial positive effect on employment and earnings, at least in the first three years after the initial unemployment insurance claim. Given this uncertainty about the returns to training, we believe that training participation should be voluntary rather than mandatory for TRA recipients.

The TAA program offers TRA and reemployment adjustment services to workers who lose their jobs in the face of increased import competition. Established in 1962, the program initially emphasized compensating workers for their lost income, and relatively few workers received training, job-search assistance, or relocation allowances to support their adjustment to new jobs. Beginning in 1981, the emphasis of the program was shifted toward providing adjustment services, particularly training: TRA benefits were targeted more strictly at the long-term unemployed, and more funds were made available for training. Furthermore, as one of several major changes that were made to the program in 1988, training was made an entitlement for eligible workers, and TRA recipients were required to participate in an approved training program unless they received a waiver exempting them under certain circumstances.

The Mathematica study was designed to evaluate the pre-layoff characteristics and post-layoff labor-market experience of TRA recipients, based on data on nationally representative samples of TRA recipients who participated in the program either just before or just after the 1988 program changes.

[We found that] even if training were made voluntary, a relatively large proportion of TRA recipients would still probably participate in training; for example, more than a third of the members of our pre-1988 sample of TRA recipients, for whom training was voluntary, participated in training. At the same time, the training requirement could be replaced with a requirement to participate in a job-search program. This strategy was attempted in the TAA program between 1986 and 1988, but the job-search services were never fully implemented due to the absence of adequate funding. Recent research suggests that the combination of a job-search requirement and job-search assistance can reduce the receipt of unemployment benefits among recipients.

Sharing U.S. Know-How With Mexico

Thanks to the North American Free Trade Agreement (NAFTA), experts from the San Diego Community College District are sending their know-how south of the border. And along with a new source of revenue, they're getting a lesson of their own about America's new trading partner.

Officials from the district, which includes three community colleges and a large adult-education center, signed an agreement with the Mexican government in November 1993 that enables the colleges to share the latest manufacturing technology with Mexico's network of 200 vocational institutes, or Centros de Capacitacion Technologica Industrial (CECATI).

The arrangement is vital, said District Chancellor Augustin Gallego, because the vocational centers have not kept pace with the more advanced technologies that Mexican manufacturers must have to compete globally. Without up-to-date information, he said, "Mexican students will be prepared only for low-skill, entry-level jobs, such as assembly work." †

Mexican workers may have to play catch-up to take advantage of the opportunities NAFTA offers, but they are willing students. During a recent visit to Mexico, the San Diego contingent "was extremely impressed with the Mexicans' ability to instill pride in training," says Barry Garron, director of public information for the district.

You would never see graffiti on the walls of a learning institution in Mexico, he says. Indeed, the only slogan Garron saw on a building proclaimed (in Spanish): "When you stop learning, you begin to die."

American Association of Community Colleges

At a technical institute in Irapuato, Mexico, a student demonstrates his skill for, from left, State of Guanajuato CECATI Coordinator José Muñoz Garcia, San Diego Community College District Chancellor Augustin Gallego and San Diego City College Professor Jack Bollinger.

Mexican businesses are also supporting the country's vocational education efforts, Garron says. For example, a sophisticated satellite-communications system recently was installed linking the 200 CECATIs. The project was spearheaded by the regional Chamber of Commerce, headquartered in the city of Irapuato, which enlisted the support of thousands of businesses from six major cities. Their buying power reduced the cost of materials and equipment for the system.

Meanwhile, the Mexicans are seeking to improve wherever they can — even when it comes to some of their traditional products. As part of the San Diego pact, U.S. ceramics instructors will travel to the town of Dolores Hidalgo, where 80 percent of the people earn their living making pottery. There they'll teach artisans how to improve, among other things, the glaze on products that have been made there for centuries.

† Quoted in "After NAFTA: Are There Opportunities for Community Colleges in the Wake of Approval of the North American Free Trade Agreement?" *Community College Times*, Nov. 30, 1993, p. 1.

Continued from p. 64

that more than 15,000 new jobs repairing streams and roads damaged by logging would be created over five years. [47]

But it was NAFTA, not the spotted owl, that plunged President Clinton into the heart of the displaced-worker issue. In October, the White House unveiled a plan that would provide income-assistance payments and retraining, as well as help finding new jobs, to workers whose employers move to Mexico or whose industry is disrupted by more imports coming across the border.

In addition, the NAFTA implementing legislation signed by Clinton Dec. 8 included the Self-Employment Assistance Program, which allowed displaced workers to receive unemployment benefits while starting a new business.

Reich's Plan

Few would argue that Clinton hasn't tried to fulfill his promise to help displaced workers, least of all Labor Secretary Reich. His soon-to-be-announced Workforce Security Program will try to tie together all the divergent programs affecting displaced workers. The only criterion for acceptance would be a permanent loss of job.

"Anybody should have these services regardless of why they lost their jobs," Reich says. "With these categorical programs, we're spending more and more just trying to figure out who fits into the category. And by the time the decision is made, it's often too late for many of these workers."

The current system is so inequitable, he says, that in some factories that close, employees who worked on certain products would receive federal benefits, while those making non-qualifying merchandise would not.

All of the existing programs, including EDWAA and TAA, would be supplanted by the new comprehensive system. Funding for the new program, although still in the discussion stage, is projected to start at $1.1 billion next year and increase to $3.2 billion by fiscal 1998. Income support beyond the 26 weeks of regular unemployment insurance would be far more generous than the current system. Workers could receive up to additional 72 weeks of support if they meet certain tests, such as enrollment in training by the 16th week of unemployment and a fairly low probability of re-employment in the same or similar occupation.

Reich has even embraced a concept, conceived during the Bush administration, to eliminate the need for jobless workers seeking assistance to run around from center to center. Recognizing that displaced workers are often distressed and disheartened, one-stop centers would enable them to go to one centralized location for all unemployment assistance, even tapping into a nationwide network of possible job opportunities.

Meanwhile, the optimistic economic indicators released Dec. 23 tended to undercut the administration's arguments for its costly job-training overhaul. The average work week for manufacturing employees set a post-World War II record, and factory overtime reached the highest level since the government began keeping those statistics in 1956.

But, Reich counters, "even though we're in a jobs recovery and the economy has generated over 1.7 million new jobs since last January, the number of long-term unemployed has risen." The work-to-work transition, he says, is becoming extremely difficult. ■

OUTLOOK

A Question of Money?

President Clinton fought an uphill battle to pass NAFTA, straight up a path littered with deals, promises and pledges. The most resounding of those public pronouncements was uttered Oct. 12: "We must create a continuous re-employment system so that people are always learning — even into their 50s and 60s and 70s, as long as they are willing to be productive citizens and keep going and growing."

The initial game plan was to offer Reich's Workforce Security proposal as a legislative package in September, just as the NAFTA debate started heating up. But the word back from the House and Senate committees with jurisdiction over the issues was to wait.

"While we were ready to move more quickly, that message from the committees opened up the opportunity for more extensive consultation with all parts of this community," says Douglas Ross, assistant secretary of Labor for employment and training. "That includes states, localities, delivery systems, the Congressional Budget Office, labor and business. In that sense, it was advantageous."

Ross is hoping the president will unveil the Workforce Security Program in his Jan. 25 State of the Union address, with actual introduction into the legislative process soon thereafter.

Although the various groups likely to be affected by the proposal all have expressed some reservations, Ross contends that there is "a surprisingly broad consensus."

"The concept is exceptionally good," says Jerry Abramson, the Democratic mayor of Louisville, Ky., and president of the U.S. Conference on Mayors. He already has met with Reich to express his concern over the proposal's funding formula, which he says may be inequitable. "There are significant-size cities that wouldn't get funds," he says. But such issues can be worked out easily before the program gets off the ground, Abramson says.

Economist Sheldon Friedman at the AFL-CIO says labor isn't commenting until the final package is released. But he is concerned about plans to terminate TAA. "Ideally, TAA should be improved and extended to other victims of government, such as defense downsizing and environmental compliance," he says.

Friedman is anxious about the final rules for eligibility. In the draft plan, he says, they were "so restrictive that Harry Houdini would have trouble qualifying for income support." He is also curious to see how the plan defines "permanent layoff" and "re-employment in the same or similar occupation."

Ellen Nissenbaum, legislative director of the Center for Budget and Policy Priorities, is watching to see how the long-term unemployed will fare under the plan, which reportedly revamps the extended-benefits provision.

Such details aside, the most overwhelming concern expressed by labor and government experts, as well as lawmakers, is simply whether there will be enough money for the ambitious overhaul. Nissenbaum acknowledges that Reich has discussed a very generous plan, but she notes that "prospects of the entire package are contingent on available financing."

And Treasury Secretary Lloyd Bentsen apparently doesn't think too highly of the prospects. When he was asked Dec. 19 on NBC's "Meet the Press" whether Reich's "idea of a payroll tax to finance worker retraining" was a good idea, he replied, "I don't see that happening next year."

Reich knows that in the current climate of austerity a proposal for new spending will face opposition, but he is undeterred by the challenge ahead. NAFTA, he says, "exposed something that was just not that visible. And that is the number of people who fear for their jobs and have experienced downward mobility."

As a nation, he maintains, "We can't continue to globalize and do nothing for our work force." ■

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Notes

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The Next Step

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Back Issues

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THE PRESIDENT HAS SEEN 2/2

Stanley K. Sheinbaum

January 25, 1994

To Tony

President Bill Clinton
The White House-West Wing
1600 Pennsylvania Avenue, NW
Washington, DC 20500-2000

Dear Bill:

Andreas Papandreou just told me of that mini-orgy of Sheinbaum stories that you and he exchanged in Brussels. You should be careful; you have a reputation to protect. He has already blown his.

With warmest wishes,

Stanley

SKS/kc
clinton.32

P.S. Thanks.

P.P.S. I am enclosing a *Ramparts* article from 1966 laying out my Papandreou caper. He has said publicly that I saved his life. A lot of other people were not so happy about that at the time, but that is a long complicated story.

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Prelude

I PERSONALLY GOT INVOLVED in the affairs of Greece when Andreas Papandreou failed to keep a dinner date. Last winter a friend persuaded me to make a tour of Greece. So I wrote Andreas in Athens and suggested we meet when I got there. Fine, come have dinner, he wrote. Fine, except that his letter arrived on April 22, about ten hours after he had been jailed and political life and freedom were stifled in Greece.

Andreas was in prison, his life was in danger, and I joined a committee among an infinity of committees dedicated to bringing freedom to Greece and saving the life of a Keynesian, suddenly alleged to be a communist.

Naturally, the rhetoric of the coup was anti-communist. Naturally, its weaponry was American. Naturally, the people who wanted to save Greek democracy felt frustrated as stories began to appear that the Johnson Administration would probably resume military aid because, in our official "support juntas" rhetoric, "this new government was moving toward a constitutional government." (Not one reputable observer supports this view.) Meanwhile, Andreas sat in jail. Worse, so did 6000 others (some estimates make it 12,000). Due process? To this day no charges have been levied. Merely press releases saying that it's all for the good of the Greek people, to save them from communism, corruption and immorality.

So I took my tour. I wanted to see for myself. What I saw I didn't like. The Greek cafes were silent. Politics, once the favorite oral sport, had become taboo. Too many items were appearing daily that so-and-so was arrested "for spreading false rumors" or "for remarks against the King or a member of the junta." The midnight arrests, the rigid censorship, the banning of popular Greek music, of classical Greek drama, made these comic dictators anything but comic.

It had been rumored that the King and the U.S. had a long-standing deal: "You help me keep my throne, and I'll keep Greece in NATO for you." (NATO, of course, is the key to American interest in Greek politics.) The King was threatened by the Papandreous—especially young, popular Andreas. Certainly Andreas would replace his aging father as Prime Minister if the Papandreous' popular Center Union Party won the national elections set for May 28th. Andreas was out to eradicate the political and economic oligarchy of which the monarchy was an integral part, for which the monarchy relied on the military, for which the military relied on the U.S.—all for NATO. A charming circle, if you aren't concerned with what the Greek people themselves might want.

As early as 1964, when Andreas' charismatic leadership became evident, the plot against him was set in motion—as the testimony which follows makes clear.

So when the May 28th elections drew near and Andreas Papandreou's popularity remained strong, it became apparent that he had to be cut off. A coup was therefore in the making. A propaganda base had been laid: Andreas was a pro-communist; he might take Greece out of NATO. U.S. officialdom was prepared for Andreas to go. Even the American public had been tempered by that eminent cold warrior, C. L. Sulzberger, who filled the precious New York Times editorial page space with a pro-royalist line. The King said, through Mr. Sulzberger, that Papandreou was oriented to the Soviet bloc and would take Greece out of NATO. Besides, Mr. Sulzberger wrote, Andreas was an "arrogant, ambitious power seeker increasingly linked to the far left," and was engaged in a "left conspiracy to take over the Armed Forces."

(The Times departed from its usually high journalistic standards by failing to point out that Mr. Sulzberger's wife is closely related to the Greek royalty.)

But with all that groundwork laid, the "official" coup got couped! An even more irresponsible group of military made their move first, and today Greece is not in the hands of an anti-democratic King with U.S. support, but rather a radical fascist clique. Even though Constantine's position is insecure with this gang, he came hat-in-hand to Washington seeking military aid for the junta in a disgusting effort to protect his own throne. The King is a weakling.

In mid-July I learned from unimpeachable sources that a Greek, claiming to be one of the junta's main witnesses against Papandreou, was in Paris and that he and another key witness, who remained in Athens, had decided to reverse their strategic testimony, which had been given under duress and direction to perjure themselves. The man in Paris was Kyriakos Diakogannis, a journalist, and the witness still in Athens was Andreas Vachliotis, a lawyer. Their stories follow.

On July 22nd I went to Paris to meet these witnesses. On a subsequent trip to Montreal, I then confirmed that they were indeed the "secret evidence" that the junta was counting on using against Papandreou. Their decision to reverse their testimony would rock the junta and hopefully keep Andreas from rotting—or hanging—in the junta's jails.

The story of how RAMPARTS came to obtain their testimony can only be told most generally here. Many other Greeks, as well as some Americans, would be personally jeopardized and find their effectiveness diminished if their names were revealed now. Among the Americans who have played the most constructive roles are some close to the White House. However, the American Embassy in Athens has known this story since July, and chose to sit on its hands.

The Greeks felt that their stories should be made public to give the American people some insight into the quality of this gang called the junta to whose government we are on the verge of providing more military aid.

The stories had to be kept secret until this publication because it was assumed that large and influential parts of U.S. officialdom were not, to put it mildly, sympathetic with Papandreou. More important, the junta must not learn they had lost their key witnesses.

Much to my surprise, I became increasingly satisfied that the CIA was not strategically involved in the coup. I remain quite confident that at a minimum they were "aware" of the King's plans for a coup—but that coup never occurred because the junta moved first. The CIA was beaten at its own game.

In Greece today, King Constantine with U.S. support is anti-democratic enough. The junta with U.S. support will be catastrophic. The testimony of the two Greeks that follows will, I hope, serve to prevent that catastrophe.

—Stanley K. Sheinbaum

The Testimony of Andreas Vachliotis

IT WAS SIX P.M. on September 6, 1966 when, in the custody of three gun-bearing KYP (the Greek "CIA") agents, I entered the empty corridors of the court in Athens. I was being taken to the public prosecutor Tarassouleas, to give "testimony" against Andreas Papandreou.

I am a man who was jailed by the Germans and who escaped to join the Allied forces fighting Nazism. Today, fascists are again in control of Greece, and it was for the purpose of fighting fascism once more that I left Greece and came to the United States to tell my story.

My story is of importance only because it is part of the story of Andreas Papandreou, Greece's leading democrat, who is now in jail and cannot speak on his own behalf. Papandreou was imprisoned by Greece's new military rulers because they found his liberal democratic beliefs threatening. He has committed no crimes, although he faces trumped-up charges of treason. My main purpose in telling this story is to make it clear that the military junta's charges against Andreas Papandreou are totally fabricated. These charges rest largely on a "confession" I made about alleged subversive activities by Papandreou. This confession was extracted from me under pressure, and it is totally false. It is perjured testimony, and it would have no influence in any court in any truly just land. Papandreou is an honest patriot, and the Greek junta's attempts to conjure up a case against him is a vile misdeed.

Like Papandreou, I come from a family which has long been active in Greek politics. My father was a general in the Greek Army and later a Member of Parliament, and, in the early 1950's, Minister of the Interior. In the calmer times before the recent coup, I practiced law in Athens. Both Papandreou and I were members of the Center Union Party, a coalition of liberal and social democrat groups whose politics are akin to those of the British Labor Party.

This story really begins in Paris in June 1964, where I was spending my vacation. Andreas Papandreou had just become Minister of Coordination (the highest-ranking post in the Greek government after Prime Minister) in the cabinet of his father, Prime Minister George Papandreou. In Paris that June, Papandreou, his father and a number of other government officials were on their way back to Greece from a trip to the United States. Andreas Papandreou, having spent 20 years as an economics professor at American universities, was totally naive about the intricacies of Greek politics. He is a staunch democrat, a respected economist and an honest man, but because of his political inexperience, I was very much afraid of the maneuvers other Greek politicians were plotting behind his back. Before leaving Greece for my vacation, I had heard about various moves old-time reactionary politicians were planning against him (maneuvers which resulted in a frame-up that forced him out of the government a year later), and I was worried for him. I went to see him at the Hotel Crillon in Paris. I told him about some of the things that I had heard, and I'm pleased to say that on some points he took my advice and got rid of several government officials who were incompetent or plotting against him. I remained in Paris, but Andreas returned to Greece. We remained in touch. He asked me to put some of my ideas into writing, and during the month of July I wrote him a number of memoranda.

It was one of these memoranda which was later to be used as a pretext for putting Papandreou in jail. I wrote it on the 26th of July and flew to Athens and gave it to him the next day. It was seven typed pages on yellowish paper, and it is now in the hands of Greek judicial authorities. What this memorandum basically said was that Papandreou, to protect himself and establish his father's government firmly in control, should undertake "the creation of an organization to control the mechanism of the Greek state, both inside and outside the country," to preempt control from agents of the fascist-leaning military and secret police. I further recommended, in that proposal, the "*gradual* replacement" of the military chiefs of staff, as well as the heads of the police, gendarmerie and the multitude of secret police organizations, including KYP which, from all evidence, were actively engaged in undermining Papandreou's government. It should be noted that there was not the faintest suggestion, either in my proposals or in any of my talks with Andreas Papandreou, that the replacement of key officials should be accompanied by violence or imprisonment —as KYP and the junta were later to allege. Those are the junta's methods, but certainly not Papandreou's.

BEFORE GOING ON with my story I want to say a few words about KYP. KYP was founded in 1950—its purpose to be roughly comparable to that of the American CIA which, incidentally, helped start KYP. Nominally, KYP's activities are supposed to be limited strictly to dealing with direct threats to the internal security of Greece. But, in fact, KYP has grown considerably during the years since it was founded, has infiltrated its own agents into many branches of the government and the Armed Forces, and has *itself* become a major threat to the security of Greek democracy. Although the recent coup in Greece is usually thought of as a military coup, most of the people behind the scenes, and not a few of the prominent Army officers themselves, are KYP agents. KYP was in fact planning the coup and laying the groundwork for at least three years before it actually took place.

That KYP was out to destroy Papandreou is very clear to me. Takis Apostolopoulos, a key KYP agent, told me just a few days before the coup that he "would give my right arm to get Andreas Papandreou." Major Evangelos Tsakas, now a special counselor to Minister of the Prime Ministry Papadopoulos, also said to me that Papandreou "ought to have been killed that same night of the coup. We should get rid of him."

I know that KYP has been plotting against Andreas Papandreou for several years, because in June of 1966 the KYP agent Apostolopoulos, known to me then by the name Varikopoulos, came to me and said that he wanted the copies of the memoranda I had prepared for Andreas two years before. I told him that I had the documents but that there was nothing in them that was of any interest to him. The agent asked me to give him the documents. I told him that they were private correspondence and none of his business. He told me that in the investigation of Papandreou, already underway for two years, there were materials incriminating me, too. He then threatened to get a search warrant, and told me things would be difficult for me if I did not cooperate. I finally gave in and said I would permit KYP to make copies of the memoranda, provided the originals were returned to me.

So the agent took me to the KYP building in Athens. It is an inconspicuous-looking five-story building at 20 Bouboulina Street, about a mile from downtown Athens. You enter through an alleyway and go up to the third floor in an old-fashioned elevator. The offices are very small. They took the memoranda away from me into a room where I was told there was a photocopy machine. Ten minutes later several KYP agents returned and told me, "We have decided to keep the documents and not give them back to you. You can go." I had been tricked.

Of course, the next thing I did was try to warn Andreas Papandreou. I could not reach him, so I left a note for him with the gendarme guarding his front door. In retrospect, it seems to me that that may have been a foolish thing to do, for I later learned that KYP had infiltrated its agents into a number of positions in Papandreou's household, and that at one point even Papandreou's personal messenger boy was a KYP agent. The boy used to take all of Andreas' outgoing mail to the KYP office, where it was photocopied before being sent on its way. So I don't know whether he ever received my note.

From here on, everything that happened to me seems more and more a nightmare. When KYP saw that in my memorandum to Andreas I had recommended replacing the heads of a number of government agencies, including KYP, they were very angry, and I am afraid that this renewed their decision to "get" Andreas at all costs. KYP agent Apostolopoulos came to me again and told me that they wanted me to write down everything that had happened between myself and Andreas Papandreou in 1964. I did so, making clear that I thought he was an honest man, and a democrat, who would do the right thing for Greece.

Apostolopoulos threatened me with being charged as an accomplice and subjected to lengthy imprisonment. Facing that charge and the warning that unpleasant things might happen to my wife and son, I agreed to sign a document prepared by them. It claimed that Andreas Papandreou was about to organize a *coup d'état* by a group of dissatisfied young officers, that he was planning to remove the King, and to take Greece out of NATO, and that he was in general guilty of pro-communist sympathies and treasonous activities.

Of course, none of the charges were true. Papandreou is an innocent man. The charges against him are complete fabrications—made on the basis of my forced, perjured testimony.

It was the end of August 1966 when the Public Prosecutor's office ordered me to present myself on September 3 at five p.m. to give formal testimony. I did not go. I hid in the home of a friend, but the next day another friend contacted me and told me that the entire KYP apparatus was looking for me, and that I must go and testify. On the 6th day of September at six p.m., the three armed KYP agents took me to the Public Prosecutor's office, where I gave perjured testimony. Several months later, on February 2, 1967, as part of the judicial routine, I had to repeat that testimony to Judge of Instruction Socratides, who examined all witnesses against Papandreou.

KYP had me trapped. I found myself caught in a web from which I could not escape. In July 1966, KYP forced me to go to Paris (followed there and back by a KYP agent) to bring back to Athens my friend Kyriakos Diakogiannis. The KYP agents who had read my original memoranda to Papandreou had seen Diakogiannis' name mentioned, and, grasping at all possible straws, they wanted to use him to build their false case against Papandreou. They were desperate for any kind of information they could twist into "evidence." They needed a second witness to firm up my deposition.

So eager was KYP to insure that its two prize "witnesses" against Papandreou did not slip away or change their stories, that KYP used then Prime Minister of Greece, Stefane Stefanopoulos, to put further pressure on us. On August 25, we were taken to the Prime Minister's office in Athens by KYP agent Apostolopoulos at 8:45 in the evening. Stefanopoulos, a weak and ineffective man, whose government was already thoroughly infiltrated by KYP, was obviously a pawn of KYP. He talked to each of us privately for half an hour or so, grilling us on our stories, making sure we stuck to the facts he wanted to hear. He said that he relied on my patriotism to defend Greece from someone who was determined to destroy it.

Both Judge Socratides and Apostolopoulos told me later that it was on the basis of my perjured testimony, and that of Diakogiannis, that Papandreou was arrested during the coup. At 2:30 a.m. on April 21, 1967, Greek Army soldiers broke into Papandreou's house in Athens, threatened his American wife and his children at gunpoint, and arrested him. He has been in jail ever since, charged with "conspiracy to commit treason against the regime and the state," and he is scheduled to be tried on these trumped-up charges shortly. His jailers do not want to execute him, for he would become a martyr, but many of us fear he might die in one of those mysterious "accidents" that sometimes dispose of embarrassing political prisoners. To this day he has never been permitted private conversation with his lawyers, a basic legal right of any prisoner.

THE KYP AGENTS who constitute the real power behind the junta thought they had me under their control because I had been willing to sign a false "confession." They thought I was pliable enough to work for the new regime. I was offered a number of jobs by the new government, and at one point Lt. Col. John Paleologos, director of the Prime Minister's staff, wanted me to be Minister of Press and Information.

I received this kid-glove treatment for one main reason: the junta and KYP knew that the false testimony of myself and Diakogiannis is the only thing that they have against Papandreou. Other so-called "witnesses" have testified to his alleged misdeeds, but their evidence is so full of holes that it would look ridiculous in court. Some of it has already been made public, but no one takes it seriously. Thus Diakogiannis and I were central to the junta's plans, and they wanted to treat us well.

But my real concern was to get to the outside world and bring attention to the fate of my friend Andreas Papandreou. I left for Paris in August of this year, letting KYP think I was going there on its behalf, to spy on a conference of Greek democrats in exile. I did not go back. KYP probably thought they could insure my return to Greece by forbidding my wife and son to leave Greece with me. But, through the cooperation of a friend who must remain anonymous, I was able to have my wife and son secretly picked up by a chartered airplane and flown to Paris to join me four days later. We all hope to live in the U.S. until the time comes when I know that I can return to Greece freely. I lost my house, my job and virtually everything I owned by leaving Greece and revealing these facts.

It goes almost without saying that the Greek military junta's charges that its takeover was necessary to prevent the country from falling to the communists, is utterly false. The communists, at the most, have the support of six or seven per cent of the Greek electorate, and they are not a serious factor in Greek politics. The enemy of the right-wing military and secret police officers was Andreas Papandreou and the liberal democracy which he represents. KYP has won now, and won big. KYP agents are in power throughout the new government. Two of the most important are Lt. Col. Roufogalis, who is in charge of "interior security," and Lt. Col. Protopapas of Espionage and Counter-espionage. These men hold military rank, but in actuality are KYP agents. Another important KYP agent in the new government is Maj. Evangelos Tsakas, the man who advocated murdering Papandreou on the night of the coup and who now keeps members of the junta under surveillance for KYP.

Other KYP personnel were members of the original revolutionary committee that organized the coup. Besides Paleologos, Tsakas and Roufogalis, they include Capt. Kefalas and Lt. Col. Protopapas. Another tie binding KYP to the junta is Rose Pattakos, daughter of one of the four members of the junta, who was private secretary to the head of KYP, General Kyriakos Papageorgopoulos before the coup. There are many more KYP colleagues in high government positions.

There are good indications that the CIA knew about KYP's plan for a coup, and may have given KYP some small aid along the way. Paleologos told me in his private office on April 24, just three days after the coup, that the U.S. government did not know anything about the coup's coming, but other U.S. "sources" did help the junta with the coup. When I asked him whether he meant the CIA, he just smiled and answered: "Let's not use names. . . ." However, American and Greek leftists should not delude themselves into thinking that the entire coup was a CIA plot. It was a plot by Greece's combination CIA/FBI, and it is this sinister agency—KYP—grown in power far beyond reason, that must bear the responsibility for the death of democracy in Greece.

An attitude typical of these men is that of Royal Air Force Colonel Skarmaliorakis, a member of the Revolutionary Committee and now Chief of Civil Aviation, who said to me in Paleologos' office on April 29th last, "We will run this country the way we like it. To hell with Americans and Jews. We will show them who we really are." Like all fascists, Greece's military rulers must govern by the use of lies, and it is to expose some of their most important lies that I have told this story. In the name of the war which both our countries fought against fascism, and in the name of the parliamentary democracy which first grew up in my country and later flourished in yours, I appeal to all Americans to work to restore democracy in the land once known as its cradle.

The Testimony of Kyriakos Diakogiannis

My involvement in the frame-up of Andreas Papandreou began in June of 1964, when I was introduced to Andreas Vachliotis, an Athens lawyer and friend of Papandreou. After a series of long discussions, Mr. Vachliotis and I agreed that in Papandreou resided the best hope for the renaissance of Greek democracy, and together we drafted, at Papandreou's request, a number of proposed reforms in various areas of Greek political life. These reports were written on my typewriter, in the Paris office of the Greek emigre journal Patris, of which I was editor and publisher. Some were sent to Papandreou by mail; one, I personally delivered to his house in Athens. Several of these documents fell into the hands of KYP.

One document in particular, drafted by Mr. Vachliotis and myself, is the principal reason why Mr. Papandreou is now in prison facing a possible death penalty for treason. I recall the contents of the document almost word for word, since the secret police "refreshed my memory" of it only a year ago; I can say that Mr. Vachliotis has described it accurately.

In the summer of 1965 the Papandreou government was overthrown, and we watched with apprehension the gathering storm. In the meantime, the reputation of my newspaper continued to grow, and in March of 1966 I was appointed press attache at the Greek delegation to the Organization for Economic Cooperation and Development in Paris. Then in July of that year, a rather distracted Mr. Vachliotis contacted me in Paris, indicating that "certain persons" had expressed strong interest in the proposals we had written for Papandreou two years before.

In August I returned to Athens, where Vachliotis introduced me to a KYP agent, Takis Apostolopoulos, who promptly ushered us into the office of Premier Stefanopoulos. The Prime Minister said KYP was apprised of everything that had taken place between Papandreou, Vachliotis and myself, and told us to confirm it in a formal statement before a judge. He said, "You know very well, Mr. Diakogiannis, that when a country has to choose between the existence of a man and the security of the state, the man doesn't count for much."

After an interrogation and briefing by Takis and Major Tsakas of KYP, I gave a sworn statement before a Judge of Instruction, recounting the events exactly as they had occurred—with one important difference. I was also asked to attest that Vachliotis had related to me a conversation between himself and Papandreou, in which the latter had purportedly advocated the use of violent means to eliminate his opposition. Mr. Vachliotis had never told me anything of the sort. In their search for treasonable "evidence" against Papandreou, KYP was obliging us to perjure ourselves, with thinly veiled threats to our persons and those of our families. Remembering the experiences of my father, who had been in the secret police, I knew full well what they were capable of.

The imaginary conversation to which I attested went in substance like this:

PAPANDREOU (reading our proposal to replace key military and police officials with trustworthy men): But you haven't said *how* this should be accomplished.

VACHLIOTIS: Gradually, after careful selection . . .

PAPANDREOU (smiling ironically): This kind of affair only succeeds when the heads begin to roll . . .

I was later assured by KYP agents, Takis and others, that my perjured testimony and that of Mr. Vachliotis were the secret foundation stones of the state's case against Papandreou, to be sprung on an unsuspecting defense at his impending trial.

I left Athens for the last time on July 10, 1967, to escape from the threats of KYP, determined now to do all in my power to right the wrongs done to Andreas Papandreou as a result of my unwilling testimony, extracted under pressure by the Greek secret police.

THE PRESIDENT HAS SEEN 2/2

THE WHITE HOUSE

WASHINGTON

94 FEB 1 A10 : 42

January 31, 1994

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Linda Moore, Political Affairs

SUBJECT: Minnesota Political News

I. SUMMARY

A poll released yesterday reports that you enjoy a 55% approval rating in Minnesota.

Ramsey County Attorney Tom Foley (D) announced for the U.S. Senate today.

II. DISCUSSION

The poll, conducted by the *St. Paul Pioneer Press* from 1/7 - 1/23/94, reports that you have a 55% favorable/42% unfavorable ratio in the state, the highest of any person tested. A clip of the story reporting your numbers (and those of other Minnesota politicians) is attached.

Foley announced his candidacy for the Senate this morning, emphasizing his moderate credentials and outlining a campaign based on personal responsibility, fiscal restraint, government reform and resolve on crime. A copy of the news release from his announcement is attached. The *Pioneer Press* poll reports that Foley leads all of the announced Senate candidates, Democrat or Republican, in name recognition, enjoying 67% name I.D.

cc Mack
Bruce
George

SAINT PAUL PIONEER PRESS SUNDAY
MINNESOTA'S FIRST NEWSPAPER
JANUARY 30, 1994
VOLUME 145, NUMBER 278
$1.25

Voters give Carlson high marks

He's strongest of a host of candidates — for the moment

BILL SALISBURY STAFF WRITER

With the state budget back in the black and Minnesota's economy on the upswing, Gov. Arne Carlson is starting this election year on a high note, according to a St. Paul Pioneer Press Poll.

Carlson got higher job approval ratings than either of Minnesota's U.S. senators, and the Independent-Republican governor's grades matched those of President Clinton.

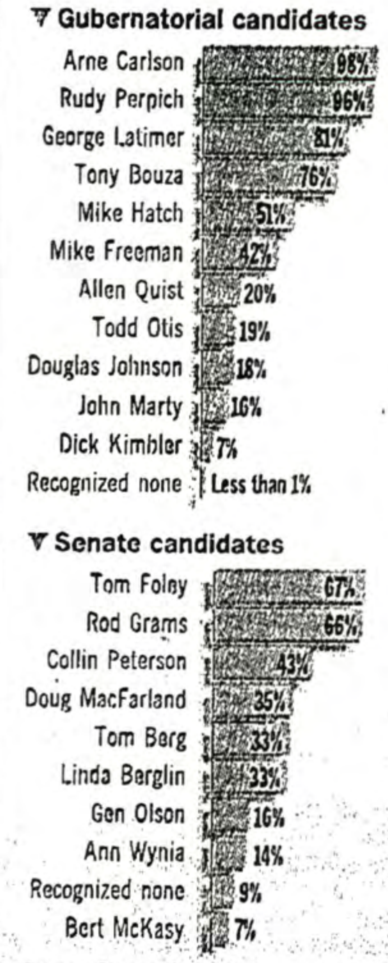
Meanwhile, most of Carlson's likely challengers are mysterious strangers to most Minnesotans. Best known are former DFL Gov. Rudy Perpich, who is toying with the idea of seeking an unprecedented fourth term, and former Minneapolis Police Chief Tony Bouza, a declared DFL candidate. But a half-dozen other gubernatorial candidates barely register on the name-recognition chart.

In the U.S. Senate race, the best-known contender hasn't even declared his candidacy — yet. Ramsey County Attorney Tom Foley, a

POLL CONTINUED ON 8A ▶

Candidate recognition

Gov. Arne Carlson and U.S. Senate candidate Tom Foley came out on top when Minnesotans were asked which candidate names they recognized in these 1994 election races:



Source: Pioneer Press Poll

DAVE HARDMAN / PIONEER PRESS

POLL

▼ CONTINUED FROM 1A

DFLer who plans to enter the race Monday, had the highest name-identification score in the field. He narrowly edged out U.S. Rep. Rod Grams, who is by far the best-known IR candidate running for the Senate.

The survey of 588 randomly chosen Minnesotans brings good news for Carlson. His job performance was rated favorably by 54 percent, while 42 percent gave him unfavorable marks.

Approval ratings don't always translate into votes. Voters who give officials low performance ratings often prefer them to their opponents in an election.

Nonetheless, Carlson's 42 percent unfavorable rating suggests that he is politically vulnerable.

While he still has relatively high negatives, Carlson's job approval rating has risen since the last Pioneer Press poll. His performance rating dropped steadily from 50 percent favorable and 21 percent unfavorable in January 1991, the month he took office, through October 1992, when he scored 63 percent unfavorable and 30 percent favorable. Since then, his ratings have improved by more than 20 percentage points.

The poll didn't probe Minnesotans' reasons for giving Carlson higher grades, but Carlson's major policy accomplishment has been to clean up a budget mess that he inherited from Perpich three years ago. Now the budget is balanced, the state has a small surplus in the bank, and Carlson warded off tax and spending increases pushed by the DFL-controlled Legislature.

Bruce Driscoll, 52, of Hibbing, said Carlson has done a good job as governor. "Fiscally, he has helped the state a great deal," Driscoll said. "I think that moneywise we're in better shape right now than we were before."

In addition, Carlson, a political streetfighter by nature, seems to have improved his personal standing with Minnesotans by limiting his public exposure and avoiding public brawls with political opponents.

But like the president, Carlson's job performance rating seems to have benefited most from rising optimism about the economy. When the economy improves, voters generally give officials higher marks, regardless of whether they are responsible for the improvements.

Carlson's score was about the same as Clinton's. The president received favorable marks from 55 percent of respondents and unfavorable ratings from 42 percent.

Minnesota mirrored the nation on Clinton's performance. In recent national surveys, the president received approval ratings of 54 percent in a New York

Local officials fare better

More Minnesotans give high marks to the performance of their local schools and government than to the state Legislature or the U.S. Congress.

▼ Favorable rating by percentage

U.S. Congress	26%
Minnesota Legislature	35%
Local school officials	51%
Local government	54%

Source: Pioneer Press Poll

PIONEER PRESS GRAPHIC

Los Angeles Times Poll and 60 percent in a Washington Post-ABC News poll.

U.S. Sens. Paul Wellstone and Dave Durenberger got low grades in the Pioneer Press poll.

Wellstone, a DFLer whose term runs until 1996, was rated unfavorably by 45 percent and favorably by 42 percent.

Durenberger, an Independent-Republican who decided not to seek re-election this year, got the lowest ratings — 57 percent unfavorable and 35 percent favorable. His ratings have been in the tank since 1990, when he was denounced by the Senate for unethical conduct.

Carlson lags outstate

Carlson's weak spot is in the 80 counties outside the Twin Cities metro area. Outstate residents gave him a 47-46 percent unfavorable rating. But he fared much better in the St. Paul area, where he got a 67-31 percent favorable mark, and in the Minneapolis area, where his rating was 53-42 percent favorable.

Cindy Wagner, 38, of Mankato was among those who rated Carlson's performance as poor. "To me, he has made public decisions based on public perceptions of him rather than because it was the right thing to do," she said. Wagner noted, for example, that denying pay raises to state employees "didn't balance the budget. That was really asinine.

"There comes a time when you have to stand up for what you believe in," she said. "To me, he stands stands up for what will get him re-elected."

As expected, Carlson is the best-known gubernatorial candidate. Ninety-eight percent recognized his name.

Next is Perpich, who was unseated by Carlson in 1990. He had 96 percent name recognition.

Former St. Paul Mayor George Latimer, who recently announced he will not run for governor this year, was third on the list, with 81 percent identifying him.

Three in four Minnesotans know Bouza, the colorful and controversial former New York cop.

Half recognized the name of Mike Hatch, a former state commerce commissioner and DFL Party chairman who unsuccessfully challenged Perpich in his party's 1990 primary.

But the rest of the declared and potential DFL candidates were not exactly

Hennepin County Attorney Mike Freeman fared the best of the rest, with 42 percent name recognition, followed by former DFL Chairman Todd Otis at 19 percent, state Sen. Douglas Johnson at 18 percent and state Sen. John Marty at 16 percent.

Carlson also faces two IR challengers, neither of whom is well-known. Former state Rep. Allen Quist had 20 percent name recognition. Just 7 percent knew Dick Kimbler, a Ramsey businessman.

But name recognition doesn't mean much at this point. Just because voters know a candidate doesn't mean they have a favorable impression of him or her. And unknown candidates introduce themselves to voters through campaigns.

Shadowy Senate candidates

The race for Durenberger's Senate seat is filled with equally mysterious figures.

Foley, with 67 percent name recognition, is by far the best-known DFL candidate. But he may have benefited by having the same first and last name as the speaker of the U.S. House, and perhaps because his father, retired Judge Daniel Foley of the state appeals court, has been on the ballot several times.

Grams, the first-term congressman from Ramsey, was recognized by 66 percent, giving him an equally large lead in name recognition over the other candidates for the IR Senate nomination.

Among the possible DFL candidates, U.S. Rep. Collin Peterson, a second-term lawmaker from Detroit Lakes who is considering joining the race, has the second-highest name recognition, 43 percent.

He was followed by three declared candidates who have been campaigning for months: former U.S. Attorney Tom Berg and state Sen. Linda Berglin, both at 33 percent, and former state House Majority Leader Ann Wynia at 14 percent.

After Grams in the IR race, the next-best-known candidate is Hamline University law professor Doug McFarland with 35 percent name recognition. State Sen. Gen Olson was recognized by 16 percent and former Commerce Commissioner Bert McKasy by 7 percent.

Lt. Gov. Joanell Dyrstad was not included in the poll; she announced her interest in the Senate seat after the Pioneer Press had started its survey.

The poll also showed that the closer government is to the people, the better they like it.

The distant U.S. Congress got the lowest performance ratings of any institution or individual, 68-26 percent unfavorable.

The Minnesota Legislature fared somewhat better but still had a negative rating, 45-35 percent unfavorable.

Local governments and local school officials got the top scores, 54-43 percent favorable for local governments and 51-35 percent favorable for school officials.

Staff writer Larry Millett contributed to this arti-

FROM PAGE 1

How today's poll was conducted

The St. Paul Pioneer Press conducted this statewide public opinion survey between Jan. 7 and Jan. 23 by interviewing 588 randomly selected residents by telephone. The interviews were conducted by the Pioneer Press research department staff.

In theory, 19 times out of 20 that size sample will yield results that differ by no more than 4.1 percent from responses that would be received by interviewing every adult in the state. That margin of error is larger for subgroups, such as those respondents who have a college education.

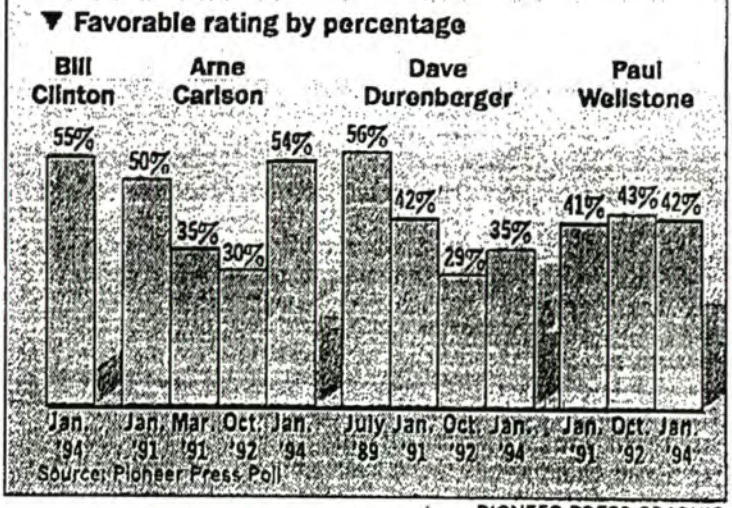
The wording of questions also can introduce errors.

Further details on how the poll was conducted are available from the Pioneer Press research department.

The poll was directed by Dave Peters, deputy metro editor.

Carlson's popularity rebounds

Gov. Arne Carlson's approval rating among Minnesotans rose significantly over the past year. The state's U.S. senators gained a favorable assessment from less than half of Minnesota residents.



PIONEER PRESS GRAPHIC

Tom Foley
★ U.S.Senate ★

Press Release

For Release: Jan. 31, 1994 @
10 A.M.

Contact: John Wodele
612/699-3948
612/374-8169

Ramsey County Attorney Tom Foley Announces Candidacy for The United States Senate

St. Paul, Mn. Ramsey County Attorney Tom Foley officially announced today in St. Paul that he will be a Candidate for the United States Senate in this fall's election to fill the seat vacated by Senator Dave Durenburger.

Foley's announcement took place at the Ramsey County court house in St. Paul, where Foley has served as County Attorney since 1978.

Entering a race loaded with liberal Democrats and conservative Republicans, Foley is positioned well as a moderate fighting for a middle class that is often alienated by the political extremes.

The spirited announcement speech, delivered to hundreds of supporters and the media in the Memorial Hall lobby of the Ramsey County court house, outlined a campaign substantially based on mainstream values of hard work, strong families, personal responsibility, and fiscal restraint.

Foley called for the "sunseting of all government entitlement programs every ten years" saying this review process should be used to "reform or eliminate, inefficient, ineffective or inequitable spending programs."

"For mainstream Americans, life can only get better if Congress will do the right thing and adopt a cut and invest strategy for growth," Foley said. Adding that this must be done "Without regard to special interests or pork barrel politics."

Throughout his speech, Foley hammered away at reform themes but received his loudest applause when he called for communities to join with him to "attack Crime with a vengeance."

Among measures that Foley advocated were tough actions to counter the trafficking of illegal guns, the creation of boot camp prisons for young offenders and the concentration of law enforcement resources toward career and violent criminals.

Many political observers were not surprised to see Foley enter a race that at this point is made up of candidates at the extremes of both political parties.

Foley, a Democrat, has long been identified as a moderate with a less partisan approach to government. As a leader in the moderate Democratic Leadership Council, Foley has championed political party reform to allow more participation by ordinary citizens.

Foley served as Ramsey County Attorney since 1978 and in that role has overseen the investigation and prosecution of many high profile crimes. He led the successful prosecution of Lois Jurgens for the child abuse murder of her three year old son. He argued the famous cross burning case *R.A.V. v. St. Paul* before the United States Supreme Court. Most recently, Foley has been identified as the prosecutor of the so called "phonegate" scandal at the Minnesota Legislature.

During his distinguished career Foley has served as a Minnesota Assistant Attorney General and the Deputy Commissioner of Corrections for the State of Minnesota. He served as a chair of the 1992 Clinton/Gore Campaign in Minnesota. He is a graduate of the University of Minnesota where he earned his B.A. in 1969 and his law degree in 1972.

Foley, 46,who is a native of Wabasha, Minnesota, now lives in the Highland Park neighborhood of St Paul and has two sons: Jordan, 14 and Mitchell, 12.

#####

THE PRESIDENT HAS SEEN
2.2.94

Mack

Notes on my talks
w/ Sen Bryan re:
Hwy projects —
What are we doing on it?

B

— This will be w/ cong-
with contract H2O projects-
Byrd found THE WHITE HOUSE WASHINGTON $1b. to get 1 TEA
of this bill –

Byrd
Pls recognize
↳ Bcad Election

VP – Vegas

Hwy Demo proj rescission
his bit – told VP, Panetta.
Leon said we'd work w/-
will accom. needs –
issue proj import w/
what the Budget
contain rec for 94/95 –
what about transit
demo vs Hwy proj –

LB –
Holt hit st Pa (300m)
WVa (200)
NY (170)
Cal (145)
Ala (90)

Mad
Not been mentioned

$ spent on EIS, planning & city
suspend – the folks
En – If the fight for why put it out –

SENT BY:SIEGFRIED.KIPNIS ; 1-31-94 ; 5:52PM ; 305-443-3292- 12024566703;# 1/18

THE PRESIDENT HAS SEEN
2. 2. 94

LAW OFFICES

SIEGFRIED, KIPNIS, RIVERA, LERNER, DE LA TORRE & PETERSEN, P.A.

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FILE NO.

REPLY TO:

Mack
Put somebody
on this - we need to
stay in good standing
with the Jews in Fla on disaster
Hist.

FAX TRANSMITTAL SHEET

TO: PRESIDENT BILL CLINTON -- NANCY HERNREICH
FAX #: 1-202-456-6703
PHONE #:

FROM: MARIA VICTORIA ARIAS
FAX #: (305) 443-3292
PHONE #: (305) 442-3334
FILE #:

RE: FEMA PROBLEM WITH ROYAL HARBOR

DATE: January 31, 1994
TIME: 5:46 pm
NUMBER OF PAGES TO FOLLOW: 16

MESSAGE: MR.PRESIDENT:

A MEMO FROM MARIA RODHAM RE: A PROBLEM [redacted] IN FLORIDA WITH FEMA THAT SHE THINKS COULD END UP BEING A PR NIGHTMARE. EVIDENTLY, FEMA IS REQUIRING THE DESTRUCTION OF MANY GROUND FLOORS OF HOMES HIT BY HURRICANE ANDREW. ALTHOUGH FEMA OBSERVED AND INSPECTED THE RECONSTRUCTION OVER THE LAST 10 MONTHS, THEY ARE JUST NOW SAYING THESE HOUSES DON'T MEET THE NATIONAL FLOOD INSURANCE BUILDING CODE CRITERIA.

KELLY

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FILE NO.

REPLY TO:

MEMORANDUM

TO: PRESIDENT BILL CLINTON

FROM: MARIA VICTORIA ARIAS

DATE: January 31, 1994

RE: FEMA PROBLEM

Attached is a memorandum from Marc Watson of Greenberg, Traurig which discusses the problems a community known as Royal Yacht has had with FEMA. I am also attaching a letter from Steve Siegfried which provides you with additional information together with correspondence from Joaquin Avino, County Manager, to James Witt, the Director of FEMA.

In my opinion, this is not an issue involving only one community. As you can see from Paragraph 10 of Watson's memo, it could become a public relations nightmare. It's difficult to believe that FEMA is now requiring the demolition of the ground floors of homes when FEMA and County representatives observed the reconstruction. This would reaffirm the public perception that FEMA does not know what it is doing. FEMA should not be perceived as a governmental body which prevents people from once again residing in their homes or as a governmental body which causes people to destroy their homes once constructed.

I know that you are very busy. I feel, however, that you should see this. If it's happening here in Florida, can you imagine what could happen in those states affected by the floods and in California. Please take the time to review the attached documents.

GREENBERG
ATTORNEYS AT LAW
TRAURIG

Transmittal Cover Sheet

TO	MARIA ARIAS
Company	
Fax Number	443-3292
Phone Number	
FROM	MARC M. WATSON
File Number	14677.0102
Comments	
Date	January 27, 1994
Time	10:13am
No. Pages	**Including this cover sheet** 4

Please notify us immediately if not received properly at 305-579-0715 or 305-579-0716

1221 Brickell Avenue, Miami, Florida 33131 305-579-0500 Fax 305-579-0717

Memorandum

To Maria Arias

From Marc Watson

Date January 27, 1994

Re Royal Harbor — Hurricane Andrew Damage — FEMA

---

1. Royal Harbor Yacht Club is a 52 unit townhome project located on an island in the southern part of Dade County. All of the units at Royal Harbor, which was in the direct path of Hurricane Andrew, suffered a total loss on the ground floor as a result of the storm. Upper floors suffered moderate to severe damage, however there was no damage to the external structure of the buildings.

2. On a continuing basis from 1983 through and after Hurricane Andrew, Dade County Building and Zoning permitted improvements to the ground floor of these units, more particularly bathrooms and the use of drywall finishes. Although it is now clear that Dade County was incorrect in granting such permits, no homeowner prior to Hurricane Andrew was ever cited for inappropriate improvements to the ground floor. Subsequent to Hurricane Andrew, all but a handfull of homeowners immediately commenced reconstruction of their units to place the units back into the condition and format that they were in prior to the storm.

3. Throughout the rebuilding process, which began immediately after the storm and continued until July 2, 1993 (approximately ten months) both the County and officials of FEMA inspected or observed the reconstruction of these units, including the ground floor, on almost a daily basis. By July 2, 1993, 20 of the units were fully completed and occupied by their residents and all but a few units were under reconstruction and substantially completed. All of the reconstruction was regularly inspected by Dade County and viewed by representatives of FEMA who were continually on the site.

4. On July 2, 1993, almost 10 months after the storm, Dade County placed "red tags" on every door at Royal Harbor indicating that no further reconstruction work should be performed. After several days of frustration, homeowners were able to determine that work was stopped because FEMA told Dade County that FEMA would cancel the County's entire flood insurance program unless the National Flood Insurance Building Code criteria was strictly applied to the ground floors at Royal Harbor. FEMA's position was that all of the homeowners at Royal Harbor who had already completed reconstruction of their homes and moved back in would be required to tear out all reconstruction on the ground floor and rebuild the ground floors in strict conformance with National Flood Insurance guidelines.

5. It is important to note that in the months that followed the homeowners were able to determine that in May of 1992, three months prior to Hurricane Andrew, FEMA sent a letter to Dade County questioning the building code specifications applicable to the ground floors at Royal Harbor. The issues raised in this letter were never communicated to the homeowners prior to the storm, and subsequent to the storm the homeowners were not made aware of the letter until well after the red tag date of July 2, 1993.

6. The homeowners have been involved in months of negotiations with various representatives of FEMA including Messrs. Woodard and Macbeth from the FEMA Atlanta office, Director Witt and Mr. Collins in Washington and most recently Robert Volland from FEMA's Office of Mitigation. Throughout all of these conversations, and negotiations, the homeowners have stated the position that had they known of FEMA's concern regarding previous violations of National Flood Insurance Building Code requirements at the time reconstruction commenced, all homeowners would have taken appropriate action to build the ground floors accordingly. However, it was inappropriate and creates significant economic and emotional hardship to require homeowners who lost their homes in the storm, to tear down a portion of their homes after they have gone through a lengthy and difficult rebuilding process.

7. FEMA's position at Royal Harbor relates to the fact that FEMA is extremely unhappy with Dade County in connection with literally thousands of violations of the National Flood Insurance Building Code resulting from Dade County improperly permitting construction. To the best of our knowledge FEMA is not requiring that any of these other violations be torn down. It is abundantly clear that the issue between Dade County and FEMA does not relate solely to Royal Harbor but rather to the fact that FEMA is intent upon punishing Dade County for failure to properly comply with its requirements to enforce National Flood Insurance Building Code requirements.

8. Among the issues facing homeowners right now are the following:

- No homeowner can obtain a certificate of occupancy on his unit;
- Without a certificate of occupancy homeowners are in violation of mortgage covenants or are unable to secure new mortgages in connection with their home;
- Homeowners are unable to transfer title to their property, homeowners who have not completed construction are unable to complete

construction and have been forced to continue to rent beyond a period of time when insurance proceeds cover such rentals; and

- Every homeowner at Royal Harbor as a result of this problem with FEMA continues to live a very unsettled existence more than 17 months after Hurricane Andrew.

9. Presently Juaquin Avino, County Manager for Dade County, has indicated that the County is willing to grant a variance to the homeowners at Royal Harbor for construction on the ground floor, as it existed prior to the storm and reconstructed after the storm, subject to receiving a letter from FEMA that FEMA will not take punitive action against Dade County solely on the basis of a variance situation at Royal Harbor. Dade County is unwilling to allow the ground floor construction to remain standing so long as FEMA continues to threaten Dade County with either sanctions, probation, or withdrawal of the county-wide flood insurance program. Recently, Congressman Peter Deutch spoke directly with Director Witt of FEMA regarding the situation, however no clear resolution was reached. Representatives of Congressman Deutch's office continue to speak with representatives of FEMA, most recently Mr. Volland. In addition, representatives of Senator Holling's office have called FEMA to advise FEMA officials that they are unaware of any circumstances in South Carolina similar to the events at Royal Harbor in Miami. Specifically, they are unaware of any circumstances where FEMA observed reconstruction and subsequently asked that that construction be torn down in favor of strict compliance with a building code. Senator Holling's office has told FEMA that they will raise no objection and understand the special equities at FEMA (the 10 months of observed reconstruction) if FEMA grants an exemption to Royal Harbor.

10. Unless action is taken immediately, FEMA will send a letter to Dade County indicating that they are unwilling to relent from their position that the ground floors of Royal Harbor be demolished and then repaired in strict compliance with the National Flood Insurance Building Code and this action from FEMA will trigger Dade County into issuing a demand letter to the owners of Royal Harbor that they demolish the ground floors and construct in strict compliance with such code. In the event that the homeowners at Royal Harbor receive such a notice from Dade County, they will be forced to take immediate legal action including the filing of an injunction and other civil remedies as well as begin a substantial public relations campaign to expose the inequities of FEMA and the County observing this reconstruction for 10 months before changing their mind and calling for the destruction of the units.

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FILE NO.
REPLY TO:

November 24, 1993

Congressman Peter Deutsch
425 Cannon House Office Building
Washington, D.C. 20515

Re: Royal Harbour Yacht Club

Dear Congressman Deutsch:

I have been advised that your office is assisting the homeowners at Royal Harbour Yacht Club in overcoming their problems with the Department of Environmental Resources Management for Dade County and the Federal Emergency Management Agency ("FEMA"). My wife and I certainly appreciate your willingness to step forward and help us, residents of South Dade County. I have reviewed Marc Watson's letter of November 18, 1993 and concur that the position taken by FEMA is outrageous.

THE VICTIMS OF HURRICANE ANDREW ARE NOW VICTIMS OF THE FEDERAL BUREAUCRACY

Each unit owner at Royal Harbour was a victim Hurricane Andrew. Each unit owner was forced to leave their homes because they were not habitable. Each unit owner lost much of their personal property and cherished belongings and had to find alternative residence. They hired architects and engineers to get them back into their homes as quickly as possible. They had to negotiate settlements with their insurance companies. They did the best they could to get their lives back together. They suffered, as you know, tremendous financial loss, as well as psychological and emotional trauma. Many of us were victims of unscrupulous contractors. We were all victims of theft of items that remained in our homes that were not damaged. We as citizens of Dade

County had to endure lack of fresh water and supplies of food for weeks and perhaps months after the storm. When we started construction, all construction complied with Dade County Ordinances. All residents obtained permits or acquired permits after construction began, all in compliance with Dade County Ordinances. All construction was done openly and all construction was inspected. All construction was done in accordance with what existed prior to the storm. Dade County Building and Zoning had at least two major objectives after the storm: (1) to protect lives and safety; and (2) to get people back into their homes as quickly as possible.

In July of 1993, approximately ten (10) months after Hurricane Andrew devastated our homes, FEMA required Dade County to "red tag" our homes and stop construction. Since that time, our lives have been in further turmoil. Dade County, has issued building permits for bathrooms and drywall on the ground floors. Dade County, as well as representatives of FEMA, throughout the reconstruction process from August, 1992 to July, 1993 saw each unit owner installing drywall and bathrooms on their ground floor and said nothing to us. Dade County is now ready to workout a solution to remedy the violations of Chapter 11C that exists, and require reasonable compliance in light of the economic and personal hardship that each unit has continued to endure to reduce the impact of total compliance. Dade County and each of the unit owners believe Royal Harbour can be in compliance with the National Flood Insurance Program Regulations and intent. The November 17, 1993, letter of Mr. Glenn Woodard indicates that FEMA is unwilling to grant an exception, grant a variance, or interpret their own regulations fairly to remedy a violation, where the impact of non-compliance is not feasible in light of the economic and personal hardship that we will have to endure, and in light of the conduct of Dade County and FEMA during the reconstruction effort.

HISTORY OF ATTEMPTS TO RESOLVE THIS MATTER

Prior to the meeting of October 27, 1993, with FEMA, our community hired the services of John Pistorino, P.E., to discuss with FEMA and representatives of Dade County solutions to our problems. It appears that all violations originally noted by FEMA have been resolved, or can easily be resolved except for replacement of drywall and bathrooms on the ground level of our homes. It was reported to the community that FEMA understood that there were numerous communities and residences throughout Dade, Monroe and Broward Counties and all other locations throughout the State of Florida where bathrooms are installed below Base Flood Elevation ("BFE"). We were advised by Mr. Pistorino that the logic behind local administrators permitting bathrooms below

BFE is the concept of a cabana or marina, that is, that the bathroom is used as an ancillary function rather than being a material part of the structure. None of the bathrooms on the ground floor are necessary in the sense of "living space". Each unit has at least two or as many as four bathrooms above BEF. After discussions with FEMA, Mr. Pistorino was of the opinion that if Dade County permitted the drywall to remain as well as the baths, that FEMA would not do anything to jeopardize Dade County's participation in the Federal Insurance Program. Dade County, however, wanted a written statement from FEMA, indicating that strict compliance with their rules and regulations was not required. This, FEMA has been unwilling to do. When we met with FEMA on October 27, 1993, it was for the purpose of coming up with solutions to the homeowners problems at Royal Harbour. Mr. Woodard's statements on behalf of FEMA to representatives of the community was that he sympathized with us, that it was not at all desirable or reasonable to require each unit owner to rip out tens of thousands of dollars of improvements they already made to the ground floors of their units. I think he also recognized that the FEMA regulations at issue made little sense, especially in South Florida and under the particular circumstances existing at Royal Harbour. What Mr. Woodard of FEMA was saying to us was that in the event of another storm or hurricane they did not want drywall below BFE which could be damaged. However, as we explained, it would serve no useful purpose to remove thousands of feet of drywall from each of the homeowners' units below BFE which would overload our county landfills, (which have already lost their useful life due to the hurricane) and would not be environmentally sound, so that, in the event there is another hurricane, the drywall would not be damaged. There is no logic to FEMA's position to damage drywall now to protect property in the future. Additionally, Mr. Woodard understood that the purpose of the bathrooms on the ground floors was merely an extension of the outside of the homes and part of a marina environment. His letter of November 17, 1993, did nothing to resolve the issues between us, but simply was a statement that the parties he discussed the problem with on the "Federal level" agreed that any violations to-wit: the drywall and bathrooms, should be brought into compliance with the Flood Plan Management Regulations.

THE REGULATIONS

It is my understanding that FEMA, as one of its purposes has the duty, as an agency of the Federal Government, to protect persons and property. By their actions, if upheld, FEMA will require the destruction of hundreds of thousands of dollars of improvements for no rationale purpose. Additionally, in spite of the fact that FEMA has the power to make *exceptions* (44 CFR §59.1, copy enclosed), FEMA has chosen to read their regulations narrowly, strictly, and in disregard of their responsibility to the homeowners of South Dade who have had to endure the severe frustration, personal and financial loss, and psychological trauma, caused by Hurricane Andrew. Additionally, FEMA has the power to allow the structures to remain in non-compliance if compliance is not possible, or not feasible, so long as the impacts of non-compliance are reduced (44 CFR §59.1, copy enclosed). Moreover, FEMA can permit a local agency that administers the program to grant variances where there is a showing of good and sufficient cause, a determination that failure to grant the variance would result in ex ceptional hardship to the applicant, and a determination that granting of a variance will not result in increase flood heights, additional threats to public safety, extraordinary public expense, create nuisance, cause fraud or victimization of the public, or conflict with existing local laws or ordinances (44 CFR §60.6, copy enclosed). Lastly, the standard form insurance policy published by FEMA under §61.5 provides that "drywall and sheetrock walls and ceilings, whether finished or unfinished", shall be paid for at locations below base flood elevation (BFE) on elevated structures. All unit owners have paid for National Flood Insurance yet none were compensated for losses to drywall or personal property below BFE. This situation is truly ironic.

The way I read the FEMA regulations, FEMA has the authority, power, right and responsibility to work with the unit owners of Royal Harbour to come up with reasonable solutions, rather than to require to strict adherence to its regulations. We have recommended through our representative, John Pistorino, P.E., methods to reduce the impact of non-compliance and FEMA has simply rejected them. Instead of coming up with reasonable solutions, FEMA has required strict compliance which is not practicable, is illogical, environmentally unsound, will cause destruction of hundreds of thousands of dollars of property, increase the burden to our local land fills and just does not make good sense.

In my personal situation, I purchased a unit at Royal Harbour in March of 1993, I went to the building department to obtain a set of plans and specifications for my unit. I examined the public records to see whether there were any restrictions regarding the property and determined that my home was in compliance. It was duly permitted. There was drywall and a bathroom on the ground floor. I determined to buy at Royal Harbour, based upon the public records indicating that my home was in compliance with all Dade County Ordinances, zoning regulations and restrictions and that construction was duly permitted. I simply attempted to rebuild my unit as was originally constructed by the developer, only to find out, in July, that what had been existing was possibly a violation of local ordinance and FEMA regulations. Had I, and several other unit owners in the same position, known about these substantial problems we may not have purchased our units at Royal Harbour.

It is certainly a great economic and personal hardship to myself and my family, as well as all unit owners at Royal Harbour, to have to endure this bureaucratic fight between Dade County and FEMA. It appears now that Dade County is willing to compromise and allow a reasonable solution to the problem. FEMA is digging in their heals and being foolish and obstinate. We need your support and **NOW!** We hope and trust that you will find a way to come up with a solution to this bureaucratic nightmare.

Respectfully yours,

STEVEN M. SIEGFRIED

SMS/djm
cc: Marc M. Watson, Esq.
Nancy Taylor, Esq.
Clifford A. Schulman, Esq.
Mr. Randy Kella
Mr. John Pistorino
Mr. Edward Swakon

V1-30, VE, or V, "elevated building" also includes a building otherwise meeting the definition of "elevated building", even though the lower area is enclosed by means of breakaway walls if the breakaway walls meet the standards of § 60.3(e)(5).

"*Emergency Flood Insurance Program*" or "*emergency program*" means the Program as implemented on an emergency basis in accordance with section 1336 of the Act. It is intended as a program to provide a first layer amount of insurance on all insurable structures before the effective date of the initial FIRM.

"*Erosion*" means the process of the gradual wearing away of land masses. This peril is not per se covered under the Program.

"*Exception*" means a waiver from the provisions of Part 60 of this subchapter directed to a community which relieves it from the requirements of a rule, regulation, order or other determination made or issued pursuant to the Act.

"*Existing construction,*" means for the purposes of determining rates, structures for which the "start of construction" commenced before the effective date of the FIRM or before January 1, 1975, for FIRMs effective before that date. "Existing construction" may also be referred to as "existing structures."

"*Existing manufactured home park or subdivision*" means a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before the effective date of the floodplain management regulations adopted by a community.

"*Existing structures*" see "*existing construction.*"

"*Expansion to an existing manufactured home park or subdivision*" means the preparation of additional sites by the construction of facilities for servicing the lots on which the manufacturing homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

"*Federal agency*" means any department, agency, corporation, or other entity or instrumentality of the executive branch of the Federal Government, and includes the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

"*Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions*" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration.

"*Financial assistance*" means any form of loan, grant, guaranty, insurance, payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance, other than general or special revenue sharing or formula grants made to States.

"*Financial assistance for acquisition or construction purposes*" means any form of financial assistance which is intended in whole or in part for the acquisition, construction, reconstruction, repair, or improvement of any publicly or privately owned building or mobile home, and for any machinery, equipment, fixtures, and furnishings contained or to be contained therein, and shall include the purchase or subsidization of mortgages or mortgage loans but shall exclude assistance pursuant to the Disaster Relief Act of 1974 other than assistance under such Act in connection with a flood. It includes only financial assistance insurable under the Standard Flood Insurance Policy.

"*First-layer coverage*" is the maximum amount of structural and contents insurance coverage available under the Emergency Program.

"*Flood*" or "*Flooding*" means:

(a) A general and temporary condition of partial or complete inundation of normally dry land areas from:

(1) The overflow of inland or tidal waters.

entity, including State and local governments and agencies.

"Policy" means the Standard Flood Insurance Policy.

"Premium" means the total premium payable by the insured for the coverage or coverages provided under the policy. The calculation of the premium may be based upon either chargeable rates or risk premium rates, or a combination of both.

"Primary frontal dune" means a continuous or nearly continuous mound or ridge of sand with relatively steep seaward and landward slopes immediately landward and adjacent to the beach and subject to erosion and overtopping from high tides and waves during major coastal storms. The inland limit of the primary frontal dune occurs at the point where there is a distinct change from a relatively steep slope to a relatively mild slope.

"Principally above ground" means that at least 51 percent of the actual cash value of the structure, less land value, is above ground.

"Program" means the National Flood Insurance Program authorized by 42 U.S.C. 4001 through 4128.

"Program deficiency" means a defect in a community's flood plain management regulations or administrative procedures that impairs effective implementation of those flood plain management regulations or of the standards in §§ 60.3, 60.4, 60.5, or 60.6.

"Project cost" means the total financial cost of a flood protection system (including design, land acquisition, construction, fees, overhead, and profits), unless the Federal Insurance Administrator determines a given "cost" not to be a part of such project cost.

"Recreational vehicle" means a vehicle which is:

(a) built on a single chassis;

(b) 400 square feet or less when measured at the largest horizontal projection;

(c) designed to be self-propelled or permanently towable by a light duty truck; and

(d) designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

"Reference feature" is the receding edge of a bluff or eroding frontal dune, or if such a feature is not present, the normal high-water line or the seaward line of permanent vegetation if a high-water line cannot be identified.

"Regular Program" means the Program authorized by the Act under which risk premium rates are required for the first half of available coverage (also known as "first layer" coverage) for all new construction and substantial improvements started on or after the effective date of the FIRM, or after December 31, 1974, for FIRM's effective on or before that date. All buildings, the construction of which started before the effective date of the FIRM, or before January 1, 1975, for FIRMs effective before that date, are eligible for first layer coverage at either subsidized rates or risk premium rates, whichever are lower. Regardless of date of construction, risk premium rates are always required for the second layer coverage and such coverage is offered only after the Administrator has completed a risk study for the community.

"Regulatory floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height.

"Remedy a violation" means to bring the structure or other development into compliance with State or local flood plain management regulations, or, if this is not possible, to reduce the impacts of its noncompliance. Ways that impacts may be reduced include protecting the structure or other affected development from flood damages, implementing the enforcement provisions of the ordinance or otherwise deterring future similar violations, or reducing Federal financial exposure with regard to the structure or other development.

"Risk premium rates" mean those rates established by the Administrator pursuant to individual community studies and investigations which are undertaken to provide flood insurance in accordance with section 1307 of the Act and the accepted actuarial princi-

limited to a lot size less than one-half acre (as set forth in paragraph (a)(2) of this section), deviations from that limitation may occur. However, as the lot size increases beyond one-half acre, the technical justification required for issuing a variance increases. The Administrator may review a community's findings justifying the granting of variances, and if that review indicates a pattern inconsistent with the objectives of sound flood plain management, the Administrator may take appropriate action under § 59.24(b) of this subchapter. Variances may be issued for the repair or rehabilitation of historic structures upon a determination that the proposed repair or rehabilitation will not preclude the structure's continued designation as a historic structure and the variance is the minimum necessary to preserve the historic character and design of the structure. Procedures for the granting of variances by a community are as follows:

(1) Variances shall not be issued by a community within any designated regulatory floodway if any increase in flood levels during the base flood discharge would result;

(2) Variances may be issued by a community for new construction and substantial improvements to be erected on a lot of one-half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, in conformance with the procedures of paragraphs (a) (3), (4), (5) and (6) of this section;

(3) Variances shall only be issued by a community upon (i) a showing of good and sufficient cause, (ii) a determination that failure to grant the variance would result in exceptional hardship to the applicant, and (iii) a determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization of the public, or conflict with existing local laws or ordinances;

(4) Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief;

(5) A community shall notify the applicant in writing over the signature of a community official that (i) the issuance of a variance to construct a structure below the base flood level will result in increased premium rates for flood insurance up to amounts as high as $25 for $100 of insurance coverage and (ii) such construction below the base flood level increases risks to life and property. Such notification shall be maintained with a record of all variance actions as required in paragraph (a)(6) of this section; and

(6) A community shall (i) maintain a record of all variance actions, including justification for their issuance, and (ii) report such variances issued in its annual or biennial report submitted to the Administrator.

(7) Variances may be issued by a community for new construction and substantial improvements and for other development necessary for the conduct of a functionally dependent use provided that (i) the criteria of paragraphs (a)(1) through (a)(4) of this section are met, and (ii) the structure or other development is protected by methods that minimize flood damages during the base flood and create no additional threats to public safety.

(b)(1) The requirement that each flood-prone, mudslide (i.e., mudflow)-prone, and flood-related erosion prone community must adopt and submit adequate flood plain management regulations as a condition of initial and continued flood insurance eligibility is statutory and cannot be waived, and such regulations shall be adopted by a community within the time periods specified in §§ 60.3, 60.4 or § 60.5. However, certain exceptions from the standards contained in this subpart may be permitted where the Administrator recognizes that, because of extraordinary circumstances, local conditions may render the application of certain standards the cause for severe hardship and gross inequity for a particular community. Consequently, a community proposing the adoption of flood plain management regulations which vary from the standards set forth in §§ 60.3, 60.4, or § 60.5, shall explain in writing to the Administra-

exception

FAX

TO: Mr. Steve Siegfried

COMPANY/DEPARTMENT:

FAX #: 443-3292

NUMBER OF PAGES (INCLUDING THIS ONE): 4

MESSAGE:

FROM: Carlos Espinosa, P.E.

DATE: 1/13/94

FAXED BY: FRANCES ORTIZ

DERM

DEPARTMENT OF ENVIRONMENTAL RESOURCES MANAGEMENT
33 S.W. 2ND AVENUE
MIAMI, FLORIDA 33130-1540
TELEPHONE (305) 372-6529 FAX (305) 372-6631

METROPOLITAN DADE COUNTY, FLORIDA

METRO-DADE

METRO-DADE CENTER

OFFICE OF COUNTY MANAGER
SUITE 2910
111 N.W. 1st STREET
MIAMI, FLORIDA 33128-1994
(305) 375-5311

January 12, 1994

Mr. James L. Witt, Director
Federal Emergency Management Agency
500 C. Street SW, Room 830
Washington, D.C. 20472

RE: Royal Harbour Yacht Club Condominium (RHYC), vicinity of S.W. 62nd Avenue and S.W. 152nd Street, flood zone AE, Base Flood Elevation (BFE) 13.00 ft NGVD.

Dear Mr. Witt:

I would like to take this opportunity to thank you for your assistance in the reconstruction of South Dade County in the aftermath of Hurricane Andrew. As you can understand, the reconstruction phase of natural disasters brings into focus cases that for many reasons do not fit the normal process. In particular, I would like to bring to your attention the Royal Harbour Yacht Club Condominium development in South Dade.

We have worked with your regional staff in Atlanta to correct a number of construction items at the referenced development that are not consistent with the Federal Insurance Administration (FIA) floodplain management requirements, as incorporated in the County Code. In this development of fifty-six (56) units, the items that have not been resolved deal with the existence of bathrooms and non-flood resistant materials below the Base Flood Elevation (BFE). We fully intend to apply your floodplain management requirements through the enforcement of Chapter 11C of the County code. Specifically, we will be requiring this development to comply with the following general conditions:

1. All new construction must comply with Chapter 11C of the Dade County Code, and in accordance with FEMA Technical Bulletins 2-93, 1-93 and 4-93.

2. In each unit of the development, a permanent plaque must be placed in a conspicuous location so that any person who may enter the unit's lower floor will be alerted to the limitations associated with areas below BFE. Such a plaque must be fabricated of bronze or other durable material and

be permanently affixed to the masonry or concrete wall at a visible location. Wording for this sign will be as follows:

> "The ground floor area of this building structure is located below the regulatory Base Flood Elevation of 13.00 ft NGVD and can only be used for parking, storage and building access. In addition, this building/structure is located in a designated evacuation area. The ground floor is expected to be inundated during a major storm or hurricane event and IS NOT A SUITABLE PLACE OF REFUGE."

3. All the units damaged by Hurricane Andrew that are completed, or partially completed, must comply with Chapter 11C of the Dade County Code and FEMA Technical Bulletins 2-93, 1-93 and 4-93. In particular, this condition will most likely require the demolition and removal of existing bathrooms and all non-flood resistant material located below the BFE.

However, as a substitute for condition number three (3) above, the property owners have offered the following alternative condition:

> Each affected property owner would submit to the County a covenant running with the land, indicating that any individual unit sustaining future damages of any origin, will not replace non-conforming construction and must repair and replace damaged materials in accordance with Chapter 11C, of the Dade County Code, and in accordance with FEMA Technical Bulletins 2-93, 1-93 and 4-93. The covenant would also specifically indicate that parking, storage and building access are the only permitted uses below BFE.

This covenant running with the land will bind current and future owners to the stated conditions. The owners with this alternative condition are willing to legally bind themselves to not reconstructing the existing facilities in the event that for any reason they are damaged. In addition, they will forgo any claims to damaged items below BFE and will subject themselves to the payment of actuarial flood insurance rates for post firm structures below BFE. As you can understand, the property owners argue that; "What advantage or purpose other than punitive, does it serve to demolish and remove at this time the bathrooms and non-complying material below the BFE."

We intend to enforce your floodplain management requirements, but in proceeding with this case, we request a specific response as to whether the homeowner's alternative condition is acceptable to your agency as a solution to this case.

Based on your provided guidance, we will move forward to finalize this case and continue the much needed reconstruction of South Dade County. Should you need any other information on this case, please let me know. In addition, you may coordinate this matter with Mr. John Renfrow, Director of the Department of Environmental Resources Management (DERM) at (305) 372-6754. If Mr. Renfrow is not available, Mr. Carlos Espinosa, Assistant Department Director at (305) 372-6529 will be able to assist you.

Sincerely,

Joaquin G. Avino, P.E., P.L.S.
County Manager

THE PRESIDENT HAS SEEN
2.2.94

Carol

can we do more on?

Billions for School Are Lost In Fraud, Waste and Abuse

A1

Looting Student Aid
Public Money, Private Gain
First of three articles.

By MICHAEL WINERIP

For several years, the Federal Government has been losing $3 billion to $4 billion annually to waste, fraud and loan defaults in its higher education student-aid programs. That is more than 10 percent of the Education Department's annual budget of $29 billion — enough to finance the nation's entire Head Start project.

Education officials, both inside and outside the Government, are well aware of the problem. The Education Secretary, Richard S. Riley, recently called his department's management of its main scholarship program "worse than lax." Robert Atwell, president of the American Council on Education, representing 1,600 colleges and universities, terms the fraud and abuse "an intolerable embarrassment."

Students Are Hurt

In the most dramatic cases in recent years, directors of for-profit trade schools and colleges have looted the budgets of these loosely regulated Federal student aid programs to buy themselves Mercedes-Benzes, travel the world, subsidize a drug habit, invest in religious causes or pay themselves million-dollar salaries.

Instead of promoting education, some Federal student-aid programs have been used to victimize students. Representative Maxine Waters, Democrat of California, describes the misery the Federal Government's well-intentioned student loan program has caused many of the poor in her Los Angeles district: they enroll at for-profit, fly-by-night trade schools using Federal loans, get no useful training, cannot find jobs and wind up defaulting on the loans, ruining their credit rating and their hopes of escaping poverty. And it is the taxpayer who foots the bill for those defaulted, federally guaranteed loans.

Yet even now, as the Education Department issues regulations for new laws aimed at improving oversight, many forces are at work in Washington that threaten the biggest effort in years to revamp its loan program and main scholarship program, the Pell grant. Last year, 4.4 million students, most with family incomes below $25,000, received Pell scholarships of up to $2,300.

The Clinton Administration is talking tough on enforcement, but because of budget priorities, no growth in staff is expected at the Education Department, a place with a longstanding reputation as an understaffed, bureaucratic dumping ground. Trade school lobbyists have recently won passage of an amendment that will weaken one of the department's stronger enforcement tools. And the nation's major colleges are threatening a lawsuit over a new Federal law that gives states expanded regulatory authority.

Continued on Page D20, Column 1

As the lobbyists jockey in Washington, prosecutors across the nation try to put out the fires. "In these programs there's a naïve presumption of honesty on the Government's part," said Larry H. Colleton, the United States Attorney in Orlando. "When Congress opened the doors of opportunity to benefit students, it really opened the door for cons."

The Government's system for distributing $6 billion in Pell grants annually to schools or colleges is essentially a system of trust. The school tells the Education Department how many students it has qualifying for scholarships and the department electronically wires that money straight to the school's bank accounts. The school then has nearly two years to justify its requests, and it is during that time period that money is easily defrauded by school officials.

Typically students don't even touch the money — they are given a tuition credit. The Education Department's inspector general, James B. Thomas Jr., does not pursue fraud by individual students any more. "We don't have time to do that," he said. He is too busy trying to make a dent in his backlog of 300 cases involving for-profit trade schools and colleges suspected of misusing Government funds.

Small-Scale Loss

Dollars Disappear At a Trade School

Two Florida cases, one small and one large, illustrate the difficulty the Education Department has had trying to police these programs and how far Federal aid to higher education has strayed from its original mission.

Case No. 1. In the late 1980's, Earl Shomber, a salesman with no experience in education, decided that a for-profit trade school would be a nice investment. Mr. Shomber, whose criminal record includes convictions for auto larceny, burglary and indecent exposure, opened PRS Career Academy in a cinderblock building along Highway 434 in Longwood, Fla., offering classes in word processing, "travel agency" and other vocational trades.

It was slow going at first, but once his school was accredited, and therefore qualified for Federal loans and Pell scholarships, "business picked up," Mr. Shomber's lawyer, Steven Mason, said recently. "You need that Government money to get the students in."

Soon, that Government money began disappearing into someone's pocket at PRS. Exactly who was responsible is not clear. According to court documents, Mr. Shomber told Federal investigators he did not take it; his financial aid officer did, he said. When investigators asked why he had not reported the man, Mr. Shomber explained that he was afraid to, because, he said, the financial aid officer belonged to a motorcycle gang.

Federal prosecutors concluded the school's directors had falsified documents, including filing loan forms for former students, to obtain $107,000 unlawfully. Though the case was small, prosecutors needed two years to ready it for a grand jury.

Forms in Order, Yet...

"It was a disaster," says Mr. Colleton, the prosecutor. "Education made so many screw-ups." The Education Department had required the school to file reams of paperwork, he said, yet no one reviewed it. "This school's 1990 recertification paperwork looked perfect on the face of it," the prosecutor said. "Yet not one student listed was eligible for aid and Education never picked it up."

Several months ago Mr. Shomber pleaded guilty to one felony count of a 21-count indictment. And the Government is unlikely to recover its money; he has filed for bankruptcy.

This is not unusual. In 1993, Federal audits of student aid programs verified $480 million in refunds that schools owed the Government; $29.8 million was recovered in 1993.

When student-aid fraud is mentioned, many people think of selfish students walking away from their financial obligations. But students are the least of the problem. "Some of the biggest abuses within the Pell grant program are being perpetrated not so much by dishonest students, but dishonest schools," said Senator Sam Nunn, the Georgia Democrat, who is chairman of the Permanent Subcommittee on Investigations. He has led several hearings on the abuses in recent years and plans more this year.

The for-profit trade schools are the main problem, a target of three-fourths of the department's enforcement activity, said Dr. David Longanecker, an assistant Education secretary. In the last three years, these schools, also called proprietary schools, received 25 percent of Federal student loan revenue, but they accounted for 76 percent of defaults.

Large-Scale Loss

One School Sees Its Fortunes Jump

When the Federal student loan Program was begun in 1968, 90 percent of the money went to four-year colleges; 3 percent went to trade schools. In recent years, trade schools have collected as much as 36 percent of all loan revenue and last year received 19 percent. About 5 percent of America's 15 million students in higher education attend trade schools.

Which brings up Case No. 2. The centerpiece of 1990 Senate hearings on Federal student-aid abuses was American Career Training Corporation, or A.C.T., a residential and correspondence school based in Pompano Beach, Fla., for training travel agents and secretaries.

Students, employees and investigators testified at the Senate hearing that the main goal of A.C.T.'s owners was to maximize Federal student loan revenue. They said the school employed only 23 instructors but 70 loan processors and 109 commissioned salespeople, who frequented welfare and food stamp offices to recruit students.

They also testified that the year before qualifying for Federal loans, A.C.T. lost $91,000, while three years after being certified, the school was collecting $46 million in Federal loan money annually for 18,000 students. Its owners, Joseph and James Calareso, paid themselves over $1 million apiece in yearly salaries.

And, they said, only 10 to 20 percent of A.C.T. students actually found jobs in their fields. When Federal guaranteed loans came due, regulators could not find a large percentage of the school's students because many loan forms listed phony addresses, like "403 Cant Read, Pritchard, Ala."

At the time of the 1990 hearings, the Federal Bureau of Investigation began a criminal inquiry, renting three trucks to haul away files from A.C.T.'s Pompano Beach campus.

Four years later, the inquiry continues, with no charges yet filed. A crucial reason, law-enforcement officials agree, is that the Education Department's inspector general could not free up the staff to investigate even such a high-profile case. "They're just getting back to it now," said David Buckley, a Senate investigator. "It's pathetic. This case has floundered."

Even Rebekah Poston, a defense lawyer who until recently represented A.C.T., was surprised by how poorly the Education Department has run the investigation. "It was not the amount of manpower I would have expected," she said. The school's current lawyer, Greg Baldwin, would not comment on issues raised at the hearing, except to say that witnesses had serious credibility problems. At the hearings, Joseph Calareso cited his Fifth Amendment right to remain silent.

Stephen Blair, who as president of Career

THE NEW YORK TIMES, WEDNESDAY, FEBRUARY 2, 1994

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College Association, is the main lobbyist for trade schools, says significant efforts have been made in recent years to correct such problems and many of the worst offenders are now out of business.

Little Oversight

U.S. Auditors Rely On Default Rates

The Education Department in recent years has heavily relied on default rates as a sign of trouble, singling out these schools for more frequent reviews. But Mr. Blair says that this is unfair because the higher default rates may not actually reflect corruption, but rather a school's willingness to take a chance on a poor, high-risk, inner-city population.

Government officials say there is no way to calculate what percentage of student loan defaults is due to fraud and what is a result of legitimate risk taking.

In 1993 student loan defaults cost the Government $2.5 billion, down from a high of $3.6 billion in 1991, but still alarming enough to motivate Congress and the Clinton Administration to revamp the program. Since the student loan program's inception 25 years ago, $22 billion has been lost in defaults, $14 billion of it in the last five years.

Mr. Thomas, the Education Department's inspector general, estimates that additionally, "several hundred million dollars" a year is being defrauded from the $6 billion Pell grant program, and Senator Nunn says, "based on what we've seen, if it's that amount we're fortunate."

No one knows. The taxpayers' guardians are outgunned. There are 7,400 schools certified for Federal student aid programs; the inspector general's office audited just 25 of them in 1993. When a case is identified as high priority, Mr. Thomas said, "it means we hope to get to it in the next year or two."

The schools presenting the biggest problems, Department officials say, get almost all their revenue from these Federal aid programs and spend a fraction of that money on education, enabling their owners to walk away with large profits.

Opening the Coffers

Sara Schenirer Teachers Seminary in Brooklyn is one of 21 Orthodox Jewish schools in New York State suspended from student aid programs after Senate hearings last fall. In 1991 the school collected $3.2 million in Pell grants for 1,500 students, more than doubling its enrollment in a year. It spent $21,000 on educational materials and supplies that year, according to its tax returns.

Once a school is certified for Federal student aid, it is given a "PIN" number and obtains money much the way a bank customer does from an automatic teller machine — except in this case the bank is the Federal Government. The system has a few computer triggers to identify questionable withdrawal patterns, but it is a system based on trust; the school is wired the money up front and then has up to 21 months from semester's end to complete the paperwork justifying its withdrawals.

For some it is a way to rob a bank without a gun.

Gerardo Tirado Torres, owner of Advanced Business College in Puerto Rico, and his top officers used the school's PIN number to make at least seven improper Pell grant withdrawals totaling $3.3 million and then bought several Mercedes-Benz cars, a Volvo, a Peugeot, new businesses and real estate. Miguel Prendes, owner of Michigan Paraprofessional Training Institute, used some of the $1.1 million in Pell and loan money he stole to travel to Miami, Mexico and Europe.

An administrator in the University of Miami's athletic department, Anthony Russell, falsified Pell grant applications worth $220,000 and spent his share on a $100-to-$200-a-day crack cocaine habit. At one point, the line of swimmers, football and tennis players outside Mr. Russell's office door waiting for grant applications grew so long, extra chairs had to be placed in the hallway.

Mr. Torres, Mr. Prendes and Mr. Russell each pleaded guilty to Federal fraud charges. Mr. Torres and Mr. Prendes are serving prison sentences; Mr. Russell is to be sentenced on Feb. 18.

Still under investigation by Federal prosecutors are two dozen Jewish religious schools in Brooklyn and upstate New York, the newest wave of suspected abusers of Federal student aid. The schools were described in last fall's Senate hearings as "Pell mills" that siphoned off much of their student-aid revenue to pay for the Orthodox Hasidic sects' religious operations here and in Israel.

In 1988-89 Sara Schenirer seminary received 51 Pell scholarships worth $105,000. That year on its Federal income tax return, in the section that asks for names of all employees earning more than $30,000, the school listed no one. By 1991-92 Sara Schenirer had jumped to $3.2 million in Pell grants and could list four officials' salaries on the tax form, including the director, Rabbi Michael Meisels ($69,000), and his wife ($42,400). It also listed $1.3 million in mutual funds. And the school, which specializes in religious education courses, was able to pay off its $650,000 mortgage.

The school is appealing its suspension from Federal programs. Michael Goldstein, its lawyer, said that once a school is approved for Pell grants and provides the coursework, Federal law does not restrict how it invests its money or pays its staff. "As the institution grew," he said, "administrative complexity grew, and people involved were paid a wage commensurate with their responsibilities." It was not necessary to spend more than the $21,000 on school supplies in 1992 because larger investments had been made in earlier years, he said.

Bais Fruma, another Brooklyn school, offered independent study courses with no classrooms, teachers, books or supplies, Senate witnesses said. In 10 years the Brooklyn school collected $22 million in Pell grants; in 1992, 97 percent of its 2,000 students received Pells. Alan Edelman, a Senate investigator, testified that Bais Fruma's treasurer and financial aid director filed 700 currency transaction reports reflecting bank withdrawals and deposits of over $10,000 each in the last five years. "We cannot explain these transactions, at this time," Mr. Edelman said. "However, we do feel that they are very unusual transactions for employees of a nonprofit tax exempt religious organization."

Calls to the school were not returned. Bais Fruma was recently terminated from Federal aid programs.

Easy Target

'Invitation' to Take Federal Money

At the hearings on the Pell program last fall, Senator Nunn commented to the inspector general, "It is a program that is almost an invitation for people who are not honest to rip it off, isn't it?"

"That is right," answered Mr. Thomas.

Once a problem school get its privileges to withdraw money from the Government, the chances of the Government's recouping its money are slim.

In 1987, the Education Department began investigating Continental Training Service, a national trucking school chain based in Indianapolis. Virtually all the school's $64 million annual budget came from Federal scholarships and loans. In 1988, the department filed a lawsuit alleging that Continental's training programs were of poor quality, were justified with falsified documentation and should never have qualified for the $117 million in Federal aid the school received. The lawsuit sought $360 million in refunds and damages.

In December 1992 the department settled its $360 million case with Continental, by then in bankruptcy, for $50,000.

Dr. Longanecker, a Clinton appointee who last June became the Assistant Secretary overseeing student aid, says that he believes the worst of these problems are in the past. He points to the decrease in student loan defaults, from $3.6 billion to $2.5 billion over the last two years.

Major gains will be achieved by making better use of computer monitoring, he says, adding that the department will take advantage of new enforcement tools provided by the 1992 Education Act, like more stringent standards for new schools wanting to participate in aid programs and tougher oversight by state regulators.

Senator Nunn agrees there have been improvements but said "the default rate is still way too high." At the hearings, Mr. Thomas, who has been inspector general since the Education Department was elevated to Cabinet level in 1980, was asked whether he was skeptical of the new Assistant Secretary's assessment. "Absolutely," he answered.

Mr. Colleton, the Orlando prosecutor in the case involving the school with the motorcycle-gang member as a financial aid officer, said: "The Government's being had. And the public doesn't understand what's going on."

The owner of that school, Mr. Shomber, told investigators that his financial aid officer suddenly disappeared on May 8, 1990. Prosecutors have not been able to locate the gentleman either and he has not been charged with any wrongdoing. Mr. Shomber hired another financial officer, but it turned out she was wanted by the police on a charge of passing bad checks. "One day she was arrested out in the school parking lot on an outstanding warrant," said Mr. Shomber's lawyer, Mr. Mason.

The 66-year-old Mr. Shomber was sentenced to three years probation last summer and ordered to make restitution. His lawyer describes him as a decent man who got in over his head. "He's completely out of the education business now," his lawyer said. "This has been hard on him. He had to sell his home. He's in bankruptcy. I think all he has is the '76 Cadillac I see him driving around town in."

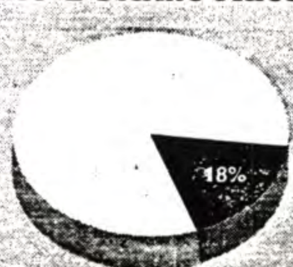
Next: The Education Department's staff problems and the effort to reinvent government.

2/3

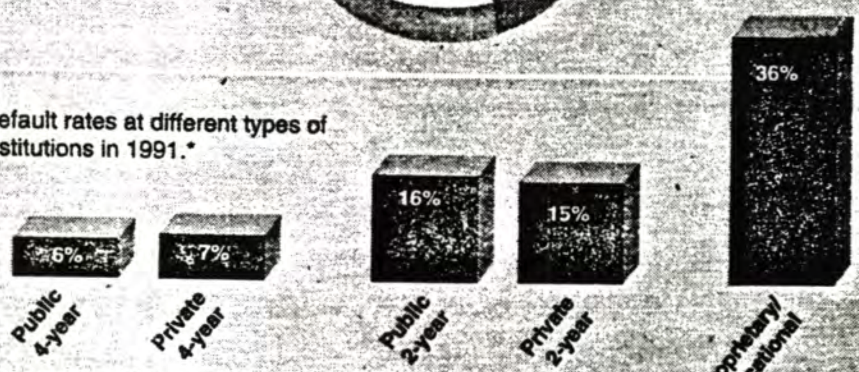
Billions in Fraud, Waste and Abuse

Breaking Down the Default Rate

Defaults are the largest single area of losses on the Guaranteed Student Loan program. Out of 2.4 million borrowers scheduled to begin repayment in 1991* . . .



Default rates at different types of institutions in 1991.*

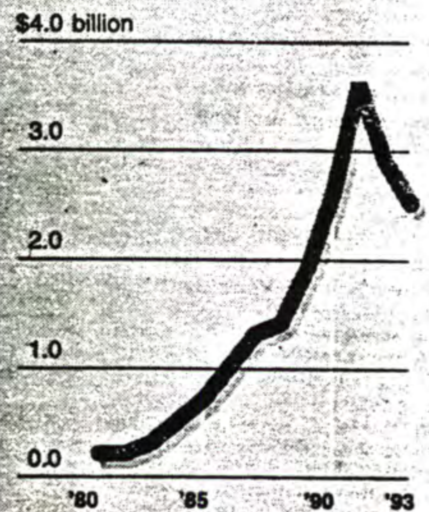


*Last year for which detailed numbers are available.

Source: Department of Education

A High Cost

The cost of Guaranteed Student Loans entering default each year.



Source: Education Department

The New York Times

Signs of Financial Trouble at Colleges

Under the Higher Education Act of 1992, the Federal Government has developed a review process to help prevent fraud and abuse of Federal aid money. The review, which would be conducted by the states, would be triggered if a college has one or more of these characteristics.

- A default rate of 25 percent or more on Federally-guaranteed student loans.
- A default rate of 20 percent or more, when more than two-thirds of the students receive Federal student aid, or when two-thirds or more of the college budget comes from Federal student aid.
- Federal student aid was suspended or cut off in the last five years.
- The college, after an audit, must repay more than 5 percent of its student aid funds.
- The college fails to submit audits to the Education Department in a timely way.
- Claims for Federal student aid fluctuate significantly year to year.
- The college fails to meet standards of financial responsibility.
- A change in ownership of the college results in a change of control.
- A private institution has been in the Federal student aid program for less than five years.
- There is a pattern of student complaints relating to management of Federal student aid programs or to misleading or misappropriate advertising.

3/3

THE NEW YORK TIMES, WEDNESDAY, FEBRUARY 2, 1994

THE PRESIDENT HAS SEEN
2.2.94

To Bruce Reed
Re - Gov. C. Campbell

THE WHITE HOUSE
WASHINGTON

In 1948 personal tax exemptions averaged over 48% of family income.

Today, it averages a little over 11%.

If it had been indexed to inflation it would be $8,600 per child instead of $2,450.

Carroll

THE WHITE HOUSE

WASHINGTON

February 2, 1994

CLOSE HOLD

MEMORANDUM FOR MACK McLARTY

FROM: JOHN PODESTA JDP

SUBJECT: MEETING SCHEDULE

I have reviewed the Lukensmeyer/Lader memos and offer the following thoughts:

(1) I think this is a 55/45 call, one way or the other, but I'm inclined to think that the senior staff meeting should come first at 7:45 a.m., with the strategy meeting scheduled for 8:15 a.m.

(2) The strategy meeting manifest is large, but it's hard to shorten it by more than one or two; you'll probably end up on most days with 10 or 12.

(3) I would add George and Bruce to the political meeting manifest; they'll end up playing a role there.

(4) I think you should chair the Saturday meeting and the focus should be on White House scheduling rather than POTUS scheduling. We tend to spend too much time worrying about whether the President is going to Pittsburgh or Phildelphia and too little time developing plans for rolling out a new export policy or how we're going to handle grazing fees in this Congress.

(5) I think one-half hour a week for a policy group meeting is insufficient. This should be a key meeting for long-term planning. I liked your original idea of a longer Saturday meeting with two components -- one with the smaller group currently identified and an expanded session with the policy shops. Whether you utilize the Saturday or Tuesday time slot, if it is is going to be a brief session, I would recommend precirculating the agenda items that you wish to discuss at the policy meeting.

THE PRESIDENT HAS SEEN 2/2

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

94 FEB 1 A11 : 32

SECRETARY OF THE TREASURY

Put this
into speeches
w/ other good
news -

January 31, 1994

Dreyer
Kusnet
copied

Memorandum for The President

From: Lloyd Bentsen

One of the untold, positive stories of 1993 was the record shattering cycle of new financing by American business. Fundamentally, business took advantage of very low interest rates and historic highs in stock prices to raise unprecedented amounts of long term capital. This enabled balance sheets to be cleaned up, cash positions to be deepened and credit ratings to improve almost across the board.

In particular, by the end of the year, debt/equity ratios (based on market values) had reached their most favorable levels in twenty years. This has positive implications for business investment and long term competitiveness.

It was also a breathtaking year for entrepreneurial capital. First-time public offerings totalled $57 billion, 40% above the previous annual high. Among other things, it was the best year ever for younger, high tech companies to finance themselves. Silicon Valley and like communities did exceedingly well.

You may want to make one or two of these points in upcoming, public remarks.

cc. VP
Mack
Rubin
Tyson
Sperling
Gergen
George
mark

[redacted]

THE WHITE HOUSE
WASHINGTON

DATE: 02/01/94

TO: THE VICE PRESIDENT
MACK MCLARTY
DAVID GERGEN
GEORGE STEPHANOPOULOS
MARK GEARAN
ROBERT RUBIN

FROM: JOHN D. PODESTA
Assistant to the President and Staff Secretary

[redacted]

The attached has been forwarded to the President.

[redacted]

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

MEMBER

94 FEB 1 P7:44

February 1, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN BLINDER AB

SUBJECT: State Unemployment Rates in December, Labor Department Release, Wednesday, 10:00 a.m.

Tomorrow the Labor Department will release State unemployment data for December. The attached map shows ranges of unemployment rates by State. Also attached is a listing showing unemployment rates by State--ranked from lowest to highest.

- The highest unemployment rates were in Rhode Island and West Virginia.
- The lowest unemployment rates were in Nebraska, North Dakota, and Iowa.
- The largest decrease in unemployment rates from November to December was in Louisiana (from 8.5 percent to 7.1 percent). Other States experiencing large drops in unemployment rates were Oklahoma, Pennsylvania, and Arkansas.
- The largest increases in unemployment rates were in Rhode Island and Georgia (from 7.6 to 8.9 percent and from 5.6 to 6.7 percent respectively).
- The unemployment rate in California edged up from 8.6 to 8.7 percent.
- State unemployment rates can be volatile from month to month because of small sample sizes. The second chart therefore shows changes in unemployment rates by State over the past 12 months--ranked from largest decline (Massachusetts, Indiana, and New Hampshire) to largest increase (South Carolina). Despite the national recovery, unemployment rates are still higher than they were a year ago in 11 States.

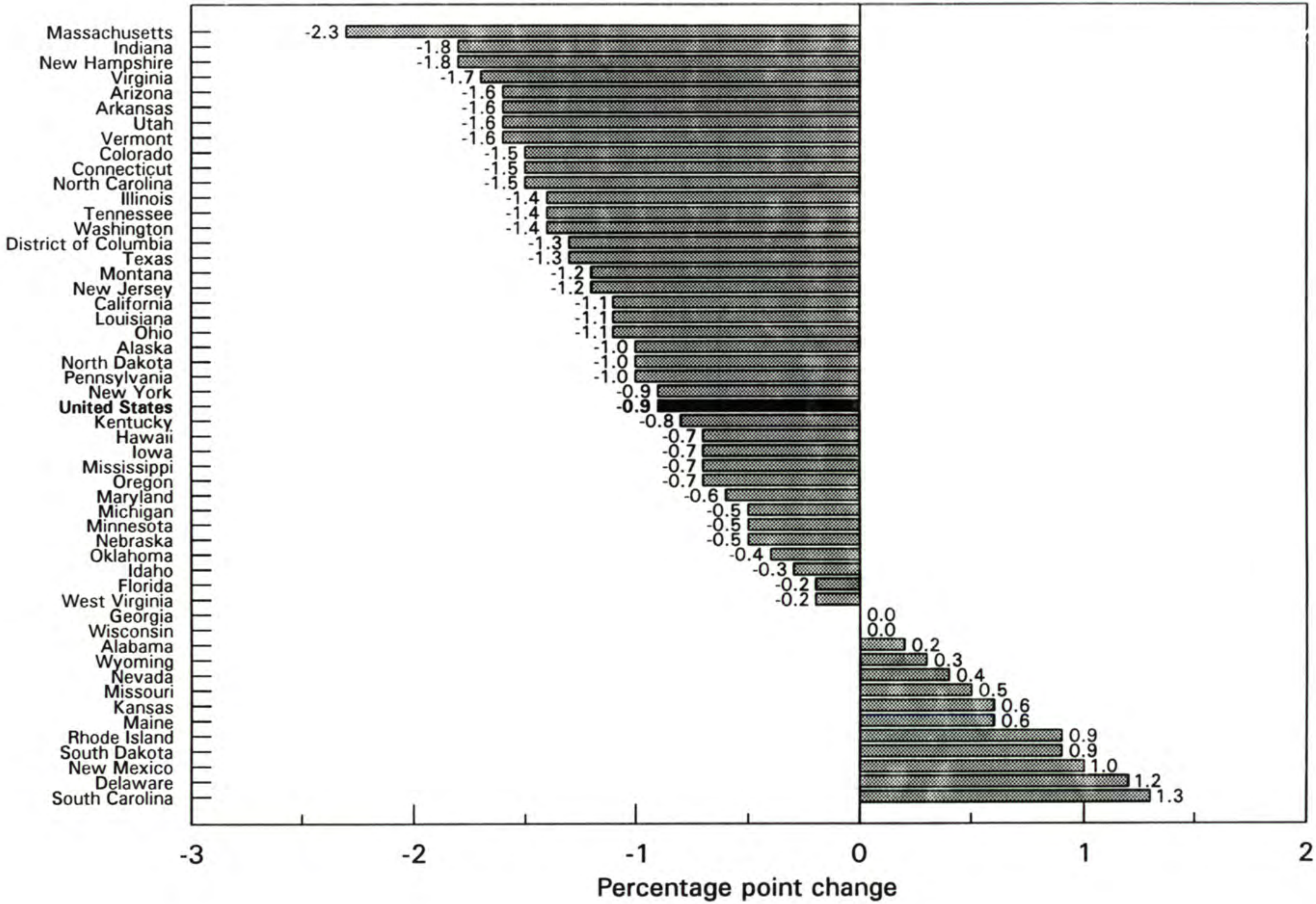
Attachments

Unemployment Rates by State, Seasonally Adjusted

December 1993

Nebraska	2.3	Connecticut	5.9
North Dakota	3.6	Missouri	6.0
Iowa	3.6	Mississippi	6.2
Utah	3.7	Ohio	6.2
South Dakota	4.0	Pennsylvania	6.3
Colorado	4.1	Massachusetts	6.3
North Carolina	4.1	Washington	6.4
Hawaii	4.1	Texas	6.4
Virginia	4.2	Oregon	6.6
Minnesota	4.4	Nevada	6.7
Vermont	4.4	Georgia	6.7
Indiana	4.6	South Carolina	7.0
Tennessee	4.6	Florida	7.0
Wisconsin	4.6	New Mexico	7.0
Kansas	4.8	New Jersey	7.1
Oklahoma	5.0	Louisiana	7.1
Wyoming	5.1	Alabama	7.2
Montana	5.2	Alaska	7.4
New Hampshire	5.4	Michigan	7.5
Maryland	5.6	District of Columbia	7.5
Illinois	5.6	New York	7.6
Kentucky	5.7	Maine	7.8
Arizona	5.7	California	8.7
Arkansas	5.8	Rhode Island	8.9
Idaho	5.9	West Virginia	10.3
Delaware	5.9		
		United States	6.4

Change in Unemployment Rate by State: December 1992 - December 1993



Center on Addiction
and Substance Abuse
at Columbia University

THE PRESIDENT HAS SEEN
2-1-94

Ginger
we need to decide
how to follow up -
agree w/ them
B.

152 West 57th Street
New York, NY 10019

phone 212 841 5200
fax 212 956 8020

What Can The President Do?

Make the Connection

All substances--alcohol, legal and illegal drugs, nicotine

Health Care Reform
Medicare and Medicaid
Crime and Violence
Welfare Reform
Governor's Budget Crunch--Medicaid and Prisons

Fill Key Jobs

Fill jobs at same time in White House Ceremony
HHS: National Institute on Drug Abuse
- Substance Abuse Mental Health Services Administration
- Center for Substance Abuse Treatment
- Center for Substance Abuse Prevention

DOJ: Assistant Attorney General for Office of Justice Programs
- --Bureau of Justice Assistance
- --National Institute of Justice
- --Office of Juvenile Justice and Delinquency Prevention

Move on All Fronts

Law Enforcement/Interdiction
Treatment: More bucks and more bang for treatment buck
Research: More resources and concerted effort
Prevention and Education: Presidential bully pulpit; clear message from all officials; enlist entire administration in effort

In 1962

Fewer than 4 million Americans had ever tried illegal drugs

By 1992

Almost 80 million Americans had tried illegal drugs

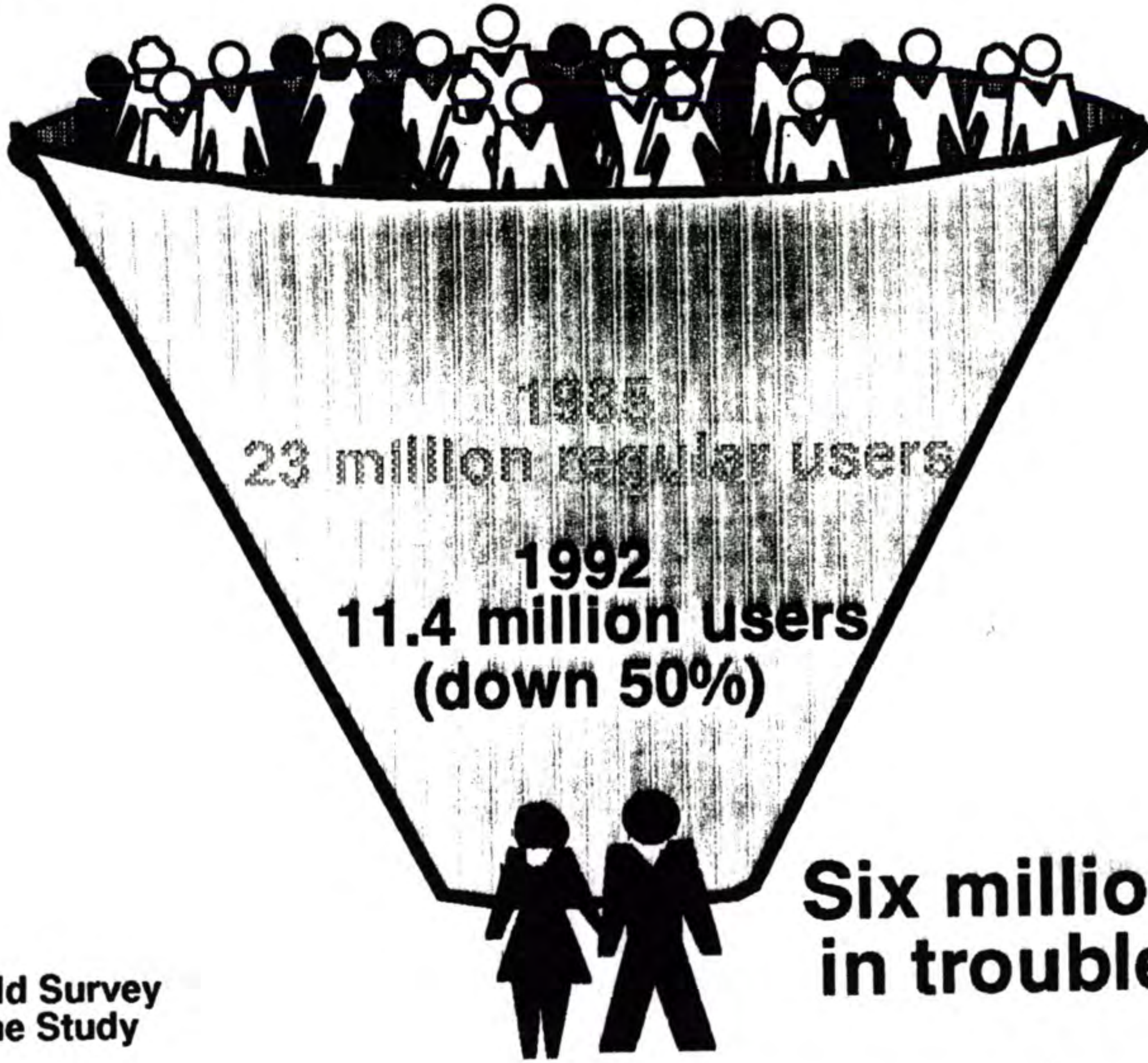
As a nation we "normalized" the use of illegal drugs

THE GOOD NEWS

A profound cultural shift has occurred --
America is turning off drugs

- Attitudes are significantly more anti-drug
- Usage declines are dramatic

Almost 80 million Americans have used illegal drugs

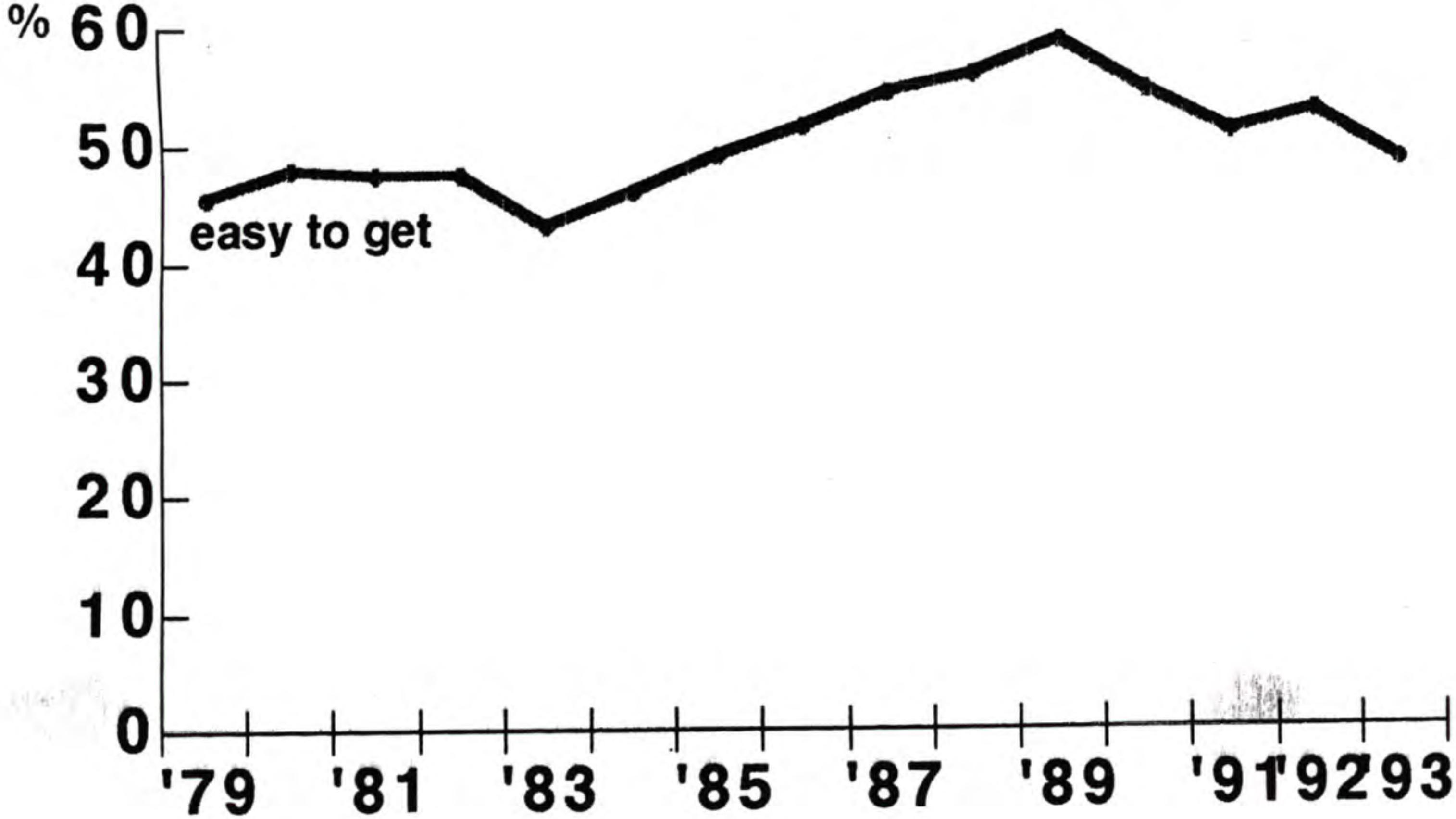


Six million in trouble

Sources:
SAMHSA Household Survey
Institute of Medicine Study

Cocaine

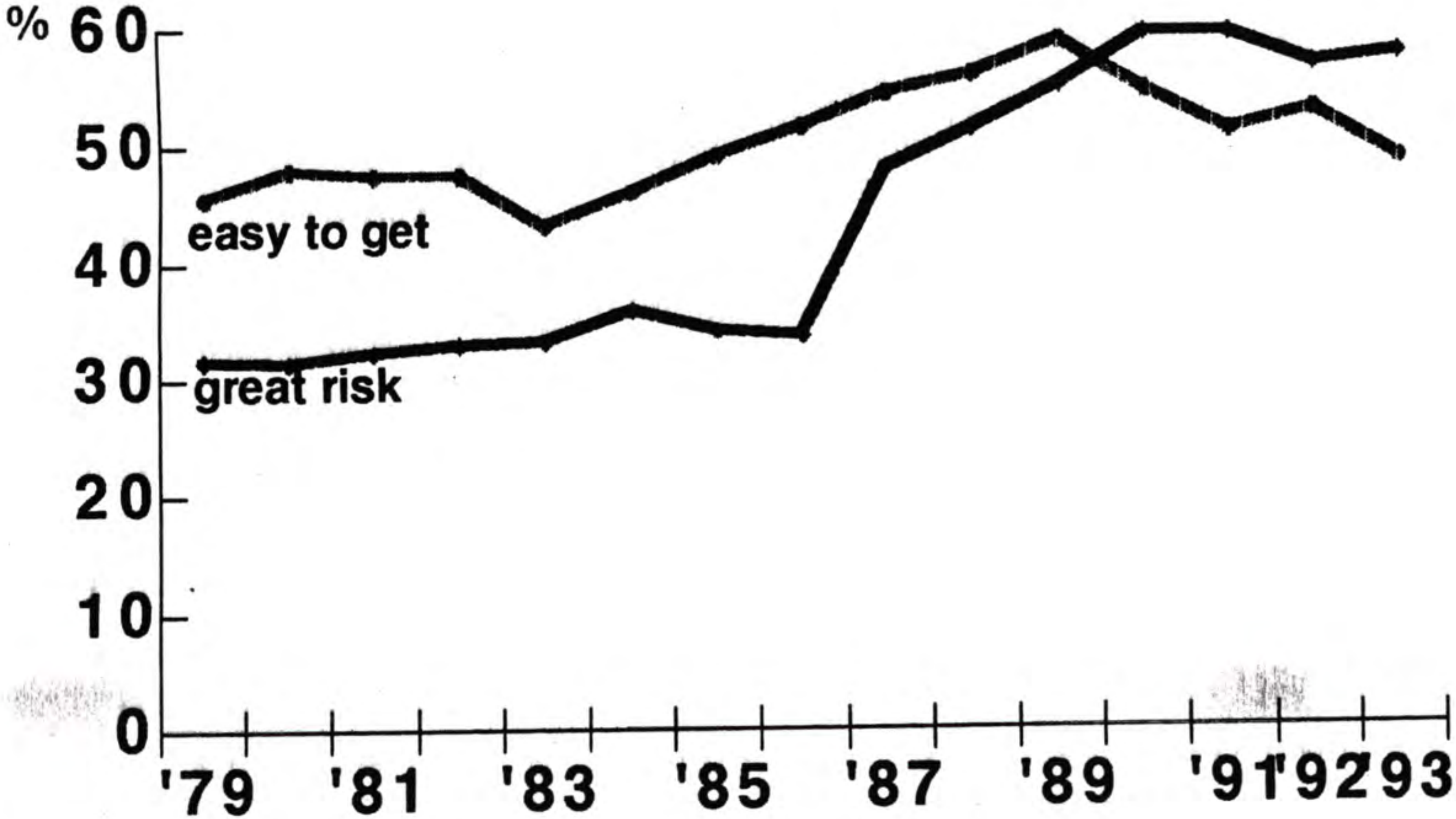
Perception of availability/risk/approval



Source: Univ. Michigan H.S. Seniors

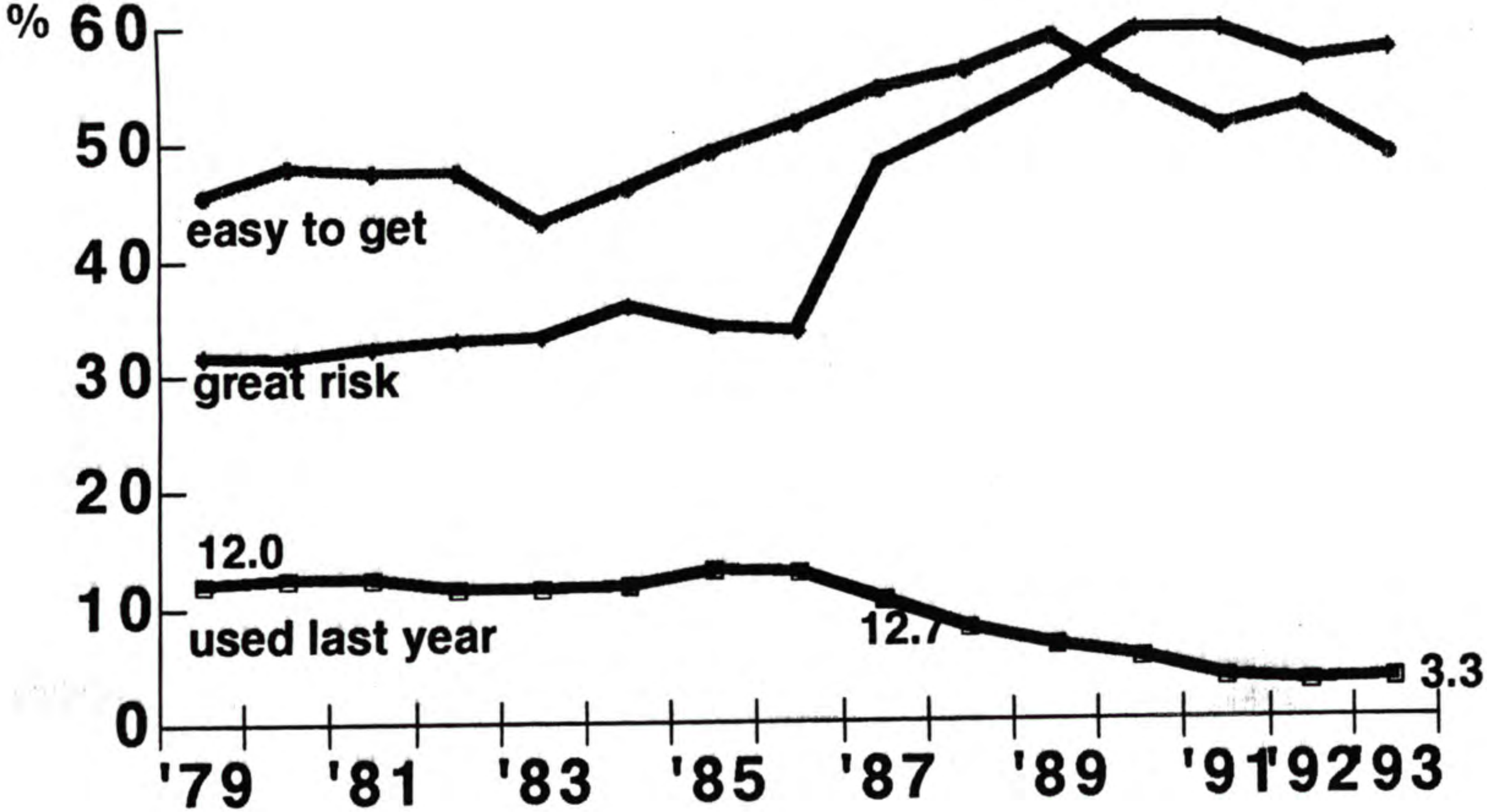
Cocaine

Perception of availability/risk/approval



Source: Univ. Michigan H.S. Seniors

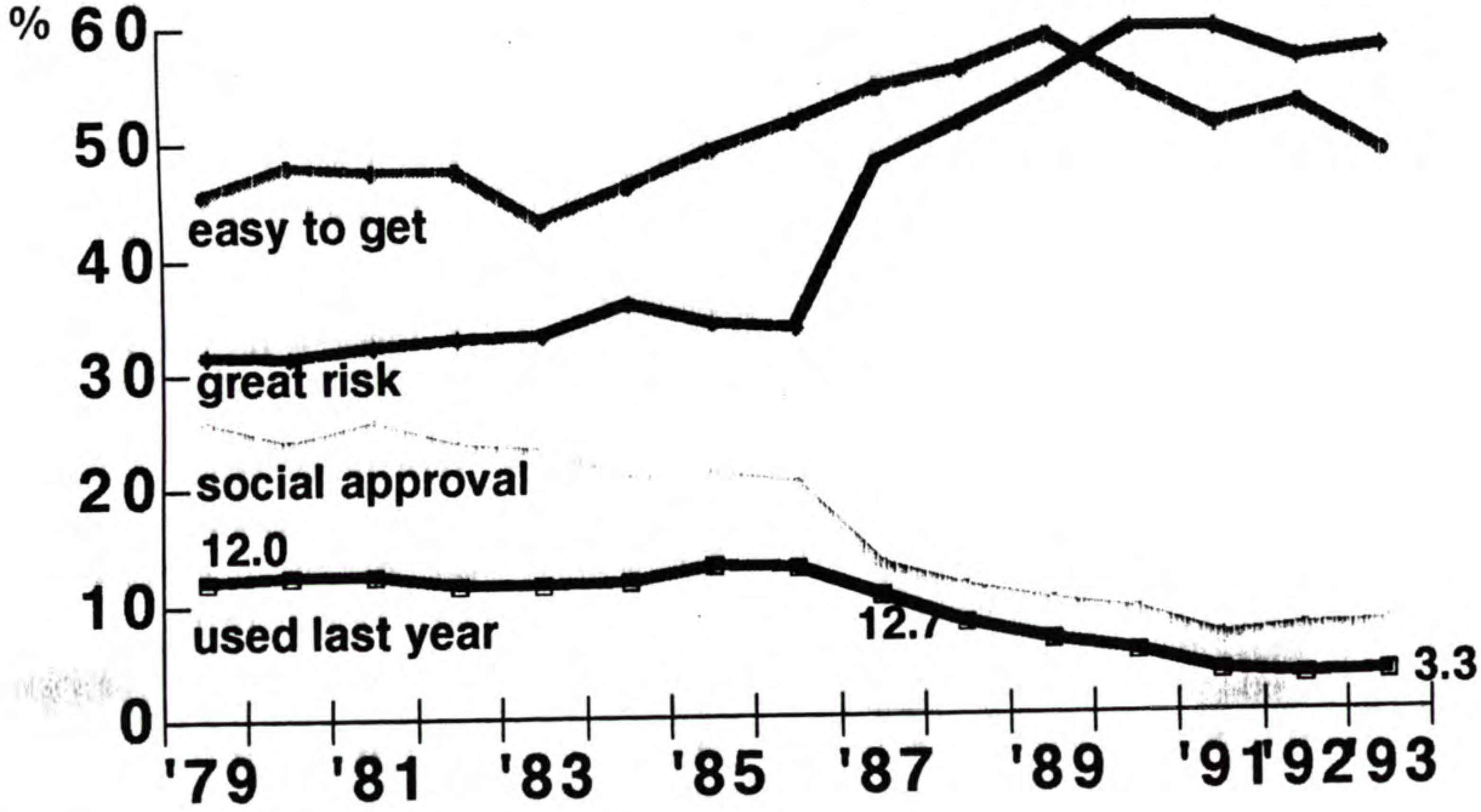
Cocaine
Perception of availability/risk/approval



Source: Univ. Michigan H.S. Seniors

Cocaine

Perception of availability/risk/approval



Source: Univ. Michigan H.S. Seniors

Ethnic Drug Use Comparison Among Youth in School

	Marijuana			Cocaine		
Lifetime Use:	8th	10th	12th	8th	10th	12th
White	9.9	23.0	36.3	2.3	3.7	7.0
Black	7.4	16.2	23.3	1.0	1.3	2.4
Hispanic	19.0	26.9	40.7	5.9	6.7	12.1

Source: 1992 ISR/Univ. of Michigan

THE BAD NEWS

- Attitude/usage trends reversing
- 6 million "in trouble" need treatment
- Crisis still exists in many urban areas

Annual drug use trends among 8th graders (%)

	1991	1992	1993
Marijuana	6.2	7.2	9.2
Inhalants	9.0	9.5	11.0
Hallucinogens	1.9	2.5	2.6
Cocaine	1.1	1.5	1.7

Trends in perceived risk and disapproval among 8th graders (%)

	1991	1992	1993
Try marijuana			
■ risk	40.4	39.1	36.2
■ disapproval	84.6	82.1	79.2
Try cocaine			
■ risk	55.5	54.1	50.7
■ disapproval	91.2	89.6	88.5

AND

Drug problem is still one of America's most serious domestic issues ... because it is imbedded in most other social problems we face as a nation

- **Crime**
- **Family Violence**
- **AIDS**
- **Health Care**
- **The Homeless**
- **Education**
- **Competitiveness/Jobs**

We must continue

Denormalization Process --

- Media Attention
- Workplace Programs
- Community Action

With increasing community emphasis on comprehensive demand reduction efforts.

- **Schools**
- **Workplace**
- **Neighborhoods**
- **Media**
- **Youth Programs**
- **Healthcare Professionals**
- **Religious Groups**
- **Parents Involvement**
- **Innovative Criminal Justice Solutions**

AND

We have 6 million people

"in trouble"

C S A

annual report 1992

contents

from the chairman

LAST YEAR I GAVE up the practice of law in Washington, D.C., and New York to devote all my time to being founding chairman and president of CASA—the Center on Addiction and Substance Abuse at Columbia University. CASA is a unique think/action tank that brings together under one roof all the professional disciplines (health policy, medicine and nursing, communications, economics, sociology and anthropology, law and law enforcement, business, religion and education) needed to study and combat all forms of substance abuse—illegal drugs, pills, alcohol and tobacco—as they affect all aspects of society. • Last year Dr. Herbert Kleber, the top official for demand reduction in the Bush Administration's White House Office of National Drug Control Policy, decided not to return to Yale University's Medical School and the 1,000-person drug treatment demonstration program he had started there, but rather to join CASA. William Grinker, founder of The Manpower Demonstration Research Corporation and past commissioner of New York City's Department of Human Resources, and Jeffrey Merrill, former director of Georgetown University's Center for Health Policy Studies and vice president of The Robert Wood Johnson Foundation, also came to help start CASA. **Why?** During the past year, a broad cross section of distinguished American leaders, all too busy to take on one more task, found time in their crowded schedules to constitute CASA's board of directors: Jim Burke, Betty Ford, Doug Fraser, Barbara Jordan, Don Keough, LaSalle Leffall, Manuel Pacheco, Linda Johnson Rice, John Rosenwald, Michael Sovern and Frank Wells. **Why?** In 1992, The Robert Wood Johnson Foundation gave CASA the largest grant for core support it had given any single institution. The Carnegie Corporation, Commonwealth Fund, and the Dana, Ford and Rockefeller founda-

substance abuse and addiction

is America's public enemy number one, not simply the nation's top health and crime problem, but like a massive oil spill off a beautiful coast, a spreading menace that fouls just about every aspect of American life.

tions also made substantial contributions to help get CASA started. The Annie E. Casey, Ford and Rockefeller foundations, The Henry J. Kaiser Family Foundation, The Pew Charitable Trusts, and the U. S. Departments of Justice and Health and Human Services funded specific CASA programs.

Why?

A number of corporations—among them Chrysler, Coca-Cola, Disney, NYNEX, Primerica and Warnaco—committed $50,000 a year for five years. Many others—among them, Automatic Data Processing, Chase Manhattan Bank, Chemical Bank, Kmart Corporation, Mobil, Safeway, Sony and John and Pat Rosenwald—made substantial multi-year commitments to help start CASA. Champion International provided a top executive on loan for three years. Others, listed on the inside back cover, contributed generously.

Why?

Because all these institutions and individuals share this conviction: substance abuse and addiction is America's Public Enemy Number One, not simply the nation's top health and crime problem, but like a massive oil spill off a beautiful coast, a spreading menace that fouls just about every aspect of American life.

They believe that this nation needs an institution devoted to combating all forms of substance abuse and addiction throughout our society. So they joined forces and contributed their talents, energies and resources to found CASA.

The concept of CASA and its mission spring from the chilling reality that unless this nation addresses substance abuse and addiction, it will not be able to curb crime and vandalism, reform the health care and judicial systems, cut back the welfare rolls, reduce homelessness, maintain subsidized housing in inner cities, renew our international competitiveness by increasing worker productivity and improving product quality, and revitalize family life and urban neighborhoods. The financial costs of substance abuse approach a staggering $400 billion annually.

The human misery is incalculable.

During this past year, CASA has developed its affiliation with Columbia University. Why Columbia? Dr. Kleber and I had discussions with a number of universities and selected Columbia for several reasons. Its president, Michael Sovern, and its vice president for Health Sciences, Dr. Herbert Pardes, were enthusiastic about an affiliation with CASA. Dr. Pardes, a psychiatrist interested in the relationship between mental health and substance abuse and for five years director of the National Institute of Mental Health in Washington, shared our conviction that it was time to deal with all substance abuse and addiction under one roof.

Columbia offered extraordinary intellectual resources—a unique array of graduate schools in Medicine, Nursing, Public Health, Business, Journalism, Architecture, Law and Social Work. Moreover, Columbia University Teachers College, Barnard College, Union Theological Seminary, Jewish Theological Seminary and the John Jay College of Criminal Justice are nearby. The heads of each of these institutions agreed to sit on an advisory board to help CASA set its priorities, crossing traditional disciplinary boundaries in an effort to prevent and combat substance abuse.

CASA is independent of Columbia, but affiliated with it. This flexible arrangement permits CASA to take a far more pro-active role than would be traditional for a university, to assemble intellectual resources not only from all branches of the university, but from the entire nation, always free to pick the best individual or team for the task, and to raise its own resources.

At the beginning of 1992, CASA was staffed by four people—Susan Brown, who left her position as administrator of a major law office to become CASA's Secretary/Treasurer, and myself, on a pro-bono basis, Jo Ann McCauley, and Sue Kaplan, a health lawyer and policy analyst who joined as my special assistant. We operated out of Dewey Ballantine and were funded through planning grants, with no core or project funding.

the financial costs of substance abuse approach $400 billion. The human misery is incalculable. The concept of CASA and its mission spring from the reality that the nation must address the impact of all substance abuse on all aspects of society.

As we begin 1993, CASA's first full year, we are a diverse staff of 36—economists, health services and policy researchers, a psychiatrist, a psychologist, an anthropologist, individuals experienced in government at every level, lawyers, policy analysts, an expert in employee assistance programs and one in law enforcement, an accountant, a computer specialist, a librarian, a communications professional and a Commonwealth Fund/Harkness Fellow.

We have opened our offices on the west side of midtown Manhattan, within easy reach of Columbia University. We have an annual budget of $5 million, including pass-through grants we are administering.

CASA's mission is ambitious. We seek to shine a spotlight where there has been too much darkness, to draw our nation's best and brightest to this field and to attract far more resources for all individuals and institutions who work to prevent, combat, research and treat substance abuse and addiction. There is much work to do and more resources are needed to do it. We appreciate the support we've had from institutions and the unsolicited personal contributions, but we have a long way to go.

I could fill this report with the individuals who were key to launching CASA. But I must single out Jim Burke, who for years had urged me to try to build an institution like CASA; Steve Schroeder and The Robert Wood Johnson Foundation Board, who not only are furnishing the key venture capital but whose questions and suggestions are invaluable in shaping CASA; David Hamburg, who has given me so much wise advice over the years; Margaret Mahoney, whose enthusiastic support has been key; the encouragement and ideas of Frank Thomas and Susan Berresford; the instant response of Peter Goldmark when I asked for planning funds; the sound counsel of David Mahoney, Hale Champion, John Gardner and Drew Altman; the patience of my former partners at Dewey Ballantine; Sandy Weill's immediate support; John and Pat Rosenwald's insistence on being CASA's first personal contributors; the pro-bono assistance of Jack Hilton and KPMG Peat Marwick; and Ivan Chermayeff, who designed our logo, styled to suggest a house because we put all the skills to deal with all substance abuse throughout society under one roof.

CASA is still an infant. We must learn to walk before we can run. We're off to a good start, but we need lots of helping hands, intellectual stimulation, practical ideas and financial nourishment if we are to succeed.

CASA's board of directors has set these four goals for the institution:

- **To determine which prevention and treatment programs work, for whom, under what circumstances, and to find ways to make such programs available to larger numbers of substance abusers and potential users.**
- **To move the issue of substance abuse into the mainstream of America's medical, educational, social, economic and political discourse, and accord work in the field a sense of urgency and the same respect as we accord work in other professions; to help attract more talented people to the field of substance abuse and addiction; and to help assure that sufficient public and private resources are available to understand, prevent and combat substance abuse and addiction.**
- **To inform the American people of the social and economic costs of substance abuse and addiction and the full range of impact it is having on their lives, and to identify and inform them of the opportunities to reduce those costs.**
- **To encourage professionals in business, education, the clergy, labor and health care to accept responsibility to prevent and combat substance abuse and, where necessary, help develop the tools to enable them to fulfill their responsibility.**

In pursuit of these goals, the board approved specific strategies and projects, recognizing these may change as opportunities arise, knowledge increases and funding sources shift priorities. These projects are described on pages 15 through 17 of this report.

the achilles heel of health care reform

THE AMERICAN PEOPLE have high hopes that we will at last be able to provide quality health care to everyone at reasonable cost. But instead of a sparkling new system, health care in America will be marked by more rigid controls, more intrusive bureaucracies, higher taxes and arbitrary rationing—unless the Administration and Congress recognize that substance abuse and addiction is Public Health Enemy Number One. **The grim reality**, shrouded for so long in our individual and national self-denial, is that successful health care reform requires an all-fronts attack on all substance abuse—legal and illegal drugs, alcohol and nicotine. **An army of reformers** is marching on Washington, pressing Uncle Sam to provide quality health care to all Americans, including the 37 million people without insurance, at a cost that won't keep shoving up the deficit and pushing down take-home pay and corporate profits. **These experts aim their fire** at doctors, hospitals, pharmaceutical companies, nursing homes and medical equipment manufacturers, as they devise complex bureaucratic weapons systems to monitor every patient, provider, procedure and prescription.

But their campaign, by whatever chosen name—managed care, managed competition, mandated care, a single-payer system—risks getting bogged down in the trenches by special interests and red tape, as the true enemy—substance abuse and addiction—continues to spread its destruction and drive up health care costs. In the battle against runaway costs, health policy experts aim to:

- Close down excess hospital beds, to save $6 billion to $8 billion a year.
- Reform medical malpractice, which costs some $20 billion to $30 billion in legal fees and defensive tests and procedures that doctors and hospitals order up to shield themselves from litigation.
- Establish quality standards to stop unnecessary procedures, such as inappropriate coronary bypasses (to save $4 billion), excess angiograms (to save $1.4 billion), and unnecessary caesarean sections (to save $1 billion).
- Eliminate unnecessary administrative costs. That might save anywhere from $70 billion to nothing, depending on the cost of the bureaucracy required to manage the new system.
- Encourage more efficiency by some combination of competition and regulation (savings speculative).
- Pay doctors, hospitals, pharmaceutical companies and nursing homes less.

These moves to contain costs are an important and welcome part of a more efficient delivery system. Some, like reducing rewards to providers, carry risk to maintaining the world's most advanced pharmaceutical industry and attracting the best minds into medicine and medical research. And these targets are modest compared to the $140 billion in costs that substance abuse and addiction offers America's health care reformers.

By the end of 1993, health care spending in America will be rollicking along at a one-trillion-dollar-a-year pace. By then, substance abuse and addiction will account for one of every seven dollars spent on our trillion-dollar health industry colossus.

If our nation is to provide quality care to all at a reasonable cost, substance abuse and addiction should be a major target of our efforts—and each of us should enlist to join in the attack.

We are a nation of 260 million people, as diverse as our politics, professions, races, ages, religions, incomes, neighborhoods and tastes. Yet, tragically, every one of us—in inner cities and rural towns, on assembly lines and in executive suites, in Ivy League colleges and blackboard-jungle city schools—has been touched by substance abuse and addiction:

- **More than 50 million of us are hooked on cigarettes and at least another 10 million are hooked on smokeless tobacco.**
- **18-and-a-half-million are addicted to alcohol or abuse it.**
- **Some 12 million abuse legal drugs, such as tranquilizers, amphetamines and sleeping pills.**
- **Two million use cocaine weekly, including at least half a million addicted to crack.**
- **Up to one million are hooked on heroin.**
- **Half a million regularly use hallucinogens such as LSD and PCP.**
- **Some 1 million, half of whom are teenagers, use black-market steroids.**

Abuse and addiction taxes every segment of our health care system. Half the nation's hospital beds hold victims of violence, auto and home accidents, cancer, heart disease, AIDS, TB, and liver, kidney and respiratory illnesses, all caused or exacerbated by the abuse of tobacco, alcohol and drugs. Substance abuse complicates the treatment of most illnesses, prolongs hospital stays, increases morbidity and sharply raises costs.

Most of us know that cigarettes are responsible for the premature death of 435,000 people in the United States a year. But we do not focus as often on the costs smoking imposes on our society. Smoking increases the risk of stroke, other cardiovascular ailments and cancer. Cigarettes cause 18 percent of all coronary heart disease and 30 percent of all cancer that ends in death. These are the top two crippling diseases in the United States. Some 87 percent of all lung cancer can be traced to cigarettes. Since 1986, lung cancer has surpassed breast cancer as the leading terminal cancer among women. The Environmental Protection Agency recently designated second-hand smoke as a known human carcinogen, along with only 10 other compounds. The price we pay in added health care costs for smokers—to say nothing of time lost from work, premature death, and the costs of passive smoking—amounts to about $50 billion a year.

ACCIDENTS

Substance abuse is a leading cause of accidents and trauma. Although drunk driving declined over the past decade, about 350,000 people are killed or injured every year in alcohol-related traffic accidents. The toll from other drug use could push that number to 500,000. Forty percent of all Americans will be involved in alcohol-related car accidents that require medical care. The health care costs of alcohol- and drug-related crashes exceed $50 billion.

In 1990, 75 percent of trauma victims tested positive for drug use. Alcohol and/or drug abuse has been implicated in up to 80 percent of wife-abuse cases and three-quarters of all rapes and child molestations. Alcohol and/or drugs are implicated in 75 percent of all suicides and homicides. There is no way to measure the human tragedy; the cost of related illness and therapy for spouses, children and parents left behind runs into hundreds of millions of dollars.

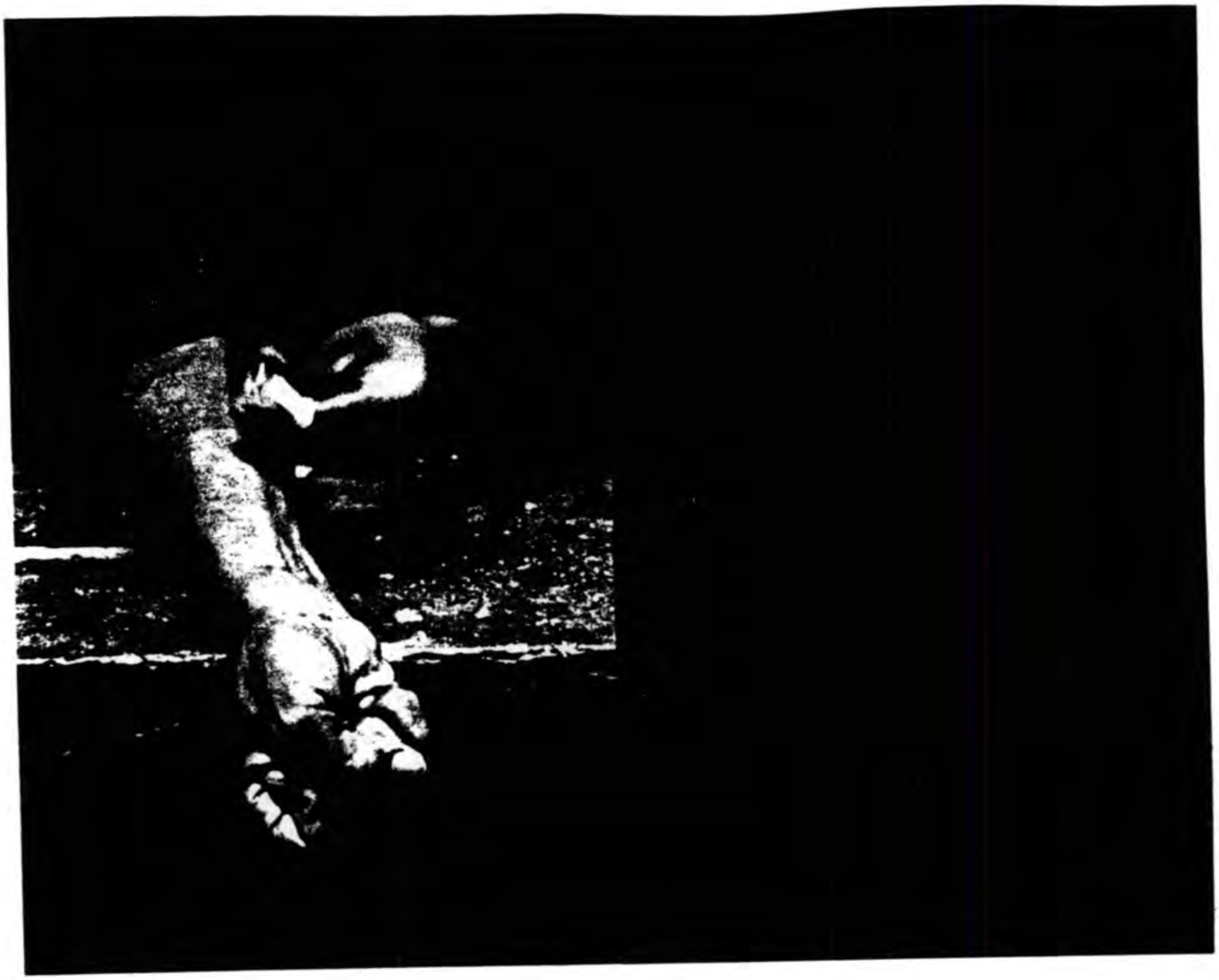
ILLNESS

Alcohol is the leading cause of chronic liver disease, including cirrhosis. Alcohol abuse can lead to many serious gastrointestinal problems including esophageal cancer and pancreatitis, nutritional and metabolic disorders, cardiovascular and neurological problems. Heavy drinking combined with smoking dramatically increases the risk of many cancers. Each alone more than doubles the risk of oral cancer. Combined, they jack up the risk more than 15 times.

Drug abuse can lead to AIDS, endocarditis, cellulitis and hepatitis. Other diseases, including tuberculosis, can result from a weakening of the immune system and the debilitating life-style of many addicts. Drug abuse can cause and exacerbate mental illness, vascular problems and malnutrition.

America's elaborate and expensive emergency rooms are largely tribute paid to alcohol and drug abuse. In 1990, there were more than 370,000 drug-related emergency-room episodes. In the first three months of 1992

far right: drug-exposed infants ▸



more than 30,000 people—a record number—entered a hospital emergency room with adverse reactions to cocaine. During the same period, there was a 15-percent increase in emergency-room visits attributed to heroin use.

CHILDREN AND BABIES

Tobacco, alcohol and drugs used during pregnancy pose a savage threat to the health of newborn babies. Smoking by women during pregnancy retards fetal growth, doubling the risk of delivering a low-birth-weight baby. It increases the risk of fetal and infant death by 25 to 50 percent. Exposure of newborns to cigarette smoke in utero or second-hand smoke after birth increases the risk of sudden infant death syndrome.

Fetal alcohol syndrome is the third most frequent cause of birth defects associated with mental retardation. The costs associated with fetal alcohol syndrome are estimated at $1.6 billion a year.

Some 375,000 babies born each year in the United States are exposed to illicit drugs in the womb. These newborns face higher risk of stroke at birth, physical deformity and mental deficiency. The extra cost of hospital care in 1990 due to exposure of babies to cocaine during pregnancy was $504 million. Reports of child abuse or neglect have increased 226 percent over the past decade. More than half of all confirmed abuse reports and 75 percent of reports of child deaths involve drug abuse by the parents.

The price children pay for exposure to their parents' second-hand cigarette smoke may be less dramatic but it is far more widespread. These children are more likely to have respiratory and ear infections, the most common pediatric diagnoses. The Environmental Protection Agency has concluded that exposure to parents' smoke causes up to 300,000 cases annually of lower respiratory tract infections such as bronchitis and pneumonia in infants and young children. Second-hand smoke causes asthmatic problems in children, increasing both the number of new cases and the number and severity of episodes in children who already have asthma. It's not surprising that former Surgeon General Everett Koop calls exposing children to second-hand smoke "child abuse."

AMERICA'S CERBERUS

Substance abuse has joined with AIDS and tuberculosis to become an American version of Cerberus—a vicious, three-headed dog guarding the gates of the hells we have created in inner cities and running loose into every part of our nation.

Substance abuse is the fastest growing cause of new cases of HIV infection. Intravenous drug use is implicated in a third of all AIDS cases found in teenagers and adults. Less widely recognized, but no less ominous, is the potential spread of HIV infection through promiscuous and unprotected sex by kids who are drunk or high. They are far more likely to have sexual relations—and to have them without condoms.

In a random survey of 16- to 19-year-olds, 49 percent claimed they were more likely to have sexual intercourse if they and their partners had been drinking; a third were more likely to have intercourse if they had used drugs. In both situations they were less likely to use condoms, thus increasing the risk of unwanted pregnancy and of transmitting AIDS and other sexual diseases.

More than 70 percent of all female AIDS cases are linked directly or indirectly to intravenous drug use. The annual cost of treating a person infected with HIV is $10,000; for a person with full-blown AIDS, the cost jumps to nearly $40,000.

Alcoholics and intravenous drug users are the most likely to develop drug-resistant strains of tuberculosis. More than half the homeless—some say 80-90 percent—suffer from alcohol or other drug abuse. Homeless shelters, with their overcrowded conditions, poor ventilation and high population of drug addicts are often breeding grounds for tuberculosis and AIDS. It takes $250,000 to treat an individual with drug-resistant tuberculosis. And that does not include infrastructure costs, such as isolation rooms and negative-pressure facilities.

AN EPIDEMIC

Substance abuse and addiction has been epidemic in America for almost 25 years. In 1965, when President Lyndon Johnson proposed the first federal drug rehabilitation act, he asked for $15 million to start this program to treat addicts in prison. We never thought the cost of such drug rehabilitation in America would exceed $50 million. Today, up to 80 percent of inmates in state and local prisons are there for drug- or alcohol-related crimes. In 1993, the federal government will spend $2 billion on drug rehabilitation and related therapy.

Though only 5 percent of the world's population, Americans consume 60 percent of the world's cocaine. At least 20 million of our citizens cannot make it through the day without a tranquilizer. Millions more cannot sleep without a pill. More of the nation's college students—the most talented of our young men and women—are drinking to get drunk, setting the stage for alcohol addiction in later life. Teenage girls and young women get hooked on cigarettes, cutting their lives short and exposing themselves to frightful death by emphysema and lung cancer. Even when they know the dangers, they continue smoking for fear of gaining weight if they quit.

by the end of 1993, health care spending

in America will reach $1 trillion a year. By then, substance abuse and addiction will account for one of every seven dollars spent on the country's health-care-industry colossus.

The breadth and depth of this substance abuse epidemic says something deeply troubling about our society, the way we live and work, our values, the despair of poverty in the richest nation on earth, and the aimless boredom of many affluent Americans. Our failure to recognize substance abuse and addiction for what it is—the most devastating health epidemic that threatens our people—is a telling testament to our capacity for individual and national self-denial.

The issue was barely discussed in our recent presidential campaign. Why? Because, despite progress in the past few years, the Republican incumbent could not support his claims that he had won the war on drugs with the ravages of addiction so visible on every city street and all across America, and the challenger, though the son of an alcoholic parent and brother of a drug addict, did not have any program to deal with the problem convincingly.

Neglect of the scourge threatens to doom any attempt to reform the health care system. Health care reform is at best a dicey and unpredictable enterprise, but it surely cannot be achieved in the absence of a united and systemwide effort mounted against substance abuse on all fronts—research, prevention and treatment—that calls upon each of us to assume a role. To have a solid chance to succeed, any reform effort must address the largest and most pervasive cause of illness and injury in America.

First, the reform effort must increase our support for research into substance abuse and addiction to at least $1 billion a year. The National Institutes of Health spend $2 billion a year to support cancer research, and $1 billion a year each to support research on cardiovascular disease and

AIDS—a total of more than $4 billion. But they spend less than 20 percent of that on research into substance abuse and addiction—the cause and exacerbator of all three of those costly, crippling and deadly ailments.

We need better to understand the psychological and biological causes and cures for addiction and abuse. We need to know why treatment works for such a small percentage of people, how to make it work for more, and how to make it more cost-effective. Are there pills to cure the different kinds of addiction? Is there an affordable system of treatment that will work for high percentages of those who enter it? A technique to attract more addicts into treatment? A way to identify which treatments work best for which addictions or populations? These and a thousand other questions about abuse and addiction must be addressed. We must discover more about how to influence adolescent behavior, for it is in the limbo of life between childhood and adulthood that individuals are most vulnerable to smoking and alcohol and drug abuse.

We must mount a massive effort to prevent substance abuse and addiction. What little we know about abuse and addiction begins with two propositions: It can be prevented (most people are not addicted to any substance) and the earlier we spot abuse or addiction, the greater the likelihood we can end it. Yet we devote astonishingly paltry resources to prevention—just .002 percent of what we spend on health care.

With public education and peer pressure, America has moved from a society in which the smoker asked, "Would you like a cigarette?" to one in which the smoker sheepishly whispers, "Do you mind if I smoke?" We can have the same kind of effect on all substance abuse and addiction. The impact of the media campaign of the Partnership for a Drug-Free America is evidence of the potential for promoting cultural shifts.

In all public and private insurance programs, we must provide coverage for treatment and aftercare. Appropriate substance-abuse treatment and continuing care should be available to all who need it, and covered in all public and private insurance programs. Indeed, in answer to a questionnaire CASA submitted to presidential candidates last September, Bill Clinton said he would include drug treatment in a "core package of benefits" to be required of every insurance plan as part of his health-care-reform proposal.

Addiction is a chronic disease, more like diabetes and high blood pressure than a broken arm or pneumonia, which can be fixed or cured in one round of therapy. Continuing care is as critical to treating the alcoholic or drug addict as taking insulin or hypertension pills is to the diabetic or victim of high blood pressure.

Health care reform is a delicate and complex process of financing and professional incentives, education, delivery of care, health promotion and disease prevention. Crafting a system that preserves the greatness and inventive genius of American medicine, and democratizes that greatness and genius so that all citizens can share its blessings at a reasonable cost, is a task of Herculean political, financial and scientific dimensions.

Health care reform will be a dynamic process, changing as knowledge and needs change, marked by successes and failures, with many unintended effects. By any measure—the cost to the health care system, the illness, injury and agony visited on individuals and families—substance abuse ranks at the top of ailments to be addressed. Any comprehensive health reform effort must fund research into causes and cures of substance abuse and addiction, mount a vigorous campaign to promote a substance-abuse-free society and offer treatment to those who've become addicts or abusers.

In his epic study of history, Arnold Toynbee concluded that the great civilizations were destroyed by self-inflicted wounds—not by enemies without, but from within. The threat from substance abuse is not the only internal threat our nation faces, but it is certainly the most pernicious and costly. Nowhere is this more evident than in the hospitals, emergency rooms and doctors' offices crowded with its victims and in the trail of shattered lives and families.

As our nation turns its attention to health care reform, we have an extraordinary opportunity to face this threat honestly and forcefully.

If we do, we can enter the 21st century with our heads held higher because we have taken such a giant step to make the minds of our people clearer and their bodies much stronger.

J.A.C., Jr.

CASA's projects,
people and
supporters

PRIORITY PROJECTS— Substance abuse and addiction exacts a frightening toll from every aspect of American life—driving up health care costs; diminishing the quality of education in elementary and secondary schools and colleges; threatening the international competitiveness of American businesses; overwhelming the courts and overcrowding the prisons; destroying families and children; spawning family violence, rape and child molestation; and ruining our stock of subsidized housing. ● The following priority projects reflect CASA's conviction that understanding, preventing, treating and combating substance abuse are essential to dealing with these problems and reducing their annual $400-billion price tag: ——> **WHAT WORKS.** CASA is undertaking an assessment of the cost-effectiveness of treatment programs, reviewing various efforts in the public and private sectors, including employee assistance programs. Based on this research, CASA will develop and test guidelines for better matching treatment to patient needs, in order to increase treatment success at no added cost. Dr. Kleber and his colleagues are developing this program with CASA's core funding. We need additional funds from corporations and foundations to carry it out. ——> **CHILDREN IN HARM'S WAY.** In 1992, CASA began a national demonstration program to prevent substance abuse and addiction among high-risk 6th-, 7th- and 8th-graders, most of whom are experimenting with alcohol and drugs, some of whom may even be pushing drugs. The sites are: Austin, Texas; Bridgeport, Connecticut; Memphis, Tennessee; Newark, New Jersey; Savannah, Georgia; and Seattle, Washington. We have raised $10.3 million to fund this demonstration—$4.8 million from the Department of Justice (the Bureau of Justice Assistance, the Office of Juvenile Justice and Delinquency Prevention and the National Institute of Justice)—and the remainder from the Annie E. Casey, Ford, Prudential and Rockefeller foundations and The Pew Charitable Trusts. CASA will need substantial additional funding in order to complete this demonstration and its evaluation. ——> **THE HIGH COSTS OF SUBSTANCE ABUSE.** Also under way is an effort to identify the costs that all substance abuse adds to public health care programs and private insurance and managed care plans. The first phase of this effort is to identify the costs of substance abuse—alcohol, legal and illegal drugs and tobacco—to the Medicaid program. The Henry J. Kaiser Family Foundation is funding this effort with a $125,000 grant. We are developing a model that can then be adapted to estimate the costs of substance abuse to other public and private health care programs, including costs to individual businesses. We hope to design a demonstration program to reduce the costs of substance abuse to the Medicaid program.

——> **RETHINKING RITES OF PASSAGE.** We have convened a distinguished national commission to assess the problem of substance abuse at America's colleges and universities; identify the responsibilities of university administrators, parents, students, trustees, faculty, alumni, fraternities and other social organizations, and communities; and recommend specific actions to fulfill those responsibilities. The development and establishment of this commission was funded by CASA's core grants; we are seeking funding for its work.

COLLEGE COMMISSION MEMBERS

Jeff Bingaman, U.S. Sen. (D-N.M.); Frederick M. Bohen (Vice Chairman), Executive Vice President and Chief Operating Officer, The Rockefeller University; Marcel Bryar, Student, Yale Law School; Julius L. Chambers, Chancellor, North Carolina Central University; Johnnetta B. Cole, Ph.D., President, Spelman College; Harvey V. Fineberg, M.D., Ph.D., Dean and Professor of Health Policy and Management, Harvard School of Public Health; William H. Gray III, President and Chief Executive Officer, United Negro College Fund; Judith R. Hope, Esq. (Chairman), Partner, Paul, Hastings, Janofsky & Walker; Nancy L. Kassebaum, U.S. Sen. (R-Kan.); Reverend Edward A. Malloy, C.S.C., President, University of Notre Dame; David Mathews, Ph.D., President and Chief Executive Officer, Charles F. Kettering Foundation; Fernando Mendoza, M.D., M.P.H., Director, Center for Chicano Research, Associate Professor of Pediatrics, Stanford University; Herbert Pardes, M.D., Vice President for Health Sciences and Dean of the Faculty of Medicine, Columbia University; Joseph V. Paterno, Head Football Coach, Penn State University; Pamela A. Rhymer, Judge (U.S. C.A. 9th Cir.); Charles A. Sanders, M.D., Chairman and Chief Executive Officer, Glaxo, Inc.; Andrew C. Sigler, Chairman and Chief Executive Officer, Champion International Corporation; and Joan Weill, philanthropist and community leader.

——> **CONNECTICUT: A MODEL STATE.** CASA also is undertaking the development of a model, cost-effective substance-abuse-treatment system for the State of Connecticut, covering financing and delivery in both the public and private sectors. This $250,000-$300,000 project, which has the potential to be a model for many states in the nation, is funded by the State of Connecticut, the Substance Abuse and Mental Health Administration of the U.S. Department of Health and Human Services, Primerica Corporation, and local Connecticut companies.

——> **A FRESH START AND SAFE STREETS.** A demonstration program is planned to provide ex-addict/ex-offenders with treatment, job training, intensive aftercare, social services, family counseling and drug-free housing during the first two years after release from prison. The demonstration will test if these interventions can deliver cost savings and reduce criminal activity. The Robert Wood Johnson Foundation has funded this program's development, and we seek funding to test it in as many as six cities.

——> **SUBSTANCE ABUSE AND THE AMERICAN WOMAN.** This is a study to address one of the most neglected areas of inquiry and action: the consequences of substance abuse for women, including their patterns of use, health effects, obstacles to treatment, responsibilities as childbearers and vulnerabilities as targets of tobacco marketers and victims of drug- and alcohol-related violence. The report will assess the state of knowledge in the field, recommend specific actions, identify effective public policy and treatment programs, and suggest areas for future inquiry. Developed with CASA's core revenues, this project needs additional funds.

——> **THE RESPONSIBILITY OF TEACHERS.** In development is a project to define the responsibility of elementary-school teachers to prevent, detect and deal with substance abuse, design needed training materials, and work with teachers' organizations and licensing bodies. This effort is in collaboration with Columbia University Teachers College and the University of Arizona, with CASA's core funding. We are seeking support to implement it.

——> **SOUNDING THE ALARM.** CASA has implemented a continuing campaign to raise public awareness about the pervasiveness of substance abuse and addiction and its costs throughout society—through articles, conferences, testimony, speeches and various media activities. For example, last fall, CASA sent a detailed questionnaire to presidential candidates, asking their opinions on various substance-abuse issues. And CASA also suggested the topic of substance abuse to a member of the panel of questioners at the first candidates' debate. The responses to these actions received virtually the only media attention given to the problem of substance abuse during the campaign.

Mr. Califano's testimony before the National Commission on AIDS, televised on C-Span, and his subsequent editorial in *The Washington Post* and an appearance on "Larry King Live" on the relationship among substance abuse, AIDS and tuberculosis received considerable media attention, elicited a powerful response from the public, policymakers, and public health officials across the country, and sparked a national conference sponsored by the Center for Substance Abuse Treatment.

Members of CASA's staff have given numerous presentations at federal and state conferences and academic and professional association meetings, and have written articles and given interviews for the trade and general media.

AND MORE.... CASA's early work extends to several other matters. We have prepared a technical assistance primer for states seeking to participate in the National Institute of Mental Health "access" project to serve homeless individuals with substance-abuse problems. With funds from the Departments of Health and Human Services and Justice, we are developing an international demand reduction strategy for the U.S. government and multinational corporations.

In collaboration with the Federal National Mortgage Association, we are devising a demonstration to expand substance-abuse treatment services in subsidized housing projects. We have been working with the Columbia School of Journalism to plan ways to encourage better media reporting of substance abuse issues, and with the Columbia School of Nursing to assess the training of nurses to deal with these problems.

We are joining with the National Medical Fellowships to establish a research fellowship program at CASA for minority medical students, to help enlist them in the battle against all substance abuse.

staff

Back Row Standing (L to R)
Edward S. Bright
Joseph G. White
Sue A. Kaplan, *Special Assistant to the President*
William J. Grinker, *Senior Vice President and Director of Program Demonstration*
Jody Adams Weisbrod
Susan Berne

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Jo Ann McCauley
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Darlene K. Hasselbring
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Maureen E. Gillespie, *Director of Communications*
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Benjamin B. Tucker
Herbert D. Kleber, M.D., *Executive Vice President and Medical Director*
Sarah F. Mullady

Front Row (L to R)
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Jesse C. Chou, Ed.D.
Michele S. Sviridoff

Not Shown:
Barbara A. Brassert
Crystal D. Mandler
Peter G. Mason
Timothy F. Mulligan

board of directors

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Donald R. Keough, *President and Chief Operating Officer of The Coca-Cola Company*

LaSalle D. Leffall, Jr. M.D., *Chairman of the Department of Surgery at Howard University College of Medicine*

Frank G. Wells, *President and Chief Operating Officer of the Walt Disney Company*

Douglas A. Fraser, *Professor of Labor Studies at Wayne State University (former President of United Auto Workers)*

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John Gardner
Donald R. Keough
Pat and John Rosenwald
Frank G. Wells

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PARTNERSHIP FOR A DRUG-FREE AMERICA

Meeting with President Clinton
Talking Points

2/1/94

1. Our most critical need is to re-establish and reinforce the clear, national norm of "no use."

2. Three groups need encouragement:

   a. Kids, to understand the risks and social norm.

   b. Parents, to deal with their confusion and help kids decide.

   c. Communities, to maintain their involvement and commitment.

3. Re-engaging the media is the quickest and most efficient means of addressing the disturbing trends.

PARTNERSHIP FOR A DRUG-FREE AMERICA

JAMES E. BURKE
Chairman

University of Michigan Survey Release
Talking Points

1. This should be a reminder that the issue of drugs is most importantly about our kids making decisions that change their lives.

2. If we expect our kids to decide not to get involved with drugs, we have to establish our expectations and reinforce those expectations continuously with them. When kids see drugs as harmful and not the norm, drug use goes down; when kids see drugs as less harmful and more the social norm, drug use goes up.

3. Quite simply, over the past 1 1/2 - 3 years, our kids have been receiving fewer risk and disapproval messages and more no-risk and approval messages from society at large.

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THE WHITE HOUSE

WASHINGTON

94 FEB 1 A10 : 42

January 31, 1994

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Linda Moore, Political Affairs

SUBJECT: Minnesota Political News

I. SUMMARY

A poll released yesterday reports that you enjoy a 55% approval rating in Minnesota.

Ramsey County Attorney Tom Foley (D) announced for the U.S. Senate today.

II. DISCUSSION

The poll, conducted by the *St. Paul Pioneer Press* from 1/7 - 1/23/94, reports that you have a 55% favorable/42% unfavorable ratio in the state, the highest of any person tested. A clip of the story reporting your numbers (and those of other Minnesota politicians) is attached.

Foley announced his candidacy for the Senate this morning, emphasizing his moderate credentials and outlining a campaign based on personal responsibility, fiscal restraint, government reform and resolve on crime. A copy of the news release from his announcement is attached. The *Pioneer Press* poll reports that Foley leads all of the announced Senate candidates, Democrat or Republican, in name recognition, enjoying 67% name I.D.

cc Mark
Bruce
George

SAINT PAUL PIONEER PRESS
SUNDAY
MINNESOTA'S FIRST NEWSPAPER
JANUARY 30, 1994
VOLUME 145, NUMBER 278
$1.25

Voters give Carlson high marks

He's strongest of a host of candidates — for the moment

BILL SALISBURY **STAFF WRITER**
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With the state budget back in the black and Minnesota's economy on the upswing, Gov. Arne Carlson is starting this election year on a high note, according to a St. Paul Pioneer Press Poll.

Carlson got higher job approval ratings than either of Minnesota's U.S. senators, and the Independent-Republican governor's grades matched those of President Clinton.

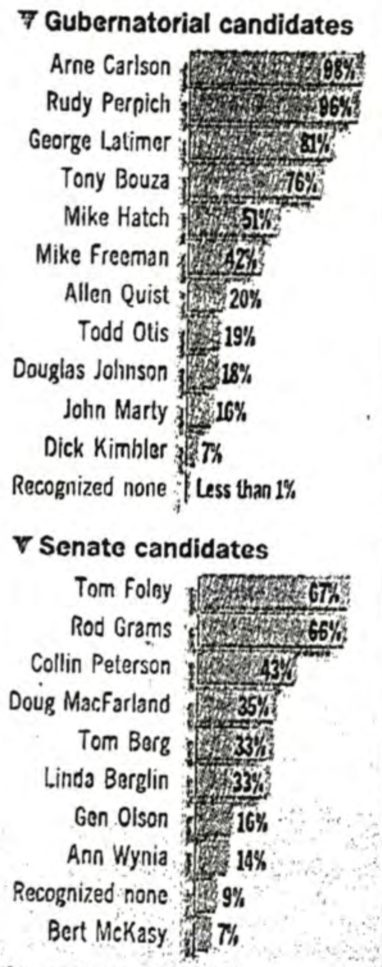
Meanwhile, most of Carlson's likely challengers are mysterious strangers to most Minnesotans. Best known are former DFL Gov. Rudy Perpich, who is toying with the idea of seeking an unprecedented fourth term, and former Minneapolis Police Chief Tony Bouza, a declared DFL candidate. But a half-dozen other gubernatorial candidates barely register on the name-recognition chart.

In the U.S. Senate race, the best-known contender hasn't even declared his candidacy — yet. Ramsey County Attorney Tom Foley, a

POLL CONTINUED ON 8A ▶

Candidate recognition

Gov. Arne Carlson and U.S. Senate candidate Tom Foley came out on top when Minnesotans were asked which candidate names they recognized in these 1994 election races:



Source: Pioneer Press Poll

DAVE HARDMAN / PIONEER PRESS

POLL

▼ CONTINUED FROM 1A

DFLer who plans to enter the race Monday, had the highest name-identification score in the field. He narrowly edged out U.S. Rep. Rod Grams, who is by far the best-known IR candidate running for the Senate.

The survey of 588 randomly chosen Minnesotans brings good news for Carlson. His job performance was rated favorably by 54 percent, while 42 percent gave him unfavorable marks.

Approval ratings don't always translate into votes. Voters who give officials low performance ratings often prefer them to their opponents in an election.

Nonetheless, Carlson's 42 percent unfavorable rating suggests that he is politically vulnerable.

While he still has relatively high negatives, Carlson's job approval rating has risen since the last Pioneer Press poll. His performance rating dropped steadily from 50 percent favorable and 21 percent unfavorable in January 1991, the month he took office, through October 1992, when he scored 63 percent unfavorable and 30 percent favorable. Since then, his ratings have improved by more than 20 percentage points.

The poll didn't probe Minnesotans' reasons for giving Carlson higher grades, but Carlson's major policy accomplishment has been to clean up a budget mess that he inherited from Perpich three years ago. Now the budget is balanced, the state has a small surplus in the bank, and Carlson warded off tax and spending increases pushed by the DFL-controlled Legislature.

Bruce Driscoll, 52, of Hibbing, said Carlson has done a good job as governor. "Fiscally, he has helped the state a great deal," Driscoll said. "I think that moneywise we're in better shape right now than we were before."

In addition, Carlson, a political streetfighter by nature, seems to have improved his personal standing with Minnesotans by limiting his public exposure and avoiding public brawls with political opponents.

But like the president, Carlson's job performance rating seems to have benefited most from rising optimism about the economy. When the economy improves, voters generally give officials higher marks, regardless of whether they are responsible for the improvements.

Carlson's score was about the same as Clinton's. The president received favorable marks from 55 percent of respondents and unfavorable ratings from 42 percent.

Minnesota mirrored the nation on Clinton's performance. In recent national surveys, the president received approval ratings of 54 percent in a New York

Local officials fare better

More Minnesotans give high marks to the performance of their local schools and government than to the state Legislature or the U.S. Congress.

▼ Favorable rating by percentage

U.S. Congress	26%
Minnesota Legislature	35%
Local school officials	51%
Local government	54%

Source: Pioneer Press Poll

PIONEER PRESS GRAPHIC

Los Angeles Times Poll and 60 percent in a Washington Post-ABC News poll.

U.S. Sens. Paul Wellstone and Dave Durenberger got low grades in the Pioneer Press poll.

Wellstone, a DFLer whose term runs until 1996, was rated unfavorably by 45 percent and favorably by 42 percent.

Durenberger, an Independent-Republican who decided not to seek re-election this year, got the lowest ratings — 57 percent unfavorable and 35 percent favorable. His ratings have been in the tank since 1990, when he was denounced by the Senate for unethical conduct.

Carlson lags outstate

Carlson's weak spot is in the 80 counties outside the Twin Cities metro area. Outstate residents gave him a 47-46 percent unfavorable rating. But he fared much better in the St. Paul area, where he got a 67-31 percent favorable mark, and in the Minneapolis area, where his rating was 53-42 percent favorable.

Cindy Wagner, 38, of Mankato was among those who rated Carlson's performance as poor. "To me, he has made public decisions based on public perceptions of him rather than because it was the right thing to do," she said. Wagner noted, for example, that denying pay raises to state employees "didn't balance the budget. That was really asinine.

"There comes a time when you have to stand up for what you believe in," she said. "To me, he stands stands up for what will get him re-elected."

As expected, Carlson is the best-known gubernatorial candidate. Ninety-eight percent recognized his name.

Next is Perpich, who was unseated by Carlson in 1990. He had 96 percent name recognition.

Former St. Paul Mayor George Latimer, who recently announced he will not run for governor this year, was third on the list, with 81 percent identifying him.

Three in four Minnesotans know Bouza, the colorful and controversial former New York cop.

Half recognized the name of Mike Hatch, a former state commerce commissioner and DFL Party chairman who unsuccessfully challenged Perpich in his party's 1990 primary.

But the rest of the declared and potential DFL candidates were not exactly

Hennepin County Attorney Mike Freeman fared the best of the rest, with 42 percent name recognition, followed by former DFL Chairman Todd Otis at 19 percent, state Sen. Douglas Johnson at 18 percent and state Sen. John Marty at 16 percent.

Carlson also faces two IR challengers, neither of whom is well-known. Former state Rep. Allen Quist had 20 percent name recognition. Just 7 percent knew Dick Kimbler, a Ramsey businessman.

But name recognition doesn't mean much at this point. Just because voters know a candidate doesn't mean they have a favorable impression of him or her. And unknown candidates introduce themselves to voters through campaigns.

Shadowy Senate candidates

The race for Durenberger's Senate seat is filled with equally mysterious figures.

Foley, with 67 percent name recognition, is by far the best-known DFL candidate. But he may have benefited by having the same first and last name as the speaker of the U.S. House, and perhaps because his father, retired Judge Daniel Foley of the state appeals court, has been on the ballot several times.

Grams, the first-term congressman from Ramsey, was recognized by 66 percent, giving him an equally large lead in name recognition over the other candidates for the IR Senate nomination.

Among the possible DFL candidates, U.S. Rep. Collin Peterson, a second-term lawmaker from Detroit Lakes who is considering joining the race, has the second-highest name recognition, 43 percent.

He was followed by three declared candidates who have been campaigning for months: former U.S. Attorney Tom Berg and state Sen. Linda Berglin, both at 33 percent, and former state House Majority Leader Ann Wynia at 14 percent.

After Grams in the IR race, the next-best-known candidate is Hamline University law professor Doug McFarland with 35 percent name recognition. State Sen. Gen Olson was recognized by 16 percent and former Commerce Commissioner Bert McKasy by 7 percent.

Lt. Gov. Joanell Dyrstad was not included in the poll; she announced her interest in the Senate seat after the Pioneer Press had started its survey.

The poll also showed that the closer government is to the people, the better they like it.

The distant U.S. Congress got the lowest performance ratings of any institution or individual, 68-26 percent unfavorable.

The Minnesota Legislature fared somewhat better but still had a negative rating, 45-35 percent unfavorable.

Local governments and local school officials got the top scores, 54-43 percent favorable for local governments and 51-35 percent favorable for school officials.

Staff writer Larry Millett contributed to this arti

FROM PAGE 1

How today's poll was conducted

The St. Paul Pioneer Press conducted this statewide public opinion survey between Jan. 7 and Jan. 23 by interviewing 588 randomly selected residents by telephone. The interviews were conducted by the Pioneer Press research department staff.

In theory, 19 times out of 20 that size sample will yield results that differ by no more than 4.1 percent from responses that would be received by interviewing every adult in the state. That margin of error is larger for subgroups, such as those respondents who have a college education.

The wording of questions also can introduce errors.

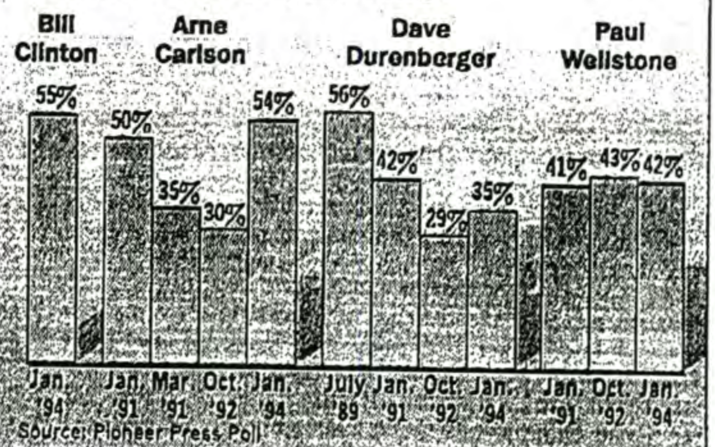
Further details on how the poll was conducted are available from the Pioneer Press research department.

The poll was directed by Dave Peters, deputy metro editor.

Carlson's popularity rebounds

Gov. Arne Carlson's approval rating among Minnesotans rose significantly over the past year. The state's U.S. senators gained a favorable assessment from less than half of Minnesota residents.

▼ Favorable rating by percentage



PIONEER PRESS GRAPHIC

Tom Foley
★ U.S.Senate ★

Press Release

For Release: Jan. 31, 1994 @ 10 A.M.

Contact: John Wodele
612/699-3948
612/374-8169

Ramsey County Attorney Tom Foley Announces Candidacy for The United States Senate

St. Paul, Mn. Ramsey County Attorney Tom Foley officially announced today in St. Paul that he will be a Candidate for the United States Senate in this fall's election to fill the seat vacated by Senator Dave Durenburger.

Foley's announcement took place at the Ramsey County court house in St. Paul, where Foley has served as County Attorney since 1978.

Entering a race loaded with liberal Democrats and conservative Republicans, Foley is positioned well as a moderate fighting for a middle class that is often alienated by the political extremes.

The spirited announcement speech, delivered to hundreds of supporters and the media in the Memorial Hall lobby of the Ramsey County court house, outlined a campaign substantially based on mainstream values of hard work, strong families, personal responsibility, and fiscal restraint.

Foley called for the "sunseting of all government entitlement programs every ten years" saying this review process should be used to "reform or eliminate, inefficient, ineffective or inequitable spending programs."

"For mainstream Americans, life can only get better if Congress will do the right thing and adopt a cut and invest strategy for growth," Foley said. Adding that this must be done "Without regard to special interests or pork barrel politics."

Throughout his speech, Foley hammered away at reform themes but received his loudest applause when he called for communities to join with him to "attack Crime with a vengeance."

Among measures that Foley advocated were tough actions to counter the trafficking of illegal guns, the creation of boot camp prisons for young offenders and the concentration of law enforcement resources toward career and violent criminals.

Many political observers were not surprised to see Foley enter a race that at this point is made up of candidates at the extremes of both political parties.

Foley, a Democrat, has long been identified as a moderate with a less partisan approach to government. As a leader in the moderate Democratic Leadership Council, Foley has championed political party reform to allow more participation by ordinary citizens.

Foley served as Ramsey County Attorney since 1978 and in that role has overseen the investigation and prosecution of many high profile crimes. He led the successful prosecution of Lois Jurgens for the child abuse murder of her three year old son. He argued the famous cross burning case *R.A.V. v. St. Paul* before the United States Supreme Court. Most recently, Foley has been identified as the prosecutor of the so called "phonegate" scandal at the Minnesota Legislature.

During his distinguished career Foley has served as a Minnesota Assistant Attorney General and the Deputy Commissioner of Corrections for the State of Minnesota. He served as a chair of the 1992 Clinton/Gore Campaign in Minnesota. He is a graduate of the University of Minnesota where he earned his B.A. in 1969 and his law degree in 1972.

Foley, 46,who is a native of Wabasha, Minnesota, now lives in the Highland Park neighborhood of St Paul and has two sons: Jordan, 14 and Mitchell, 12.

#####

We should invite to
a social event –

again – we should
also should invite
them to events in area –

B

Com

Can you take care
of being sure scheduling
has names + cities for area
events + that social
office has them for
either big event or small ones?

THE PRESIDENT HAS SEEN 2/1

THE WHITE HOUSE

WASHINGTON

January 28, 1994

MEMORANDUM TO THE PRESIDENT

From: Ann Walker

Re: Faces of Hope Update

It's been one year since the Faces of Hope were brought together for your Inauguration and they are hoping to have a reunion here in D.C. sometime this Spring. I've spoken with Ricki about possibilities for your participation in some type of event or activity during this reunion.

During the last few weeks, several Faces have written cards to you and your family for Christmas and in sympathy for the loss of your mother. You received Christmas cards from:

- Ken, Lisa and Kenny Crawford of Harrison, Ohio
- Clifford, Louise, Robert, Randy and Candy Ray of Orlando, Florida
- Mary Poldruhi of Parma, Ohio
- Ronald and Sheila Murphy of Las Vegas, Nevada

You received cards of condolence from:

- Mike, Cynthia, Rhyan, Sean and Aaron Sollace of Phoenix, Arizona
- Ricky Mullins of Parsons, Tennessee
- Elda Villamil of Jackson Heights, New York
- Beeper Lyles and Family of Las Vegas, Nevada

Collectively, the Faces of Hope sent a card expressing their sympathy and condolences at the loss of your mother. The card was designed by Face of Hope J.E. Paisley of Pittsburgh

Wilma Pollnow
Little Rock, Arkansas

- Wilma Pollnow recently opened up a new 25 room Little Rock facility for homeless and battered women and their families, which she refers to as the 'White House'. The facility also provides clothing and personal items to women and children. Residents are taught job skills, parenting, and receive counseling. Upon leaving, residents are placed in a fully furnished home. All services are free to those who need help.

Chrarles Hampton
Marmaduke, Arkansas

- Charles has been busy in the State Democratic party and speaking at local schools about the importance of "activism".

Zoila Terrazas
Los Angeles, California

- When you met her, Zoila managed a West Hollywood apartment building where she often confronted gang members. She no longer manages the apartment building.

- Zoila made it through the earthquake without injury.

Clifford and Louise Ray and family
Orlando, Florida

- The Ray family saw you recently here at the National Christmas Tree Ceremony in December. The children gave you a picture of their brother, Ricky, who passed away last year and Louise Ray gave us a study/report on AIDS and the hemophiliac community - how it was transmitted "knowingly" to hemophiliacs.

- The <u>Orlando Sentinel</u> Sunday Magazine recently featured the Ray children in an article about the use of tainted blood for young hemophiliacs.

- Louise is currently fundraising for her Florida assembly race, and asked if you might, at some date, give her a letter of support. She is running against a "Christian Coalition" Republican, and there are no other Democrats in the race.

[illegible] - Do this

Michelle Miller
Atlanta, Georgia

- You met Michelle during the Habitat for Humanity project you participated in with former President Carter.

- She has recently been working with girl scouts and other community activities.

Brett Philpott
Marietta, Georgia

- Brett, who spent time in the hospital with little Albert Gore, was scheduled to have hip surgery on January 28.

- His father Mitch is working for the Veterans Administration in Georgia.

Heather Williams
Rex, Georgia

- Heather met Tipper Gore at a rally in Atlanta preceding the Vice Presidential debate.

- Although she is only 14, she is planning to enter politics when she is older. She is very supportive of you and the Administration's initiatives, even though most of her neighbors are conservative Republicans.

Ollie McLemore
Chicago, Illinois

- You met McLemore when you visited the Beasley Elementary School, a magnet school on the south side of Chicago.

- McLemore retired last year, ending a 35-year career as a teacher, educator, principal, and Chicago Board of Education member.

Send note to her—

- McLemore is featured in the February issue of Ladies Home Journal in an article entitled "In Praise of Strong Women".

Alta Bardsley
Cedar Rapids, Iowa

- Alta still works at a Quaker Oats Plant in Cedar Rapids.

Can we help

- She has expressed concern about tax liability for her Face of Hope trip/visit during the inauguration.

Michael Quercio
Worcester, Massachusetts

- Michael has been in and out of the hospital in the last few months.
- He is still receiving invitations to speak nationwide about promoting realistic AIDS education to youth.
- Michael is interested in working with Kristine Gebbie's office, and I am trying to set this up.

Marjorie Bear Don't Walk
Billings, Montana

- Marjories's son Scott is currently studying at Oxford as a Rhodes Scholar.

Ronald Patrick Murphy
Las Vegas, Nevada

- Ronald won his case with the Veterans Administration, and has been awarded back pay.
- He recently saw his children for the first time in 20 years.

Mike Morrison
Tilton, New Hampshire

- Mike has been busy in school and active in local politics.

Elda Villamil
Jackson Heights, New York

- She became active in the mental health community as a result of her son's schizophrenia.
- She is currently working with inventors to design a new energy efficient car engine.

Marie Kostas-Weber
Cleveland Heights, Ohio

- Rep. Sherrod Brown plans to introduce the Sarah Weber Bill next month. The legislation would regulate the home intravenous infusion industry.
- Marie Kostas-Weber will come to Washington for the bill introduction.
- Kostas-Weber has received word that Senator Metzenbaum will sponsor the bill in the Senate.

Mary Poldruhi
Parma, Ohio

- Mary is planning to open her second Parma Pierogies restaurant in April.

To reply

- Her current restaurant was recently featured in <u>International Restaurant Magazine</u> as one of the top 5 new restaurant concepts.

Benjamin Edwards
Philadelphia, Pennsylvania

- Last week, the <u>Philadelphia Daily News</u> profiled Benjamin Edwards and his efforts to turn his life around. Edwards, the homeless man you spoke with concerning the lack of job opportunities, lost his job as a custodian with Shellville Services, a job received after receiving publicity at the Economic Conference in Little Rock.

- You saw Ben last May in Philadelphia and I've received a letter and calls from Rev. Jerome Kirkland, pastor of the True Grace Memorial House of Prayer. Kirkland is trying to help Ben with problems such as alcoholism and illiteracy - in an effort to help him maintain a job.

try to help

- He asked if there are any programs we might be able to get Ben into to help him.

J.E. Paisley
Pittsburgh, Pennsylvania

- She has been helping non-profit organizations and support victims for stroke-sufferers. J.E. has also been speaking in support of the Clinton Health Care Plan.

- The hospital she recuperated in gave her a Rocky Blier courage award, named after the football player who returned from Vietnam unable to walk, but eventually played in the Super Bowl.

Teann Scoggins
York, Pennsylvania

- Mrs. Gore met Teann during the campaign at the opening of the local campaign headquarters.

- Although she has recently had health problems, she maintains her interest in local politics.

Bill Breirton
Bloomfield, Pennsylvania

- Breirton worked more than 24 years at Teledyne Columbia Steel before being laid off in December, 1990. Breirton's story was featured in a campaign advertisement.

- He is working in the State prison system in the medical records division.

Cathy Gould
Florence, South Carolina

- Cathy and her children drove to Washington to attend the Brady Bill signing ceremony on November 30. You mentioned Cathy and her two children in your speech.

Ricky Mullins
Parsons, Tennessee

- Ricky recently completed a worker retraining program in computer drafting engineering.

- He is currently looking for a job.

Dr. Patricia Wetzel
Arlington, Texas

- You met Dr. Wetzel at a town hall meeting in Dallas. She contracted the HIV virus from an accidental needle prick in 1991.

- She has been giving speeches on AIDS and is still healthy.

Larry Goldman and Sammy Goldman-Kohlenberg (family of Sherry Kohlenberg)
Richmond, Virginia

- Larry, Sammy and Larry's mother attended the National Breast Cancer Coalition meeting at the White House in November. Larry is having a tough time since Sherry's death.

Jamie Hogan
Strum, Wisconsin

- Jamie has suffered a setback with scoliosis and had to stop attending school.

- She has a private tutor at home.

THE PRESIDENT HAS SEEN 2/1

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FILE NO.

REPLY TO:

Maria — Harold/DRZ potential problems call him —

MEMORANDUM

TO: DAVID WILHELM --- DNC

FROM: MARIA VICTORIA ARIAS RODHAM

DATE: January 29, 1994

RE: SIMON FERRO

I thought you should see the attached newspaper article pertaining to Simon Ferro. The Vice Chair for the State Democratic Party was quoted in the paper as stating that the "Cuban American vote" is too small to significantly affect statewide races.

I need not have to describe to you how difficult it is going to be for me to answer questions pertaining to this issue when I appear on the Cuban/Hispanic radio shows and television. As a matter of fact, I have one this week with one of the toughest interviewers.

Although there may be a technical violation of the "party rule", this February 5th party trial has far reaching implications. How dare Mr. Ausman insult the Cuban American vote by saying that it is "insignificant". THIS IS TOTALLY CONTRARY TO WHAT THE PRESIDENT OF THE UNITED STATES HAS REPEATEDLY STATED ABOUT THE CUBAN AMERICAN VOTE.

Also, you will note that no one from Dade County filed the complaint.

Please David, if anything can be done.... do it!!!

SENT BY:SIEGFRIED.KIPNIS ; 1-29-94 ;10:42AM ; 305-443-3292→ 12024566703;# 8/ 4

KRT Photo Service

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policy, called for "a f black-market trad- ave tried to blend in "independent" work-

Rebelde journalist n the sale of black-market hamburgers and buns in the eastern city of Santiago even suggested that "a raid should be carried out block by block, where everyone knows who is who" to punish those who have stolen goods from state shops and warehouses.

But President Fidel Castro himself has acknowledged that self-employment is almost impossible to control through increased police efforts alone because of the sheer numbers of people involved.

The reform is beginning to pose a dilemma for Cuban authorities. On one hand, they

PLEASE SEE CUBA, 8A

derers or long-suffering victims of abuse within their family's gated estate.

Superior Court Judge Stanley Weisberg declared a mistrial in the case of Lyle Menendez, 26, officially ending the six-month trial. A separate jury for brother Erik, 23, was declared deadlocked two weeks ago in the Aug. 20, 1989, shotgun slayings of their wealthy parents.

Prosecutors immediately promised to try the Beverly Hills, Calif., brothers again.

The trial, broadcast live to a nationwide television audience, was dominated by a bold defense, which insisted that the brothers killed in fear after years of being raped and molested by their father, Jose Menendez.

That defense transformed the jury deliberations, dividing both panels into rival camps — believers and skeptics. Jurors said their weeks of debate took on a nearly religious fervor at times.

Records unsealed Friday showed the juries were split almost precisely in half on most counts, with those skeptical of the brothers' stories pushing for murder convictions, while the believers held out for lesser manslaughter convictions.

"There was basically a war,"

PLEASE SEE MENENDEZ, 32A

treet Causeway

PETER ANDREW BOSCH / Miami Herald Staff

WELCOME: Bird hospital volunteer Wendy Fox picks three brown pelicans sent from Virginia to Miami.

Democrat could lose posts over party loyalty oath

By TOM FIEDLER
Herald Political Editor

When Coral Gables lawyer Simon Ferro stepped aside as chairman of the Florida Democratic Party in 1992, he got a banquet in his honor, pats on the back and a sheaf of customary accolades.

Now, if some of his fellow Democrats have their way, he may get the boot.

Ferro, one of the most prominent Cuban-American Democrats in Florida and the nation, is accused of being the partisan equivalent of a traitor for supporting Miriam Alonso in the Miami mayoral race.

At a party trial scheduled Feb. 5 in Orlando, he could be stripped of his seats on the Democratic National Committee and the state Democratic Executive Committee, the party's two policy-making arms.

"He gave his word; he broke it, apparently," said Jon Ausman of Tallahassee, the party's vice chairman and Ferro's chief accuser.

The charges are rooted in the Democratic Party's loyalty oath, which prohibits a party officer from supporting "any non-Democrat against a Democrat" in any election other than the judiciary. The oath was adopted years ago to punish those Democrats who in the 1960s had publicly endorsed Republican presidential candidates Barry Goldwater

PLEASE SEE FERRO, 33A

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Democrat faces possible discipline over party loyalty

FERRO, FROM 1A

and Richard Nixon.

The Republican Party also has a loyalty oath, but it applies only in "general elections" for partisan offices. It doesn't address nonpartisan races.

In recent years, the Democrats' oath has been used to discipline leaders who backed Republicans in state legislative races.

But the oath also applies to nonpartisan city elections — the obscure point where Ferro ran into trouble.

In last fall's Miami mayoral race, Ferro supported and contributed heavily to the campaign of former Commissioner Alonso, a registered Republican, against the eventual winner, Steve Clark, a registered Democrat.

Ferro declined to comment publicly about the charges, saying he thought it improper to try the case in the news media. But in interviews during the campaign, he said he had endorsed Alonso, a longtime family friend, before Clark entered the race.

At that point, there was no conflict with the oath. Once Clark got in, however, Ferro said he was put in the position of choosing between breaking his commitment to a friend or abiding by a partisan oath that had no bearing in the campaign and seemed irrelevant to the race.

Indeed, neither Alonso nor Clark have been more than peripherally involved in party activities during their careers. In 1989 Clark, then mayor of Dade County, publicly endorsed Republican Ileana Ros-Lehtinen in her congressional campaign against Democrat Gerald Richman, saying "political parties don't have any influence in my mind."

It is irrelevant, said Ausman, that neither candidate's party affiliation appeared on the ballot or was even a factor in the race. Nor does it matter that no Democrat has ever been charged under that provision before.

What matters, he said in an interview, is that Ferro knew the rules and he didn't follow them.

"There is tremendous potential harm if somebody prominent violates the oath," said Ausman, chairman of the Leon County Democratic Party in Tallahassee. "There can be no high or low justice, as there was in medieval days; there should be no favoritism because of who he is."

On Nov. 18, after nobody in Dade County was willing to act,

'There is tremendous potential harm if somebody prominent violates the oath.'

JON AUSMAN, Ferro's chief accuser

Ausman sent a letter to other party leaders informing them of Ferro's backing for Alonso and citing the loyalty oath's provisions.

"Regardless of how we may feel about Mr. Ferro, and regardless of past service, a violation of a sworn oath of loyalty is a serious issue," he wrote.

State committeewoman Nancy M. Dick of Wauchula, also a DNC member, notified party Chairwoman Terrie Brady in late December that she was going to pursue the charge at the party's Jan. 22 meeting. She called for Ferro to be kicked off the DNC and suspended from the state executive committee — a virtual banishment from the circles of power.

Brady, whom sources have described as reluctantly moving ahead, referred the complaint to the party's Judicial Council, which set the trial date. She said she felt she had little choice.

"Simon is a very notable, very respected leader in his community and among a lot of voters," she said in an interview this week. "But he also signed a loyalty oath and that can't be ignored."

INTERNAL BATTLE: Coral Gables lawyer Simon Ferro.

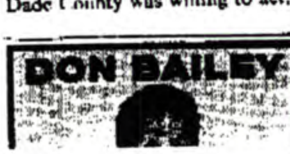
Some party strategists fear that prosecuting Ferro as a party traitor could come back to haunt the Democratic ticket in future elections.

President Clinton went out of his way in the 1992 campaign to woo Cuban voters, winning more than 20 percent of their votes — nearly three times that of the Democrat in 1988, Michael Dukakis.

"If Simon is humiliated by the party, that'll kill everything and I wouldn't be surprised to see the White House write off Florida for 1996," the consultant said.

Ausman disagreed, arguing that the Cuban-American vote is too small to significantly affect statewide races. And at least one voice within the community appeared to back the inquiry.

"I will defend the [party] for any action it takes," said Randolph Espinet, president of the Cuban American Democratic Council, which backed Clark. "A violation of an oath is a very serious matter in any community."



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FILE NO.

REPLY TO:

FAX TRANSMITTAL SHEET

TO: PRESIDENT BILL CLINTON -- NANCY HERNREICH
FAX #: 1-202-456-6703
PHONE #: 1-202-456-6610

FROM: MARIA VICTORIA ARIAS RODHAM Maria
FAX #: (305) 443-3292
PHONE #: (305) 442-3334
FILE #:

RE: SEE ATTACHED

DATE: January 29, 1994
TIME: 10:19 am
NUMBER OF PAGES TO FOLLOW: 3

MESSAGE: My memo to David Wilhelm together with the attached newspaper article are self-explanatory.

I really thought you should see this.

THE PRESIDENT HAS SEEN 2/1

THE WHITE HOUSE

WASHINGTON

January 28, 1994

94 JAN28 P4:17

MEMORANDUM FOR THE PRESIDENT

FROM: Mack McLarty

SUBJECT: Texas/SSC

Bill Burton prepared for me the attached memo updating the status of the Superconducting Super Collider termination project. With Texas's keen interest -- and Ann Richards coming to spend the night here next week -- I wanted you to know where things stand.

[redacted]

Please let me know if there is any other information with which we can provide you.

Keep working
at it & try
what you can

THE PRESIDENT HAS SEEN 2/1

THE WHITE HOUSE

WASHINGTON

94 JAN28 P4: 17

January 28, 1994

MEMORANDUM TO MACK McLARTY

FROM: BILL BURTON

SUBJECT: Texas/Superconducting Super Collider

Secretary Hazel O'Leary plans to call you this weekend to discuss where we are on the SSC termination project. She is to meet with Gov. Ann Richards early next week on this topic. Today, a meeting is set between Texas representatives (Jane Hickey, Texas's Washington representative, and Sylvia de Leon of Akin Gump, Texas's lawyers for the SSC project) and the federal government (Energy's general counsel and chief of staff and me).

Texas's primary concern is to what extent the federal government can reimburse Texas for the money it has invested in the project. Texas, although asking for $539 million, would probably settle for an amount sufficient to redeem its bonds (which nets out at ~~about $425 million).~~ So far, lawyers at the White House, Energy Department, and Justice Department have failed to find a legal mechanism for Hazel to pay over the full amount -- $425 million -- under the termination authority granted to Energy. We have come up with several pieces of a cash offer we can make to Texas:

- Purchase of Texas's interest in the SSC. In valuing the property, we may be able to increase the fair market value by valuing some projects as completed, less the cost of completion.
- Settlement value of Texas's legal claims against us.
- Gains to the U.S. from early redemption of Texas's tax-free bonds.

This package, each piece of which would have to be negotiated, would probably fall well short of the amount Texas seeks -- perhaps under $200 million, although we should avoid discussing specific figures. Hazel proposes that, to try and fill the gap, she and Ann would appoint an independent commission to determine if fairness dictates an additional payment to Texas. Armed with that finding from an independent body, the federal government would seek an additional appropriation in FY95-97 for Texas.

Keep in mind that of the $640 million appropriated by Congress for the SSC termination project, fully $400 million or more will be needed out of the appropriation for salaries, severance pay, settlement of contract claims, and environmental remediation. Thus, even if Energy had the authority to give Texas all the money Texas wanted from Energy, it might have to go back to Congress for more money.

Texas's secondary concern is some form of ongoing project at the SSC site. Jess Hay is heading a task force in Texas working with the national scientific community to determine what those options are. We will work with Texas to fund some project at the site; Hazel estimates setting aside $30 million in FY95 money for such work.

Working with Energy and Texas on this project from the White House have been Cliff Sloane in the counsel's office, Sylvia Mathews of the NEC, Greg Simon of the Vice President's office, T.J. Glauthier of OMB, Keith Mason of Intergovernmental, Lorraine Miller of Congressional, and me.

With respect to process, it has much improved. After being angry with the attitude of the Energy Department folks through much of December, Texas seems to be happy with the efforts being made since the end of the year. Frankly, the federal government is now working to the end of finding ways to accomodate Texas's concerns, and not as an adversary to Texas in the process.

In fairness to Energy, it should be noted that Texas has done fairly poor legal work on this project to date. Texas, acknowledging that, brought Sylvia de Leon into the project.

Chavez/GS - FYI

THE PRESIDENT HAS SEEN
2/1

Molly Ivins

Thursday, January 27, 1994 / Fort Worth Star-Telegram

Clinton mentions one powerful word

AUSTIN — I have an odd nomination for the most important thing said by President Clinton on Tuesday night. He said that governments don't raise children, parents raise children — parents who help kids with their homework and teach them right from wrong. "I know," Clinton said. "I had one."

One.

The phrase *role model* used to annoy me. What's wrong with just *heroes* or *admirable people*? Everyone from Jesse Jackson to teachers to sociologists carried on about the need for role models, but I never believed how important it is until the day I chaperoned a class of junior high school kids around the state Capitol. They were mostly black and brown kids, all bright, from one of those "gifted and talented" classes we used to have before the Legislature decided they'd do anything for the schoolchildren of Texas except raise taxes to pay for their education.

The Legislature is pretty boring for junior high kids — bunch of white people standing around talking. But when Wilhelmina Delco, a black state rep from Austin and speaker pro tem of the House, took the chair and started whacking bills through, every black girl in that class went on point, like a trained hunting dog. "Who is that?" "Who's she?" "Why's she up there?"

When we went over to the Senate, Eddie Bernice Johnson, a black member from Dallas, and Gonzalo Barrientos, Chicano from Austin, both spoke on some bill, and every black and brown kid in the group went on point again. *Someone who looks like me! You mean I could do this?*

The topper was when Gov. Ann Richards came out to talk to them. Have you ever watched the girls in an audience when Richards speaks? Try it next time you get a chance. It'll give you a whole new grip on the "role model thing," as George Bush would say.

So when the president said "one" — one parent — I could almost see every kid in this country who's ever felt bad because his or her family doesn't look like Beaver Cleaver's or Bill Cosby's suddenly go on point.

Aside from that, what I liked best about Clinton's speech was, naturally, the occasional populist "gig 'em" aimed at Congress. "All you have to do is go out and listen to [people]. Just go talk to them anywhere in any congressional district in this country. They're Republicans and Democrats and independents — it doesn't have a lick to do with party. They think we don't get it, and it's time to show them that we do get it.

"The American people provide those of us in government service with terrific health-care benefits at reasonable cost. We have health care — it's always there."

And my favorite theme, with finger thumping the podium: "Don't you people up here ever think what you do doesn't make a difference. It does."

Clinton's shots at the health insurance industry were, if anything, understated. The Health Insurance Association of America is spending $1.9 million on its current round of advertising, featuring "Libby" and "Louise," to spread fear and doubt about health-care reform. This is on top of the $10.5 million the association spent last year for the same purpose with its "There's got to be a better way" campaign.

As Clinton pointed out, presidents have been trying to reform health care in this country for 60 years, and "every time the special interests were powerful enough to defeat them." He said that health-care reform would "raise critical questions about the way we finance our campaigns and how lobbyists wield their influence." Questions? We already know the answers. The way campaigns are financed in this country is a system of legalized bribery that allows special interests to buy Congress wholesale.

The reason that campaign finance reform is supposedly a dead duck this year is because those who favor the status quo — the Health Insurance Association of America, for example — have come with a catchy slogan against it: They call it "welfare for politicians," thus neatly combining two things Americans hate a lot. So now all the pols are fleeing like mad from the idea of publicly funded campaigns lest they be accused of voting for welfare for themselves. Shame on you if you fall for that one.

Real welfare reform, as Clinton tried to point out, depends entirely on whether Congress passes health-care reform. As anyone who has ever looked at the welfare system can tell you, what happens over and over is that a woman who has been on welfare goes out and gets a job — always a low-wage job that barely covers child care and leaves her better off only in terms of self-respect and independence — and then one of the kids gets sick. So she goes back on welfare so she can afford to take the kid to a doctor. I know women to whom this has happened five or six times before they finally give up.

The Republican-orchestrated hullabaloo about Clinton's having abandoned welfare reform is just partisan bull. You cannot reform welfare until we have universal health insurance; this is not rocket science.

Molly Ivins' column appears Sunday, Tuesday and Thursday.

F.Y.I.

To: Mr. President

From: Bill Burton

Return ☐

Keep or toss ☑

THE PRESIDENT HAS SEEN 2/1

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FILE NO.
REPLY TO:

Mack/BL
call on Fam
problem
B

FAX TRANSMITTAL SHEET

TO: HILLARY RODHAM CLINTON
FAX #: 1-202-395-4198
PHONE #: 1-202-456-7064

Maria

FROM: MARIA VICTORIA ARIAS RODHAM
FAX #: (305) 443-3292
PHONE #: (305) 442-3334
FILE #: Private line At Work (305) 442-4718

RE: SEE ATTACHED MEMO & NEWSPAPER ARTICLE

DATE: January 29, 1994
TIME: 10:33 am
NUMBER OF PAGES TO FOLLOW:

MESSAGE: Please read the attached memo and newspaper article. This is not good.

Would it be in the best interest of the President for me to appear at this "party trial"?

LAW OFFICES

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FILE NO.

REPLY TO:

MEMORANDUM

TO: DAVID WILHELM --- DNC

FROM: MARIA VICTORIA ARIAS RODHAM Maria

DATE: January 29, 1994

RE: SIMON FERRO

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PLEASE SEE MENENDEZ, 32A

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policy, called for "a
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›n the sale of black-market hamburgers and buns in the eastern city of Santiago even suggested that "a raid should be carried out block by block, where everyone knows who is who" to punish those who have stolen goods from state shops and warehouses.

But President Fidel Castro himself has acknowledged that self-employment is almost impossible to control through increased police efforts alone because of the sheer numbers of people involved.

The reform is beginning to pose a dilemma for Cuban authorities. On one hand, they

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reet Causeway

PETER ANDREW BOSCH / Miami Herald Staff

WELCOME: Bird hospital volunteer Wendy Fox picks three brown pelicans sent from Virginia to Miami.

Democrat could lose posts over party loyalty oath

By TOM FIEDLER
Herald Political Editor

When Coral Gables lawyer Simon Ferro stepped aside as chairman of the Florida Democratic Party in 1992, he got a banquet in his honor, pats on the back and a sheaf of customary accolades.

Now, if some of his fellow Democrats have their way, he may get the boot.

Ferro, one of the most prominent Cuban-American Democrats in Florida and the nation, is accused of being the partisan equivalent of a traitor for supporting Miriam Alonso in the Miami mayoral race.

At a party trial scheduled Feb. 5 in Orlando, he could be stripped of his seats on the Democratic National Committee and the state Democratic Executive Committee, the party's two policy-making arms.

"He gave his word; he broke it, apparently," said Jon Ausman of Tallahassee, the party's vice chairman and Ferro's chief accuser.

The charges are rooted in the Democratic Party's loyalty oath, which prohibits a party officer from supporting "any non-Democrat against a Democrat" in any election other than the judiciary. The oath was adopted years ago to punish those Democrats who in the 1960s had publicly endorsed Republican presidential candidates Barry Goldwater

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Democrat faces possible discipline over party loyalty

FERRO, FROM 1A

and Richard Nixon.

The Republican Party also has a loyalty oath, but it applies only in "general elections" for partisan offices. It doesn't address nonpartisan races.

In recent years, the Democrats' oath has been used to discipline leaders who backed Republicans in state legislative races.

But the oath also applies to nonpartisan city elections — the obscure point where Ferro ran into trouble.

In last fall's Miami mayoral race, Ferro supported and contributed heavily to the campaign of former Commissioner Alonso, a registered Republican, against the eventual winner, Steve Clark, a registered Democrat.

Ferro declined to comment publicly about the charges, saying he thought it improper to try the case in the news media. But in interviews during the campaign, he said he had endorsed Alonso, a longtime family friend, before Clark entered the race.

At that point, there was no conflict with the oath. Once Clark got in, however, Ferro said he was put in the position of choosing between breaking his commitment to a friend or abiding by a partisan oath that had no bearing in the campaign and seemed irrelevant to the race.

Indeed, neither Alonso nor Clark have been more than peripherally involved in party activities during their careers. In 1989 Clark, then mayor of Dade County, publicly endorsed Republican Ileana Ros-Lehtinen in her congressional campaign against Democrat Gerald Richman, saying "political parties don't have any influence in my mind."

It is irrelevant, said Ausman, that neither candidate's party affiliation appeared on the ballot or was even a factor in the race.

'There is tremendous potential harm if somebody prominent violates the oath.'

JON AUSMAN,
Ferro's chief accuser

Ausman sent a letter to other party leaders informing them of Ferro's backing for Alonso and citing the loyalty oath's provisions.

"Regardless of how we may feel about Mr. Ferro, and regardless of past service, a violation of a sworn oath of loyalty is a serious issue," he wrote.

State committeewoman Nancy M. Dick of Wauchula, also a DNC member, notified party Chairwoman Terrie Brady in late December that she was going to pursue the charge at the party's Jan. 22 meeting. She called for Ferro to be kicked off the DNC and suspended from the state executive committee — a virtual banishment from the circles of power.

Brady, whom sources have described as reluctantly moving ahead, referred the complaint to the party's Judicial Council, which set the trial date. She said she felt she had little choice.

"Simon is a very notable, very respected leader in his community and among a lot of voters," she said in an interview this week. "But he also signed a loyalty oath and that can't be ignored."

INTERNAL BATTLE: Coral Gables lawyer Simon Ferro.

Some party strategists fear that prosecuting Ferro as a party traitor could come back to haunt the Democratic ticket in future elections.

President Clinton went out of his way in the 1992 campaign to woo Cuban voters, winning more than 20 percent of their votes — nearly three times that of the Democrat in 1988, Michael Dukakis.

"If Simon is humiliated by the party, that'll kill everything and I wouldn't be surprised to see the White House write off Florida for 1996," the consultant said.

Ausman disagreed, arguing that the Cuban-American vote is too small to significantly affect statewide races. And at least one voice within the community appeared to back the inquiry.

"I will defend the [party] for any action it takes," said Randolph Espinet, president of the Cuban American Democratic Council, which backed Clark. "A violation of an oath is a very serious matter in any community."

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or was even a factor in the race. Nor does it matter that no Democrat has ever been charged under that provision before.

What matters, he said in an interview, is that Ferro knew the rules and he didn't follow them.

"There is tremendous potential harm if somebody prominent violates the oath," said Ausman, chairman of the Leon County Democratic Party in Tallahassee. "There can be no high or low justice, as there was in medieval days; there should be no favoritism because of who he is."

On Nov. 18, after nobody in Dade County was willing to act,