THE WHITE HOUSE

WASHINGTON

April 30, 1981

Dear Dr. Warner:

In accordance with the requirements of the Presidential Records Act, 44 U.S.C. 2203 (c) (1), the President proposes to dispose periodically of the following categories of Presidential records:

--public mail to the President, the First Lady and their staffs including anonymous correspondence, correspondence with an incomplete address, mail from prolific writers, and public opinion mail

--copies of press releases, press conference and briefings transcripts, personnel announcements, mass mailings and other internal publications that are distributed widely

--publications, brochures, clippings and other types of enclosures in public mail, when there is no immediate or historical importance to the materials

--unsuccessful and unsolicited applications for employment, including correspondence, resumes, letters of recommendation and other similar materials.

I would like to obtain your views on this proposal. I would suggest that as a means of carrying out this plan on a continuing basis that members of the White House staff would work with your designee in reviewing sample boxes of the materials involved. The materials would then be turned over to you for destruction.

I would appreciate your consideration of this proposal and a response at your earliest convenience.

Sincerely,

James A. Baker III
Chief of Staff and
Assistant to the President

Dr. Robert Warner
Archivist of the United States
The National Archives
Washington, DC 20408

Oct. 28, 1981

Ms. Susan Cockrell
Director of Administration
Office of the Vice President
The White House
Washington, D.C. 20500

Dear Ms. Cockrell:

In accordance with the authority granted me by the Presidential Records Act, 44 U.S.C. Section 2203 (c)(2), I approve the disposal of a category of Vice Presidential records described as follows in your letter of October 2, 1981:

- Unacknowledged incoming correspondence.

  Included are communications received by the Vice President and his staff that contain insufficient or illegible names or addresses, information copies of letters addressed to other persons, multiple letters from prolific writers, items with offensive or irrational messages, clippings, and multiple copies of the same letter or telegram signed by different persons.

I do not intend to take any adverse action with regard to this disposal request, such as that permitted me under Section 2203 (e) of the Presidential Records Act.

Ms. Marie Allen of the Archives' Presidential Libraries Office will arrange, at your convenience, to transfer these materials to an archival staging area prior to destruction. Ms. Allen will also select for retention a small representative sample of the materials to be destroyed.

When you have additional records in this category for disposal, during the administration, you may contact the Presidential Libraries Office to arrange transfer of the materials, without further approval from my office.

The destruction of materials without continuing value, such as those described above, is an important part of any effective records management program and enables us to better direct our limited resources toward the preservation of permanently-valuable records. We are happy to provide assistance to you in your efforts to manage effectively the Vice Presidential records.

Sincerely,

S/

ROBERT M. WARNER
Archivist of the United States

NL:MAllen:ch 10/26/81 523456-2545
cc: Official file-NL
Reading file-NL
MAllen-NLWH
N

NL

OFFICE OF THE VICE PRESIDENT

WASHINGTON

RECEIVED N 10/7/81

October 2, 1981

Dr. Robert Warner
Archivist of the United States
The National Archives and Records Service
Washington, D.C. 20408

Dear Dr. Warner:

In accordance with the requirements of the Presidential Records Act, 44 U.S.C. 22 Section 2203(c)(1), I am writing to request your approval of the following category of Vice Presidential records for periodic disposal:

- Unacknowledged incoming correspondence.

  Included are communications received by the Vice President and his staff that contain insufficient or illegible names or addresses, information copies of letters addressed to other persons, multiple letters from prolific writers, items with offensive or irrational messages, clippings, and multiple copies of the same letter or telegram signed by different persons.

We no longer need these records for administrative purposes. In keeping with procedures recommended by the samples of the material described above, I believe that the destruction of these records will result in a significant savings to the Government in storage and handling costs without detracting from the historical record.

I understand that the Presidential Libraries Office will inspect these materials and then arrange for their disposal, if you approve this disposal action.

Sincerely,

Susan Cockrell

Susan Cockrell
Director of Administration

OPTIONAL FORM 99 (7-90)
FAX TRANSMITTAL 4/6/93 4:46pm # of pages ▶ 2

To Terry Good	From John Fawcett
Dept./Agency WHORM	Phone # 202-501-5700
Fax # 202-456-2129	Fax # 202-501-5709
NSN 7540-01-317-7368 5099-101	GENERAL SERVICES ADMINISTRATION

30 MAR 1982

Honorable John F. W. Rogers
Deputy Assistant to the President
for Management
The White House
Washington, D.C. 20500

Dear Mr. Rogers:

In accordance with the authority granted me by the Presidential Records Act, Section 2203(c)(2), I approve, with two reservations, the disposal of four categories of Presidential bulk mail described in your letter to me of March 8, 1982, as public mail, internal publications, enclosures in public mail, and unsuccessful and unsolicited applications for employment.

My reservations relate to the establishment of an adequate sampling system and the retention of more copies of internal publications.

I recommend that the Office of Records Management and our Presidential Libraries Liaison Office work together to develop adequate sampling procedures designed to retain appropriate portions of such categories as anonymous correspondence, enclosures in public mail, and public opinion mail. The sampling should be accomplished jointly and the selections retained permanently. If, in the process of sampling, we identify groups of records that should not be destroyed, we will so inform you.

Secondly, I feel that the office of origination should have a responsibility for retaining a record set of mass mailings and internal publications, as well as a responsibility to send a copy to the Office of Records Management. The Presidential Libraries Office may wish to retain additional copies of some publications as reference tools at the future Reagan Library.

With the exception of these two concerns, I support and commend your efforts to dispose of these categories of Presidential mail and publications. I do not intend to take any Congressional action with regard to this request, as provided in Section 2203(e) of the Presidential Records Act. The destruction of materials without continuing value is an important part of any effective archival and records management program and enables all of us to better direct our limited resources toward the preservation of permanently valuable records.

Sincerely,

Robert M. Warner

ROBERT M. WARNER
Archivist of the United States

cc:
Official file-NL
Day file-NI
Day file-N

MBAllen:jwa 3/29/82 456-2545

NL James E. O'Neill

EW

THE WHITE HOUSE

WASHINGTON

DEW

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: DAVID WILHELM

Fax Number: **Phone Number:**

863-8174

FROM:

JOHN PODESTA/FW

SUBJECT:

DATE: 5/3/94

NUMBER OF PAGES (including cover sheet): 2

MESSAGE:

If all pages are not received, please call 202/456-2702

LA TIMES

Commentary

If They're Registered, Most Will Vote

'Motor voter': GOP partisanship is stalling a plan that could bring millions more to the polls.

By PETER DREIER and JOWANNA WAITS

A bill that could dramatically alter California and national politics is stuck in the state Legislature, held hostage by partisan rivalry.

The federal "motor-voter" bill, signed by President Clinton last May, requires all states to streamline their voter registration laws. It requires states to allow voters to register when they apply for or renew their driver's licenses, to enlist voters at social service, military recruitment and other public agencies and to permit voters to register by mail. (California already does the latter). It also orders states to implement these provisions by Jan. 1.

Several states already use their motor-vehicle agencies to register voters and are now moving quickly to implement the other aspects of the federal law.

Acting Secretary of State Tony Miller wants to implement the law, but cannot get the cooperation of Gov. Pete Wilson, who has authority over the key state agencies. Last year, Assemblyman Rusty Areias (D-San Jose) filed an implementation bill, but it has been stalled by Republican opposition. Wilson and GOP legislators fear that the new law will increase registration primarily among groups who tend to vote for Democrats.

Even if implemented by the federal deadline, the law will have no effect on this year's state elections, but it could have a significant impact on future races, including the 1996 presidential contest. The United States has the lowest voter turnout of any Western democratic nation. Typically, about half of eligible U.S. voters go to the polls in national elections, compared with 80% and 90% in other democracies.

Most experts believe that our nation's crazy-quilt voter registration laws, rather than apathy or satisfaction with the status quo, account for those low figures. For example, in our highly mobile society, people are dropped from the voting rolls when they move, and many don't get around to re-enlisting before the next election. In contrast, before each election in Canada, a complete national registration is carried out in a matter of weeks by Elections Canada, a federal agency.

Of the Americans who are registered, about 85% actually cast ballots. Currently, 68% of California's 21.4 million eligible voters are registered. About 90% of eligible voters have drivers licenses and another 4% have Department of Motor Vehicles photo-identification cards. Thus, the motor-voter law could potentially increase voter registration to 94%, adding 5½ million new registrants. Additional citizens would be registered at social welfare and unemployment offices, libraries, schools and other agencies. Even modest increases in overall registration could have an important political impact, particularly in close races.

Who are the likely new voters? Most political experts believe that poor, minority and young people are disproportionately among the unenlisted. Although the motor-voter law would undoubtedly increase overall registration, particularly among these groups, it is not preordained how or even if they will vote. That depends on whether either party addresses their concerns and spends resources to get out the vote.

Wilson has threatened to veto any bill that includes agency-based registration, even though the federal law requires it. He also opposes the requirement that the DMV use a single form for both obtaining a driver's license and registering to vote—an approach that would ease registration. The Republicans also want to purge anyone who hasn't voted in the previous election from voting lists, a measure prohibited by the federal statute.

Republican legislators and their aides resort to the smoke screen that making it easier to register would promote election "fraud," encouraging ineligible people (including undocumented immigrants) to vote. In fact, experience in other states, as well as common sense, suggests that the motor-voter approach reduces fraud. The DMV and social welfare agencies have a much higher standard of screening applicants than our system of registering voters at sidewalk tables, by mail or at city halls.

Even if the Legislature passed the Areias bill (now stuck in the Assembly Elections Committee), and Wilson signed it this week, it would be almost impossible to have the new system fully operational by the Jan. 1 deadline. If the governor and Legislature fail to act soon, the issue will end up in federal court, which would likely require compliance with the federal law.

The current gridlock has been abetted by the absence of public awareness. Neither California's media nor any of the current candidates for statewide office have paid much attention to this conflict.

Surprisingly, citizen groups that spent years pushing the federal motor-voter bill through a reluctant Congress—Common Cause, League of Women Voters, AARP, unions, civil-rights and community groups—have not actively mobilized their members to pass an implementation bill.

Some may view this stalemate as simply a debate over technical details but the outcome will have broad consequences. It involves a struggle over the future of California politics and the very essence of citizenship—the right to vote.

Peter Dreier is a professor of public policy at Occidental College; Jowanna Waits is a senior majoring in politics.

Mack / J Baggett
M Hale
cc Duwheelin

This is worth pushing.
B

THE PRESIDENT HAS SEEN 5/2

PRIVACY JOURNAL
AN INDEPENDENT MONTHLY ON PRIVACY IN A COMPUTER AGE

P.O. Box 28577, Providence, R.I., 02908

94 MAY 2 P4:45

Robert Ellis Smith
Publisher
401/274-7861

John Podesta

Your man Lytel did a fine job at Computers Freedom and Privacy in Chicago.

We're sorry you didn't come but you sent an excellent replacement.

Best regards.

Bob Smith

March 30, 1994

To David Lytel:
Did you know you were "my man!" Thanks again
Podesta
5-2-94

Essay

WILLIAM SAFIRE

Saddam Redux?

WASHINGTON

From diplomats in the Quai d'Orsay to powerplayers in the Kremlin to forgetful editorialists in the U.S., the drumbeat has begun: why not end "intrusive inspections" and do oil business with Saddam?

In the aftermath of our accidental helicopter shootdown over the Iraqi portion of Kurdistan, President Clinton has been steadfast. "It is our duty to continue the mission," he told the families of those who died protecting millions of Kurds from Saddam's interrupted genocide, "... to save the lives of innocent people."

On this, Clinton policy makers are in well-phased array: Secretary of State Warren Christopher visited the Gulf Cooperation Council in Saudi Arabia recently to shore up Arab support against a renewal of Iraqi power.

But two weeks from now in the U.N. Security Council, France will team up with Russia's Primakov spy network, declaring Saddam's regime in compliance with the U.N. resolution to stop secretly producing weapons of mass destruction. Object: commercial contracts for France, hard currency for Russia to finance global industrial espionage.

Inspectors were provided six months ago with a list of some past nuclear-facility, chemical-component and missile-parts suppliers to Saddam, but have failed to follow up with serious investigation.

- In France, Technicatome, supplier to the Baghdad reactor, may know what equipment survived the 1981 Israeli bombing. Paris's special-metals manufacturer Imphy-Tecphy, whose products of marraging steel to enrich uranium in centrifuges was found in Iraq, should be asked how much material of what specifications it sold Saddam — compared with how much inspectors found in Iraq.
- Questions in French about pulsed columns for plutonium extraction should be directed to Paris's Robatel; about the handling of spent nuclear fuel to the Société Nouvelle Exploitation in Vellizy; and about bellows used in making centrifuges formerly made by Calorstat in Dourdan.
- In Switzerland, investigators should be asking about bottom bearings for the centrifuges for Lasag in Thun, and rotor equipment from Alwo in Kreuzlingen.
- In Belgium, look in on Trane, Belgonucleaire and Sybetra. In Italy, query Rome's Snia Techint, and at Florence's Nuovo Pignone, check the number of gas-diffusing compressors to enrich uranium against the numbers provided by the Iraqis. In Germany, visit Maschinefabrik J. Diffenbacher of Eppingen, and in Britain, Air Products in Cheshire.
- India's Transpek may have answers about dual-use chemicals that were precursors of mustard gas, a substance experienced by thousands of innocent Kurds in Halabja. (As recently as last summer, an Iraqi company tried and failed to secretly import tons of anhydrous hydroflouric acid, used not just for petrochemicals but for processing uranium hexaflouride.)

Every one of these companies may have been shipping components and materials to Iraq completely within their countries' export laws. The purpose of U.N. visitations to them would be to find out what shipments were made; through what parties; supporting what indigenous weapons-producing techniques; and how much of the shipments are as yet unaccounted for in Iraq.

My sources for this line of questioning are the same or similar to those who blew the whistle in 1989 on Saddam's secret nuclear buildup, which the C.I.A. then pooh-poohed, misleading reporters and proliferation experts. On this subject, these sources have proven reliable.

Stick with hard-liner Clinton.

Before the Security Council gives the remotest consideration to the Franco-Russian lust for business-as-usual with the duplicitous Saddam, U.S. Representative to the U.N. Madeleine Albright should demand a thorough investigative report based on interviews and documentation from every company that has done or is doing weapons business with Iraq.

That's only one threshold; then there's the human-rights threshold to protect Kurds and Shiites, effectively requiring Iraqis to throw out their dictator-baby with the Baathwater.

After some shakiness early last year, Clinton & Co. got this one right. The President remained resolute after the tragic shootdown and is reminding the U.N. that Saddam's regime is unacceptable. Waverers should pay heed.

THE NEW YORK TIMES, MONDAY, MAY 2, 1994

THE PRESIDENT HAS SEEN 5/2

A Ditch Runs Through It

The Federal Government spent $30 million in the 1960's to turn central Florida's meandering Kissimmee River into a drainage ditch. It will now cost $372 million to let it meander again and to compensate farming interests and property owners whose land will be submerged. But the damage to Florida's wetlands, all the way down to the precious Everglades, has been even costlier.

The Kissimmee — or C-38, as the ditch is designated by the Army Corps of Engineers — flows south from Lake Kissimmee (near Orlando) into Lake Okeechobee, a huge expanse that feeds the Everglades. The river originally wandered for 103 miles across thousands of acres of wetlands, but heavy flooding led to local pressure for straightening it into a 56-mile canal. That stopped the flooding all right, but it deadened the river's nutrients and contributed to the deterioration of Okeechobee and the Everglades.

Pressure to put the Kissimmee back where it belongs began soon after the canal opened, and Congress finally voted to pay half the cost; Florida will pay the other half. Restoration began last month, and is expected to take more than a decade. The concept is beautifully simple:

The Corps, which dug the ditch in the first place, is now going to fill in 22 miles of its canal and force the river to find its own way to Okeechobee. If this works, the waters will flow back into the old riverbed, which was never filled in.

In non-engineering circles, this has long been known as letting nature take its course.

23

THE PRESIDENT HAS SEEN 5/2

THE WHITE HOUSE

WASHINGTON

94 MAY 2 A 8 : 36

May 2, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: PATRICK J. GRIFFIN

SUBJECT: ATTACHED LETTER FROM REP. PELOSI

Please find attached a letter that was hand-delivered to my office this morning. I thought you should see it before the 11 am meeting.

Thank you.

Tony

Reply - need mtg

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

NANCY PELOSI
8TH DISTRICT, CALIFORNIA

Dear Pat,

Thanks for your assistance in getting my letter to the President. I was surprised to be patched through to your home and apologize for disturbing you there.

Perhaps we should discuss the China issue soon.

Thanks again.

Nancy

NANCY PELOSI
8TH DISTRICT, CALIFORNIA

240 CANNON BUILDING
WASHINGTON, DC 20515-0508
(202) 225-4965

DISTRICT OFFICE
FEDERAL BUILDING
450 GOLDEN GATE AVENUE
SAN FRANCISCO, CA 94102-3460
(415) 556-4862

Congress of the United States
House of Representatives
Washington, DC 20515-0508

COMMITTEE ON APPROPRIATIONS

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HUMAN SERVICES-EDUCATION

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AND RELATED PROGRAMS

DISTRICT OF COLUMBIA

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ON INTELLIGENCE

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

CONGRESSIONAL WORKING GROUP
ON CHINA, CHAIR

May 2, 1994

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

In preparation for your meeting this morning with the Vice Premier of China, I am writing to offer a few observations.

(1) As you know, this meeting, like the one with Jiang Zemin in Seattle, will be watched very closely in China. Unlike the Jiang meeting, this high level visit will take place inside the White House and outside the multilateral context of APEC. The Chinese authorities will herald the very fact of this meeting as a victory and a validation. It is therefore urgent that the right message be sent to China. I know that you will once again press the issue of human rights in the meeting and in the media in the most serious way.

(2) The next few weeks are crucial to the reform movement in China with the upcoming fifth anniversary of the Tiananmen Square massacre and the June 3rd MFN deadline. In regard to MFN, in China the upcoming decision is viewed as follows: In the absence of overall significant progress, unconditional renewal would be a victory for the hardliners. Targeted revocation would strengthen the position of reformers and moderates in the government, as well as the democracy movement in China.

(3) The dissidents are hampered in their ability to express their views freely on the MFN debate. The Chinese government makes examples of some, like Wei Jingsheng, by rearresting them. Others, including Chinese dissidents in the U.S., have been told that their statements could jeopardize the security of their families and the possible release of those still detained.

(4) My colleagues in the Congressional Working Group on China and the human rights and religious communities with which we work believe that to date, China has not made overall significant progress. Although we are pleased with the release of Wang Juntao, arrests and trials of political and religious dissidents continue. As you know, there is still serious repression in China and Tibet.

Mr. President, I appreciate your attention to these concerns prior to today's meeting. Thank you for your courageous leadership in promoting human rights in China and Tibet.

Sincerely,

thank you, Mr. President. Nancy Pelosi

Ira Magaziner

THE PRESIDENT HAS SEEN

HEALTHCARE U·S·A

Christopher T. Fey 5/2
President and
Chief Executive Officer

8705 Perimeter Park Blvd.
Suite 4
Jacksonville, FL 32216
Telephone: 904-646-0090
Fax: 904-646-9238

says [illegible]
the onset of health reform - should
be allowed to help

"A New Public/Private Partnership for Quality Health Care"

To B Reed
Bill Galston

Pls review for ideas —

B.

THE PRESIDENT HAS SEEN
4/29/94

Book to Reed.

Reinventing Education

Entrepreneurship in America's Public Schools

Louis V. Gerstner, Jr., Chairman and CEO of IBM

with Roger D. Semerad, Denis Philip Doyle, William B. Johnston

Harold Ickes

H. Ickes → he's w/ 2S Drs. supports what we're trying to do — wants to help — Please have him contacted for help w/ Congress — B.

STEVEN R. HAYS, M.D.

Nephrology, Transplantation and Hypertension

DALLAS NEPHROLOGY ASSOCIATES
1150 N. Bishop
Dallas, TX [illegible]
(214) [illegible]

Dallas Transplant Institute
Metro South Dialysis Center
[illegible]wood Dialysis Center
Dallas Kidney Stone Clinic

THE PRESIDENT HAS SEEN
5/2

5/8 [illegible]

~~Health/Foreign Affairs~~

Tony

THE WHITE HOUSE
WASHINGTON

<u>Deconcini</u>

94 MAY 2 A 9:46

① Bosnia — NATO shouldn't
(Tony) have to wait on
UN next time

② Intell — with Warner, Kerry, etc
bill to fix problems
seen in Ames case —
Ex. Order does not
address some real problems
CIA/FBI must work
together.

[redacted]

③ Italy → concerned re security
procedures on classified
docs in WH — says
McLaughlin hears
thing "out of control" —

④ wants Hawkins for 9th circuit
Done

⑥ Need for SCA → Ensured
Brown] cc Varney

⑦ Really wants to help
w/ brother —] Mack

THE WHITE HOUSE

WASHINGTON

April 6, 1994

L. Jean Townsend
Four Breeds Hill Court
Little Rock, Arkansas 72211-2514

Dear Jean:

Thank you for your letter of March 30. I appreciate your kind words as well as the support and encouragement you and Jim have given me over the years. [redacted]

Thanks, too, for your interest in serving the nation as a volunteer on a committee or task force dealing with the implementation of health care reform. I've shared your letter with Veronica Biggins, Director of Presidential Personnel, for her consideration.

Sincerely,

Bill

Thanks— Of course we have to pass it first — but I appreciate your offer to help

✓ Griffin FW
✓ cc V Biggins
✓ cc HRC
✓ cc McLarty — Stevens should call, ask how to lobby Cong' del — RR

Source: Presidential Inaugural Committee

Bill Clinton poses with fellow choir members Jean Townsend, her husband, James, and their son, Eric. The choir at Clinton's church will perform during inaugural week.

They will leave here by bus at 4 p.m. Tuesday and return home Saturday.

Turney said the inauguration ceremony will be the highlight of the trip. Tickets were provided by McCloskey's office.

Another memorable event will be a visit to Arlington National Cemetery, where the high school's class presidents will lay a wreath at the Tomb of The Unknown Soldier.

Students will also place a wreath at the Vietnam Memorial in memory of Jim Myers, a 1964 graduate of New Harmony High School who was killed in combat in Vietnam.

"Several weeks ago, we contacted the Secret Service in Indianapolis, and they sent a representative to go over protocol," Turney said. "Not just for the procedure to lay the wreath, but also to explain rules for behavior and etiquette at the Washington sites in general."

The trip is intended as enrichment for the students' history, civics and social studies lessons. They have been assigned to keep journals while in Washington.

"This trip would not have been possible without a great deal of financial support from the community and from benefactors. We figured we needed at least $12,000

See **INAUGURATION** on Page D3

Former Evansville family to sing at service

By **BETSY WHITEHEAD**
Courier staff writer

When Bill Clinton's church choir performs in Washington, D.C., the night before the inauguration, a former Evansville family will be singing.

James and Jean Townsend and their son, Eric, will fly with the choir of Immanuel Baptist Church in Little Rock, Ark., to Washington. They will sing in a special praise service at First Baptist Church in Washington as part of the inauguration activities.

When they lived in Evansville, the Townsends attended Forest Hills Baptist Church, where Townsend, his father and grandfather have all served as deacons.

Townsend worked at what is now Bristol-Myers Squibb and taught zoology at what is now the University of Southern Indiana.

The Townsends met Clinton when they moved to Arkansas in the mid-1970s from Manhattan, Kan. Townsend is a computer specialist at the University of Arkansas School of Medical Sciences in Little Rock.

Townsend described Clinton as a warm man with a "phenomenal" memory for names and faces.

When Mrs. Townsend had emergency surgery, Clinton sent her three or four letters while she was in the hospital, including one the day of her surgery, Townsend said.

"For a person with his type of schedule, we thought it was unusual," he said.

"He's a very genuine, warm person. We're looking forward to everyone else getting to know him at least that well."

In choir Clinton is "just another one of the people, not at all self-important," Townsend said.

Clinton takes quite a bit of kidding from the other singers.

One Easter, between services, the choir was eating coffee and doughnuts. Clinton picked up the coffee pot, not realizing the automatic drip pot was still running.

That led one choir member to quip, "I voted for him for governor, and he can't even pour a cup of coffee?" Townsend said, laughing.

Clinton has been the host for Christmas parties for the choir at the governor's mansion. And during his years as governor, services were traditionally held at the church just before his inaugurals, Townsend said.

In Washington, "things are a little different," and an ecumenical service will be held the day of the swearing-in, he said.

The choir's selections will include "The Battle Hymn of the Republic," "Holy Ground," "The Majesty and Glory of His Name," and "My Eternal King," said to be one of Clinton's favorites.

THE WHITE HOUSE

WASHINGTON

April 29, 1994

The Honorable Jim Guy Tucker
Governor of Arkansas
State Capitol Building
Little Rock, Arkansas 72201

Dear Jim Guy:

Thank you for your letter of April 18 about the ceremony to unveil photographs of our state's six living former governors and you.

I appreciate your willingness to schedule the ceremony around the constraints of my job, and I've shared your letter with Ricki Seidman, my scheduler, who will be in touch with you soon.

Sincerely,

Bill

cc Ricki

inclined to go when I'm there

STATE OF ARKANSAS
OFFICE OF THE GOVERNOR
State Capitol
Little Rock 72201

Jim Guy Tucker
Governor

[illegible]

April 18, 1994

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

Dear Mr. President:

As you know there are six living former Governors who had the honor of making the Arkansas Governor's Mansion their home. As a tribute to the heritage of this historic structure, we recently hung photographs of the official portraits of these six individuals at the Mansion to give visitors to the home a glimpse into the rich legacy of Arkansas' first families.

We are scheduling a celebration to officially unveil these photographs, and I would like to invite you and your family to join Sid McMath, Orval Faubus, Dale Bumpers, David Pryor, Frank White and me for this important occasion. As well as an unveiling of the official photographs, we would like to hang five to ten photographs of historical and family events that occurred during your term in office.

Given the time constraints of your schedule, I would like to give you the opportunity of choosing a time between August and October when you could come to Arkansas. We would then try to arrange the event around your availability.

Thank you in advance for your sincere consideration of this invitation. I think the people of Arkansas would be truly enriched by this event and exhibit.

Sincerely,

Jim Guy

Jim Guy Tucker

JGT:cbk

THE WHITE HOUSE

WASHINGTON

April 29, 1994

Kacey De Noi
Box 178
160 Washington Avenue S.E.
Albuquerque, New Mexico 87108

Dear Kacey:

Thanks for your letter of April 21 and for following up on our conversation at Roger's wedding. It was good to see you in Dallas and to have a brief chance to visit.

I appreciate your interest in serving the nation in some way. I've shared your letter with Veronica Biggins, Director of Presidential Personnel, for her consideration. I hope we'll be able to give you the opportunity to serve that you seek.

See you soon.

Sincerely,

Bill Clinton

/ fw
cc VBiggins
sharp lawyer
former law
student of mine

Kacey De Noi
Attorney at Law

April 21, 1994

President Bill Clinton
The White House
Washington, DC 20500-2000

Dear President Clinton:

Thank you for listening to me at Roger's wedding, and thank you for asking me to send this letter (it was first drafted on January 4, 1994). Thank you for that time, it was a treat for me.

I haven't written or otherwise tried to get in touch with you in the past year because I saw too many people in Little Rock on election day and in Washington at your inauguration who were looking for a job or a favor once you won. But... I have always wanted very much to do something helpful for my country and/or my planet, and my continued belief in you allowed me to send this now, volunteering.

I would relish tackling any useful people- or planet- task: studying the German, Canadian and other recycling systems and creating a national system for us (my personal fav). The orphans in Somalia or Bosnia, and as I mentioned, even the bankruptcy code; any task that will help our country or any American aid/rescue program, I would like to help, if I can. I have no preference in location (primitive or otherwise) but I do have two wishes: the work to have a good will/beneficial effect for our country or our planet and, though my creative, organizational and analytical skills are my strong suits, I want to get into it up to my elbows. In other words, my organizational, problem-solving skills and decision-making abilities are at your disposal, if I can help.

I do believe in the visions of our youth and believe we can make the world better. Perhaps more accurately I believe **you** can, that's one reason I kept in touch since school and contributed to your campaigns long before it became politically expedient to do so. Now, I want you to know that if you needed someone with these feelings and abilities, someone scrupulously honest, I would like to use my not inconsiderable work ethics and skills to help.

Though we haven't known each other well, it **has** been long; I am at a point where the success of my practice is a fait accompli. I'd like to make another, different contribution. SO, I'll be here practicing law unless you decide you need me; then I'll come running.

I wish you and Hillary the best. You know, she was my professor before you, and we (your students) have called you "Bill and Hillary" among ourselves, continually, for all of our adult lives; old habits die hard, but.... Take care, Mr. President.

Sincerely,

Kacey De Noi

160 Washington Ave S.E. • Box 178 Albuquerque N.M. 87108 • (505) 266-8525

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To Don Baer → good direct language

THE PUBLIC PAPERS AND ADDRESSES OF FRANKLIN D. ROOSEVELT

COMPILED WITH SPECIAL MATERIAL AND EXPLANATORY NOTES BY

SAMUEL I. ROSENMAN

1944-45 Volume

VICTORY AND THE THRESHOLD OF PEACE

HARPER & BROTHERS PUBLISHERS
NEW YORK

I am in the middle of a war. And so are you. We are all in it. We are going to win it, if we keep on with the same splendid co-operation that we have had in the past. It is quite a job, but I am perfectly able to take it, and you are too, until we win.

And so let me tell you that I am glad to see you, and I hope to come back once more in the next four years — as President of the United States. And as I said before, you will find me just the same, and I'll wear the same sized hat.

100 ¶ "We Are Not Going to Turn the Clock Back" — Campaign Address at Soldiers' Field, Chicago, Illinois. October 28, 1944

THE American people are now engaged in the greatest war of all history — and we are also engaged in a political campaign.

We are fighting this war and we are holding this election — both for the same essential reason: because we have faith in democracy.

And there is no force and there is no combination of forces powerful enough to shake that faith.

As you know, I have had some experience in war — and I have also had a certain amount of previous experience in political campaigning.

But I must confess to you that this is the strangest campaign I have ever seen.

I have listened to the various Republican orators who are urging the people to throw the present Administration out and put them in. And what do they say?

Well, they say in effect, just this:

"Those incompetent blunderers and bunglers in Washington have passed a lot of excellent laws about social security and labor and farm relief and soil conservation — and many others — and *we* promise that if elected we will not change any of them."

And they go on to say, "Those same quarrelsome, tired old

Last January, in my message to the Congress on the State of the Union, I outlined an Economic Bill of Rights on which "a new basis of security and prosperity can be established for all."

And I repeat it now:

> "The right of a useful and remunerative job in the industries or shops or farms or mines of the Nation;
>
> "The right to earn enough to provide adequate food and clothing and recreation;
>
> "The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
>
> "The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;
>
> "The right of every family to a decent home;
>
> "The right to adequate medical care and the opportunity to achieve and enjoy good health;
>
> "The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;
>
> "The right to a good education."

Now, what do those rights mean? They "spell security. And after this war is won we must be prepared to move forward, in the implementation of these rights, to new goals of human happiness and well-being."

Some people — I need not name them — have sneered at these ideals as well as at the ideals of the Atlantic Charter, the ideals of the Four Freedoms. They have said that they were the dreams of starry-eyed New Dealers — that it is silly to talk of them because we cannot attain these ideals tomorrow or the next day.

The American people have greater faith than that. I know that they agree with these objectives — that they demand them — that they are determined to get them — and that they are *going* to get them.

The American people have a good habit — the habit of going right ahead and accomplishing the impossible.

We know that, and other people know it. Today, there are those that know it best of all: the Nazis and the Japs.

Now, this Economic Bill of Rights is the recognition of the

THE PRESIDENT HAS SEEN
5/2/94

Mr. President:
Zbig asked me to pass this to you. I will meet with him soon, and will argue his characterization of our policies and his hyperbole. But I don't disagree with the thrust of his concerns.
TL

The Premature Partnership of America and Russia

I think we are responding to most of them —

Zbigniew Brzezinski

For nearly forty-five difficult years the United States pursued a remarkably consistent policy toward the Soviet Union. On the level of grand strategy, that policy was defined as containment both of Soviet geopolitical and ideological ambitions. The practical implementation of the policy of containment involved American geostrategic concentration on the defense both of the western and eastern peripheries of Eurasia, manifested by permanent troop deployments and defined through binding treaty commitments. This defensive posture was reinforced by the doctrine of deterrence, designed to neutralize any Soviet nuclear blackmail.

Though the Cold War never escalated into direct American-Soviet warfare, on several occasions it did generate indirect military collisions. In the western extremity of Eurasia, American and Soviet forces twice confronted each other in Berlin; and in the east, U.S. troops were engaged in repelling the Soviet-supported invasion of South Korea, while the Soviet Union later provided Vietnam with the military wherewithal needed to expel the American armies. The closest the two sides ever came to a head-on collision occurred in Cuba because of the Soviet effort to leap-frog its strategic containment. Nevertheless, containment—which, in turn, made possible the

Zbigniew Brzezinski, former National Security Adviser to the President, is Counselor at the Center for Strategic and International Studies, and Professor of American Foreign Policy at the School of Advanced International Studies, Johns Hopkins University.

FOREIGN AFFAIRS ID:2128611849 JAN 31'94 12:44 No.006 P.02

Yeltsin as the genuinely democratic Russian leader is the logical tactical consequence, irrespective of occasional shortcomings in his performance as a democratic leader.

That support is to be projected in a deliberately optimistic fashion in order to stimulate American public backing for tangible financial aid to Russia and also in order to generate the badly needed confidence among the beleaguered Russian democrats. Thus, even in the face of textual evidence to the contrary, the new Russian constitution has been publicly hailed by President Clinton as an example of constitutional democracy while a massive anti-democratic vote by both right-wing and left-wing extremists (together accounting for almost half of the votes cast) was dismissed by the administration as a mere "protest vote" against the government's economic policies. During the summit meeting of January 1994, Clinton repeatedly expressed his satisfaction at Russia's democratic progress.

A rosy assessment of the country's economic transformation is the logical corollary to this approach. Accordingly, much has been made by administration spokesmen of Russia's allegedly large-scale privatization, even though most of the major domestic industrial privatizations have involved essentially paper transfers of ownership to enterprise management, and sometimes also to its work force, with the central government's purchases and subsidies unaltered. Little attention has been paid to the fact that the emerging new capitalist class in Russia is strikingly parasitic, inclined to stash its profits abroad rather than to bet on Russia's future, with Russian banks investing only about $450 million in domestic development while depositing some $15.5 billion abroad. The covert diversion of a significant portion of foreign financial aid to Western banks has similarly been ignored since that consideration is viewed as less important than the key goal of sustaining the momentum of economic transformation.[1]

Moreover, support for the economic stabilization and the eventual transformation of the Russian economy is being given a higher pri-

[1] For details, see Financial Times, Nov. 1, 1993, regarding Russian banking deposits, and Grigory Yavlinsky, "Western Aid is No Help," The New York Times, July 28, 1993.

seriously—and as much has been said by top administration figures. Moreover, in any case, the Ukrainians should blame their own intransigence regarding nuclear weapons for the international isolation of Ukraine and for their resulting sense of vulnerability. The other non-Russian states would be well advised to eschew excessive nationalism and to make their own accommodations with Moscow, thereby relieving Washington of excessive burdens or of awkward pangs of conscience. President Clinton's visit to Belarus, a state that is increasingly being reintegrated under the Kremlin's control, has reinforced the impression that the administration blesses Moscow's "peacekeeping."[2]

Last but not least, a democratizing Russia is perceived as justifiably fearful of exclusion and isolation. Hence its opposition to any eastward expansion of NATO, designed to fill the security vacuum in Central Europe, is understandable. Instead, a loose NATO-sponsored collaborative arrangement, the Partnership for Peace, is to be open to all, thus propitiating the Russian objection against the opening of NATO doors to membership by a specific few. However, this price, the administration feels, is worth paying for the sake of an enduring American-Russian reconciliation.

The vision is undeniably grand and the conviction is captivating. But is the historical optimism inherent in this concentration on a bilateral partnership, including its premises as well as its central objective, well grounded?

THE IMPERIAL IMPULSE

UNFORTUNATELY, THERE IS CONSIDERABLE evidence to suggest that the near-term prospects for a stable Russian democracy are not very promising: the growing political influence of the Russian army, especially in Russia's foreign policy, is not reassuring; President Yeltsin's inclination toward authoritarianism has transformed the new constitution for a democratic Russia into a document that can be eas-

[2] For example President Clinton agreed to downgrade his planned homage at the national shrine in the Kuropaty forest to the victims of Stalinist rule because of objections raised by the leaders of the pro-Moscow faction in Minsk.

sian forces in the Kaliningrad region or to a prompt withdrawal from all the Baltic republics, perpetuates imperial enclaves on the very outer edges of the former empire. (A line drawn on the map between these points would trace in effect the outer boundaries of the former U.S.S.R.)

These efforts were formalized in late 1993, when the Russian military command asserted its de facto right to intervene in the former Soviet republics if developments there were deemed to violate Russian interests or to threaten regional stability. These sentiments were subsequently echoed by Russian political leaders. Moreover, they have been matched by deeds. In the course of the year, Russian military behavior toward the new states of the Commonwealth of Independent States (CIS) became increasingly unilateral while the Moscow government became more assertive in the use of economic leverage.

Broadly speaking, Russian policy toward its CIS neighbors has had two central prongs: it has focused on progressively stripping the newly independent states of any economic autonomy and on forestalling the emergence of truly separate armed forces. The first has been designed to drive home the lesson that economic recovery is only possible through closer CIS integration, while the second sought to limit national armies to essentially symbolic and nominal forces, to be increasingly integrated under Moscow's command. So far, only Ukraine has made serious efforts to shape its own military.

In addition, the last two years have seen a concerted effort by Moscow to rebuild some of the institutional links that used to bind the old Soviet Union together. Much energy has been invested in promoting a whole host of new agreements and ties, ranging from the CIS charter, through a collective security treaty (which in several cases also gives Russia control over the external frontiers of the former Soviet Union), through a collective peacekeeping agreement (used to justify intervention in Tadjikistan), through a new ruble zone (meant to give the Russian central bank the decisive role in monetary matters), and a formal economic union (transferring to Moscow key economic decision-making), to a common CIS parliamentary institution.

The use of military or economic means to obtain subordination to leaders in Kyiv as a menace to international stability. Ukrainian ineptitude in conveying to the West its concerns also intensified the isolation of the country and thereby also its internal sense of vulnerability.

In brief, by late 1993 or just two years after the formal dissolution of the Soviet Union, (leaving aside the Baltic republics) only beleaguered Ukraine, energy-rich Turkmenistan and perhaps authoritarian Uzbekistan could be viewed as still truly sovereign.

HISTORICAL AMNESIA

THE NOTION OF A REAL PARTNERSHIP—if it is to be more than a ritualistic slogan designed to salve wounded Russian national pride—also requires a solid foundation of shared international goals and interests. It is certainly reassuring and gratifying that Russian foreign policy makers have indicated a genuine interest in cooperation with America in the area of global peacekeeping, development and disarmament. Many public statements by President Yeltsin and by Foreign Minister Andrei Kozyrev have been constructive while Russia's conduct in the United Nations has also been in marked contrast with the behavior of the former Soviet Union.

Moreover, responsible Russian leaders know that neither the old Tsarist empire (with its open russification), nor the Soviet Union (with its coercive totalitarianism), nor the previous domination of Central Europe (with its overt political and ideological subordination) can be fully restored. Such outlandish goals are entertained only by extremist elements, either radical chauvinists or old communists—though, admittedly, both have been gaining in influence. For the time being, however, the dominant political elite appear to have a somewhat more limited set of objectives.

The dynamic thrust of prevailing policy seems to be pointed not toward the recreation of the old centralized union but toward a confederal arrangement, in which Moscow would dominate a cluster of satellite states (much like in the old Soviet bloc) but this time within the confines of the former Soviet Union itself. Russian politicians have been talking openly of making Russia the center of a new confederation within which the non-Russian, formerly Soviet states—while formally retaining the semblance of sovereignty—are to be pro-

Prevailing Russian thinking about Central Europe is an extension of this proto-imperial approach. Central Europe is not to be permitted to become an organic part of an integrating Europe, and even less of the Euro-Atlantic alliance. The region is explicitly designated as an area of special Russian interest and influence, including—according to the new military doctrine—the right to object to "the expansion of military blocs or alliances" (i.e., NATO) into the region.

Russian spokesmen, both military and civilian, have not hesitated to employ even harsh language in making known their objections to any expansion of NATO. The Russian foreign minister went as far as to declare, in words painfully reminiscent of the old Soviet style, that any tendency in that direction would create "a buffer zone that could be crushed in any situation," while Marshal Pavel Grachev imperiously declared: "Russia cannot allow Poland to be admitted into NATO."[7]

Instead, Russian leaders have indicated that they would favor a joint Russian-NATO guarantee for the security of the region. That proposal—contained in President Yeltsin's letter of ~~December~~ 15, 1993, September to the leaders of the United States, Great Britain, France and Germany—was interpreted by the Central Europeans as an ominous proposal for a regional condominium. Their suspicion that it would be a symbolic condominium only—with Russian military propinquity and Western political indifference in effect legitimizing a Russian sphere of influence—was deepened by Yeltsin's perplexing statement in the same proposal: "We are of the opinion that relations between our country and NATO should be several degrees warmer than relations between the alliance and Eastern Europe."[8]

The larger design that emerges from these assertions would confine the political integration of Europe largely to the western peripheries of the continent. A wider system of security would range all the way (as the slogan goes) from Vancouver to Vladivostok, thereby progressively diluting the Euro-Atlantic alliance, while permitting a regionally hegemonistic Russia, eventually revitalized under the umbrella of the American-Russian partnership, to become again the

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[7] Interview with the Polish Press Agency, Aug. 23, 1993.

[8] Foreign Broadcasting Information Service-SOV (unofficial translation), Dec. 3, 1993.

term used in Russian history to denote a prolonged phase of internal malaise). But it is the reality of the malefic trends noted here that calls for a basic rethinking of the American strategy toward Russia. Too much of it is based on historical amnesia that has already prompted, for example, the U.S. secretary of state even to defend the new Russian military doctrine as essentially benign. Insurance is needed against the possibility—one might even argue, the probability—that the weight of history will not permit Russia soon to stabilize as a democracy; and that the single-minded cultivation of a partnership with Russia, while downgrading other interests, will simply accelerate the reemergence of an ominously familiar imperial challenge to Europe's security.

GEOPOLITICAL DIVERSITY

THE CENTRAL GOAL OF A REALISTIC and long-term grand strategy should be the consolidation of geopolitical pluralism within the space of the former Soviet Union. That goal defines more appropriately the long-term American interest, irrespective of whether in the near future Russia does or does not become an accommodating democracy. Attaining that goal is in fact the necessary precondition for the eventual emergence of a stable democratic Russia. Only when a felicitous environment for Russia to define itself purely as Russia has been firmly created will the basis have been laid also for an enduring and genuine American-Russian partnership

The basic premise of this alternative strategy is that geopolitical pluralism will foster the best context for the emergence of a Russia that, democratic or not, is encouraged to be a good neighbor to states with which it can cooperate in a common economic space but which it will not seek, or be able, politically and militarily, to dominate. The consolidation of geopolitical pluralism would inhibit the temptation to reinvent the empire, with its pernicious effects on the prospects for democracy in Russia itself. Without being an empire, Russia stands a chance of becoming, like France or Britain or earlier post-Ottoman Turkey, a normal state.

Consolidation of geopolitical pluralism within the former Soviet Union would entail a number of practical policy consequences.

Caucasus, should also follow. Vice President Al Gore's visit in late 1993 to Kazakhstan and Kyrgyzstan was a step in the right direction but much more could be done—at relatively little cost. Kyrgyzstan has been implementing American prescriptions for democracy and the free market—and today it is in worse straits than some of its neighbors. Given its small size, even a modest American involvement would have considerable political impact. U.S. political relations with Uzbekistan, and to some extent also Turkmenistan—both of which appear determined to resist external domination—have lagged because in Washington's view these largely Moslem countries have made insufficient progress toward democracy. Yet U.S. policy toward Kuwait or Saudi Arabia, for example, does not appear to be motivated by the same concern—and, for equally good strategic reasons, neither was it in years past toward Taiwan or Korea.

To the extent possible, the Central Asian states should be encouraged to engage in regional cooperation in order to enhance stability. Otherwise, ethnic conflicts between them are likely to be exploited from the outside—much as has already been the case with the Armenian-Azerbaijani warfare. The initiative by Kazakhstan and Uzbekistan in early 1994 to form an economic union certainly deserves international support, especially from the United States. In addition, given China's growing economic impact on the region and its natural interest in the future of the adjoining Central Asian states, some quiet American-Chinese political consultations regarding the area would be timely.

For equally good geopolitical reasons—but also for humanitarian ones as well—the United States should be more responsive to the need for international peacekeeping in the Caucasus. The U.N. special representative has proposed an international force of 2,000 peacekeepers for the Georgian-Abkhazia conflict—of whom not more than one-third would be from a single country. The effect would be to engage the Russians, who probably would supply one-third, in constructive international cooperation while reducing the scope for their unilateral intervention. Inexplicably, the administration has dragged its feet, thereby forfeiting the opportunity to establish a positive precedent for international and thus genuine peacekeeping

THE PRESIDENT HAS SEEN 5/2/94

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BEYOND OUR BORDERS

Compilations from World Press

Arkansas: Land of Caricature

The media sees what it wants to see. BY ERNEST DUMAS

(Substantial portions of this article appeared first in The New York Times.)

RELIABLE SOURCES TELL me that the word "incestuous" is coded into the computers of all news media people writing about Arkansas and Whitewater. Press the F1 key and a reflexive sentence will describe the illicit political and financial culture from which the President of the United States sprang.

So long have Arkansans endured the hillbilly caricature that defensiveness is part of their genetic code. They know why the incest metaphor seems so natural to Washington reporters, whose picture of Arkansas is of an ethical Dogpatch where savings-and-loan schemers bed their sisters and then get their idiot spawn appointed to the state regulatory agencies.

Maureen Dowd, in at least the 20th such reference in *The New York Times*, speculated recently that the Clintons had become so steeped in "the incestuous political ways of Arkansas" that they just didn't know how to act in the more virtuous ethos of Washington, D.C.

Washington, as everyone knows, has no taint of political and journalistic incest. But surely even Arkansans are entitled to be galled at being tut-tutted about their public ethics by writers from places like New Jersey, Illinois, Maryland and New York and by the senator from Gotti, Alphonse D'Amato.

The coziness of Arkansas politics, government and finance has been a staple news theme since reporters came to Little Rock in the presidential campaign and discovered what a small place it was. You could stroll down the sidewalk and see all sorts of local big fish. In a little plate-lunch cafe a block from campaign headquarters, you could see bankers, Supreme Court justices and what passed locally for big-time lawyers forking down meat loaf and tossing jolly ripostes across the tables.

Much of the reporting has focused on the connections of the staid old Rose Law Firm, where Hillary Rodham Clinton and three other Clinton administration officials worked—including Webster Hubbell, the now-departed associate attorney general. Rose is the oldest business in Arkansas, dating to territorial days, though a couple of law firms are larger and do much more government business.

But to the writers the interlocking relationships have seemed to be endless—often beyond the facts.

Howard Fineman, in a rich account of these relationships in *Newsweek*, said that Hillary had been an attorney for Arkla Gas Company, which was headed by Mack McLarty, now the White House chief of staff. That did seem shocking since Arkla was known to be represented by the Friday law firm, the state's largest and most powerful, and Rose attorneys had fought Arkla in nearly every regulatory proceeding for 15 years. No, a Rose partner confirms, the firm never represented Arkla.

The *Times* of London got into the act with widely reprinted articles last month about the Rose firm. It said that Hillary's law firm had got a "tax-free loan" from

To Bruce for BC

3 pages

From E Dumas, Ark. Times

or legislative lobbyist for much of Clinton's 12 years in office. A highway commissioner for 10 years in the 1960s and early 1970s, Smith was Mr. Highways in Arkansas.

The political-incest theory, in which the Rose firm plays a large part, might appear to be a reasonable explanation of why the fumbling White House would creat a genuine crisis from a pathetic little investment fiasco and one of the smallest

ARKY POLITICS: Continued on page 23

the state to refurbish its offices in downtown Little Rock owing to a handy state law signed by Gov. Bill Clinton in 1980. Rose did remodel its offices not with a tax-free loan, but with downtown redevelopment bonds—under a law signed not by Clinton but by Republican Frank White, who had defeated Clinton in 1980.

What seems to happen so often is that reporters' prosecutorial impulses take over and they deflect information that could clutter the picture.

"The town's power culture," wrote Peter J. Boyer in *The New Yorker*, "lives and works elbow to elbow in an atmosphere that invites, with its particular sort of conviviality, a certain cronyism."

He had examples, but there were strange omissions. In relating how the little bank

The coziness of Arkansas politics, government and finance has been a staple news theme since reporters came to Little Rock in the presidential campaign.

of Maurice D. Smith of Birdeye in east Arkansas had given Clinton a personal loan of $50,000 at the end of the 1984 campaign for governor to pay for an 11th-hour response to Republican attacks, Boyer wrote that Clinton rewarded the banker by naming him the state highway director, enabling Smith to influence where roads were built and who built them.

(It was to repay the loan to the Cherry Valley bank that Jim McDougal threw a fund-raiser and may have diverted money from his savings and loan, which is the most serious question for the President.)

It might have been useful to have pointed out that five years would elapse before the state Highway Commission (not Clinton) would make Smith its director and that the aging farmer, far from being a scheming and ambitious banker, had been Clinton's chief of staff, adviser ... legislative lobbyist for much of

Clinton's 12 years in office. A highway commissioner for 10 years in the 1960s and early 1970s, Smith was Mr. Highways in Arkansas.

The political-incest theory, in which the Rose firm plays a large part, might appear to be a reasonable explanation of why the fumbling White House would creat a genuine crisis from a pathetic little investment fiasco and one of the smallest

ARKY POLITICS: *Continued on page 23*

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BEYOND OUR BORDERS

ARKY POLITICS

Continued from page 21

S. & L. bellyflops in the country--in neither of which does the known record suggest any wrongdoing by the Clintons.

Or by anyone else in the government in Arkansas. And that is the trouble with the explanation. There is no doubt that Mr. Clinton hired cronies like Mr. Hubbell and that the White House sprang into a defensive crouch when questions began to be asked about the Clintons' financial dealings. But the idea that the wreck of Madison Guaranty Savings and Loan and the scheming of its erstwhile chief, James McDougal, were shielded by friendly state officials is a myth. Despite Mr. McDougal's support for Mr. Clinton, the government's demeanor toward him was nything but friendly.

It is pointless to try to defend the state's istoric tolerance of corporate dominance f government, from the railroads of the 9th century to the utilities and explora-on companies of the 20th. The state had -w large economic interests and often rote its laws to suit them. But that is a :neric description of state governments much as of Arkansas's. Though his ›pulism came in streaks, the vernment's dalliance with the economic -wers actually diminished in the Clinton years. McDougal himself was as much a populist as the state had seen.

A former aide to Senators John L. McClellan and J. William Fulbright, Mr. McDougal had been Governor Clinton's economic development adviser in his first term, in 1979 and 1980. He believed that hidebound Arkansas bankers—who invested in U.S. securities rather than lending to local entrepreneurs who might have created jobs and growth—were at the root of the state's woeful poverty.

> **Arkansas had few large economic interests and often wrote its laws to suit them. But that is a generic description of state government.**

When Mr. McDougal left the government and went into the banking and savings-and-loan business, he set out to prove his theory. Everyone (or at least every good Democrat) deserved a loan, whether needed or not; from that would flow abundance for all.

A couple of years later, with Mr. Clinton back in office, his bank commissioner, Marlin Jackson, drove up into the Ozark woods to tell the directors of Mr. McDougal's tiny bank to curb his free-wheeling lending outside its territory, specifically including loans to the Clintons for the Whitewater development project.

And it was Mr. Clinton's securities commissioner, Beverly Bassett Schaffer, who along with the Federal Home Loan Bank Board forced Mr. McDougal's removal from control of Madison Guaranty after an accounting firm's examination condemned its lending and investment practices in 1986. She petitioned for a federal takeover of the company in 1987. It took the feds more than a year to act.

It is widely accepted that in 1985 Mrs. Schaffer approved an unprecedented issuance of preferred stock in Madison after a plea from Hillary Clinton on Madison's behalf. But this "approval" was a little different from the way news accounts have painted it.

The Dallas regional office of the Federal Home Loan Bank Board had encou aged the troubled savings and loans i the region to recapitalize. Madison talke about issuing preferred stock, and a law yer at the Rose firm wrote a memora dum asserting that state law did not ba such an issuance by a state-chartere savings and loan. The memo noted at th bottom that a copy had been sent to Hillar Rodham Clinton.

Mrs. Schaffer replied, in a now famou "Dear Hillary" letter, that preferred stoc was not barred by state law. But an issu ance would have had to be approved b Mrs. Schaffer and Madison never propose one—either because it could not have wit stood the disclosure requirements or be cause it could not have found buyers.

The caricature of an incestuous gov ernment seems to be based on M: Clinton's practice of hiring friends, som of whom turn out to be competent, other knaves. But no example comes to min of a contrary policy anywhere in thi country. That too many people kno each other and have business and soci relationships is an indictment of sma cities everywhere. But the real differenc is that in small places the little secrets ar known, while in places like Washingto Chicago and New York they are unknow able. •

2 of 3

B Reading stuff

Fyi

THE PRESIDENT HAS SEEN 5/2/94

Edward N. Wolff

The Recent Rise in the Concentration of American Wealth: A Cause for Alarm?

Many studies have documented rising income inequality in the United States during the 1980s.[1] The evidence presented here will indicate that wealth inequality in the United States, like that of income inequality, rose sharply during the 1980s and was at a postwar high in 1989 (the latest date available). The evidence will also show that despite the rise in income inequality, household wealth remains much more concentrated than household income.

Due to differences in sources, in definitions of household wealth, and in accounting conventions, international comparisons of household wealth inequality must be made with some caution. However, the evidence we do have seems to suggest that in comparison with other Organization for Economic Cooperation and Development (OECD) countries, the United States ranks among the highest in terms of wealth inequality. Moreover, this appears to be a marked turnaround from the early part of this century (the 1920s), when the United States appeared considerably more equal in terms of wealth ownership than European countries.

The extreme nature of wealth concentration in the United States and its rise in recent years provide some urgency to a consideration of policy questions. On grounds of equity, can a society in which the gains of economic growth are concentrated in a diminishing share of the population long endure without increasing political divisiveness? Is the increasing concentration of economic resources compatible with renewed economic growth of the American economy? These appear to be the policy questions the United States faces in the years ahead.

I begin this report with a consideration of why household wealth is important, particularly in contradistinction to household income, the most common measure of family well-being. The next section presents the definitions of wealth used in this study. The next three sections present empirical results: on long-term time trends in household wealth inequality for the United States, on wealth inequality in other countries, and on more recent changes in the concentration of household wealth in the United States. The last section considers the broader political and social implications of these empirical results.

Why Wealth?

Why are we interested in household wealth? *Wealth* refers to the net value of a stock of assets less debt held at one point in time, in contrast to *income*, which refers to a flow of dollars over a period of time, usually a year. Though certain forms of income are derived from wealth, such as interest from savings accounts and bonds, dividends from stock shares, and rent from real estate, income and wealth are by no means identical. Many kinds of income, such as wages and salaries and transfer payments, are not derived from household wealth, and many forms of wealth, such as owner-occupied housing, produce no corresponding income flow.

Most studies use income as a measure of family well-being. However, family wealth by itself is also a source of well-being, independent of the direct financial income it provides. There are four reasons for this.

First, some assets, particularly owner-occupied housing, provide services directly to their owner. This is also true for consumer durables, such as automobiles. Such assets can substitute for money income in satisfying economic needs. Families receiving the same money income but differing in the stock of housing and consumer durables will experience different levels of well-being.

Second, wealth is a source of consumption, independent of the direct money income it provides. With the possible exception of consumer durables, assets can be converted directly into cash and thus provide for immediate consumption needs. This is also true for the equity in owner-occupied housing, because second mortgages and home equity loans are a readily available source of credit.

Third, the availability of financial assets can provide liquidity to a family in times of economic stress (such as that occasioned by unemployment, sickness, or family break-up). In this sense, wealth is a source of economic security for the family over and above the income that it directly provides.

Fourth, large fortunes can be a source of economic and social power that is not directly captured in annual income. Large accumulations of financial and business assets can confer special privileges to their holders. Such large fortunes are often transmitted to succeeding generations, thus creating family "dynasties."

Moreover, though wealth and income are positively correlated (that is, families with more income generally have more wealth), the correlation is far from perfect. One reason is that rates of return on various components of wealth vary widely between years and within any one year. Even well-reported asset income data would yield an incomplete picture of the wealth from which it flows. Other types of wealth, as noted above, may yield no income at all in a given year. In fact, the inequality of wealth within income class for 1989 is almost as pronounced as in the population as a whole.[2] Age explains part of the variation of the wealth-income ratio, but much is left unexplained. As a result of this unexplained variability, wealth gives a different ranking as an indicator of relative well-being than does annual income.

Definition of Wealth

I use three basic concepts of wealth in this study. I define marketable wealth (or net worth), as the current value of all marketable or fungible assets less the current value of debts. Net worth is thus the difference in value between total assets and total liabilities or debt.

Total assets are defined as the sum of: (1) the gross value of owner-occupied housing; (2) other real estate owned by the household; (3) cash and demand deposits; (4) time and savings deposits, certificates of deposit and money market accounts; (5) government bonds, corporate bonds, foreign bonds and other financial securities; (6) the cash surrender value of life insurance plans; (7) the cash surrender value of pension plans, including IRAs and Keogh plans; (8) corporate stock, including mutual funds; (9) net equity in unincorporated businesses; and (10) equity in trust funds. Total liabilities are the sum of: (1) mortgage debt, (2) consumer debt, and (3) other debt.

This first measure of wealth is used because the primary interest here is in wealth as a store of value and therefore a source of potential consumption. I believe that this is the concept that best reflects the level of well-being associated with a family's holdings. Thus, only assets that can be readily converted to cash (that is, "fungible" ones) are included.[3]

It is perhaps helpful at this point to look at the composition of household wealth to get some indication of the forms in which households save. A breakdown, calculated from the 1989 Survey of Consumer Finances, is shown in Table 1. In this categorization, real estate, other than owner-occupied housing, and unincorporated business equity is the most important asset, comprising 29.4 percent of total assets. The gross value of owner-occupied housing is second, accounting for 28.5 percent of gross assets. But the net equity in owner-occupied housing — the value of the house minus any outstanding mortgage — is much smaller, only 20.3 percent. Third in importance are corporate stock, bonds and other financial securities, and trust equity, amounting to 20.5 percent. Demand deposits, time deposits (including money market funds), and other deposits (including retirement plans like IRAs) amount to 17.1 percent, last in this grouping. Indebtedness is also high. Debt as a proportion of gross assets is 14 percent, and the debt-equity ratio (the ratio of total household debt to net worth) is 0.17. Moreover, the ratio of household debt to household income was an astounding *78 percent* in 1989.

Table 1
The Composition of Household Wealth in 1989

	Percent of Gross Assets
Gross value of owner-occupied housing	28.5
Gross value of other real estate plus net equity in unincorporated businesses	29.4
Liquid assets (cash, bank deposits, money market funds, cash surrender value of insurance and pension plans	17.1
Corporate stock, financial securities and equity in personal trusts	20.5
Miscellaneous assets	4.5
Total	100.0
Total debt	14.1
Net home equity (gross value of owner-occupied housing less home mortgage debt)	20.3

A wider definition of household wealth will often add some valuation of pension rights, from both public and private sources, to marketable wealth. One of the major developments in the postwar period among industrialized countries has been the enormous growth in both public and private pension systems. Even though such pension funds are not in the direct control of individuals or families, they are a source of future income to families and may thus be perceived as a form of family wealth. Such a measure may thus provide a better gauge of potential future consumption.

The second concept used here is "augmented wealth," defined as the sum of marketable wealth, pension wealth and social security wealth. Pension wealth is defined as the present discounted value of future pension benefits. In similar fashion, social security wealth is defined as the present value of the discounted stream of future social security benefits.

The third concept is financial wealth, defined as net worth minus net equity in owner-occupied housing, where net equity is the difference between the (gross) value of the property and the outstanding mortgage debt on the property. Financial wealth is a more "liquid" concept than marketable wealth, since one's home is difficult to convert into cash in the short term. It thus reflects the resources that may be immediately available for consumption or various forms of investments.

Historical Trends in Household Wealth Inequality in the United States

Data on the concentration of household wealth in the United States are available from estate tax records and household surveys. Estate tax records are actual tax returns filed for probate. Since the sample consists of decedents, "mortality multipliers" are constructed in order to infer the distribution of wealth among the actual (living) population from the records of the deceased. Data from this source are available on an intermittent basis from 1922 to 1981.

Figures on wealth inequality from six household surveys are added to this series. Four of these — for 1962, 1983, 1986 and 1989 — are based on special wealth surveys conducted under the auspices of the Federal Reserve Board. An estimate for

1969 is derived from a specially constructed dataset on household wealth.[4] A calculation for 1979 is based on a survey in that year made by the U.S. Bureau of the Census. The estate tax data series is "benchmarked" to the wealth concentration estimates derived from the household survey data.[5]

Figure 1
The Share of Wealth Owned by the Top 1 Percent of the Households in the United States, 1922–1989

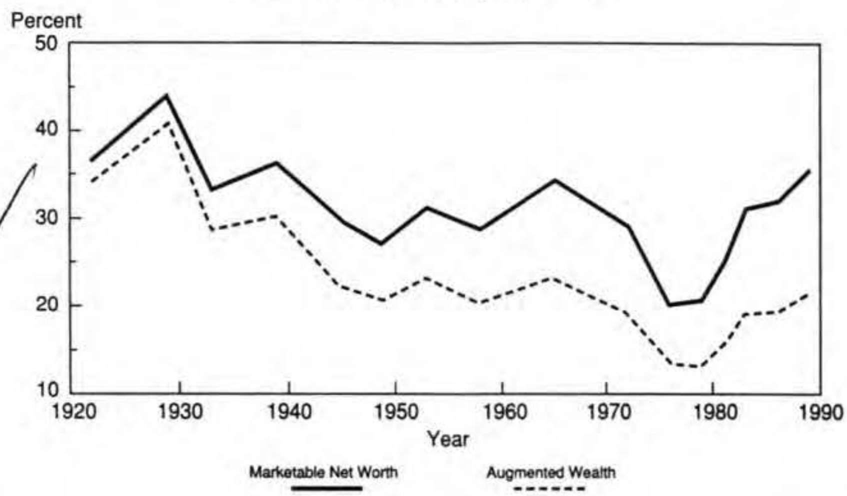


Figure 1 shows the combined series for the share of net worth owned by the top 1 percent of households from 1922 to 1989. The figures show a high concentration of wealth throughout that period. A quarter or more of total wealth was owned by the top 1 percent in each of these years except 1976 and 1981. A comparison of the two end points reveals almost identical concentration figures: 36.7 percent in 1922 and 35.7 percent in 1989. However, this comparison hides important trends over the period.

Between 1922 and 1929 there was a substantial increase in wealth concentration, from 37 to 44 percent. Wealth inequality in 1929 was at its highest point over this period (and probably over the 20th century). The Great Depression saw a sizable drop in inequality, with the share of the top percentile falling to 33 percent, but by 1939 the concentration level was almost the same as it was in 1922. There followed a substantial drop in inequality between 1939 and 1945, a result of the leveling effects of World War II, and a more modest decline between 1945 and 1949.

The share of wealth held by the richest 1 percent of the population shows a gradual upward trend from 27 percent in 1949 to a peak of 34 percent in 1965. There follows a rather pronounced fall in wealth inequality lasting until 1979. Between 1965 and 1972, the share of the top percentile fell from 34 to 29 percent and then between 1972 and 1976 it declined dramatically from 29 to 20 percent, mainly from a sharp drop in the value of corporate stock shares.

Wealth inequality appears to have bottomed out some time during the late 1970s. A sharp increase in wealth concentration occurred between 1979 and 1981, from a 21 to a 25 percent share, again from 1981 to 1983, from a 24 to a 31 percent share, and then again between 1983 and 1989, from 31 to 36 percent. As with income inequality, a sharp rise in the concentration of household wealth was evident during the 1980s.

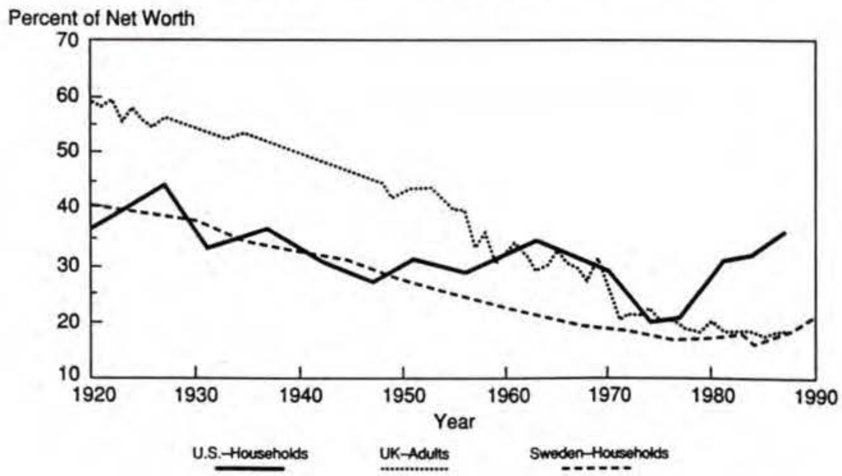
Figure 1 also shows the same series for the share of augmented household wealth (including retirement wealth) owned by the top 1 percent of wealth holders. Because of the growth over time in pension and social security wealth, particularly the latter, in relation to marketable wealth, the gap between marketable wealth and augmented wealth has widened over time, from two percentage points in 1922 to 13 percentage points in 1989. However, the time paths are almost identical. Wealth concentration based on the augmented wealth series showed a sharp increase between 1922 and 1929; a substantial decline from 1929 to 1933 followed by an increase between 1933 and 1939; a significant decrease between 1939 and 1949; an upward trend through 1965; a sharp decline from 1965 to 1976; and then a substantial rise between 1979 and 1989. The increase during the 1980s was more muted on the basis of augmented wealth — 8 percentage points in comparison to 15 points for marketable wealth.

Comparisons of Household Wealth Inequality with Other Countries

There are two other countries besides the United States for which long-term time series are available on household wealth inequality: the United Kingdom and Sweden. The data for the United Kingdom are based on estate duty (tax) return data and, as a result, use mortality multipliers to obtain estimates of the wealth of the living. Estimates are for the adult population (that is, individuals, not households). Figures are available on an almost continuous basis from 1923 to 1990.[6] The Swedish data are available on a rather intermittent basis from 1920 through 1990 on the basis of actual wealth tax returns. The unit of observation is the household and the figures have been adjusted to reflect market prices.[7]

Figure 2 shows comparative trends among the three countries. For the United Kingdom, there was a dramatic decline

Figure 2
Share of Marketable Net Worth Held by Top 1 Percent of Wealth Holders for Sweden, the United Kingdom, and the United States, 1920–1990



in the degree of individual wealth inequality from 1923 to 1974 but little change thereafter. Based on marketable wealth, the share of the top 1 percent of wealthholders fell from 59 percent in 1923 to 20 percent in 1974. Between 1974 and 1990, there was a smaller reduction in the concentration of household wealth, from a 20- to an 18-percent share.

In Sweden, as in the United Kingdom, there was a dramatic reduction in wealth inequality between 1920 and the mid-1970s. Based on the years for which data are available, the decline appears to have been a continuous process over the period, with the share of the top percentile declining from 40 to 17 percent of total household wealth. Between 1975 and 1985, there was virtually no change in the concentration of wealth. However, between 1985 and 1990, a sharp increase in wealth inequality is evident, with the share of the top percentile increasing to 21 percent, a level similar to that of the early 1960s.

Comparisons among the three countries are rather striking. In all three countries, there was a fairly sizable reduction in wealth concentration between the early 1920s and the late 1970s, though the pattern is much more cyclical in the United States than in the other two countries. However, during the 1980s, both the United States and Sweden showed a rather sharp increase in wealth inequality, whereas the trend was almost flat in the United Kingdom This is a rather striking difference, since both the United States and the United Kingdom pursued rather conservative economic policy (Reagan in the United States and Thatcher in the United Kingdom), while the social democrats dominated in Sweden. Moreover, of the three countries, Sweden is the only one to have a direct tax on household wealth.

Despite the differences in sources and methods, it appears that wealth inequality in the United States is high by international standards, particularly during the 1980s. This result is, perhaps, not too surprising, since many studies have shown that *income* inequality is greater in the United States than in most other industrialized economies.[8] Moreover, this finding appears to represent a *turnaround* from the early part of the century, when the inequality in household wealth appeared to be much larger in European countries like the United Kingdom and Sweden than in the United States.

Recent Trends in Household Wealth

In this section I look at trends in wealth holdings in the United States between 1983 and 1989. The results are based on calculations from the 1983 and 1989 Survey of Consumer Finance.[9]

Changes in Average Wealth Holdings

I begin with a consideration of trends in average wealth and income over the period from 1983 to 1989 (all figures are in 1989 dollars). As shown in Table 2, mean marketable wealth grew at an average annual rate of 3.4 percent between 1983 and 1989. The increase in median household wealth (the wealth of the household in the middle of the wealth distribution) was considerably slower, only 1.3 percent per year (a difference of 2.2 percentage points). This result implies that the upper wealth classes enjoyed a disproportionate share of the total wealth growth over the period — a finding consistent with rising wealth inequality.

Table 2
Annual Rate of Change (Percent) In Mean and Median Real Household Wealth and Income, 1983–1989

	Mean	*Median*
Marketable Wealth	3.43	1.26
Income	2.66	1.16

Average household income increased by 2.7 percent per year. This is somewhat slower than the growth in mean wealth. Insofar as family well-being is reflected in both income and wealth, wealth is clearly gaining in relative importance during the 1980s. Moreover, as with wealth, median income grows more slowly than mean income (a difference of 1.5 percentage points). This result is also consistent with rising income inequality during the 1980s.

Rising Wealth Inequality in the 1980s

The results, shown in Table 3, indicate an extreme concentration of wealth in 1989. The top 20 percent of households (as ranked by marketable wealth) held almost 85 percent of total household marketable wealth. Financial wealth was even more concentrated, with the richest 20 percent (as ranked by financial wealth) owning 94 percent of total household financial wealth. In contrast, the top 20 percent of households (as ranked by income) earned 56 percent of total household income — a large figure, but still considerably less than the corresponding share of marketable wealth or financial wealth of the top quintile. Indeed, the share of total income held by the bottom 80 percent of income recipients was considerably greater (44 percent) than the comparable share of the bottom 80 percent of marketable wealth holders (15 percent) and financial wealth holders (6 percent).

Table 3
Percentages of Total Household Wealth and Income Held by the Top 20 and Bottom 80 Percent of Households, 1983 and 1989

Year	*Top 20 Percent*	*Bottom 80 Percent*
Marketable Wealth		
1983	81.3	18.7
1989	84.6	15.4
Financial Wealth		
1983	91.3	8.7
1989	93.9	6.1
Income		
1983	51.9	48.1
1989	55.5	44.5

The results also confirm a rising level of wealth inequality between 1983 and 1989. The most telling finding is that the share of marketable net worth held by the top 20 percent increased by more than three percentage points over this period. The share of marketable wealth held by the bottom 80 percent fell sharply from 18.7 to 15.4 percent. Likewise, the share of financial wealth owned by the top 20 percent increased by 2.6 percentage points over this period, while the share of the bottom 80 percent declines from 8.7 to 6.1 percent. Income inequality also increases over this period. The share of the top 20 percent of income recipients rose by 3.6 percentage points, while that of the remaining 80 percent decreased from 48.1 to 44.5 percent.

The increase in wealth inequality recorded over the 1983-1989 period in the U.S. is almost unprecedented. As shown in the previous section, the only other time during the 20th century with a similar increase in the concentration of household wealth was the period from 1922 to 1929. This latter increase in inequality was buoyed primarily by the excessive increase in stock values that eventually precipitated the Great Depression of the 1930s.

Another indicator of rising wealth concentration is afforded by looking at the proportion of the total increase in real household wealth between 1983 and 1989 accruing to the two groups (the top 20 and bottom 80 percent). This is calculated by dividing the increase in total wealth of each group by the *total* increase in household wealth, while holding constant the number of households in each group. If a group's wealth share remains constant over time, then the percentage of the total wealth growth received by that group will equal its share of total wealth. If a group's share of total wealth increases (decreases) over time, then it will receive a percentage of the total wealth gain greater (less) than its share in either year. However, it should be noted that in these calculations, the households found in each group (say the top quintile) *may be different* in the two years.

The results, shown in Table 4, indicate that the top 20 percent of marketable wealth holders received *99 percent* of the total gain in marketable wealth over the period from 1983 to 1989, while the bottom 80 percent account for *only 1 percent*. Gains in the overall growth of financial wealth were distributed even more unevenly than those of marketable net worth, with 103 percent of the growth accruing to the top 20 percent and the bottom 80 percent collectively *losing 3 percent*.

Table 4
Percent of Real Wealth (Income) Growth Accruing to the Top 20 and Bottom 80 Percent of Households, 1983–1989

	Top 20 Percent	*Bottom 80 Percent*
Marketable Wealth	98.8	1.2
Financial Wealth	103.0	-3.0
Income	76.3	23.7

A similar calculation using income data reveals that more than three-fourths of the total real-income gain between 1983 and 1989 accrued to the top 20 percent of income recipients. This is still substantial, though less than the almost 100-percent gain among the top wealth holders. The remaining 24 percent of the income gain went to the bottom 80 percent.

These results indicate rather dramatically that the benefits from the growth in the economy during the 1980s was concentrated in a surprisingly small part of the population. This was particularly so for wealth, with the top quintile accounting for almost all of the wealth gain, and the rest of the population receiving almost nothing. The starkness of this contrast suggests a growing bifurcation within U.S. society.

Racial Differences in Household Wealth

Another striking difference in wealth holdings is found between white and nonwhite households. As shown in Table 5, the relative gap in income between black and white households was almost identical in 1967 and 1989. The ratio of mean income remained at about 0.63, and that of median incomes at about 0.58.

Table 5
Ratio of Household Income and Wealth and Homeownership Rates Between Nonwhites and Whites, 1962–1989

Year	Ratio of Means	Medians
Household Income[a]		
1967	0.63	0.58
1983	0.62	0.57
1989	0.63	0.59
Net Worth[b]		
1962	0.12	0.04
1983	0.24	0.09
1989	0.29	0.05

a. Source: U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 168, *Money Income and Poverty Status in the United States: 1989*, U.S. Government Printing Office, Washington, D.C., 1990, pp. 21-2. Ratio is between black and white households; Hispanic households are excluded from this table.

b. Source: Author's calculations from the 1962 Survey of Financial Characteristics of Consumers and the 1983 and 1989 Survey of Consumer Finances. Hispanics are classified as non-whites in 1983 and 1989.

In contrast, nonwhite families made substantial gains on whites in terms of both mean and median wealth between 1962 and 1983. The ratio of mean wealth between nonwhites and whites doubled, from 0.12 to 0.24, and that of median wealth more than doubled, from 0.04 to 0.09. The racial gap in mean wealth closed further during the 1980s, with the white to nonwhite ratio increasing from 0.24 in 1983 to 0.29 in 1989, but the gap in median wealth actually widened, from a ratio of 0.09 to 0.05. This result reflects, in part, the fact that wealth inequality was greater among nonwhites than whites and the difference increased over time. For 1989, for example, 35 percent of nonwhite families reported zero or negative net worth, compared to 12 percent of whites.

However, what is particularly striking is that even in 1989, the wealth of nonwhite households averaged only 29 percent that of white households, in contrast to an income ratio of 63 percent. Moreover, the ratio in medians was 59 percent for income and *only 5 percent for wealth*. Thus, even through there have been some gains in closing the racial wealth gap, it is still today far greater than the income gap.

Broader Implications and Policy Challenges

The pronounced rise in wealth inequality during the 1980s creates some urgency for policy action. The most telling statistic is that almost all the growth in (marketable) wealth between 1983 and 1989 accrued to the top 20 percent of households. The bottom 80 percent of households saw no increase in their net worth and, indeed, the bottom 40 percent experienced a *decline in absolute terms*. This was compounded with a growing proportion of households with zero or negative net worth. The results are even more extreme for financial wealth.

By 1989 a substantial proportion of U.S. households had virtually no liquidity to support themselves in the event of difficult economic times, occasioned by unemployment, catastrophic illness or disability, or marital dissolution. The situation is likely to be even more dire today, because of the recent recession and the continuing slow recovery.

On a political note, the tremendous increase of wealth of the super-rich may portend an even more unbalanced polity in the future. Insofar as wealth, particularly financial wealth, can confer enormous political power on a family, the tremendous wealth holdings of the super-rich may exacerbate the tilt of political power toward these groups. The increasing shift of wealth toward the upper wealth groups may further disenfranchise the middle and lower classes from the political process.

What, if anything, should our country do about this? One may be tempted on equity grounds alone to attempt to reverse the sharp increase in wealth inequality during the 1980s. A situation in which the bulk of the population is excluded from the gains of economic growth may appear to many to be morally (and politically) reprehensible.

The fact that intergenerational transfers appear to play such an important role in wealth accumulation provides another rationale for policy action on equity grounds. Household wealth accumulation must ultimately come from one of two sources: savings out of income or gifts (*inter vivos* transfers) and inheritances. I have estimated that *71 percent* of the wealth of households in 1989 was traceable to gifts and inheritances (with 29 percent traceable to household savings). This was up from 47 percent of the wealth of households in 1962 traceable to intergenerational transfers and 65 percent in 1983. This trend is attributable to falling household savings rates and the increasing importance of capital gains as a source of wealth growth. This factor may also help explain the large interracial wealth gap (in comparison to incomes), since today's wealth gap reflects the income gap of previous generations.

This is not to say that individuals cannot accumulate significant wealth through savings and entrepreneurial activity. A recent survey of the *Forbes 400* suggests that about half of great fortunes in the United States are inherited while the other half are accumulated during the person's lifetime. Yet, this is hardly a fair game, with children of the rich much more heavily favored to win.

How could we reverse the rising inequality of recent years? Insofar as rising inequality in our country is a result of structural shifts of market forces in the labor market — shifts in relative demand for skilled labor and away from semi-skilled and unskilled workers — there may be little the government can do to reverse the underlying causes. However, the experience of European countries, which have been affected by the same market forces, suggests that one effective mechanism is high marginal taxation coupled with extensive social transfers. Sweden is a case in point. High marginal taxes on income, *in conjunction with direct taxes on wealth,* as well as generous income transfers to the more indigent, have successfully reduced wealth inequality in that country.

In the United States, the 1980s witnessed falling marginal tax rates, particularly on the rich and very rich. Though the federal government has recently raised the marginal rates on the very rich, they will still be considerably lower than at the beginning of the 1980s (and much lower than in the 1960s), and much lower than in Western European countries.

Should we think about direct taxation of the wealth holdings of households? Almost a dozen European countries have such a system in place, including Denmark, Germany, the Netherlands, Norway, Spain, Sweden and Switzerland. This system is typically integrated with the personal income tax.

The U.S. currently taxes wealth in three ways: capital gains on assets (part of the personal income tax system), estate (inheritance) taxes, and property taxes on real estate (a local tax). Capital gains are taxed only on actual sales of assets (so-called realized capital gains). Also, an array of new financial instruments makes the distinction between capital gains and interest income almost arbitrary.

Currently, each individual is exempted from gift and estate taxes on assets worth up to $600,000. Assets above that amount are levied at marginal tax rates, which begin (rather steeply) at 37 percent and reach as high as 60 percent (for estates over $10 million). Though on the books the estate tax looks like an effective means of raising revenue (and, perhaps, increasing intergenerational mobility), it has also been called a "voluntary tax," since it is quite easy to avoid. Indeed, the federal estate tax raises a trivial amount of revenue ($11 billion in 1991, compared to $468 billion from income taxes).

The property tax is levied on all real property. Though this is often overlooked in current debates on tax reforms, the property tax is the third largest source of personal tax revenue and has been rising steeply in recent years. However, as indicated, it is limited to real estate.

As a result, there is currently no comprehensive system of wealth taxation in place in the United States. The implementation of such a system, particularly a direct tax on household wealth, might help offset rising wealth inequality.

The deteriorating economic fortunes of the bottom 40 percent of our population reflect primarily the underlying structural shifts in the labor market. Though we cannot reverse these structural changes, a more effective income transfer system would do much to alleviate their plight. A rising minimum wage (indeed, even a *constant* minimum wage in *real* terms), extension of the Earned Income Tax Credits, increased welfare assistance, and, perhaps, a family allowance plan, would do much to improve their financial well-being.

Yet, many may be afraid that such measures would inhibit economic growth. Some have argued that because the rich save a higher *proportion* of their income than the poor, shifting income from the rich to the poor will lower the overall savings rate of the population. This, in turn, may reduce investment and hence economic growth.

Is increasing equality consistent with economic growth? By my calculations, the correlation between the change in wealth inequality (measured by the change in the share of wealth held by the top 1 percent of wealth holders) and the growth in GNP over the 1922–1989 period is positive but small, 0.30; that with the growth in GNP per capita is 0.29. On the surface, it appears that rapid growth in output and output per capita is positively related to rising wealth inequality. However, the relationship is not strong (nor statistically significant). Moreover, one reason for this positive association is that the direction of causation may flow from high growth to increases in wealth inequality rather than the reverse. The argument here is that economic growth leads to rising corporate profits which, in turn, cause stock prices to rise and hence wealth inequality to increase.

A look at the 1920s, 1960s and 1980s might also prove illuminating:

Table 6
Change in Wealth Concentration and the Growth in GNP and GNP per Capita, 1922–1929, 1962–1969 and 1983–1989

	Change in the Percent of Wealth Held by the Top Percentile	*Annual Percentage Growth in GNP (1982$)*	*Annual Percentage Growth in GNP (1982$) per Capita*
1922-1929	7.5	4.65	3.20
1962-1969	-0.7	4.25	3.07
1983-1989	4.8	3.56	2.60

All three periods were characterized by rapid growth in output and output per capita. However, the 1920s and 1980s saw sharply rising inequality while the 1960s did not (a slight decline, in fact).

The experience of the 1960s suggests that equity and economic growth are *not* necessarily incompatible. Indeed, these years were characterized by a historically high household savings rate. In contrast, the personal savings rate was historically low during the 1980s, particularly the late 1980s. The 1960s were also the last period of major social legislation, which may have been partly responsible for the decline in inequality.

Finally, failure to deal with the declining economic fortunes of the bottom 40 percent of our families may come back to haunt us in the years to come in terms of economic growth. If we do not support this part of the population adequately, their children may fail to acquire the necessary training and human capital investment to create a strong and productive work force. This may also impinge on our future economic competitiveness in the world arena.

Notes

1. See, for example, the excellent review by Frank Levy and Richard Murnane, "Earnings Levels and Earnings Inequality," *Journal of Economic Literature*, Vol. 30, September 1992, pp. 1331–81.
2. See my paper, "Trends in Household Wealth in the United States During the 1980s," forthcoming in *The Review of Income and Wealth*.
3. Note that I purposely exclude consumer durables (automobiles, televisions, furniture, household appliances and the like). Although these items provide consumption services directly to the household, they are not easily marketed. In fact, the resale value of these items typically far understates the value of their consumption services to the household.
4. See my paper, "The Size Distribution of Household Disposable Wealth in the United States," *The Review of Income and Wealth*, Series 29, June 1983, pp. 125–46, for details.
5. See my forthcoming monograph, "The Structure of Wealth Inequality and Prospects of a Wealth Tax in the United States," *Twentieth Century Fund*, for technical details on the construction of this series.
6. The sources are: Shorrocks, A.F., "U.K. Wealth Distribution: Current Evidence and Future Prospects," in E. Wolff, ed., *International Comparisons of the Distribution of Household Wealth* New York: Oxford University Press, 1987, pp. 29-50; and Board of Inland Revenue, *Inland Revenue Statistics, 1992* London: HMSO, 1992.
7. The sources are: Spant, Roland, "Wealth Distribution in Sweden: 1920-1983," in E. Wolff, ed., *International Comparisons of the Distribution of Household Wealth* New York: Oxford University Press, 1987, pp. 51-71; and Statistics Sweden, *Income Distribution Survey in 1990* Orebro, Sweden: SCB Publishing Unit, 1992.
8. See, for example O'Higgins, Michael, Guenther Schmaus, and Geoffrey Stephenson, "Income Distribution and Redistribution: A Microdata Analysis for Seven Countries," *Review of Income and Wealth*, Series 35, June 1989, pp. 107-132.
9. See my paper, "Trends in Household Wealth in the United States During the 1980s," op. cit., for technical details.

THE PRESIDENT HAS SEEN
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Polenty

USA TODAY

January 14, 1994, Friday, FINAL EDITION

SECTION: NEWS; Pg. 4A

LENGTH: 677 words

HEADLINE: Salesman details Hillary's role / Says some of her actions were his idea

BYLINE: Judy Keen; Dennis Cauchon

DATELINE: FLIPPIN, Ark.

BODY:

The man who sold Whitewater lots says he, not Hillary Rodham Clinton, wasresponsible for her role in two of several areas likely to be part of a special counsel's probe of the deal.

Chris Wade, who handled all sales at the Whitewater Development Co. Inc. property, says he initiated her active involvement, which critics have used to undermine the claim of President Clinton and Hillary Clinton that their participation in the investment was minimal.

Most of the 42 lots have been sold in the 230-acre development along the White River. Only a handful of homes have been built.

Interviewed at his realty office here, Wade says, to his knowledge, the Clintons never visited the property.

"They were really passive investors," he says. That changed when he urged Hillary Clinton to become more actively involved:

-- He suggested that Hillary Clinton seek power of attorney over Whitewater in November 1988. That would have effectively given her control.

Wade says the Clintons' partner in the deal, James McDougal, was too busywith his failing Madison Guaranty Savings and Loan to make routine business decisions.

"That was my idea," Wade says of the letter in which Hillary Clinton requested power of attorney. "I couldn't get ahold of Jim because of the Madison problems. Hillary and I were talking on the phone and I told her she should get power of attorney so we could deal with some decisions on Whitewater. I don't know that she ever did get it."

Bruce Lindsey, a senior Clinton adviser at the White House, says Hillary Clinton never acquired power of attorney.

-- Wade suggested that Hillary Clinton pay for a model home on the property in 1981 to try to spur sales. To build the three-bedroom, ranch-style modular home on the 2.66-acre lot, Hillary Clinton borrowed $ 30,000 from the Bank of Kingston, Ark., in which McDougal had an interest.

In 1988, Wade says, it was also his idea that she buy back the home from the estate of an owner who went bankrupt before dying. "Here we had a loan on the house, nobody making payments," says Wade. "We had a problem. . . . (Her repurchase of the house) was the only way."

She bought it in September 1988 for $ 8,000 and sold it two months later for $ 28,000.

Hillary Clinton's involvement in Whitewater's management, as described by Wade, runs counter to the Clintons' efforts to downplay their role.

Still, says Wade, "Hillary Clinton didn't do anything wrong - nothing. Absolutely, and that's not a guess. That's a fact. I know it."

Wade has turned over documents relating to Whitewater to the FBI and sayshe expects to be subpoenaed by the special counsel who will investigate Whitewater.

Meanwhile, Beverly Bassett Schaffer, then the state supervisor of savings and loans, says a letter she received from Hillary Clinton's law firm requesting permission for Madison Guaranty to raise money from investors was routine and did not imply pressure from then-governor Clinton.

On April 30, 1985, the Rose Law Firm wrote to Schaffer's agency seeking the go-ahead to sell preferred stock to shore up Madison's net worth. The letter asked state regulators to contact Hillary Clinton or her colleague at Rose, Richard Massey, if they had questions.

Two weeks later, Schaffer wrote a "Dear Hillary" letter saying the plan "is not inconsistent with Arkansas law." The appropriateness of Hillary Clinton's representation of Madison in the request - made to an official appointed by her husband - also has been questioned.

Madison was owned by McDougal, the Clintons' partner in the Whitewater investment. The thrift failed in 1989 and cost taxpayers $ 47 million to $ 60 million.

"Nobody in my office would have any problem saying 'no' (to the Rose Law Firm request) just because her name was on it," Schaffer says. "Nobody was going to get fired over that. Bill Clinton was my boss, not Hillary Clinton."

Wade says McDougal handled all of Whitewater's finances while Wade handled the marketing of the vacation-home lots, surveying of the property and the construction of access roads.

GRAPHIC: GRAPHIC, b/w, Gary Visgaitis, USA TODAY (Map); PHOTO, b/w, Laurie Tedford, AP

Tony Lake

THE PRESIDENT HAS SEEN
5/2

INTERNATIONAL LEGAL DEFENSE COUNSEL

Tony
FYI - Fat's
atty - nice
guy
B.

THEODORE SIMON
ATTORNEY AT LAW

(215) 563-5550
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117 South 17th Street • Suite 2400 • Philadelphia, PA 19102 USA

NORTHWESTERN UNIVERSITY
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THE PRESIDENT HAS SEEN
5/2

Anthony D'Amato
Judd & Mary Morris Leighton
Professor of Law

Phone: (312) 503-8474
Fax: (312) 587-9969
Home: (312) 587-8997

Tony
What do you think?
B

March 20, 1994

Hillary Rodham Clinton
The White House
Washington, DC 20500-2000

Dear Hillary:

I'm pleased to enclose a copy of my new book International Law Anthology, which contains several essays of mine that haven't been previously published. One that might interest you (and Tony Lake, to whom I've sent a copy of the book) is entitled "What Kind of Democracy Do We Want to Export?" It is on p. 375. I argue in it that it's not "democracy" as a process that we want other countries to emulate, but rather a conception of human rights and personal freedom that undergirds the American democratic system. Of course, it all harkens back to Polysci 101.

As abstract and old-hat as that thesis may be, I think that a failure to confront it is behind the problems with our Haitian policy. You might recall that back on November 15, 1992, right after the election, I wrote you a letter offering ideas about Haiti. You kindly passed it along to the Clinton transition team, and I was then contacted by Steve Solarz. While he agreed with the points in my letter that were similar to the then Haitian policy of the Bush administration, he disagreed with my suggestions for deviations from that policy. In particular, he disagreed with my position that we should back off from our support of Aristide. I argued in the letter that Aristide was a human-rights violator, that we should instead support Marc Louis Bazin--a human rights advocate who was acceptable to the Haitians--and that we should not be paternalistic in our interpretation of Haitian constitutional processes. Aristide was in effect impeached by the Haitians for crimes worse than those that drove Nixon out of office; just because the Haitians do not have formal impeachment procedures should not blind us to recognizing their procedures as equivalent to impeachment.

It is frustrating to me that our Haitian policy seems to be guided by the same conceptual and paternalistic ideas that it was in the Bush administration. I hope you will forgive me for my rather intemperate critique of U.S. foreign policy on p. 407 of International law Anthology where I said (not about Haiti but rather with respect to Bosnia and Mexico) that the lack of a genuine market mechanism in foreign policy allows too many U.S. officials to absorb numerous losses and set-backs on foreign policy without fear of accountability.

On a different subject, I heard indirectly that you enjoyed Brian's book Beauty. He's in NY working on an interacative art exhibit that is scheduled to open in May at the Wexner Center in Columbus Ohio.

With warmest regards,

As ever,

Tony

THE PRESIDENT HAS SEEN 5/2

~~CONFIDENTIAL~~

Mack — What did he say about the SCt? B

April 11, 1994

MEMORANDUM FOR MACK McLARTY

FROM: Howard Paster

SUBJECT: Legislative agenda and the Supreme Court

After we spoke the other day and I promised you a memo on the situation on Capitol Hill, I saw the President Saturday night and spoke to him briefly (and I hope not inappropriately) about my concerns. Let me summarize my comments for you:

There is a risk that well-meaning and enthusiastic members of the Administration might create unintended problems by overstating what can be accomplished on Capitol Hill this year. Specifically, I am skeptical it will be possible to do the GATT implementation legislation, welfare reform and the job training/employment bill. All of them have controversial provisions independent of the major problem of how to offset the cost. The alternative scenarios of tax increases, spending cuts, and emergency declarations do not seem likely to pay for these three bills in an election year. (Welfare reform and the job training/employment bill will always require offsets; GATT might be done early in 1995 with a budget waiver.) My concern, which I mentioned to you briefly on the phone, is to make certain advocates of these proposals do not set too high a bar by promising action this year. I am not suggesting they be abandoned; in fact, we should be pressing for action on the reemployment bill since our Hill Democrats could use a "jobs bill" this fall and the "pay fors" have been identified. I only caution against overpromising. This will come to the fore immediately when the GATT agreement is signed this Friday.

What should be on the MUST list for 1994 ~~are health care, crime, the Supreme Court~~ (see below), the budget/appropriations bills and keeping the largest possible majorities in the Senate and House. Regarding the budget, the additional cuts in the Senate budget resolution need to be resisted as much as possible to get the highest possible percentage of Clinton investments in the 13 appropriations bills. People need to remember that the much talked about success of getting approximately 70 percent of the Clinton investments last year means reporters will tote up the comparable number this year. Keeping the Clinton investment success as high as possible in the face of tight appropriations is a more realistic place to invest goodwill than enacting too many new bills this year.

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: OB DATE: 5/15/18

THE PRESIDENT HAS SEEN 5/2

THE WHITE HOUSE

WASHINGTON

April 29, 1994

MEMORANDUM FOR MACK McLARTY

FROM: STEPHANIE STREETT

SUBJECT: NCAA BASKETBALL EVENT

I am currently working to schedule the NCAA Mens and Womens Basketball Champions Event. Presently, the University of Arkansas and the University of North Carolina are in the midst of final examinations and graduation events. Furthermore, the Razorback and Tarheel head coaches have several scheduled events and speaking engagements that do not allow them to participate in a White House event on several dates, including May 6th. I am in contact with both schools to arrange an event here at the White House either the last week of May or upon the President's return from Europe in June at their requests.

Mr. President;

Knowing of our interest, I wanted to keep you apprised of where we stand with our Beloved Razorbacks. They are Excited about the probable June 10 date. Will keep you posted.

Mack

File

[redacted]

<u>Hitcher</u>

See p. 2 —
I think we should
ask for his help on
that case —

BC

[redacted]

[redacted]

THE PRESIDENT HAS SEEN 5/2

Professional Theater
Actors' Equity Association
Founded in 1913

165 WEST 46th STREET
NEW YORK, N.Y. 10036

November 10, 1993

The Hon. Bill Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President,

Anyone reading A.M. Rosenthal's November 4, 1993 NEW YORK TIMES editorial, " Sidewalks: Clinton and Giuliani", might conclude that celebrity, thoughtfulness, and political commitment are mutually exclusive.

New York's recent mayoralty race was a difficult one, and like many life-long Democrats, my support of Rudy Giuliani stemmed from the belief that the City's entrenched problems, like the Nation's, are largely the product of government practices and political formulae that no longer work. New alliances and new ideas are absolutely essential if we are to reverse the apparent erosion of our economy, quality of life and social institutions.

I believe that your campaign and Presidency were similarly motivated and the experts upon whom you continue to rely -- Elaine Kamarck on family issues, Andrew Cuomo on the homeless, Rob Shapiro on economics and Robert Reich on labor-- are the very same opinions to which the Mayor-elect is most likely to turn to inspire his policy prescriptions. I see in both of you the same independence of mind and pragmatism that respects diversity, yet, places a higher public value on quality of thought than ideological labels.

Telephone: 212 869-8530   Fax: 212 719-9815

This intellectual honesty will serve you and the Country well in completing the challenging agenda you have set for us. In my opinion, far reaching efforts such as Health Care reform, and NAFTA, can succeed only if the traditional vocabulary of political debate is put aside. As the President of a 36,000 member labor union, I personally support both of these important initiatives and hope they signal a new period of National consensus building.

I deeply appreciate the consideration you have always shown me, particularly in light of the many important demands on your time. Please be assured that, whatever the potential implications of a Republican mayor in City Hall, they do not include any alteration of my enthusiastic support of your Administration. I hope, therefore, you will feel free to call on me if I can be of any assistance.

My very best to you and the First Lady for the coming Holidays.

Sincerely,

Ron Silver

Ron Silver
President

THE PRESIDENT HAS SEEN 5/2

M E M O R A N D U M

94 APR 28 P3:18

TO: The President

FROM: Harold Ickes (HI)

DATE: 28 April 1994

RE: DNC health care TV advertising campaign

Attached is Mandy Grunwald's 21 April 1994 memorandum (which I received on 25 April) describing the proposed DNC TV media program to promote health care reform based on a $7 million budget.

She proposes 2 alternatives: <u>reassurance</u> aimed at several key groups (seniors and women), or <u>persuasion</u>, aimed at key members of Congress.

I have a copy of the current seniors spot presently running on CNN.

We should discuss at your convenience.

We need to discuss this –
B

cc: Mack McLarty
Pat Griffin

received 25 April 1994

MEMORANDUM

GRUNWALD
ESKEW
DONILON

1250 24TH STREET, NW
SUITE 260
WASHINGTON, DC
20037
202·973·9400
FAX 202·973·9408

TO The Democratic National Committee

FROM Mandy Grunwald

DATE April 21, 1994

RE Advertising Strategy for Health Care

BACKGROUND

For several weeks, the health care message and strategy group has discussed the possibilities of using advertising to improve support for the plan and for the President. A number of people have taken part in these discussions including the First Lady, Harold Ickes, Pat Griffin, George Stephanopoulos, and Stan Greenberg.

These discussions were largely spurred by the recognition that groups that support health care reform cannot be relied on to produce advertising that is explicitly supportive of the President's plan. The conclusion has been that this role must be assumed by the DNC, if we are to have ads that actually explain and support the key elements of the President's approach, and are supportive of the President himself.

RATIONALE

We know from Stan's polling that:

* Support for the President's health care plan has been shrinking [with a slight gain recently] and opposition has been increasing.

* Support for the elements of the President's plan remains strong, although people have no idea that what they support is what the President is proposing.

* Support for health care has declined among groups, particularly senior citizens and women, that are natural supporters of health care reform and of the President

* Support for the President and approval of the job he's doing has declined since the State of the Union [although it has rebounded somewhat lately].

All of these factors create a difficult environment for Congress to enact the kind of health care legislation we want. Although Congress is obviously subject to a lot of different pressures and concerns, it certainly would make it easier if the President's plan enjoyed majority support while the key decisions in Congress were being made.

STRATEGIC OPTIONS

We have discussed two basic strategic options for using advertising to support health care reform:

* Reassurance/Education: Using advertising to improve public opinion among key demographic groups, such as seniors and women . Reassuring them that what they are looking for in health care reform is what the President's approach contains. [ie. preservation of Medicare, choice of doctor etc.] This approach would essentially be a film version of the five chart presentation.

The media buy strategy would be to reach the broadest number of seniors and women, which would mean purchasing time in major markets, as well as markets with a large number of seniors. We should point out that the networks will not sell advertising time to any advocacy group, including the DNC, so a market by market approach must be used.

* Persuasion of Target Members: This option would focus advertising in the states or districts of target members of the Senate and House --Republicans and Democrats. With this approach, we would either use advertising to increase public support for the President's plan in these target areas, or to run ads that more directly asked voters to call their Senator or Congressman.

The media buy strategy would target states like Rhode Island [Chaffee], Missouri [Danforth], North Dakota [Conrad] etc. where to reach swing votes on the key commitees, particularly the Finance Committee. This was essentially the buy strategy we used during the NAFTA battle.

* Opinion Leaders: In addition to one of these two approaches, we would recommend a steady run of opion leader advertising both on CNN nationally and, at important moments, on news oriented programs in Washington. This advertising would be used to lay a foundation of information among opinion leaders about the basic elements of the plan, and to highlight important fights along the way [ie. the employer mandate versus its alternatives].

Which direction do we recommend of the two major options outlined above?

The former. There has been concern, particularly on the part of Pat Griffin, that the second approach, targetted at individual Senators and Congressmen, could anger them and lead to a backlash. Certainly, during the battle for the economic plan, we learned that it was difficult for the Democratic Party to run advertising targetted at Democratic Senators or Congressmen who were not sure they wanted to vote for the President's budget.

This point becomes particularly clear when you think about one of the most effective possible advertising messages to Congress: Give us what you've got. You can imagine the calls David Wilhelm would get if this kind of spot went on the air -- particularly in the state or district of someone up for reelection.

Powerful spot. Very sticky politics.

I think Pat's belief is that the most helpful thing we could do is raise the overall public support for the plan, so that Congress and the White House are working in a better atmosphere to pass a universal health care plan.

Media Buy

From a budget point of view, the number of spots we could run, and the points we could devote to them are contingent on the number of markets we select -- particularly the number of major markets [New York, LA, Chicago etc.]

CNN: Assuming a seven million dollar budget, we would set aside a million dollars for opinion leader advertising [a national CNN buy costs approximately $100,000 per week for 23 spots].

Reassurance: If we decided to reach out to seniors and women, we could buy the top 20 to 30 markets for each of these demographic groups, running approximately 600 pts to reach seniors and 800 pts to reach women. This would cost approximately $2,000,000 for seniors and $3,000,000 for women.

This would leave an additional $1,000,000 to run advertising in key districts or Washington at important moments -- just before the Finance Committee vote, just before floor votes in the House or Senate etc.

Persuasion: If we decided to take a Congressional approach, we would have to work more extensively with Pat Griffin to determine the list of target states and districts. Our understanding is that most of the swing votes are in relatively "cheap" states -- Oklahoma, North Dakota, Rhode Island, Alabama -- and some moderately priced states -- Louisiana, Missouri, South Carolina, Georgia. Only New Jersey [Sen. Bradley] would be an extremely expensive buy. Because of the nature of the markets involved, we could probably purchase about 1000 points in each state -- depending on how many states we decided to include on the target list.

Timing: Obviously, the timing of these buys will be dictated by the pace of fundraising. The opinion of both Pat Griffin and Stan Greenberg seems to be that the earlier the buy, the better. This would likely mean being on the air in May and June during the key committee actions, possibly leading up to floor votes in July.

GRUNWALD
ESKEW
DONILON

Spots: The ad targetted to seniors is on the tape attached. It is currently running on CNN nationally. It has tested extremely well. Two other ads, one focusing on choice, the other on guaranteed private insurance and insurance reform are also on the reel. Some recent focus groups [conducted by the Reform Project] indicate that CBO, which is quoted in the Choice spot, is not considered a credible source, so we will likely revise this ad.

Let me know if there's any further information I can provide.

THE PRESIDENT HAS SEEN 5/2

THE WHITE HOUSE

WASHINGTON

94 APR 22 A9:11

April 21, 1994

MEMORANDUM FOR PRESIDENT CLINTON

FROM: LLOYD N. CUTLER
SPECIAL COUNSEL TO THE PRESIDENT LNC

For night-time reading, you might want to browse through the two enclosed memoranda:

a. A list of the positions held by all Supreme Court justices before they served on the Court.

b. A memorandum prepared by the Office of Legal Counsel describing all of the occasions when the President and members of his staff have agreed to testify before Congress, or declined to do so on the ground of executive privilege.

Attachments (2)

to Mack McLarty

Mack—[illegible]
[illegible] keep in
touch w/ him B.

The New York Times Magazine / April 3, 1994

THE PRESIDENT HAS SEEN 5/2

GEORGE SOROS

The serene home of Archbishop Desmond Tutu is not a place where you would expect to find many billionaires. But on a cool morning in Cape Town, Tutu is sharing a pot of breakfast tea with George Soros, one of the world's most influential financiers, who is on another of his "road shows" through European financial centers and branches of the Open Society Fund, his philanthropic foundation. Cape Town is the last stop on a swing that also includes New Delhi, Paris, Geneva, Budapest, Bucharest and Moscow.

The high-flying financier has given more

In South Africa, where he was barely known a week ago, the local papers refer to him as King Midas, now that he has created a $15 million fund to promote democracy in

Soros counters: "Maybe I'm a bit ahead of the curve in the situation. I really believe that the future of South Africa as an open society depends

To LCutler etal
DPatrick's remarks
great!

THE PRESIDENT HAS SEEN 5/2

SWEARING-IN CEREMONY REMARKS
APRIL 14, 1994
DEPARTMENT OF JUSTICE GREAT HALL

ATTORNEY GENERAL RENO, DEPUTY ATTORNEY GENERAL GORELICK, DISTINGUISHED GUESTS AND FRIENDS, OLD AND NEW:

I AM SO HONORED TO BE STANDING HERE THIS MORNING, AND SO GRATEFUL TO ALL OF YOU FOR COMING TO BEAR WITNESS TO THIS EVENT. I AM A GREAT BELIEVER IN THE IMPORTANCE OF CEREMONY TO MARK IMPORTANT OCCASIONS AND I VALUE THE PRESENCE OF SO MANY OF YOU. ESPECIALLY WITH TAX RETURNS DUE TOMORROW.

MY SPECIAL THANKS TO MY FRIENDS AND MENTORS, SOLICITOR GENERAL DAYS, JUDGE LINDSAY, AND JUDGE REINHARDT -- BOTH FOR BEING A PART OF THIS OCCASION AND FOR YOUR GENEROUS REMARKS. FOR ME, EACH OF YOU REFLECT THAT MARVELLOUS COMBINATION OF BRILLIANCE AND SOUL THAT HAS BEEN SUCH A MODEL OF HUMANITY AND CITIZENSHIP FOR ME AND FOR SO MANY OTHERS.

MY FAMILY IS ALSO HERE IN FORCE, AND IN MANY EXTENSIONS. MY BRIDE, DIANE, AND OUR DAUGHTERS, SARAH AND KATHERINE; MY MOTHER, EMILY PATRICK; MY IN-LAWS JOHN AND LILIAN BEMUS; MY SISTER, RHONDA SIGH AND HER CHILDREN, BIANCA AND BRANDON; MY SIBLINGS-IN-LAW, JAY BEMUS AND IOLA WRIGHT, AND LYNN AND BOBBY CHAVIS AND THEIR SONS, ROBB AND RYAN. I AM SO BLESSED TO HAVE EACH OF YOU WITH ME TODAY AND ALWAYS, AND I THANK YOU, TOO.

WE HAVE TOO MANY SPECIAL FRIENDS HERE TO MENTION, BUT I HAVE TO SINGLE OUT JUST TWO: EDDIE OUAINTANCE AND DARLA WEISSENBERG. MRS. QUAINTANCE WAS MY 6TH GRADE TEACHER AND MRS. WEISSENBERG WAS MY SEVENTH GRADE TEACHER IN THE CHICAGO PUBLIC SCHOOLS. MRS. WEISSENBERG IS THE PERSON WHO STEERED ME TO A FOUNDATION IN BOSTON CALLED "A BETTER CHANCE," AND ON TO A NEW LEVEL OF EDUCATIONAL CHALLENGE -- BECAUSE SHE THOUGHT I WAS SPECIAL. MRS. QUAINTANCE IS THE PERSON WHO TAUGHT ME TO BELIEVE IN MYSELF. YOU HONOR ME BY BEING WITH ME TODAY.

FINALLY, I WANT TO THANK MY NEW BOSS AND FRIEND, JANET RENO. THE ATTORNEY GENERAL'S LEADERSHIP OF AND COMMITMENT TO THIS

DEPARTMENT, AND TO THE PRINCIPLE FOR WHICH IT IS NAMED, ARE EXTRAORDINARY AND PALPABLE. AND HER COMPASSION MAKES IT POSSIBLE FOR HER TO KEEP HER OWN HEAVY RESPONSIBILITIES -- AND OURS -- IN PERSPECTIVE. I CONSIDER MYSELF AND THE NATION FORTUNATE INDEED TO HAVE HER WHERE SHE IS.

SOME SAY THE CIVIL RIGHTS DIVISION HAS LACKED LEADERSHIP, THAT IS HAS LANGUISHED IN A LEADERSHIP VACUUM. I HAVE TO TELL YOU THAT I HAVE LEARNED OTHERWISE. BECAUSE IN THIS INTERREGNUM, AND IN SO MANY OTHERS IN SOME 34 YEARS IN THE DIVISION, JIM TURNER HAS SERVED WITH ABILITY AND GRACE AS ACTING ASSISTANT ATTORNEY GENERAL. WE CALCULATE THAT JIM HAS SERVED LONGER IN HIS ACCUMULATED TERMS AS <u>ACTING</u> AAG THAN 7 OUT OF THE 11 FORMER <u>APPOINTED</u> AAGS. FOR THAT AND COUNTLESS OTHER DISPLAYS OF COMMITTED SERVICE, I WOULD ASK YOU PLEASE, JIM, TO STAND TO BE RECOGNIZED.

MANY, MANY PEOPLE -- MOSTLY REPORTERS -- HAVE ASKED ME WHAT OUR AGENDA WILL BE IN THE CIVIL RIGHTS DIVISION. AND I HAVE USUALLY REPLIED THAT IT'S NOT TIME TO ANSWER THAT YET, AFTER ONLY

A FEW DAYS ON THE JOB; THAT OUR FORMAL GOALS WILL BE DEVELOPED COLLABORATIVELY, IN CONSULT WITH THE ADVOCACY GROUPS AND WITH EACH OTHER. THEN, I USUALLY ADD THAT I HAVE A PERSONAL COMMITMENT TO DEFENDING THE VOTING RIGHTS ACT AGAINST THE SEVERAL RECENT ATTACKS ON ITS GAINS; TO MAKING BANKS MAKE LENDING DECISIONS FAIRLY; TO DEVELOPING AN EXPANSIVE JURISPRUDENCE UNDER THE AMERICANS WITH DISABILITIES ACT; TO BROADENING OPPORTUNITIES FOR MINORITIES AND WOMEN TO EQUAL ADVANCEMENT IN THE WORKPLACE AND IN THE SCHOOLS.

BUT THE UNIFYING THEME OF OUR WORK IS QUITE A BIT BROADER THAN THAT. THE REAL AND ULTIMATE AGENDA IS TO RECLAIM THE AMERICAN CONSCIENCE. OUR TRUE MISSION IS TO RESTORE THE GREAT MORAL IMPERATIVE THAT CIVIL RIGHTS IS FINALLY ALL ABOUT.

THIS NATION HAS A CREED. THAT CREED IS DEEPLY ROOTED IN THE CONCEPTS OF EQUALITY, OPPORTUNITY AND FAIR PLAY. OUR FAITH IN THAT CREED HAS MADE US A PRIDEFUL NATION, AND ENABLED US TO ACCOMPLISH FEATS OF EXTRAORDINARY ACHIEVEMENT AND UPLIFT. AND YET IN THE SAME INSTANT WE SEE THE RACISM AND UNFAIRNESS AROUND

US. IN THE SAME INSTANT WE SEE ACTS OF UNSPEAKABLE CRUELTY AND EVEN VIOLENCE BECAUSE OF RACE, OR ETHNICITY, OR GENDER, OR DISABILITY, OR SEXUAL ORIENTATION. THEY PRESENT A LEGAL PROBLEM, TO BE SURE. BUT THEY ALSO POSE A MORAL DILEMMA. HOW CAN A NATION FOUNDED ON SUCH PRINCIPLES, DEDICATED TO SUCH A CREED, SOMETIMES FALL SO SHORT?

AND LET ME ASSURE YOU, THAT IS A QUESTION ASKED NOT JUST BY INTELLECTUALS AND PUNDITS OF EACH OTHER; IT IS ASKED BY SIMPLE, EVERY DAY PEOPLE OF THEMSELVES AND OF EACH OTHER -- IN BARBER SHOPS AND ACROSS KITCHEN TABLES, IN THE MIND'S SILENT VOICE ON THE BUS ON THE WAY HOME FROM WORK, IN THE STILL, SMALL TIMES WHEN CONSCIENCE CALLS.

TO BE A CIVIL RIGHTS LAWYER, YOU MUST UNDERSTAND WHAT THE LAW MEANS. BUT TO <u>UNDERSTAND</u> CIVIL RIGHTS, YOU MUST UNDERSTAND HOW IT <u>FEELS</u>. HOW IT FEELS TO BE HOUNDED BY UNCERTAINTY AND FEAR ABOUT WHETHER YOU WILL BE FAIRLY TREATED. HOW IT FEELS TO BE TRAPPED IN SOMEONE ELSE'S STEREOTYPE, TO HAVE PEOPLE LOOK RIGHT THROUGH YOU. TO UNDERSTAND CIVIL RIGHTS, YOU MUST UNDERSTAND

THAT THE VICTIMS OF DISCRIMINATION FEEL A DEEP AND HELPLESS PAIN, AND ASK THEMSELVES BITTERLY THE VERY QUESTION OF MORALITY I HAVE POSED.

AND WHAT WILL BE OUR ANSWER? WILL WE SIT BACK AND CLAIM THAT WE HAVE NONE? OR THAT IT IS NOT OUR BUSINESS TO DEVISE ONE? WILL WE SHRINK FROM THE MORAL DIMENSION OF OUR WORK? LET ME TELL YOU NOW: NO -- NOT ON MY WATCH.

AND THE REASON I MAKE YOU THAT UNEQUIVOCAL PLEDGE IS SIMPLY THIS: I HAVE A PERSONAL STAKE IN THE BUSINESS OF THE CIVIL RIGHTS DIVISION. I KNOW WHAT WE CAN ACCOMPLISH THROUGH VIGOROUS ENFORCEMENT, THROUGH CALM DETERMINATION, THROUGH EFFORT.

I KNOW THAT THE BUSINESS OF THE CIVIL RIGHTS DIVISION HAS OPENED UP JOBS TO BLACK WORKERS.

I KNOW THAT THE CIVIL RIGHTS DIVISION HAS OPENED UP APARTMENTS TO HISPANIC FAMILIES.

I KNOW THAT THE CIVIL RIGHTS DIVISION HAS OPENED UP WHOLE NEW VISTAS OF ACTIVE LIFE FOR PERSONS WITH DISABILITIES.

I KNOW THAT THE CIVIL RIGHTS DIVISION HAS VINDICATED THE RIGHT OF ASIANS AND JEWS AND SO MANY OTHERS TO BE SAFE FROM ORGANIZED BIGOTRY, THE RIGHT OF YOUNG BLACK MEN TO BE SAFE FROM EXCESSIVE POLICE FORCE.

I KNOW THAT THE CIVIL RIGHTS DIVISION HAS MADE IT POSSIBLE FOR PRISONERS TO RETAIN THEIR HUMAN DIGNITY EVEN WHEN THEY SURRENDER THEIR FREEDOM.

I KNOW THAT THE CIVIL RIGHTS DIVISION HAS HELPED CREATE THE MOST INTEGRATED CONGRESSIONAL DISTRICTS IN THE SOUTH, AND THE MOST INTEGRATED CLASSROOMS IN THE WORLD.

I KNOW BECAUSE I'VE LIVED IT. I KNOW BECAUSE I CAN LOOK AROUND THIS ROOM AND SEE EVERY KIND OF WOMAN AND MAN, JOINED HERE IN ONE BRIEF BUT ILLUSTRATIVE MOMENT OF HARMONY, COMMON IN OUR HUMANITY AND IN OUR RESOLVE. AND I KNOW THAT WHEN THE AMERICAN PEOPLE SEE WHAT I SEE HERE RIGHT NOW, THEY SEE THE SAME POSSIBILITY, THE SAME HOPE AND THE BEGINNING OF THE ANSWER TO THE QUESTION OF CONSCIENCE THAT THE AMERICAN CREED POSES.

OUR DIVISIONS ARE OF OUR OWN CREATION. THEY ARE NOT BEYOND OUR POWER TO RESOLVE THEM.

OUR CYNICISM IS BUT OUR OWN FEAR. IT IS NOT BEYOND OUR COURAGE TO CONQUER IT.

OUR DESPAIR IS OF OUR OWN RELENTING. IT IS NOT BEYOND OUR FAITH.

WE HAVE BUT SO MANY MOMENTS WHERE THE CONFLUENCE OF OPPORTUNITY AND RESOLVE IS IN ITS WONDROUS BALANCE. SO IT IS RIGHT NOW. THIS ADMINISTRATION, WITH ITS COMMITMENT TO MOVING FORWARD, NOW GREETS THIS NATION, YEARNING TO RECAPTURE ITS MORAL CENTER. LET US MEET THIS OPPORTUNITY WITH SUFFICIENT COMMITMENT, WITH SUFFICIENT RESOLVE AND WITH WISDOM. DESTINY ASKS OF US NO LESS.

OF MY NEW COLLEAGUES IN THE CIVIL RIGHTS DIVISION, I ASK FROM YOU YOUR MOST SOLEMN COMMITMENT AND RESOLVE, AND ALL THE FORCE OF INTELLECT I KNOW YOU AMPLY POSSESS. BRING TO THIS TASK YOUR HARD WORK AND YOUR FAITH IN THE AMERICAN PROMISE -- AND WITH IT WE <u>CAN</u> CREATE OPPORTUNITY AND WE CAN ALSO INSPIRE HOPE. BRING

TO THIS TASK INTELLECTUAL HONESTY, DETERMINATION, IMAGINATION AND HUMANITY, AND WE CANNOT FAIL.

OF THE AMERICAN PEOPLE, THOSE HERE AND EVERYWHERE, I ASK OF YOU ONLY THIS: GIVE US YOUR COMMITMENT TO EQUALITY; GIVE US YOUR SENSE OF HISTORY AND OF THE GREAT UNFINISHED AGENDA WHICH DERIVES FROM IT; AND WE WILL SET YOUR HEARTS AFIRE -- AND HELP YOU KNOW WHAT I KNOW ABOUT WHAT IS POSSIBLE IN AMERICA.

DR. KING SAID:

COWARDICE ASKS THE QUESTION: IS IT SAFE?

EXPEDIENCY ASKS THE QUESTION: IS IT POLITF?

VANITY ASKS THE QUESTION: IS IT POPULAR?

BUT CONSCIENCE MUST ASK THE QUESTION: IS IT RIGHT?

LADIES AND GENTLEMEN, AS CITIZENS, SO MUST WE.

WE MAY NOT REDEEM THE SLEEPING SOUL OF THIS GREAT AMERICA, AND RECREATE THE CIVIL RIGHTS CONSENSUS THAT MADE POSSIBLE THE MORAL HIGH POINTS OF THIS NATION, IN MY TENURE -- OR EVEN IN MY LIFETIME. BUT LET US BEGIN.

THANK YOU.

LA TIMES

Commentary

If They're Registered, Most Will Vote

■ **'Motor voter': GOP partisanship is stalling a plan that could bring millions more to the polls.**

By PETER DREIER and JOWANNA WAITS

A bill that could dramatically alter California and national politics is stuck in the state Legislature, held hostage by partisan rivalry.

The federal "motor-voter" bill, signed by President Clinton last May, requires all states to streamline their voter registration laws. It requires states to allow voters to register when they apply for or renew their driver's licenses, to enlist voters at social service, military recruitment and other public agencies and to permit voters to register by mail. (California already does the latter). It also orders states to implement these provisions by Jan. 1.

Several states already use their motor-vehicle agencies to register voters and are now moving quickly to implement the other aspects of the federal law.

Acting Secretary of State Tony Miller wants to implement the law, but cannot get the cooperation of Gov. Pete Wilson, who has authority over the key state agencies. Last year, Assemblyman Rusty Areias (D-San Jose) filed an implementation bill, but it has been stalled by Republican opposition. Wilson and GOP legislators fear that the new law will increase registration primarily among groups who tend to vote for Democrats.

Even if implemented by the federal deadline, the law will have no effect on this year's state elections, but it could have a significant impact on future races, including the 1996 presidential contest. The United States has the lowest voter turnout of any Western democratic nation. Typically, about half of eligible U.S. voters go to the polls in national elections, compared with 80% and 90% in other democracies.

Most experts believe that our nation's crazy-quilt voter registration laws, rather than apathy or satisfaction with the status quo, account for these low figures. For example, in our highly mobile society, people are dropped from the voting rolls when they move, and many don't get around to re-enlisting before the next election. In contrast, before each election in Canada, a complete national registration is carried out in a matter of weeks by Elections Canada, a federal agency.

Of the Americans who are registered, about 85% actually cast ballots. Currently, 68% of California's 21.4 million eligible voters are registered. About 90% of eligible voters have drivers licenses and another 4% have Department of Motor Vehicles photo-identification cards. Thus, the motor-voter law could potentially increase voter registration to 94%, adding 5½ million new registrants. Additional citizens would be registered at social welfare and unemployment offices, libraries, schools and other agencies. Even modest increases in overall registration could have an important political impact, particularly in close races.

Who are the likely new voters? Most political experts believe that poor, minority and young people are disproportionately among the unenlisted. Although the motor-voter law would undoubtedly increase overall registration, particularly among these groups, it is not preordained how or even if they will vote. That depends on whether either party addresses their concerns and spends resources to get out the vote.

Wilson has threatened to veto any bill that includes agency-based registration, even though the federal law requires it. He also opposes the requirement that the DMV use a single form for both obtaining a driver's license and registering to vote—an approach that would ease registration. The Republicans also want to purge anyone who hasn't voted in the previous election from voting lists, a measure prohibited by the federal statute.

Republican legislators and their aides resort to the smoke screen that making it easier to register would promote election "fraud," encouraging ineligible people (including undocumented immigrants) to vote. In fact, experience in other states, as well as common sense, suggests that the motor-voter approach reduces fraud. The DMV and social welfare agencies have a much higher standard of screening applicants than our system of registering voters at sidewalk tables, by mail or at city halls.

Even if the Legislature passed the Areias bill (now stuck in the Assembly Elections Committee), and Wilson signed it this week, it would be almost impossible to have the new system fully operational by the Jan. 1 deadline. If the governor and Legislature fail to act soon, the issue will end up in federal court, which would likely require compliance with the federal law.

The current gridlock has been abetted by the absence of public awareness. Neither California's media nor any of the current candidates for statewide office have paid much attention to this conflict.

Surprisingly, citizen groups that spent years pushing the federal motor-voter bill through a reluctant Congress—Common Cause, League of Women Voters, AARP, unions, civil-rights and community groups—have not actively mobilized their members to pass an implementation bill.

Some may view this stalemate as simply a debate over technical details but the outcome will have broad consequences. It involves a struggle over the future of California politics and the very essence of citizenship—the right to vote.

Peter Dreier is a professor of public policy at Occidental College; Jowanna Waits is a senior majoring in politics.

Mack / J Baggett
M Hale
cc Durilheim

THE PRESIDENT HAS SEEN 5/2

This is worth pushing.
B

THE PRESIDENT HAS SEEN 5/2

THE WHITE HOUSE

WASHINGTON

April 19, 1994 94 APR 19 P3:59

MEMORANDUM FOR THE PRESIDENT

FROM: MARK GEARAN MG

SUBJECT: Christianity Today Article

I attach for your review the Christianity Today article written from your interview with Philip Yancey. Like the ABC News piece, I think it is both balanced and helpful. We are considering another interview of this sort, perhaps with a larger magazine.

MR. PRESIDENT:

I thought you might be interested in reading the attached press release sent to me by Mr. Jerome Segal.

THE WHITE

WASHING'

April 29, 1994

~~Paul Richard~~

Tony - can we
sure we want to
do this next —

Mr. Jerome M. Segal
President
The Jewish Peace Lobby
Suite 317
8604 Second Avenue
Silver Spring, Maryland 20910-3383

Dear Jerome:

I have just had the opportunity to see your most recent letter and the petitions you collected from 800 Rabbis across the country. I want to tell you how much I appreciate the strong feelings of the Jewish Peace Lobby on this important issue. The insight of your organization is valuable to me.

We have high regard for the Palestinian-Israeli Cooperation Program and its ability to help build cooperation on a person-to-person scale. I am pleased that we were able to identify funding last year for nine of the many project proposals. As you well know, however, we face a reduced overall assistance budget. We have also made a substantial financial commitment as part of the international effort to support implementation of the Israeli-Palestinian Declaration of Principles.

Meeting these demands has been a difficult challenge. Given competing priorities, it was unfortunately not possible to provide fiscal 1994 funding for additional PICP activities.

Again, thank you for bringing the good work of the PICP to my attention.

Sincerely,

Bill Clinton

The Jewish Peace Lobby

4/29/94

To:
White House
John Podesta
Paul Richard
Sandy Berger
Mark Middleton
Jim Dorse
David Gergen
Ceorge Stephanopoulous

State
Warren Christopher
Robert Pelletreau

AID
Brian Atwood
Margaret Carpenter

From: Jerome Segal, President
Jewish Peace Lobby

Attached is a press release we have prepared and which we hope will set the decision facing the President in fuller perspective.

cc: Jack Cole, Office of Congressman Obey

8604 Second Avenue, Suite 317, Silver Spring, Maryland 20910-3383
(301) 589-8764 Fax (301) 589-2722 E-mail jpl@mcimail.com

The Jewish Peace Lobby

Press Release 4/29/94

President to Decide Fate of Israeli-Palestinian Cooperation Program

800 Rabbis Petition the White House

Appropriations Chairman Obey Not Pleased by Ignored Recommendations for Expanded Program

In the coming week, President Clinton is expected to decide the fate of a largely unknown program started under the Bush Administration to promote grassroots Israeli-Palestinian cooperation. The small program has supported a wide range of projects including scientific cooperation, professional exchanges, unofficial meetings of Israeli and Palestinian experts on major problems to be faced in the final status negotiations and a children's puppet theatre production on coexistence.

On the President's desk, in support of the program, is a petition signed by over 800 American rabbis, representing virtually one quarter of the rabbis in the United States outside the orthodox movement. The rabbis' letter to the President urges him to "make the program an inspiring symbol of America's quest for peace."

A decision by the President to kill the program would appear difficult to understand for it would run counter to consistent recommendations of both the House and Senate Appropriations Committees which urged last year that the program be markedly expanded.

Earlier this week, at a hearing of the House Appropriations Subcommittee on Foreign Operations, Congressman David Obey, the new chairman of the full House Appropriations Committee, reacted to testimony about the impending death of the program by pledging to personally give the rabbis' letter to the President. In reports from his Appropriations subcommittee in 1991, 1992 and 1993 Obey recommended expansion of the program, and a decision now to kill the program raises questions about the responsiveness of the Administration to Committee recommendations. Obey has traditionally been an opponent of Congressional use of legally binding "earmarks" for specific programs, favoring instead the use of report language to indicate Congressional wishes. Now that he has assumed the chairmanship of the full Appropriations committee, his views on earmarking are of particular importance to the White House.

For all of these factors, plus President Clinton's own personal identification with similar Israeli-Palestinian people-to-people efforts, it is hard to understand why the survival of the program is in serious doubt. At the time of the signing of the Gaza-Jericho accords on the White House lawn, President Clinton invited to the ceremonies a group of Israeli and Palestinian young people who participated in a summer camp experience in co-existence and referred to them as the most important of the guests present at the event.

When the U.S. program was first started in 1991, it was done so without any public announcement. The fear at that time was that Palestinians who participated in the program might be subject to intimidation or worse from other Palestinians. In late 1992 the U.S.

8604 Second Avenue, Suite 317, Silver Spring, Maryland 20910-3383
(301) 589-8764 Fax (301) 589-2722 E-mail jpl@mcimail.com

Consulate in Jerusalem conducted a quiet solicitation for proposals, and to the astonishment of officials who oversee the program, they received some ninety-five joint proposals from Israeli and Palestinian groups. The new Clinton Administration in 1993 funded only nine of the ninety-five project proposals, for a total of $200,000 running contrary to Congressional recommendations for a $2 million program.

The death of the program, which seems to have little rationale whether viewed from the point of view of peace, budgets or politics, is well advanced. The State Department and AID which oversee the program have already started the dismantling process. They did not replace the key individual who had been hired to assist in implementing the program when she resigned at the end of last year, and in 1994 no solicitation for projects was made. Moreover, no money for the program was included in this year's budget nor in the President's 1995 budget submitted to Congress in January. The $2 million Congress has recommended for the program comes to 1/60 th of 1% of the foreign aid budget.

In his testimony before the Obey subcommittee, Jerome M. Segal, President of the Jewish Peace Lobby, the group that conceived of the program and organized the rabbis petition, argued for the program not just in terms of the Israeli-Palestinian conflict, but as a new departure in conflict resolution involving what experts in the field refer to as "Track II diplomacy" -- an effort to affect the background environment of conflict within which formal negotiations occur.

State Department officials in Jerusalem and Tel Aviv were originally skeptical about such people-to-people efforts, but over time became converts to the program. In an unclassified cable to Washington last Fall, the U.S. Ambassador to Israel requested a continuation of the program. The State Department has resisted requests to release a copy of the Ambassador's cable.

In his testimony Mr. Segal maintained "the massacre in Hebron and the killings in Afula and Ashdod . . .tell us that what transpires within the hearts and minds of individual Israelis and Palestinians may hold the answer to whether or not lasting peace is possible in the Middle East." Segal referred to people-to-people programs as "the moral antithesis of terrorism" and notes that the Oslo Accord, with respect to which the Clinton Administration had no important role, originally emerged out of a "Track Two" effort of the sort supported by the program.

Should the President kill the program, it is expected that supporters will turn to the Congress seeking binding legislation to insure its survival.

For further information contact JPL at 301-589-8764

THE PRESIDENT HAS SEEN
4/29/94

April 29, 1994

M Hale
When this is done
[illegible] ~~[illegible]~~
answer Yorkin

MEMORANDUM

To: The President

From: Kelly Crawford

Re: Tribal event

Cynthia Sikes Yorkin sent you a letter regarding the Duck Valley Reservation in Idaho and the planned Air Force bombing range.

Evidently, Governor Andrus of Idaho is trying to side-step the Congressional approval process and withdraw land from the reservation for military purposes. The sonic booms and low flying aircraft would not only make the land uninhabitable, but also severely impact plant and animal life. This military project would have far reaching impact to the 3 million acres of land, 3,000 Native Americans and 456 sacred sites. Cynthia asked you to talk about this issue with Lindsay Manning, the Tribal Chairman for Duck Valley. B

She also included a letter from Congressman Larry Larocco expressing reservations about the Draft Environmental Impact Statement prepared by the Air Force. He is concerned with the failure of the Air Force to provide a cost/benefit analysis for the new training range to show that the project is a necessity for the area.

We forwarded this information to Marcia Hale. Marcia said this is a huge issue that your staff is working to resolve next week, hopefully in Ms. Yorkin's favor. The overall Duck Valley Reservation issue will be part of the briefing for the tribal event today but Marcia thinks you should **not** discuss the issue with Lindsay Manning.

4/28 - cc Carol Rasco

CYNTHIA SIKES

April 27, 1994

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Attention: Nancy Hernreich
West Wing, First Floor

Dear Mr. President:

It was wonderful to see Hillary here last night in Los Angeles. She spoke beautifully, as always.

This will arrive as you return from Los Angeles yourself.

There is an urgent matter which I think bears investigating, involving the Duck Valley Reservation in Idaho and the planned Air Force bombing range.

Evidently, Governor Andrus of Idaho is trying to engineer a land swap for the withdrawal of land for military purposes, which side-steps the procedure required for Congressional approval.

Three million acres of land will be affected, specifically the Shoshone and Piute Duck Valley Reservation which is home to approximately 3,000 Native Americans. Not only would the sonic booms and low flying aircraft make it impossible to live there, but the bombs, consisting of packets of chaff to fool the radar, would eventually cover the entire area and impact the plant and animal life severely. This area is also home to 456 sacred sites, including Piute Peak where, for centuries, Native Americans went on vision quests.

I know on Friday you are meeting with tribal chiefs. If you or Al Gore have time to speak about this matter with Lindsay Manning, the Tribal Chairman for Duck Valley, I know it would mean a lot to him. He can be reached by phone at the Sheridan Hotel in Washington, at (202)328-2000 (Ext. 4036).

Larry Echohawk, the Attorney General and the leading Democratic contender for Governor in Idaho, has gone on record with Katie McGinty, the Environmental Director in Gore's office, against this bombing range.

I just gave a reception for Chief Wilma Mankiller two weeks ago, and I know she is very interested in this and in talking with you.

Teresa Heinz, the late Senator Heinz' wife and a close friend of ours, first brought this to my attention, and has spoken with Al Gore about it.

They can explain it to you better than I can in this letter.

I am sorry to take up your time when you have so many issues on your plate, but this is an urgent matter. I know you'll agree that this is typical of the treatment of the Native Americans and their land throughout the history of this country, with the Government manipulating contracts to the Indians' detriment.

Thank you for taking the time to read this.

We plan to come east on June 5 with a stop in Washington that week. Perhaps Nancy can let us know if you are going to be in town. We'd love to see you.

Warm regards,

Cynthia Sikes Yorkin

CSY:eaj

FAX COVER PAGE

DATE: 4/28/94	NO. OF PAGES INCLUDING THIS COVER PAGE: 10
TO: Nancy Hernreich	FAX NO.: (202)456-6703
FROM: Cynthia Sikes	FAX NO. : 310 276-6009 PHONE NO.: 310 274-8260
RE:	

CYNTHIA SIKES

April 28, 1994

Ms. Nancy Hernreich
The White House
1600 Pennsylvania Avenue, NW
West Wing, First Floor
Washington, D.C. 20500

Dear Nancy:

I Federal Expressed a letter to the President which you'll receive today.

Teresa Heinz, the wife of the late Senator John Heinz from Pennsylvania, sent me some information on the subject and I am now faxing some of it to you. I'll send the other materials next week, in case the President can use them.

Thanks so much.

Sincerely,

Cynthia

Cynthia Sikes Yorkin

CSY:eaj

LARRY LAROCCO
1ST DISTRICT IDAHO
COMMITTEE ON NATURAL RESOURCES
COMMITTEE ON BANKING FINANCE AND URBAN AFFAIRS
AT-LARGE WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

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(208) 452-2382

621 MAIN STREET
LEWISTON, ID 83501
(208) 746-8654

408 SHERMAN AVENUE
COEUR D'ALENE, ID 83814
(208) 667-2110

February 9, 1994

Brenda Cook
HQ ACC/CEVA
129 Andrews Street, Suite 102
Langley Air Force Base, VA 23665-2769

Dear Ms. Cook:

I am writing to express serious reservations about the Draft Environmental Impact Statement (DEIS) prepared by the Air Force concerning the proposed Idaho Training Range. It is my understanding that the period for public comment on the DEIS remains open until today. With that in mind, I intend that this letter be made a part of the record.

The Air Force training range's target areas would lie entirely within Idaho's First Congressional District, which I represent. I am aware that debate over the proposal has become increasingly polarized. But I have never doubted that Idaho citizens would be broadly supportive if evidence showed that a training range in the Owyhee County canyonlands was needed to secure our national defense.

This question of whether the national defense requires the new training range has been central to my own inquiry from the beginning. In my view, the Air Force's failure to address this issue directly in the DEIS is so fundamental that it calls the document itself into question. In addition, it reinforces public perceptions that the results of an ostensibly public process have been predetermined by the Pentagon.

The inadequacy I seek to draw to your attention is rooted in a contradictory and extraordinarily confusing string of comments Air Force officials have issued about the need for the range. The comment of Deputy Chief of Staff Lt. Gen. Michael A. Nelson in June of 1991 that "[e]xisting ranges are adequate to support training needs of the Composite Wing and other forces that will use them," may be one extreme. The other is perhaps represented by the recent statement of Air Force Secretary Sheila E. Widnall, as reported in press accounts, that "[i]t's crucial."

But the problem is most readily apparent in the failure of the DEIS to include a standard, cost-benefit analysis of how the economics of training at a new Idaho range would compare, over time, to the economics of training at existing ranges in Utah or Nevada based on quantified needs, benefits and expenses. Without such a comparison, statements in the DEIS about the need for the range are little more than subjective conclusions.

On page 1-35, the DEIS identifies the need for an additional range as one of the issues raised during preliminary public input:

> Commentors indicated that the need for an additional range should be established in the EIS. In many instances, the issue centered on a perceived contradiction with the policy of defense reductions. The comments also indicated that the Air Force should consider use of existing ranges in the region, such as the Utah Test and Training Range, as an alternative to developing a range in Idaho.

Nevertheless, on the same page, the draft includes the following statement as the first paragraph of the section entitled "Issues Beyond the Scope of This Environmental Impact Statement":

> *National Needs Assessment.* A national needs assessment for training ranges and associated airspace is beyond the scope of this draft EIS, which defines the need for the proposed action in terms of mission and training requirements of the Composite Wing and IDANG.

The *kind* of training that would be carried out at the range is needed, and it is difficult to imagine pilots getting *too much* training. But are there viable, alternate ways of getting this training now? The Utah Test and Training Range (UTTR), for example, appears from the descriptions in the DEIS to be a place with the topography, size, and facilities to support realistic training for a composite wing based at Mountain Home. The proposed Idaho Training Range might be more convenient from a narrow point of view, but is it cost-effective from an empirical point of view? In my study of the DEIS I found no suggestion that current Composite Wing training is less than acceptable. The ITR would make it possible to train more often, but it does not follow that the absence of the ITR degrades our national security picture.

The DEIS makes a good case that the existing Saylor Creek range is increasingly limited as the training becomes more complex. But it leaps from that fact to a very general conclusion that becomes the premise of the entire draft study. This premise is that "additional assets" are needed to provide flexibility and realism "in support of mission readiness," and that these assets can only be provided for locally. The central flaw of the draft is that this premise is never seriously questioned. The DEIS does a good job of articulating the advantages that would accrue to the Air Force and the Idaho Air National Guard if the proposed action is taken. But given that budgets are contracting, and the defense establishment itself is under pressure to adjust its expenditures to reflect a changed world, the absence of a section quantifying costs and benefits is glaring.

In short, the DEIS begins with an unsupported conclusion that the range is needed and then discusses the impact of various configurations in Owyhee County. It considers no alternatives to a range in Owyhee County. Its references to remote ranges are limited to perfunctory observations about the physical effects that additional ordnance and aircraft activity would have on areas already almost entirely degraded.

The failure of the DEIS to specifically discuss the effects of the range on sites of historical or religious significance to Native Americans is also problematic, but more understandable given the fact that until recently the information was being guarded by Native Americans as a precautionary measure.

By focusing on omissions I do not mean to minimize my concern about the biological impacts which the DEIS *does* identify. In particular, I am concerned about the impact of a range on the important bighorn sheep population in the Owyhee River Canyon. Since 1980, these sheep have been transplanted on a yearly basis from Owyhee County to other parts of the Great Basin region. In fact, the Owyhee County herd now provides the only potential source of transplant stock for this species nationwide, since export of California bighorn sheep from British Columbia was discontinued in 1991.

Catastrophic, all-age die-offs in bighorn sheep populations are well-known. They usually result from physical conditions known to exist in the Owyhee herd, coupled with external stress. The proposed training range obviously has the potential to increase stress. Under the circumstances, the Air Force's bare conclusion that bighorn sheep need to be monitored if the range proposal is implemented seems self-evident.

Still, the DEIS identifies this and similar specific impacts. If we move forward, it simply means that there has been a collective decision that the impacts are both justified and absorbable. At least that is what it *should* mean.

By contrast, the Air Force's approach has left citizens of Idaho believing that these questions are academic. There is a pervasive feeling that the Air Force has long ago decided the ITR is going to be built, and is simply going through the motions of involving the public. To put it more bluntly, many Idahoans feel they are being "slam-dunked" by the Air Force. The failure of the DEIS to address the most fundamental question about the range exacerbates this problem, be it perception or reality.

I have repeatedly expressed my support for the Composite Wing and its presence at Mountain Home. As the only military veteran in the Idaho Congressional delegation, I know the importance of a vital defense organization. I know the role that training plays in creating that vitality. I also recognize that the Mountain Home Air Force base is important to Idaho, and vice versa. With a significantly wider variety of facilities and capabilities than exist at a base housing a traditional wing, Mountain Home offers an extremely valuable home for the Composite Wing. It is located in the only remaining part of the country where comprehensive air training can take place, whether the planes' destination is the proposed ITR, the Utah ranges, or elsewhere.

It is not Idaho's sole responsibility to provide training for the federal military, but the state would certainly do so if convinced of the need. If the need does not exist, I believe that most Idahoans would agree that any surplus defense dollars could be better spent -- for such things as keeping cost of living increases to veterans on schedule, for example.

For reasons such as these, I have tried to keep an open mind. I have focused on doing what I can to ensure that the process of reaching a decision is open, fair, and genuinely public. To date, it has been troubling. I think, for example, of the blatantly promotional nature of the displays and information presented by the Air Force at the recent public hearings. Alternately, it is difficult for me to ignore the constituents' complaints that the Secretary of the Air Force, who will make crucial choices about the base, appears to have already made her decision.

In my view, public involvement that is genuine leads to good decisions. Decisions which do not reflect public wishes are inimical to democracy and ultimately poison their products. I urge you to consider, in that context, the numerous comments you have received about the DEIS. If the process is sound it is reasonable to have confidence that the decision will be sound.

Thank you for your attention.

Sincerely,

Larry LaRocco

Larry LaRocco
Member of Congress

A summary of the proposed range in southwestern Idaho

By N.S. Nokkentved
P.O. Box 966
Twin Falls, ID 83303

Anyone who has ever been to Idaho knows there is lots of open, seemingly empty land here. So why are people so critical of a proposal to use a little of it to provide the Air Force with a tactical bombing and training range?

The area chosen by Gov. Cecil Andrus for this range is in the heart of the canyonland of the Owyhee River's East Fork -- an area of spectacular beauty that has been proposed by conservation groups as a National Park. Target areas for the 30,000 practice bombs the Air Force would drop annually are near, next to or on top of some very special features.

Those features include:

* Many miles of potential Wild and Scenic rivers and streams.
* Many acres of potential wilderness areas.
* Miles of spectacular and scenic canyons.
* Hundreds of small, and a few large archaeological sites in areas included on a national register of such sites.
* Numerous historical sites and sites of cultural and spiritual importance to local Native Americans, including grave sites and holy places where they go on Vision Quests.

* Important and irreplaceable pronghorn antelope fawning habitat -- If other such habitat were available, antelope would be using it, biologists say.

* Important sage grouse mating and nesting habitat.

* Habitat for about 25 percent of the nation's population of California bighorn sheep. In the remote canyons the sheep have thrived to the point that the herd is healthy enough to be the a source of transplant stock for formerly native habitat throughout the West.

The effects of the range on these resources include:

* Noise disturbance from low-flying, high-speed jets.
* Increased human activity near vital habitat.
* Ground disturbance.
* Desecration of sacred and archaeological sites.
* Increased recreational use by improved road access in some areas. (Other areas would be blocked.)

Note: the Air Force at this time says supersonic flight would be limited to 10,000 feet and higher.

The proposal involves a land swap with the Bureau of Land Management to give the state of Idaho control of about 25,000 for targets and range facilities. But it is deceptive, for the proposal also calls for placing 32 radar emitters to simulate enemy air defenses, creating an electronic combat range over nearly 3 million acres of southern Owyhee County.

The current proposal began in late 1990 after a previous Air Force attempt to withdraw 1.4 million acres of public land t expand the existing Saylor Creek Bombing Range failed. Then-Secretary of Defense Dick Cheney instituted a moratorium on military land withdrawals. Using state land for a bombing ra would avoid the moratorium as well as congressional scrutiny

Gov. Andrus and Mountain Home businessmen feared the Air For would close its base in that town (population about 8,000), undermining the local economy.

The Air Force, however, has insisted it's the air space in Ic that it wants. Gen. John Loh, commander of the Air Combat Command, recently promised Idaho bankers and real estate developers that the base would remain viable for at least 35 years -- even without the state's proposed range -- hoping th would invest in new housing.

The Air Force has been operating its "composite wing" at the Mountain Home Air Force Base successfully for more than a yea without the range. Various officials, including the Defense Department, have said the Air Force does not need the range.

Of the five other ranges available to the Mountain Home planes, the furthest is about 350 miles away. Existing facilities in Idaho are sufficient for day-to-day training -- about 80 percent. The Utah Test and Training Range is 20 minutes away by air and can accommodate the needed training.

Lastly, the Air Force's recently released draft environmental impact statement on the proposed range considers only one alternative, in addition to "no action." It considers four variations of that alternative, but all include some sort of bombing range in the heart of that canyon country. It dismissed the option of expanding existing facilities in combination with out-of-state ranges.

###

As a reporter for The Times-News, a south-central Idaho newspaper, I have covered this issue for the past five years. I have degrees in journalism and environmental studies. My coverage of the Air Force in southern Idaho has won awards for investigative journalism. I was recently promoted to regional editor for The Times-News.

From Stanley Grunbaum

Aaron

Article from Herald Tribune on American Economy & disparity between rich & others

Re Rubin | Tyson B

THE PRESIDENT HAS SEEN

IHT 4.24.94

ECONOMIC SCENE

America — Growing Apart

By Lawrence Malkin
International Herald Tribune

NEW YORK — America's recovery may be the envy of the world, but like the country itself, growth in the land of opportunity does have a dark side that could be its undoing if chronic social problems are not addressed.

This is the mirror image of what troubles Europe as its industrial giants struggle to slim down along American lines and disentangle themselves from the Continent's social safety net. But America's own slow-growth problem, because such [illegible] also provides a preview of some of what Europeans will [illegible]. Consumer incomes and spending [illegible] reports now coming from core U.S. industrial companies testify that the combination of the past year's increases in productivity and decreases in interest rates are finally paying off, at least for the top echelon in the country.

But the problems that remain are more tenacious — health care, education and welfare, and the old bugaboo of the federal budget deficit. To his credit, all three are among President Bill Clinton's top priorities, but they are far from solved.

Robert E. Rubin, Mr. Clinton's economic coordinator, warned Friday that if these problems are not tackled, "They will collide with our economy."

David Wyss, research director of DRI/McGraw Hill, lists them as the three principal [illegible] the American economy [illegible] payments are already embedded in the budget.

That would drain savings and pull down the capital investment on which some of the more euphoric projections are based.

But that is only the most dramatic of the potential time bombs. Some of the others are ticking away in the form of relatively low earnings by workers and, for the first time, middle managers — the source of the Keynesian consumer demand that traditionally has fueled American recoveries.

"We are in an exciting, powerful and very important transition to an investment-led recovery," Stephen S. Roach of Morgan Stanley & Co. said. It is being paced by a 28 percent increase in business investment in computers, but this classic Wall Street optimist warned that "the outlook is fragile" precisely because of the lean-and-mean corporate reorganizations that have done so much for the productivity and profitability [illegible] workers.

This time the consumer squeeze cuts across all classes except the very rich, who have been only slightly singed by Mr. Clinton's deficit-correcting tax increases. A few statistics about productivity and the labor force:

- Productivity gains accounted for almost 90 percent of the economic growth during the first three years of this extraordinarily sluggish recovery. In previous postwar recoveries, productivity accounted for just over half, with the remainder coming mainly from consumers as incomes rose.
- Real, or inflation-adjusted, weekly earnings of workers dropped 11 percent during the 1980s, but consumer spending as a proportion of the whole economy rose as consumers went into debt. That cannot go on, economists agree. Even after three years of working down their debts, interest payments by American consumers still take 16 percent of what they earn.
- For the first time since such statistics have been kept, white-collar workers now account for more of the unemployed than do blue-collar workers. Moreover, staff cuts by U.S. corporations came to a record 600,000 last year — the third year

See SOCIAL, Page 8

About R[illegible] And Rat[illegible]

France-P[illegible]

WASHINGTON — in[illegible] long-term U.S. inter[illegible] employment in Europ[illegible] sia's economic trouble[illegible] agenda for Sunday's [illegible] of finance ministers o[illegible] leading industrial cou[illegible]

Treasury Secretary [illegible]sen said this week that [illegible] rise in interest rates [illegible] constrict economic slow[illegible] the U.S. recover[illegible]

He said he would [illegible] colleagues in the G[illegible] that the American [illegible] cent vigorous gr[illegible] [illegible] the rise in rates m[illegible]

was "disturbingly" [illegible] rising and said the[illegible] for lower interest [illegible]

Japan did not s[illegible] of who would r[illegible] meeting until Fr[illegible] announced that [illegible] Hirohisa Fujii [illegible] Washington afte[illegible] alition decided [illegible] eign Minister T[illegible] next prime min[illegible]

The minister[illegible] governors will [illegible] Russian offici[illegible] cow's econom[illegible] current proble[illegible]

CURRENCY & INTEREST RATES

Cross Rates

April 22

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.955	2.8835	1.124	0.328	0.1173*	—	5.4435*	1.3216	1.8379*	1.382	1.3815*
Brussels	34.70	51.785	20.577	6.0065	2.132*	18.2075	—	24.200	0.3355	25.16	25.30*
Frankfurt	1.6726	2.5700	—	0.2919	0.1046*	0.8898	4.8594*	1.1780	1.3287*	1.2296	1.2770*
London (a)	1.4882	—	2.5141	8.4372	2,406.43	2.8225	51.894	2.1393	136.83	2.0492	206.15
Madrid	137.347	205.30	81.359	24.19	8.59*	72.300	3.9530	95.97	132.545*	100.308	—
Milan	1,619.00	2,414.88	956.25	279.19	—	858.80	46.817	1,128.30	15.461	1,176.46	11.774
New York (b)	—	1.4895	1.6800	5.706	1,616.00	1.8940	34.75	1.4225	103.20	1.3798	137.65
Paris	5.8067	8.666	3.4260	—	3.59*	3.0488	0.1666	4.0395	5.5017*	4.2117	4.2125*
Tokyo	103.85	154.34	61.41	17.72	6.443	54.63	2.9950	72.33	—	75.20	0.7557
Toronto	[illegible]	[illegible]	[illegible]	0.2377	0.0853*	0.7257	0.3966*	0.9623	1.3371*	—	1.001*
Zurich	1.3955	2.0840	0.8448	0.2477	0.0886*	0.7552	4.1347*	—	1.3071*	1.0427	1.0430*
1 ECU	1.1429	[illegible]	1.9349	6.6x	1.85	2.1747	39.8158	1.6012	118.77	1.5741	157.309
1 SDR	1.4065	0.9433	2.3787	8.1672	1.74	[illegible]	[illegible]	[illegible]	145.43	1.9443	193.419

Closings in Amsterdam, London, New York, Toronto and Zurich, fixings in other centers. a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9901	Greek drac.	248.00	Mex. peso	3.3594	S. Afr. rand	3.612
Austral. $	1.393	Hong Kong $	7.727	N. Zealand $	1.7409	S. Kor. won	807.10
Austr. schil.	[illegible]	Hung. forint	102.73	Norw. krone	7.34	Swed. krona	7.8623
Brazil cruz.	1130.01	Indian rupee	31.35	Phil. peso	27.45	Taiwan $	26.43
		Indo. rupiah	2158.01	Polish zloty	22483	Thai baht	25.26
				Port. escudo	173.14	Turkish lira	29673
				Russ. ruble	1792.00	UAE dirham	3.6727
						Venez. bolív.	110.75

Eurocurrency Deposits

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc
1 month	3 [illegible]-3 [illegible]	5⅝-5⅞	3 [illegible]	5⅛-5¼	5[illegible]
3 months	4⅛-4¼	5 [illegible]-5 [illegible]	3 [illegible]	5⅛-5¼	5[illegible]
6 months	4½-4⅝	5¼-5⅜	3 [illegible]	5⅜-5½	5[illegible]
1 year	5⅛-5¼	5¼-5⅜	3 [illegible]	5[illegible]-5[illegible]	5[illegible]

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum

Key Money Rates

United States	Close	Prev.
Discount rate	3.00	3.00
Prime rate	6¼	6¼
Federal funds	3⅝	3⅝
3-month CDs	3.67	3.67
Comm. paper 180 days	4.45	4.44
3-month Treasury bill	3.74	3.73
1-year Treasury bill	4.64	4.60
3-year Treasury note	5.50	5.54
5-year Treasury note	6.33	6.46
7-year Treasury note	6.40	6.57
10-year Treasury note	6.92	6.89
30-year Treasury bond	7.23	7.21
Merrill Lynch 30-day Ready asset	2.99	2.98
Japan		
Discount rate	1¾	1¾

Britain
Bank base ra[illegible]
Call money
1-month inter[illegible]
3-month inte[illegible]
6-month inte[illegible]
10-year Gilt
France
Intervention
Call money
1-month in[illegible]
3-month in[illegible]
6-month [illegible]
1[illegible]
Sources: Reuters, Bloomberg, Merrill Lynch, [illegible] Greenwich [illegible]

0.34	0.34
5.075	5.265
137.33	136.33
3.6192	3.5959
0.4337	0.4337

GASOIL (IPE)
U.S. dollars per metric ton-lots of 100 tons

May	151.75	149.75	151.50	151.50	+2.00
Jun	150.50	148.50	150.25	150.25	+2.50

Wheatley TXT	Q	.01	5-3	3-26
Wolverine World	Q	.04	7-1	8-1
Yellow Corp	Q	.235	5-2	5-16

a-annual; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Chandler, Arizona, as part of its expansion program. *(AFX)*

Northern Telecom plans to spend more than $130 million to set up research, manufacturing and marketing operations in China. *(Bloomberg)*

rope

...uch of it in the ...ing in reaction ...3 points in the ...strial average

...tarting to look ...aid Ian Blance, ...st with Nikko ...e Ltd. "What ...day in the U.S. ...l."

SOCIAL: *Gaps Widen in America, Raising Questions About Consumers*

Continued from Page 7

of recovery — and are running at about the same pace so far this year.

"Income inequality," Mr. Wyss says, "is turning the United States into a two-tier society. More and more college graduates are doing better and better, and more and more high school dropouts are doing worse and worse."

In 1970, the mean family income of the bottom one-fifth of the population was $9,070 (in today's dollars), while the highest one-fifth earned $68,224. In 1989, earnings of the bottom 20 percent were virtually unchanged, in constant dollars, at $9,431, while the top 20 percent had seen almost a 50 percent increase, to $92,663.

The top echelon is heavy with couples who are both college graduates, with both of them working, and who have two children or fewer. The lowest tier is dominated by families with no employed breadwinner and by mothers on welfare. Thirty percent of American children live in the families with incomes in the lowest 20 percent, and since 1970 the percentage of children whose mothers are on welfare has almost doubled, to 15 percent.

"Society is splitting," said Mr. Wyss, and this influences his economic forecast, which foresees fairly robust growth of 3.7 percent this year but only 1.6 percent next year, and a feeble rebound to 2.3 percent in the election year of 1996. Some, but by no means all, of that slowdown will be due to rising interest rates.

By contrast, the latest consensus forecast reported by Blue Chip Economic Indicators of Sedona, Arizona, is for comfortable growth of 2.9 percent next year.

Time will tell how soon the deficits in their society will affect Americans' pocketbooks; but Mr. Wyss says he is sure it is only a matter of time until they do.

	Close	Prev.
...an Pacific	21¾	21⅞
...e A	12	12
	42	41
	4.35	4.30
...d B	8⅜	8⅜
...x	4	4.05
...o	20⅞	20⅞
...l Expl	21½	21½
...n Min B	0.08	0.08
...son Min A	N.Q.	—
...o	21½	21¼
...A	0.74	0.75
...lay Mines	14¼	14⅜
...Silver A	0.80	0.85
...ll	3.90	3.70
...d A	6⅞	7
...er Choil A	19¾	19⅝
	5½	4.80

U.S. FUTURES

Via Associated Press — April 22

Grains

Season High	Season Low		Open	High	Low	Close	Chg	Op.Int
WHEAT (CBOT) 5,000 bu minimum - dollars per bushel								
3.72	3.00	May 94	3.16	3.17¼	3.14¼	3.14¾	−0.00¾	8,488
3.56	2.96	Jul 94	3.14½	3.16	3.12½	3.14	−0.00¼	28,707
3.57¼	3.02	Sep 94	3.18¼	3.19¼	3.16¾	3.17¾	−0.00½	5,012
3.65	3.09	Dec 94	3.28	3.29	3.26¾	3.27½	−0.00¼	5,499
3.56½	3.27	Mar 95	3.30¼	3.32	3.30½	3.32	+0.02	371
3.35	3.16½	May 95	3.25	3.25	3.25	3.25	−0.01	24
3.42¼	3.11	Jul 95	3.18	3.18	3.17	3.18	−0.01	60
Est. sales 10,000 Thu's. sales 7,224								
Thu's open int 48,161 off 1045								
WHEAT (KBOT) 5,000 bu minimum - dollars per bushel								
3.79½	2.98	May 94	3.27½	3.28½	3.25½	3.25½	−0.01¼	5,929
3.55	2.97	Jul 94	3.16	3.16¾	3.14¼	3.16	+0.00¼	12,354
3.55½	3.02½	Sep 94	3.19	3.19	3.17¼	3.17¾	−0.01	3,435

Season High	Season Low		Open	High	Low	Close	Chg	Op.Int
12.47	8.30	May 94	11.20	11.69	11.16	11.64	+0.45	14,215
12.50	9.15	Jul 94	11.46	11.99	11.42	11.95	+0.47	46,416
11.98	9.42	Oct 94	11.16	11.56	11.16	11.55	+0.32	30,136
11.52	9.17	Mar 95	10.97	11.23	10.97	11.22	+0.20	15,709
11.48	10.57	May 95	10.95	11.18	10.95	11.18	+0.15	2,117
11.43	10.57	Jul 95				11.18	+0.15	1,196
11.40	10.57	Oct 95				11.18	+0.15	354
11.05	10.88	Mar 96				11.18	+0.15	39
Est. sales 41,293 Thu's. sales 28,834								
Thu's open int 110,182 up 885								
COCOA (NCSE) 10 metric tons - $ per ton								
1365	999	Jul 94	1119	1131	1115	1130	+13	39,123
1377	1020	Sep 94	1149	1160	1144	1156	+10	13,944
1389	1041	Dec 94	1188	1195	1185	1195	+12	8,351
1382	1077	Mar 95	1217	1227	1217	1229	+15	10,493
1400	1080	May 95	1105	1112	1100	1104	+5	623
1407	1225	Jul 95	1260	1273	1261	1275	+15	2,460
1350	1275	Sep 95				1298	+15	521
1437	1305	Dec 95	1310	1310	1307	1325	+10	391
1365	1385	Mar 96				1360	+10	1
1260	1233	May 96	1243	1250	1240	1252	+15	4,980
Est. sales 4,778 Thu's. sales 7,821								
Thu's open int 81,087 up 1345								

Season High	Season Low		Open	High	Low	Close	Chg	Op.Int
EURODOLLARS (CMER) $1 million-pts of 100 pct.								
95.890	90.400	Jun 94	95.370	95.370	95.320	95.340	−20	447,529
95.570	90.360	Sep 94	94.780	94.800	94.710	94.750	−20	391,961
95.180	90.710	Dec 94	94.250	94.300	94.190	94.230	−10	337,007
95.580	90.240	Mar 95	94.000	94.080	93.930	93.990	−30	268,489
94.730	90.710	Jun 95	93.730	93.850	93.690	93.740	−30	207,510
94.520	91.310	Sep 95	93.500	93.630	93.480	93.530	−10	180,536
94.280	91.180	Dec 95	93.310	93.410	93.250	93.300		139,452
94.220	90.750	Mar 96	93.230	93.360	93.200	93.240	−10	127,642
Est. sales N.A. Thu's. sales 674,147								
Thu's open int 2,679,165 up 5868								
BRITISH POUND (CMER) $ per pound - 1 point equals $0.0001								
1.5150	1.4474	Jun 94	1.4886	1.4900	1.4824	1.4844	−28	40,587
1.4980	1.4440	Sep 94	1.4840	1.4846	1.4790	1.4838	−28	962
1.4950	1.4500	Dec 94				1.4826	−26	34
1.4660	1.4640	Mar 96				1.4818	−26	7
Est. sales N.A. Thu's. sales 18,934								
Thu's open int 41,585 off 1391								
CANADIAN DOLLAR (CMER) $ per dlr - 1 point equals $0.0001								
0.7805	0.7113	Jun 94	0.7231	0.7250	0.7227	0.7241	+20	38,805
0.7740	0.7068	Sep 94	0.7190	0.7215	0.7190	0.7206	+22	1,875
0.7670	0.7038	Dec 94	0.7180	0.7190	0.7173	0.7180	+24	1,303
0.7605	0.7020	Mar 95	0.7165	0.7145	0.7150	0.7160	+26	597