

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 5/13/94

May 13, 1994

MR. PRESIDENT:

The attached is a draft submission for the Yale Law Journal in tribute to Justice Harry Blackmun for the Journal's October issue, which will include a number of tributes.

At David Dreyer's suggestion, the attached draft is a combination of the written remarks he prepared for you and the remarks you actually delivered. Jennifer Klein, a health policy assistant to the First Lady and Yale Law graduate, who has been dealing with the Journal on this, did the editing and David reviewed it.

You can certainly add to these remarks if you wish, but there is no need to -- the Journal would be delighted with this submission.


Todd Stern

copy
Jennifer Klein
Rm 2nd 71
WW
1st Lady's office

Remarks of President William Jefferson Clinton
Upon the Retirement of Associate Justice Harry Blackmun

It is my duty and my honor on behalf of the people of the United States of America to thank Justice Blackmun for his lifetime of service to our nation.

Justice Blackmun, in stepping down from the Supreme Court, steps up into our history. During his 24 years on our highest court, he has become part of the rich and evolving story of American justice and constitutional law -- with majesty and reason, with scholarship and grace. He is a good man who has earned the respect and the gratitude of every American.

When President Nixon nominated Harry Blackmun for service on the Court, his candidacy naturally occasioned much speculation about what kind of justice he would be. Some labeled him a strict constructionist. But he rejected such attempts to tag him with a label, saying, "I've been called liberal and conservative. Labels are deceiving. I call them as I see them." Twenty-four years later, we can say that he did exactly what he said he would.

It was President Woodrow Wilson who called our judiciary "the balance wheel of our entire system; it is meant to maintain the nice adjustment between individual rights and government powers which constitutes political liberty." Harry Blackmun has been a steady and strong hand on that balance wheel.

The family man. The lawyer. The resident counsel at Mayo Clinic. The teacher. The loyal member of the Bar. The gifted

and scholarly judge. All that Harry Blackmun was, when he came to the Court, foreshadowed what Associate Justice Blackmun would be: a compassionate centrist, an independent thinker, a pragmatic student of each case in all its aspects, a steady hand.

In cases argued before him, he found the human dimension and struck the right balance -- in the struggle over how we might overcome our legacy of racism; in protecting the reproductive rights of women; in providing poor people and sick people access to the lowest priced prescription drugs; in opening the courthouse doors to the mentally ill; in upholding tough sentencing guidelines to keep hardened criminals confined in prison; in averting a constitutional crisis by voting with a united Court to tell the president who appointed him to obey the law.

Those of us who have studied the law can at times be lost in its abstractions. The habits, the procedures, the language of the law can separate lawyers from the people who look to the Bar for justice. Justice Blackmun's identification was firmly and decisively with the ordinary people of this country -- with their concerns. And his humanity was given voice not only in majority opinions, but also in his dissents.

When he stood apart from the Court and aligned himself with an abused son against a violent parent and an indifferent child welfare agency, he appealed to the Court: "What is required of us is moral ambition. Poor Joshua! It is a sad commentary upon American life and constitutional principles that Joshua and his

mother are denied by this Court the opportunity to have their rights protected." As he promised, his opinions defied labels. Only the word "justice" applies. Justice has not only been his title, it has been his guiding light.

Consider the history of which he has been a part. His tenure on the Court of Appeals and the Supreme Court extended through the terms of nine presidents. Fewer than 110 Americans have served on the Supreme Court, and Justice Blackmun served with 17 of them. Of the Judiciary Committee members who unanimously approved his nomination -- giants like John McClellan, Sam Ervin, Phil Hart, Hugh Scott, Mac Mathias -- just Senators Kennedy, Byrd and Thurmond remain. He's been part of a very lively, long and vital period in American history. And he has served us well.

I can only say that every one of us who serves in any capacity in public life would do very well by the people of the United States if we could bring to our work half the integrity, the passion, and the love for this country that Justice Blackmun has given us on the United States Supreme Court for 24 years.

Thank you, Justice Blackmun.



THE YALE LAW JOURNAL
401A YALE STATION, NEW HAVEN, CONNECTICUT 06520
(203) 432-1666

Editor-in-Chief

April 12, 1994

President and Mrs. William J. Clinton
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear President and Mrs. Clinton:

The *Yale Law Journal* plans to publish several tributes to Justice Harry A. Blackmun in October of 1994. On behalf of the *Journal*, I am writing to invite you to contribute for publication a piece sharing your reflections on Justice Blackmun's tenure on the Court. I found the President's remarks at Justice Blackmun's resignation ceremony to be extremely moving. I hope that you might consider developing those remarks into a fuller statement about your friendship with him and your thoughts on his legacy.

If you would be willing to contribute a piece, we would hope to receive a draft by July 1, 1994. If this time frame presents a problem, please let me know. I can be reached at the *Journal* office at (203) 432-1666, or at home at (203) 624-7457.

I hope that you will look sympathetically upon this invitation. Best wishes.

Sincerely,

Patricia L. Small
Editor-in-Chief

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Global Foreign Direct Investment Declines. Based on international balance of payments figures, global foreign direct investment fell about 14 percent in 1992. This was the second consecutive year of decline. The main factors behind the decrease were the continued long-term decline of direct investment by Europe and a sharp drop in direct investment by Japan. Direct investment by the United States rose nearly 20 percent, making the United States the world's leading investor for the first time since 1986. Investment in industrialized countries was down, while East Asian countries, especially China, continued to experience sizable investment increases.

New Report Recommends Investment Budget. In its third report, the Competitiveness Policy Council focuses on the need for greater investment in infrastructure and human capital. The Council recommends that the Federal Government establish an investment budget to highlight the share of Federal spending that goes into public investment. It envisions the budget process incorporating a "soft target" for the share of the total budget that should go to Federal investment. The Council suggests a non-defense investment target of 12 percent of total non-defense outlays, which in FY 1995 would shift an additional \$16 billion into public investment.

*Rubin
I think we
should develop
on our own
analysis
approach*

GM Wins Approval for Pension Funding Plan. This week, the Pension Benefit Guarantee Corporation endorsed a General Motors plan to contribute an extra \$10 billion in cash and stock over the next 2 years to its pension fund for its hourly workers. GM has the nation's largest unfunded pension liability, estimated at over \$20 billion (see Weekly Economic Briefing, December 3, 1993). GM also expects to make its regular pension contributions of about \$8 billion through 1996.

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

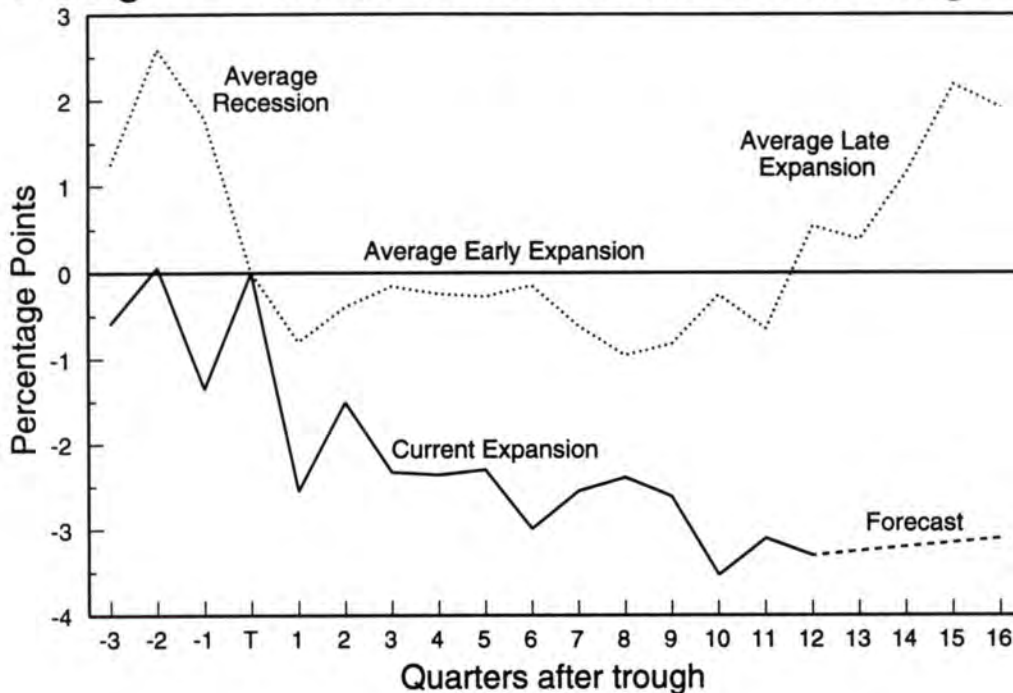
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

May 13, 1994

94 MAY 12 PG: 55

CHART OF THE WEEK

Change in Core Inflation from Recession Troughs



The chart compares the change in core CPI inflation during the current economic expansion to the average of previous expansions. Inflation tends to be fairly stable during the first 3 years of economic expansions, but has fallen in this one. Inflation typically increases in the fourth year. (See Current Development, page 2, for a discussion of inflation in the current expansion.)

The Washington Post Writers Group

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^EDWIN YODER COLUMN<

^(Advance for Monday, May 9, 1994, and thereafter)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

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TEL: (202) 334-6375 (800) 879-9794

THE PRESIDENT HAS SEEN 5/16

Mack/VP/Tony/Sandy

WASHINGTON--The more American foreign policy is distorted by domestic political pressures, the less candidly we can discuss the result.

Exhibit A is Haiti--a self-inflicted Clinton administration headache left over from the domestic politics of the 1992 presidential primary season. The long trek of would-be presidential nominees through dozens of state primaries (where single-issue zealots organize, while centrist voters doze) has become a nursery of nonsense.

The New York Democratic primary, with its mosaic of parochial ethnic interests and factions, is a special case of this. It was there that Bill Clinton courted the sympathizers of the Irish Republican Army. And it was there, too, that the cult of Jean-Bertrand Aristide, the exiled president of Haiti, had its origins.

Aristide and his backers--notably Randall Robinson of TransAfrica, who is on a hunger strike--impudently charge that the Clinton administration is repelling Haitian boat people, who claim to be political refugees, because they are black. In fact, the reverse is closer to the truth. If poor, miserable and oppressed Haiti were mostly white, it would not and could not be a centerpiece of Democratic Party politics, hence of Clinton administration worry.

Aristide, a left-wing clergyman, may be admirable in many ways. But to look at this wispy little man, and to listen to what he says, is to recognize him as a man of the cloister, not of the political forum. No doubt the U.S. Marines could force him upon Haiti, where he won the presidential election in 1990. But for how long? Without their

(more)

indefinite protection, he would probably be dead or back in exile within weeks.

So how were Haiti, and Aristide, inflated into a major issue? In the New York primary, Bill Clinton faced a dangerous challenge on the left, making the black vote critical. For this reason in part--perhaps some principle was involved as well--he blasted George Bush's Haitian policy in unshirted terms. He was, he said, scandalized that Bush was doing what he himself is now doing--turning the Haitian boat people back at sea. It happens that the Bush policy was a defensible response to a core Republican constituency, the middle-class taxpayers of Florida, who are not eager to see Haitian refugees flood Florida and further burden the welfare and relief systems they must pay for.

(*) You wouldn't have known it from the campaign rhetoric, but Bush's concern for Florida votes was an important consideration, as was Clinton's bid for black votes in New York. But Bush couldn't afford to explain his policy and Bill Clinton could hardly tell the whole truth about why he was attacking it.

None of this is to deny that Haiti is a problem. It has never been otherwise in this century. Restoring democracy in Haiti is a joke, inasmuch as that there is no tradition of democracy to restore. The military junta headed by Gen. Raoul Cedras and others may not be gentle custodians of Haiti, but they seem a marginal improvement upon Poppa Doc and Baby Doc Duvalier and the Tonton Macoutes. And whether nice or not so nice, they can't be brushed aside.

In short, the choices for American policy in Haiti are far more modest than the soaring debate would suggest. Aristide has taken a perverse and highhanded delight in ignoring the American politics of the Haiti issue. He has accused the president of racism and declined to make any sort of realistic deal with the several factions in Haiti without whose consent he cannot rule and who might at least accept him as a figurehead. And that is all he will ever be, for he is politically feeble.

(more)

Augmenting the economic sanctions will, as usual, intensify the squeeze on the poor and powerless, the real victims of the Haitian mess, while leaving wealthy Haitians and their military friends harmless. They manage to get what they want, and profit from getting it, from every direction and especially across the porous border with the Dominican Republic. Smuggling flourishes; and tougher sanctions are a recipe for more misery and more boat people.

Is U.S. military intervention a serious option? There was a time, before Franklin Roosevelt's Good Neighbor policy, when the U.S. Marines ran Haiti. If a reinvention of gunboat diplomacy is what Bill Clinton's advisers are pressing on him, he should at least be forewarned. Intervention is one way to turn a domestic headache into a bleeding ulcer.

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THE PRESIDENT HAS SEEN 5/16

COOK®

Cook Group Incorporated

May 14, 1994

President Clinton
White House
Washington, D.C.

Re: "The Crisis"

Dear Mr. President:

There is a crisis in the medical device manufacturing industry. The approval process of new technology has come to a halt, denying American patients access to the latest medical devices and causing manufacturers to relocate production outside of the U.S. for products that are to be sold overseas. In addition, the current regulatory climate is causing suppliers of basic materials to withdraw from the market.

RAW MATERIAL SUPPLIES LEAVE MEDICAL DEVICE INDUSTRY. To illustrate part of this problem, companies like Dow Chemical, Shell, and DuPont are withdrawing or withholding from the medical device industry products like silicone, teflon and PET. These are basic materials needed for thousands of medical devices and they are critical in their manufacture. In addition, we are losing the basic research and development of new materials which only these major suppliers can provide.

MANUFACTURING RESEARCH AND DEVELOPMENT FACILITIES ARE BEING RELOCATED OVERSEAS. This is a very competitive world-wide industry. Rapidly changing technology requires medical device manufacturers to be in a position to make incremental changes to their products and to improve methods of manufacturing without waiting 2 or 3 years for FDA approval. To avoid regulatory delays in the U.S. many manufacturers of medical devices are finding it necessary to relocate overseas, even though the costs of manufacturing may be higher in overseas locations.

MANUFACTURERS LEAVE THE INDUSTRY. In the U.S., 98% of medical device manufacturers employ less than 500 people. These manufacturers cannot withstand the long waiting periods with attendant costs that result from the current regulatory process in the U.S. They simply are not able to sustain operations during the long delay in the approval process.

In addition, even the large companies like Lilly, Pfizer, and Bristol-Myers Squibb that are major employers making up part of the remaining 2%, are leaving the medical device industry in increasing numbers because of the regulatory climate.

March/UP
I keep hearing this
Pls look into - need
answering to this *DB*

NEW TECHNOLOGY LOST FOREVER TO U.S. PATIENTS. During the last four years the FDA approved only six devices which have the elements of new technology. This lack of approval is denying American patients life-saving treatment which is available outside the U.S.

In order to improve the process, the patient must have access to current medical devices without unnecessary regulatory delays. The suppliers of basic materials must be able to supply and develop new materials, and small companies must be able to make incremental improvements and manufacturing changes without regulatory delays.

This crisis has developed as a result of the failure of leadership over the past four years by the FDA Commissioner. The solutions must be immediate.

First, the FDA needs new leadership at the Commissioner level that understands the mechanisms for manufacture and development of drugs and devices. Devices and drugs are distinctive. Devices are not drugs and should not be regulated as drugs.

Second, the Class I low-risk devices, must be removed from the pre-market approval process and be regulated by Good Manufacturing Practices (GMP) regulations and plant inspections.

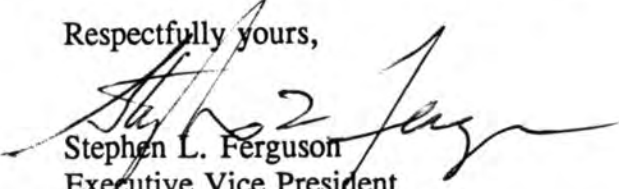
Third, manufacturing changes must not be subject to the approval process which results in two to three year delays. Manufacturing changes must be handled by notification and plant inspections.

Fourth, incremental changes in devices which are by nature evolutionary in development (not revolutionary) should only be handled by proper GMP inspections and documentation.

These changes will allow the FDA to place its resources on the highest risk devices which are most beneficial to patients.

If the medical device industry is to survive as a world leader and if these devices are to be manufactured in the United States for sale overseas, the above changes must be made immediately. I would no longer consider this situation to be a crisis, it is now a disaster.

Respectfully yours,

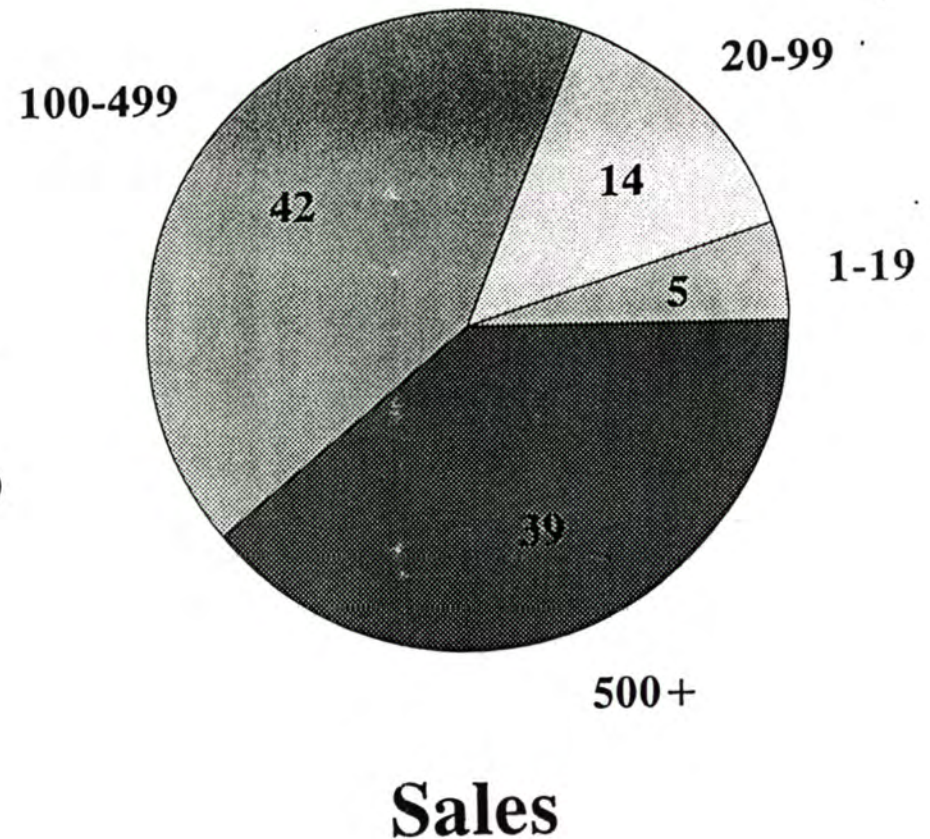
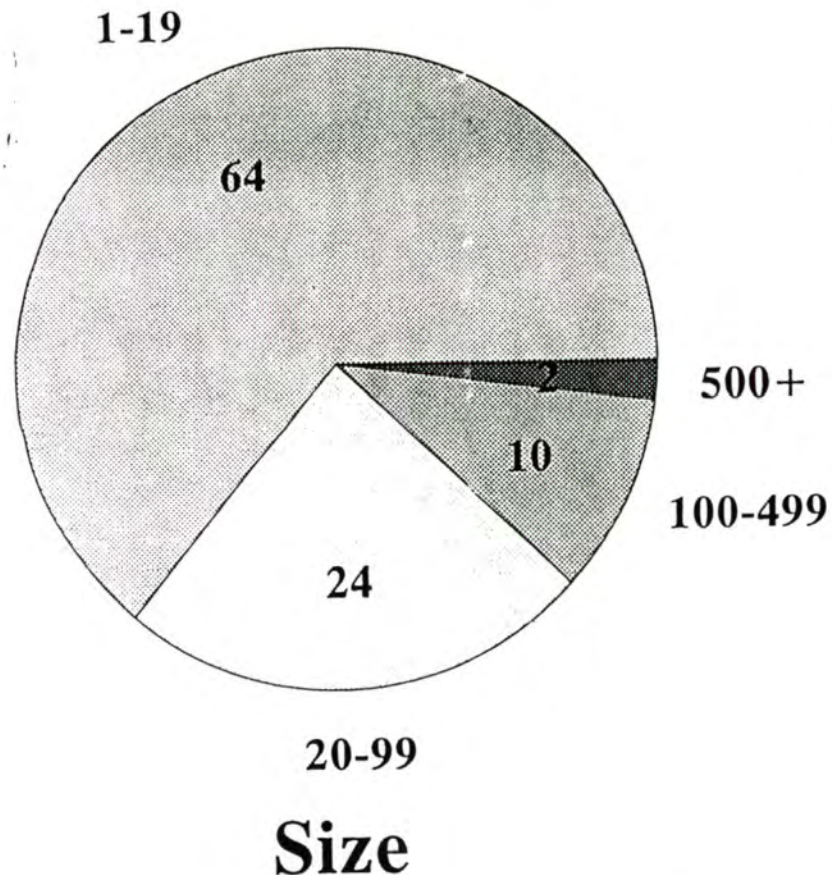


Stephen L. Ferguson
Executive Vice President
and Chief Operating Officer

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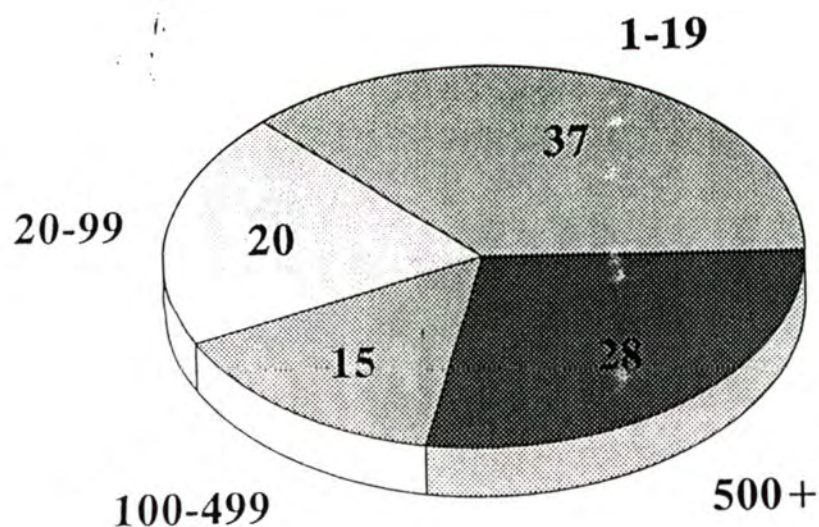
Percent of Establishments by Size and Sales



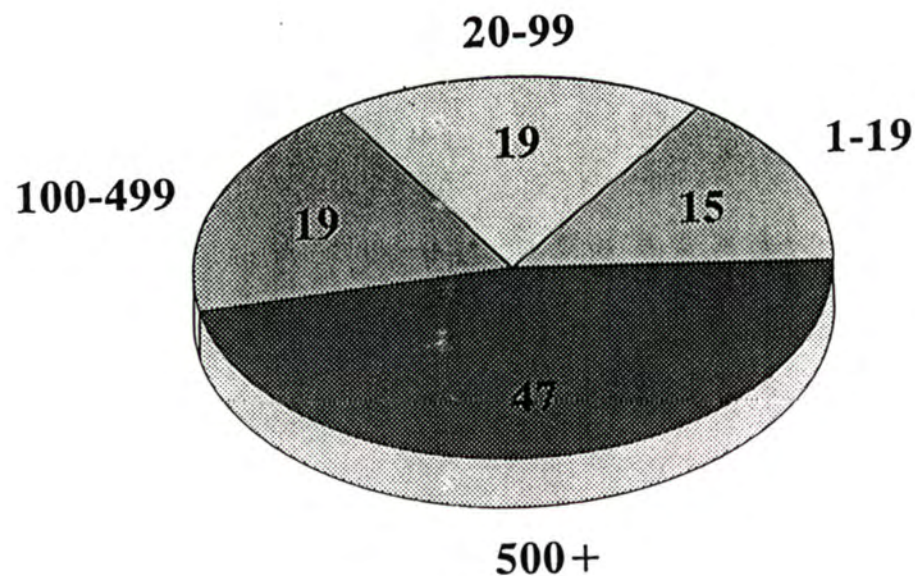
- ▶ 88% of establishments have < 100 employees
- ▶ 12% of establishments (> 100 employees) for 81% of sales
- ▶ 2% of establishments (> 500 employees) account for 39% of sales

DRAFT 10/13/93

Percent of Applications by Establishment Size (# of employees)



510(k)s



PMAs

- ▶ small companies dominate 510(k)s
- ▶ large companies dominate PMAs
- ▶ 15% of PMAs come from very small companies

THE PRESIDENT HAS SEEN 5/16

L. C. C. C. C.

Ex - for with switchboard?

VOLUNTEER NAME

Barbara Gullith

B.

MESSAGE INFORMATION

MESSAGE FOR:

PRESIDENT CLINTON/OTHER + Mrs Clinton

TIME OF CALL:

Date:

am

pm

CALLER'S NAME

Mark Brown

TELEPHONE NUMBER:

(501) 843-5103

ADDRESS:

23 Briarwood Loop

APT.

CITY:

Cabot

STATE:

Ark.

ZIP:

72023

MESSAGE/COMMENTS:

Mr. Brown is Paula C. Jones brother in law.

He is very sorry & wants to apologize
for her. Says of course its not true.

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1944/45
WHRC

THE PRESIDENT HAS SEEN

Don Baer Fyfi — B

5/16

THE ^{ti}
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

4 ¶ “Unless There Is Security Here at Home,
There Cannot Be Lasting Peace in the World”
—Message to the Congress on the State of the
Union. January 11, 1944

To the Congress:

THIS Nation in the past two years has become an active partner in the world's greatest war against human slavery.

We have joined with like-minded people in order to defend ourselves in a world that has been gravely threatened with gangster rule.

But I do not think that any of us Americans can be content with mere survival. Sacrifices that we and our allies are making impose upon us all a sacred obligation to see to it that out of this war we and our children will gain something better than mere survival.

We are united in determination that this war shall not be followed by another interim which leads to new disaster — that we shall not repeat the tragic errors of ostrich isolationism — that we shall not repeat the excesses of the wild twenties when this Nation went for a joy ride on a roller coaster which ended in a tragic crash.

When Mr. Hull went to Moscow in October, and when I went to Cairo and Teheran in November, we knew that we were in agreement with our allies in our common determination to fight and win this war. But there were many vital questions concerning the future peace, and they were discussed in an atmosphere of complete candor and harmony.

In the last war such discussions, such meetings, did not even begin until the shooting had stopped and the delegates began to assemble at the peace table. There had been no previous opportunities for man-to-man discussions which lead to meetings of minds. The result was a peace which was not a peace.

That was a mistake which we are not repeating in this war.

And right here I want to address a word or two to some suspi-

4. *Message on the State of the Union*

cious souls who are fearful that Mr. Hull or I have made "commitments" for the future which might pledge this Nation to secret treaties, or to enacting the role of Santa Claus.

To such suspicious souls — using a polite terminology — I wish to say that Mr. Churchill, and Marshal Stalin, and Generalissimo Chiang Kai-shek are all thoroughly conversant with the provisions of our Constitution. And so is Mr. Hull. And so am I.

Of course we made some commitments. We most certainly committed ourselves to very large and very specific military plans which require the use of all Allied forces to bring about the defeat of our enemies at the earliest possible time.

But there were no secret treaties or political or financial commitments.

The one supreme objective for the future, which we discussed for each Nation individually, and for all the United Nations, can be summed up in one word: Security.

[And that means not only physical security which provides safety from attacks by aggressors. It means also economic security, social security, moral security — in a family of Nations.

In the plain down-to-earth talks that I had with the Generalissimo and Marshal Stalin and Prime Minister Churchill, it was abundantly clear that they are all most deeply interested in the resumption of peaceful progress by their own peoples — progress toward a better life. All our allies want freedom to develop their lands and resources, to build up industry, to increase education and individual opportunity, and to raise standards of living.

All our allies have learned by bitter experience that real development will not be possible if they are to be diverted from their purpose by repeated wars — or even threats of war.

China and Russia are truly united with Britain and America in recognition of this essential fact:

The best interests of each Nation, large and small, demand that all freedom-loving Nations shall join together in a just and durable system of peace. In the present world situation, evidenced by the actions of Germany, Italy, and Japan, unquestioned military control over disturbers of the peace is as necessary

4. Message on the State of the Union

among Nations as it is among citizens in a community. And an equally basic essential to peace is a decent standard of living for all individual men and women and children in all Nations. Freedom from fear is eternally linked with freedom from want.

There are people who burrow through our Nation like unseeing moles, and attempt to spread the suspicion that if other Nations are encouraged to raise their standards of living, our own American standard of living must of necessity be depressed.

The fact is the very contrary. It has been shown time and again that if the standard of living of any country goes up, so does its purchasing power — and that such a rise encourages a better standard of living in neighboring countries with whom it trades. That is just plain common sense — and it is the kind of plain common sense that provided the basis for our discussions at Moscow, Cairo, and Teheran.

Returning from my journeyings, I must confess to a sense of “let-down” when I found many evidences of faulty perspective here in Washington. The faulty perspective consists in over-emphasizing lesser problems and thereby underemphasizing the first and greatest problem.

The overwhelming majority of our people have met the demands of this war with magnificent courage and understanding. They have accepted inconveniences; they have accepted hardships; they have accepted tragic sacrifices. And they are ready and eager to make whatever further contributions are needed to win the war as quickly as possible — if only they are given the chance to know what is required of them.

However, while the majority goes on about its great work without complaint, a noisy minority maintains an uproar of demands for special favors for special groups. There are pests who swarm through the lobbies of the Congress and the cocktail bars of Washington, representing these special groups as opposed to the basic interests of the Nation as a whole. They have come to look upon the war primarily as a chance to make profits for themselves at the expense of their neighbors — profits in money or in terms of political or social preferment.

4. Message on the State of the Union

Such selfish agitation can be highly dangerous in wartime. It creates confusion. It damages morale. It hampers our national effort. It muddies the waters and therefore prolongs the war.

If we analyze American history impartially, we cannot escape the fact that in our past we have not always forgotten individual and selfish and partisan interests in time of war — we have not always been united in purpose and direction. We cannot overlook the serious dissensions and the lack of unity in our war of the Revolution, in our War of 1812, or in our War Between the States, when the survival of the Union itself was at stake.

In the first World War we came closer to national unity than in any previous war. But that war lasted only a year and a half, and increasing signs of disunity began to appear during the final months of the conflict.

In this war, we have been compelled to learn how interdependent upon each other are all groups and sections of the population of America.

Increased food costs, for example, will bring new demands for wage increases from all war workers, which will in turn raise all prices of all things including those things which the farmers themselves have to buy. Increased wages or prices will each in turn produce the same results. They all have a particularly disastrous result on all fixed income groups.

And I hope you will remember that all of us in this Government represent the fixed income group just as much as we represent business owners, workers, and farmers. This group of fixed-income people includes: teachers, clergy, policemen, firemen, widows and minors on fixed incomes, wives and dependents of our soldiers and sailors, and old-age pensioners. They and their families add up to one-quarter of our one hundred and thirty million people. They have few or no high pressure representatives at the Capitol. In a period of gross inflation they would be the worst sufferers.

If ever there was a time to subordinate individual or group selfishness to the national good, that time is now. Disunity at home — bickerings, self-seeking partisanship, stoppages of work,

4. *Message on the State of the Union*

inflation, business as usual, politics as usual, luxury as usual — these are the influences which can undermine the morale of the brave men ready to die at the front for us here.

Those who are doing most of the complaining are not deliberately striving to sabotage the national war effort. They are laboring under the delusion that the time is past when we must make prodigious sacrifices — that the war is already won and we can begin to slacken off. But the dangerous folly of that point of view can be measured by the distance that separates our troops from their ultimate objectives in Berlin and Tokyo — and by the sum of all the perils that lie along the way.

Overconfidence and complacency are among our deadliest enemies. Last spring — after notable victories at Stalingrad and in Tunisia and against the U-boats on the high seas — overconfidence became so pronounced that war production fell off. In two months, June and July, 1943, more than a thousand airplanes that could have been made and should have been made were not made. Those who failed to make them were not on strike. They were merely saying, "The war's in the bag — so let's relax."

That attitude on the part of anyone — Government or management or labor — can lengthen this war. It can kill American boys.

Let us remember the lessons of 1918. In the summer of that year the tide turned in favor of the allies. But this Government did not relax. In fact, our national effort was stepped up. In August, 1918, the draft age limits were broadened from 21–31 to 18–45. The President called for "force to the utmost," and his call was heeded. And in November, only three months later, Germany surrendered.

That is the way to fight and win a war — all out — and not with half-an-eye on the battlefronts abroad and the other eye-and-a-half on personal, selfish, or political interests here at home.

Therefore, in order to concentrate all our energies and resources on winning the war, and to maintain a fair and stable economy at home, I recommend that the Congress adopt:

4. Message on the State of the Union

(1) A realistic tax law — which will tax all unreasonable profits, both individual and corporate, and reduce the ultimate cost of the war to our sons and daughters. The tax bill now under consideration by the Congress does not begin to meet this test.

(2) A continuation of the law for the renegotiation of war contracts — which will prevent exorbitant profits and assure fair prices to the Government. For two long years I have pleaded with the Congress to take undue profits out of war.

(3) A cost of food law — which will enable the Government (a) to place a reasonable floor under the prices the farmer may expect for his production; and (b) to place a ceiling on the prices a consumer will have to pay for the food he buys. This should apply to necessities only; and will require public funds to carry out. It will cost in appropriations about one percent of the present annual cost of the war.

(4) Early reenactment of the stabilization statute of October, 1942. This expires June 30, 1944, and if it is not extended well in advance, the country might just as well expect price chaos by summer.

We cannot have stabilization by wishful thinking. We must take positive action to maintain the integrity of the American dollar.

(5) A national service law — which, for the duration of the war, will prevent strikes, and, with certain appropriate exceptions, will make available for war production or for any other essential services every able-bodied adult in this Nation.

These five measures together form a just and equitable whole. I would not recommend a national service law unless the other laws were passed to keep down the cost of living, to share equitably the burdens of taxation, to hold the stabilization line, and to prevent undue profits.

The Federal Government already has the basic power to draft capital and property of all kinds for war purposes on a basis of just compensation.

As you know, I have for three years hesitated to recommend

4. *Message on the State of the Union*

a national service act. Today, however, I am convinced of its necessity. Although I believe that we and our allies can win the war without such a measure, I am certain that nothing less than total mobilization of all our resources of manpower and capital will guarantee an earlier victory, and reduce the toll of suffering and sorrow and blood.

I have received a joint recommendation for this law from the heads of the War Department, the Navy Department, and the Maritime Commission. These are the men who bear responsibility for the procurement of the necessary arms and equipment, and for the successful prosecution of the war in the field. They say:

"When the very life of the Nation is in peril the responsibility for service is common to all men and women. In such a time there can be no discrimination between the men and women who are assigned by the Government to its defense at the battlefield and the men and women assigned to producing the vital materials essential to successful military operations. A prompt enactment of a National Service Law would be merely an expression of the universality of this responsibility."

I believe the country will agree that those statements are the solemn truth.

National service is the most democratic way to wage a war. Like selective service for the armed forces, it rests on the obligation of each citizen to serve his Nation to his utmost where he is best qualified.

It does not mean reduction in wages. It does not mean loss of retirement and seniority rights and benefits. It does not mean that any substantial numbers of war workers will be disturbed in their present jobs. Let these facts be wholly clear.

Experience in other democratic Nations at war — Britain, Canada, Australia, and New Zealand — has shown that the very existence of national service makes unnecessary the widespread use of compulsory power. National service has proven to be a unifying moral force — based on an equal and comprehensive legal obligation of all people in a Nation at war.

There are millions of American men and women who are not

4. *Message on the State of the Union*

in this war at all. It is not because they do not want to be in it. But they want to know where they can best do their share. National service provides that direction. It will be a means by which every man and woman can find that inner satisfaction which comes from making the fullest possible contribution to victory.

I know that all civilian war workers will be glad to be able to say many years hence to their grandchildren: "Yes, I, too, was in service in the great war. I was on duty in an airplane factory, and I helped make hundreds of fighting planes. The Government told me that in doing that I was performing my most useful work in the service of my country."

It is argued that we have passed the stage in the war where national service is necessary. But our soldiers and sailors know that this is not true. We are going forward on a long, rough road — and, in all journeys, the last miles are the hardest. And it is for that final effort — for the total defeat of our enemies — that we must mobilize our total resources. The national war program calls for the employment of more people in 1944 than in 1943.

It is my conviction that the American people will welcome this win-the-war measure which is based on the eternally just principle of "fair for one, fair for all."

It will give our people at home the assurance that they are standing four-square behind our soldiers and sailors. And it will give our enemies demoralizing assurance that we mean business — that we, 130,000,000 Americans, are on the march to Rome, Berlin, and Tokyo.

I hope that the Congress will recognize that, although this is a political year, national service is an issue which transcends politics. Great power must be used for great purposes.

As to the machinery for this measure, the Congress itself should determine its nature — but it should be wholly non-partisan in its make-up.

Our armed forces are valiantly fulfilling their responsibilities to our country and our people. Now the Congress faces the re-

4. *Message on the State of the Union*

sponsibility for taking those measures which are essential to national security in this the most decisive phase of the Nation's greatest war.

Several alleged reasons have prevented the enactment of legislation which would preserve for our soldiers and sailors and marines the fundamental prerogative of citizenship — the right to vote. No amount of legalistic argument can becloud this issue in the eyes of these ten million American citizens. Surely the signers of the Constitution did not intend a document which, even in wartime, would be construed to take away the franchise of any of those who are fighting to preserve the Constitution itself.

Our soldiers and sailors and marines know that the overwhelming majority of them will be deprived of the opportunity to vote, if the voting machinery is left exclusively to the States under existing State laws — and that there is no likelihood of these laws being changed in time to enable them to vote at the next election. The Army and Navy have reported that it will be impossible effectively to administer forty-eight different soldier-voting laws. It is the duty of the Congress to remove this unjustifiable discrimination against the men and women in our armed forces — and to do it as quickly as possible.

It is our duty now to begin to lay the plans and determine the strategy for the winning of a lasting peace and the establishment of an American standard of living higher than ever before known. We cannot be content, no matter how high that general standard of living may be, if some fraction of our people — whether it be one-third or one-fifth or one-tenth — is ill-fed, ill-clothed, ill-housed, and insecure.

This Republic had its beginning, and grew to its present strength, under the protection of certain inalienable political rights — among them the right of free speech, free press, free worship, trial by jury, freedom from unreasonable searches and seizures. They were our rights to life and liberty.

As our Nation has grown in size and stature, however — as our

4. *Message on the State of the Union*

industrial economy expanded — these political rights proved inadequate to assure us equality in the pursuit of happiness.

We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. "Necessitous men are not free men." People who are hungry and out of a job are the stuff of which dictatorships are made.

In our day these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basis of security and prosperity can be established for all — regardless of station, race, or creed.

Among these are:

The right to 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.

All of these rights 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.

America's own rightful place in the world depends in large part upon how fully these and similar rights have been carried into practice for our citizens. For unless there is security here at home there cannot be lasting peace in the world.

One of the great American industrialists of our day — a man

4. *Message on the State of the Union*

who has rendered yeoman service to his country in this crisis — recently emphasized the grave dangers of “rightist reaction” in this Nation. All clear-thinking businessmen share his concern. Indeed, if such reaction should develop — if history were to repeat itself and we were to return to the so-called “normalcy” of the 1920’s — then it is certain that even though we shall have conquered our enemies on the battlefields abroad, we shall have yielded to the spirit of Fascism here at home.

I ask the Congress to explore the means for implementing this economic bill of rights — for it is definitely the responsibility of the Congress so to do. Many of these problems are already before committees of the Congress in the form of proposed legislation. I shall from time to time communicate with the Congress with respect to these and further proposals. In the event that no adequate program of progress is evolved, I am certain that the Nation will be conscious of the fact.

Our fighting men abroad — and their families at home — expect such a program and have the right to insist upon it. It is to their demands that this Government should pay heed rather than to the whining demands of selfish pressure groups who seek to feather their nests while young Americans are dying.

The foreign policy that we have been following — the policy that guided us at Moscow, Cairo, and Teheran — is based on the common sense principle which was best expressed by Benjamin Franklin on July 4, 1776: “We must all hang together, or assuredly we shall all hang separately.”

I have often said that there are no two fronts for America in this war. There is only one front. There is one line of unity which extends from the hearts of the people at home to the men of our attacking forces in our farthest outposts. When we speak of our total effort, we speak of the factory and the field, and the mine as well as of the battleground — we speak of the soldier and the civilian, the citizen and his Government.

Each and every one of us has a solemn obligation under God to serve this Nation in its most critical hour — to keep this Nation great — to make this Nation greater in a better world.

4. *Message on the State of the Union*

NOTE: The President sent the foregoing annual message to the Congress at noon on January 11, 1944. At 9 P.M. on January 11, the President delivered his annual message over the radio. The President's radio address followed the text of his annual message to Congress printed as the above item, with the exception of the following introductory remarks:

"Today I sent my annual message to Congress, as required by the Constitution. It has been my custom to deliver these annual messages in person, and they have been broadcast to the Nation. I intended to follow this same custom.

"But, like a great many of my fellow countrymen, I have had the 'flu' and, though I am practically recovered, my doctor simply would not permit me to leave the White House and go up to the Capitol.

"Only a few of the newspapers of the United States can print the message in full, and I am very anxious that the American people be given the opportunity to hear what I have recommended to Congress for this very fateful year in our history — and the reasons for those recommendations. Here is what I said":

(Here followed the text of the annual message to Congress as printed above.)

The President's keynote for his postwar plans to raise the American standard of living was the "Economic Bill of Rights," which he set forth in the foregoing message. The "Economic Bill of Rights" was designed as a counterpart of the political Bill of Rights in the Constitu-

tion, in order to meet the needs of the modern, industrialized America. The principles included in this new statement of objectives had their origin in a report of the National Resources Planning Board which the President had transmitted to the Congress on January 14, 1942 (see Item 8 and note, 1942 volume). The text of the N.R.P.B. "Bill of Rights" was revised and simplified by the President, and presented in the foregoing State of the Union Message. To give added emphasis to these vital objectives, the President included the revised "Economic Bill of Rights" in his Chicago speech during the 1944 campaign (see Item 100, this volume).

Not long before the date he was to deliver the State of the Union Message, the President told me that he was very much interested in reviving the plan he had been considering for almost a year to ask the Congress to pass a National Service or Universal Conscription Act. He warned me not to discuss this plan with anyone.

In 1943, the President had set up a very informal group consisting of Bernard M. Baruch, James F. Byrnes, Admiral William D. Leahy, Harry Hopkins, and myself to make a thorough study of available manpower resources and the foreseeable needs for manpower, and to report to him with our recommendations. After extensive conferences with government experts and among our-

4. Message on the State of the Union

selves, and after the examination of many reports compiled at our request, we unanimously reported to the President that we felt it unnecessary to enact a law as drastic as a national service act in order to meet our manpower needs. We were unanimous in thinking that the bad effects of imposing such a statute upon free American labor would outweigh any advantages to be gained from such a form of conscription.

Nevertheless, the manpower situation became more acute as the war progressed. The armed services, war production, and civilian industries all faced shortages which were acute in some areas. The Secretary of War was pressing the President to recommend passage of a National Service Act which would establish decentralized boards throughout the country similar to the Selective Service System, with power to direct men and women into specific industries where available manpower could not otherwise be found. A similar law had been adopted by Great Britain, and it had been found that the very fact such a law existed made it unnecessary to order people into certain industries. The fact that the Government had the ultimate power in this regard served as a lever to redistribute manpower into those industries where shortages existed. The armed services continued to press for such legislation, and from time to time

the President discussed it with his advisory group on manpower.

When the President returned from the Teheran and Cairo Conferences, he made up his mind that, because of the seriousness of the manpower situation, he was going to press for a national service law. He said that what he had seen at the fighting fronts, and his knowledge of the coming drives in Europe and the Pacific convinced him of the necessity of passing such a measure. However, he warned Sherwood and me not to reveal these plans to anyone — not even to Director of War Mobilization James F. Byrnes and his associate Bernard M. Baruch, who would ordinarily be intimately concerned with such a measure. The President handed us what he had dictated for insertion into the State of the Union message and cautioned us again to preserve secrecy. We labelled this insert, humorously, "Project Q-38." It was not typed in the staff room along with the other drafts of the speech, but was typed separately by Grace Tully in order to maintain secrecy. "Project Q-38" first appeared in the third draft of the State of the Union Message. Even then the President had not conclusively decided to use it, but he ultimately did, and it became a part of the Message. (See also Items 126, 127, and notes, this volume, for further recommendations by the President that a national service law be passed.)



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THE CHANGING NATURE OF ELECTION NEWS, 1960-1992

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Figure 1

"Bad News" Coverage of Presidential Candidates Compared to "Good News" Coverage, 1960-1992

In the 1960s, candidates received largely favorable news coverage; today, their coverage is mostly negative.

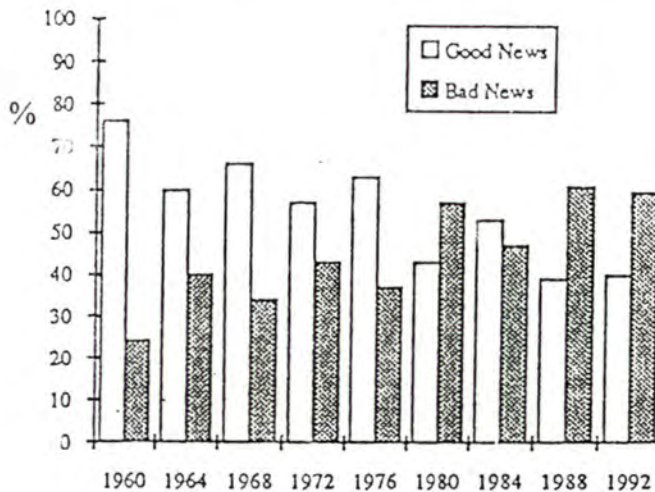


Figure 3

The Issue Content of Election Coverage, 1960-1992

In the 1960s, issue coverage focused primarily on policy problems; more recently, it has focused also on campaign controversies.

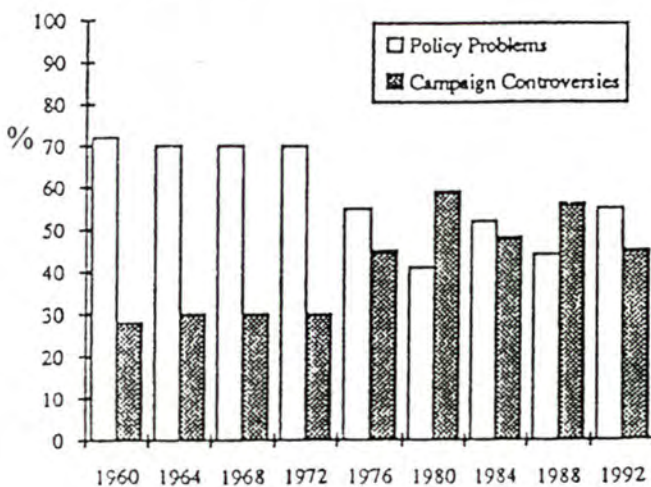


Figure 2

Source of Tone of Election Stories, 1960-1992

In the 1960s, the tone of most election articles was set by the words of partisan sources, mainly the candidates themselves; today, the tone is usually set by the journalist who prepares the story.

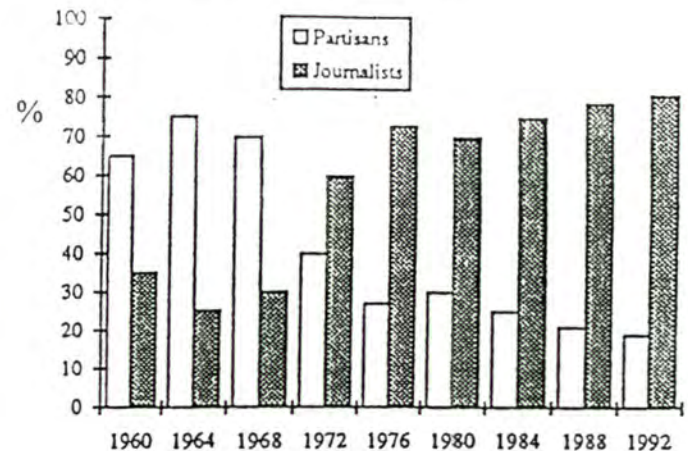
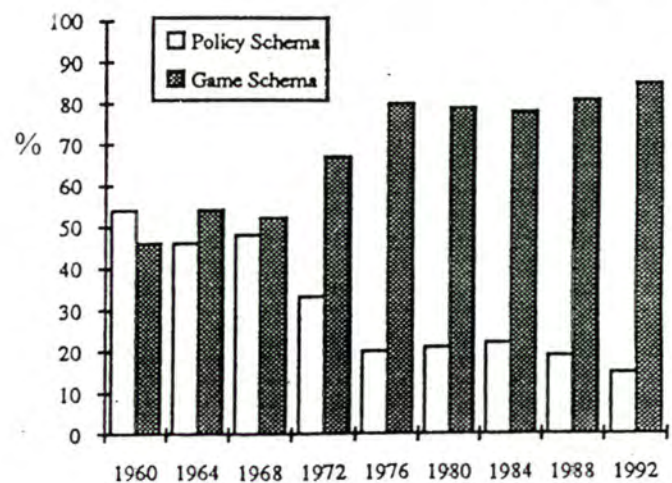


Figure 4

Schematic Framework of Election Stories, 1960-1992

In the 1960s, election stories were frequently framed in the context of a policy schema; today, they are nearly always framed within the context of a game schema.



POSTSCRIPT TO THE VINTAGE EDITION

*Truth and Falsehood on the White House Beat:
The First Year of the Clinton Presidency*

The superficial and negative reporting that characterized press coverage of the 1992 campaign continued into the Clinton presidency. Bill Clinton almost immediately came under attack from the press, largely for reasons that say more about the nature of today's journalism than the nature of his presidency.

According to the Center for Media and Public Affairs' analysis of television news, Clinton received mostly negative coverage (just 43 percent positive references) during the first two months in office. Six months into the job, Clinton's numbers looked worse—only 34 percent of news evaluations had been positive while 66 percent were negative. In the closing stage of 1993, when Clinton's successful fight to enact the North American Free Trade Agreement (NAFTA) was a leading news story, his press coverage improved briefly, but, overall, his first presidential year was characterized by a slew of negative coverage.

No criticism was more persistent than the claim that Clinton was reneging on his commitments. This theme surfaced in the first week of his presidency, when Clinton retreated on a campaign promise to open the nation's shores to the Haitian boat people and sought a compromise with Congress for a new policy on gays in the military. Compromises over tax increases and spending cuts in pursuit of a deficit-reduction policy kept the story alive into the summer. In the fall, the theme appeared during the kickoff of the health-care debate, when Clinton expressed his willingness to accommodate the ideas of others as long as they accepted his basic positions on universal coverage and cost containment. The Center for Media and Public Affairs' analysis indicates that more than 60 percent of news references to Clinton's handling of domestic policy issues were negative in tone. The criticisms were voiced through the statements of reporters, Clinton's partisan opponents, and ordinary people. On the *NBC Evening News* of July 19, for example, a gay ex-Marine criticized the "don't ask—don't tell" compromise policy: "I think it's a cop-out from what he planned to do. It's just a cheap imitation."

Was this portrayal of the Clinton administration's first year an accurate indicator of its actual performance? In the Prologue, I indicated that the press's assertion that candidates cannot be trusted to keep their word is unsupported by the evidence. Newly elected presidents have fulfilled most of the promises they made as candidates.

Clinton's first year followed the same pattern. He kept far more campaign pledges than he broke. Among the dozens of promises kept were a tax increase on higher incomes, an end to the ban on abortion counseling in family-planning clinics, a family-leave program, banking reform, NAFTA, a college-loan program, the Brady bill, and a youth training program. He also proposed numerous programs, including health care reform, that were still working their way through Congress as 1993 ended.

Clinton's success with Congress was historical in nature. Since 1953, *Congressional Quarterly* has tracked Congress's support of legislation on which the president has announced a po-

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sition. Congress backed Clinton's position on 88 percent of contested votes in 1993, a level exceeded only twice in forty years—by Dwight Eisenhower in 1953 and Lyndon Johnson in 1965. Even in the best year of their presidencies, John Kennedy, Richard Nixon, Gerald Ford, Jimmy Carter, Ronald Reagan, and George Bush did not achieve the level of legislative support that Clinton attained in 1993. Clinton's first-year record is the profile of a president who should have acquired a reputation for fulfilling his promises.

In a *Rolling Stone* interview at the end of his inaugural year, Bill Clinton exploded at the claim he had not honored his commitments: "I have fought more damn battles here than any President in 20 years with the possible exception of Reagan's first budget, and not gotten one damn bit of credit from the knee-jerk liberal press. I am damn sick and tired of it."

Clinton had reason to be angry, but he was mistaken in attributing the press's rendition of his presidency to its liberal tendencies. Although surveys indicate most journalists have liberal beliefs, partisan bias has been shown to be a relatively small factor in political coverage. Other influences, including the norm of objectivity, counterbalance the effect of partisanship on journalists' news decisions.

On the other hand, journalists' cynical view of politicians is not offset by other factors. The press is contemptuous of politicians, whether liberal or conservative, and of the political process. More than anything else, it is this derisive attitude that accounts for Clinton's rough handling by the press.

The press's cynicism remains unchecked because its inferences are not substantially constrained by the facts. Since the early 1970s, the press has become remarkably careless in its handling of the truth. There were a few years in the Vietnam and Watergate era when journalists took pains to investigate the claims of the president and to inform the public whenever a message could be proved to be false or misleading. The press was unable, however, to sustain this exacting type of scrutiny. Top-notch investigative journalism requires a level of time and knowledge which journalists do not routinely possess. By the mid-1970s, journalists had found a substitute for careful investigation. They began to use a president's opponents as the basis for undermining his claims. When he made a statement, they called upon his adversaries to refute it. Investigative journalism gave way to attack journalism.

This type of reporting appears to be watchdog journalism but is not. It exalts controversy rather than accuracy. It is ideological in its premises: presidents are assumed to be untrustworthy. The nature of news allows the journalist to maintain this fiction. When a president keeps his promise, as Clinton did when he ordered an end to the ban on abortion counseling, it makes news for that day only. When a commitment is broken, however, it retains its news value. Clinton's promise to change the policy on gays in the military was in the news for months.

The press's narrow view of the political process contributes to the fiction. Presidents are assumed to be in control of national policy, rather than working in a political system where authority is divided and negotiation is essential. When Congress balked at some of Clinton's proposals and he showed a willingness to compromise, the press said he was weak. The *Los Angeles Times* described Clinton as "inept and indecisive." According to *Time*, Clinton was stumbling with "a certain farcical rhythm."

Today the tone of a president's news coverage depends less on his actual performance in office than on the media's cynical bias. The press nearly always magnifies the bad and underplays the good. At the end of Clinton's first year in office, for example, he called a press conference to say his administration would concentrate in the coming year on getting his health-care bill through the Congress. Instead of reporting this story, a number of journalists wrote that Clinton's commitment to health care

See query

Authors:

Should be "rendition" be "negative reporting" or "analysis" or "something similar?"

negative portrayal

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130 implied that he would break his promise to bring about welfare
131 reform.132 A certain degree of skepticism on the part of the press is
133 healthy for democracy. However, when skepticism turns into
134 cynicism and becomes an everyday theme of the news, democ-
135 racy is not well served. News that incessantly and unjustifiably
136 labels political leaders as insincere and inept fosters mistrust on
137 the part of the public, and makes it harder for those in authority
138 to provide the leadership that is required if government is to
139 work effectively.140 The presidency is particularly affected by a hypercritical
141 press, since the president's ability to lead depends heavily on
142 his level of public support. Much of the president's authority
143 comes not from constitutional grants of power but from his
144 ability to persuade others to accept his leadership. And there is
145 no doubt that the tone of a president's news has a decisive effect
146 on his public support. Clinton's approval rating in the first
147 year averaged only 49 percent—a record low—and the ups and
148 downs in his public support closely followed changes in the
149 tone of his press coverage.150 A hypercritical press also discourages the type of relationship
151 between the president and journalists that can serve the public's
152 need to know. Early in his presidency, Clinton made clear his
153 intention to avoid the press when possible. He restricted jour-
154 nalists' White House access and said he planned to speak di-
155 rectly to the American people through talk shows and town
156 meetings. Clinton later softened his stance, but, like Ronald
157 Reagan and George Bush before him, he is determined to avoid
158 a daily pillorying that serves only the narrow interests of an
159 adversarial press. The public has been the loser in this situation,
160 which is a direct consequence of the press's fault-finding men-
161 tality.162 This preoccupation attained gigantic proportions with the
163 allegation that Bill Clinton had engaged in illegal financial activ-
164 ities while governor of Arkansas. The Whitewater affair, as it
165 was later labeled, began with an inquiry into Clinton's invest-
166 ment in a development project on the Whitewater River. By
167 March of 1994, Whitewater had received three times the news
168 coverage of health-care reform. Although later events could
169 prove otherwise, there was very little in the initial facts of
170 Whitewater to justify this level of attention.171 But facts are not what drives the news. Today, the mere
172 whiff of scandal triggers what the political scientist Larry Sa-
173 bato calls a "feeding frenzy." Like sharks in the midst of a
174 wounded prey, the press mercilessly pursues its quarry. The
175 press is in command, orchestrating the charges of his opponents
176 and leveling charges of its own. As with Whitewater, the loud-
177 est voices and the most outrageous claims get the headlines.
178 Was Vince Foster murdered? What sinister intent led George
179 Stephanopoulos to call the RTC and complain about the ap-
180 pointment of an ideological Republican who had previously
181 been fired by the administration? The sheer din of the contro-
182 versy drowns out of the voices of reason, even within the ranks
183 of journalists themselves.184 Fifty years ago, the Hutchins Commission on Freedom of
185 the Press concluded that the news media's chief failing is an
186 inability to provide an appropriate context to the coverage of
187 public affairs. The early Whitewater coverage indicates the sit-
188 uation has not changed greatly. In news stories, Whitewater
189 was most frequently compared with Watergate, an inane com-
190 parison that betrays an astonishing ignorance of both history
191 and the Constitution.192 But a feeding frenzy has the capacity to generate a connection
193 between the new scandal and previous ones. The process by
194 which this transformation occurs is by now familiar. In re-
195 sponse to the damage the frenzy is causing, the politician or
196 those around him react defensively. In doing so, even if the

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197 reaction is naïve and bumbling rather than deceptive and illegal,
198 it results in the charge of a cover-up.

199 News of Whitewater was fueled by precisely this pattern of
200 events, which, in one instance, led to the resignation of Bernard
201 Nussbaum as White House counsel. It was at this point, using
202 the cover-up as the connection, that even some of the nation's
203 best journalists tied Whitewater to Watergate. On March 8,
204 1994, *The New York Times* R. W. Apple, Jr., stressed the simi-
205 larities: a president who did not immediately "open up" to in-
206 vestigators, who argued that the people's business was too
207 important for it to be sidetracked by the allegations, who re-
208 sponded with moral indignation to charges of personal miscon-
209 duct, and who had brought a somewhat unsavory reputation
210 with him to the presidency. "One brought the nickname
211 'Tricky Dick' into the Oval Office, the other 'Slick Willy,'" *te*
212 said Apple. Taken together, the similarities were taken as a sign
213 that the Clinton Administration was disassembling. "There is
214 now no chance things will quiet down this year, and little they
215 will do so next year," Apple concluded.

216 Given the nature of feeding frenzies, Mr. Apple was proba-
217 bly correct in predicting that the story would stay in the head-
218 lines. But the coupling of the Clinton cover-up with the
219 Watergate cover-up was a fact-defying leap. In the Clinton case,
220 it was not even clear, at the time Apple wrote, that laws had
221 been violated; a few people below the president may simply
222 have shown poor judgment. The Nixon people, on the other
223 hand, blocked an FBI investigation, fired the special prosecutor
224 in the "Saturday Night Massacre," erased nearly 20 minutes of
225 a taped conversation, and paid more than \$400,000 in hush
226 money to keep the Watergate burglars quiet. On a tape that
227 escaped erasure, Nixon is heard telling his close aides, "I want
228 you all to stonewall it, let them [the burglars] plead the Fifth
229 Amendment, cover up, or anything else."

230 It would have been helpful if the press had tried to place
231 Whitewater in its own context rather than in the light of the
232 Watergate, Irangate, Iraqgate, or S&L scandals. Feeding fren-
233 zies, however, are unbounded. All of the breathless stories in
234 the first months of Whitewater revealed little about the issue at
235 hand. Yet the stories had serious consequences. They drove
236 down Clinton's approval rating, and were accompanied by de-
237 clining public support for his programs, including his health-
238 care reform proposal. These were substantial effects, but rather
239 than accepting some of the responsibility, the press blamed
240 Clinton, saying his "mistakes" in the handling of the allegations
241 had made Whitewater into a big issue. In an editorial, the *Wall*
242 *Street Journal* urged journalists to throw caution to the wind in
243 their reporting of Whitewater, contending that the costs of air-
244 ing erroneous charges was far outweighed by the benefits of
245 getting the story out. There was a time when the nation's lead-
246 ing news organizations took accuracy to be their highest obliga-
247 tion. "Power without responsibility, the prerogative of the

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248 harlot through the ages" was how the British Prime Minister
249 Stanley Baldwin assailed the reckless reporting of the press
250 barons Rothermere and Beaverbrook.

251 As I write this postscript, Whitewater's full course cannot be
252 foreseen. Clinton's actions a decade ago in Arkansas may have
253 involved substantial criminal misconduct or abuse of office. If
254 so, he should and will pay heavily. This price would have
255 been extracted if the revelations had been made by the careful
256 investigation of the special prosecutor; the ensuing news cover-
257 age and congressional hearings would have made Clinton dearly
258 regret his Arkansas shenanigans. Even if Clinton is found inno-
259 cent, though, the media frenzy that has characterized Whitewa-
260 ter to this point has imposed extraordinary costs on the Clinton
261 presidency and the national interest. The press is not the only
262 cause of our jaded public and tattered institutions, but it is
263 a prime contributor. America needs a press that is free *and*
264 responsible. For an institution that asks so much of others, the
265 press has become remarkably derelict in the discharge of its
266 public duty.
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Thomas E. Patterson
OUT OF ORDER

Thomas Patterson is professor of political science at the Maxwell School of Citizenship and Public Affairs, Syracuse University. He has written extensively on the media's role in elections. His previous books include *The Unseeing Eye: The Myth of Television Power in National Elections*; *The Mass Media Election: How Americans Choose Their President*; and *The American Democracy*. In 1991-92 he was Lombard Visiting Professor of Press and Politics at Harvard University's John F. Kennedy School of Government. He has received grants for his work from the National Science Foundation, the Markle Foundation, the Mellon Foundation, and the Ford Foundation.

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Jim Hoagland

Thinking About Korean War II

President Clinton's advisers believe North Korea will probably deal at the brink rather than defy the world over nuclear weapons. But that belief is dwindling, and serious consideration must now be given to how America would prepare for and fight a second Korean war.

That is the mood I detected in recent conversations on Korea with three of the president's six most senior national security officials. Secretary of Defense William Perry said that "within the next few weeks" there will either be a serious negotiation underway with North Korea for we will be going off on the sanctions route" that North Korea says will constitute an act of war.

From these conversations emerges a historical oddity on the scale of Nixon's going to China and de Gaulle's freeing Algeria: Senior U.S. policy makers feel there is a better chance of resolving this crisis peacefully if Kim Il Sung, 82 and reportedly ailing, remains alive and well in Pyongyang. The world's last Stalinist

dictator is what diplomats call "a factor of stability." Kim's son and heir apparent, Kim Jong Il, is portrayed by U.S. intelligence as being mentally unstable. The elder Kim's disappearance would either leave a psychopath in control of a potential nuclear-weapon state or provoke a power struggle to prevent that.

Perry puts it clearly and on the record, as is his custom: "There could be a cataclysm if the regime lashes out to preserve an embryonic dynasty. Even if the succession problem is settled, the economic situation in North Korea is so deplorable that there could be a popular revolt. The regime's control has been so complete that there is a general awe for Kim Il Sung. In his absence there could well be an internal revolt."

The CIA told Clinton last autumn that North Korea had probably reprocessed and hidden away enough plutonium during the Bush administration to manufacture one to two nuclear bombs. The president adopted a policy of containment by promising the carrot of better

relations or the stick of economic sanctions to get North Korea to abandon its nuclear ambitions.

But a turning point in that effort arrived when North Korea announced it would shut down its main nuclear power reactor sometime this month and start removing its spent fuel rods without allowing meaningful international inspection of what will happen to them. As Perry noted, within the next few weeks it should be clear whether North Korea has begun to stash away enough plutonium to build five or six new bombs over the next two years. That development will trigger an American push for a sanctions vote in the United Nations Security Council.

"And when that happens we will have to take seriously the risk of war," Perry says. "You cannot ignore the North Korean statement that they view invoking sanctions as equivalent to declaring war. If we go to sanctions, we have to go to increased readiness" to face a North Korean conventional attack on

South Korea and the 37,000 American troops stationed there.

Perry made clear that he has spent much of his first three months in office reviewing "very, very detailed contingency plans" for responding to North Korean belligerency after sanctions are voted. One of his first steps would probably be to reduce the "tether" of U.S. aircraft carriers—the time they need to be ready to leave port and head into action—from one week to 48 hours. At the same time he would start designating air squadrons to be ready to move to South Korea on short notice.

Further along he would increase the munitions and other supplies positioned in South Korea and Japan. "That's expensive, though," he said. "You don't want to do that until you need it." Only if war seemed imminent would he send another division of American troops into the theater. "Doing that in the early stages would seem to be a provocative action to the North Koreans."

Another senior U.S. official, voicing

desperate optimism, gave this reason for hoping for a deal at the brink: "Kim Il Sung had his army rescued by the Chinese in the 1950s. He knows what it is like to have your troops whipped by the American military."

The North Koreans may be trying to extract economic help, diplomatic recognition and the withdrawal of U.S. troops from South Korea in a gigantic deal. If so, that will leave Clinton with tough but manageable choices to make.

There is a more grim but just as likely outcome: The North Koreans may want such a deal but not be able to negotiate or close it. Their country has been sealed off from the outside world for half a century. Their leadership is unsteady and beleaguered. Their diplomats are, with some exceptions, unskilled.

War by miscalculation can be just as deadly as war by evil design. America cannot ignore the prospect that North Korea will go to the brink and step right over it. Then Clinton will have only one choice: to fight.

David S. Broder

How Serious Are We About Schooling?

Once again, Americans are being asked to take a gut-check on how serious we are about our children's future.

If we're serious, almost everyone agrees, we have to lift the performance of the youngsters coming out of high school, so they have the skills required in the new economy. The commitment to do that was expressed formally in the Goals 2000 legislation signed by President Clinton last month. In essence, it is a pledge by the governors (who started it), the Congress and the president to see that world-class standards become the measuring stick for America's schools by the end of this century.

The new education law does not ensure those standards will be met. But since its enactment, two reports have suggested how we might put some backbone in it.

Those reports propose that we make the diploma mean something, by awarding it on the basis of what the student knows, not simply what grade he or she has reached, and that we commit to giving each student the

time needed to reach that level of achievement.

They may seem clichés, but those proposals represent a near-revolutionary change in the way we think about our public schools. Today, in most communities, we start with the assumption that all kids will attend school roughly six hours a day for around half the days of the year. After 12 years of that, we give them a high school diploma and send them into the world. In far too many cases, they are woefully unprepared.

Last week, in a report aptly titled "Prisoners of Time," a national commission created by Congress said that the average American high school student spends less than half the hours on core academic subjects that contemporaries in Japan, France and Germany do. No wonder, the report says, that so many of our high school graduates "have trouble reading, writing and solving simple mathematics problems."

The point is not a new one. It was made 11 years ago in the famous "Nation at Risk" report, but few school systems expanded their hours.

Indeed, "Prisoners of Time" notes that exactly a century ago, the U.S. commissioner of education criticized the shortening of school time then underway, arguing that "it is scarcely necessary to look further than this for the explanation for the greater amount of work accomplished . . . in the German and French schools."

Keeping school days and school seasons short has been a way to provide part-time and seasonal workers for America's farms, factories and fast-food restaurants. It accommodates family vacations. It satisfies the natural longing of both students and teachers to have every weekend and most of the summer off. And it's also a way of controlling school costs. You don't have to heat, cool or clean the building when school isn't in session.

Given all the inertial forces, is there any reason to think this latest report may produce results? The hope lies in the demand of both business and parents that high school graduates be given a better start on life.

That demand was reflected in a mid-April report from the National Center on Education and the Econo-

my, led by school people, elected officials and business executives. It proposed that states require a "certificate of initial mastery" from all students that would supplement and perhaps eventually replace the conventional diploma. Instead of measuring "seat time," the years in school, it would require a demonstration of "deep mastery of core academic subjects as well as the capacity to apply this knowledge to the complex problems that characterize modern life and work."

Bright students might get the certificates at 14 or 15, but no student would leave high school without one. It is not a device for sorting students into different tracks; rather, it is an affirmation that, given enough time and effort, all students can reach a high standard.

Washington state is moving in that direction already and others may follow. But the problems to be overcome are serious—especially in the big cities, where the most severe shortcomings are to be found.

Michael Casserly, head of the Council of Great City Schools, says,

"The rub for us is that we spend even less time on academics," because more time is required to repair the social and economic damage those kids suffer outside of class. Everywhere, schools are being asked to meet other legitimate demands, from drivers' training to AIDS education to band, chorus and athletics programs.

"It is expensive," concedes commission member Christopher Cross, to expand the time for core courses, without shutting off those other needs. The International Association of Amusement Parks and Attractions, which wants school kids both as employees and patrons for the summer months, cites estimates that each additional day of school would cost the nation \$1 billion.

Allowing parents voluntarily to choose public schools that offer longer school days or years is one way to overcome resistance, the commission says. But ultimately, it comes down to a question of how serious we are about wanting a better future for our children. If the will is there, the time and money can be found.

Not Just Another CSCE

In Zbigniew Brzezinski's thoughtful piece on the evils of excluding Germany and Russia [op-ed, May 3], there is one careless remark that stands in need of correction.

The offending remark is that "NATO with Russia would become simply another version of the Conference on Security and Cooperation in Europe [CSCE], whose credibility has been undermined by a pretense of being able to operate effectively from Vancouver to Vladivostok among 53 nations in diverse stages of democratization and development."

Now this is plainly not the case. The selection of membership is far from the only thing that makes an international organization effective. The joint institutions—the procedures for joint policymaking and the structures for joint implementation—are equally important.

CSCE's problem lies in its unit-veto procedures and its lack of implementing bodies, not its diverse membership. The United Nations is more diverse than CSCE but also more effective, because it has a Security Council and well-staffed implementing bodies.

NATO does have strong, implementing bodies. If it is expanded in membership to cover even the entire CSCE area, it will not by that fact become "another CSCE."

IRA L. STRAUS

U.S. Coordinator
Committee on Eastern Europe and Russia in NATO
Springfield

Crosser -
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THE PRESIDENT HAS SEEN 5/16

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Eager Democrats Pre-empt Clinton on Welfare Change

By JASON DePARLE

Special to The New York Times

WASHINGTON, May 11 — Unwilling to wait for President Clinton to act, his Democratic allies in the House of Representatives today proposed a welfare bill similar to the one he has long promised but has yet to deliver.

The measure would place a two-year limit on welfare benefits and then require indigent mothers to join a community service program. To finance its provisions, the bill seeks deeper cuts in benefits to immigrants than legislation that White House aides say they are likely to propose. Indeed, those cuts alienated some potential co-sponsors in Congress.

The Congressional plan comes from the Mainstream Forum, a group of centrist and conservative House Democrats affiliated with the Democratic Leadership Council, the political organization that Mr. Clinton helped found and headed when he was Governor of Arkansas.

The forum's leaders have been urging Mr. Clinton for months to put his welfare plan on a faster track, and the move today reflected the allure the issue holds for both parties in an election year.

Stench in the Nostrils?

"We believe that welfare reform should be at the top of his agenda," said Representative Dave McCurdy, the Oklahoma Democrat who is both

His House allies prod the President on his promise.

the founder of the forum and the current chairman of the leadership council, a non-Congressional group that includes governors and other elected officials.

One representative after another stepped to the microphone at a news conference today to denounce the current system and urge fast change. Declaring welfare dead, Representative Nathan Deal, a Georgia Democrat, said, "The stench from its decaying carcass has filled the nostrils of every American."

With the White House still preparing its plan, it is probably too late for Congress to pass a bill before the November elections. But the likely outlines of an eventual law are starting to appear. Mr. Clinton and both parties in Congress are now advocating sweeping changes that would limit the time mothers could collect benefits and then enroll them in a work program.

Important differences include how to pay for the program and what to do about families who complete a community service program but still cannot find private employment.

The Administration issued a statement today praising Mr. McCurdy's plan as "further proof of the broad consensus in Congress."

The clamor for welfare changes owes much to Mr. Clinton's 1992 campaign, when he issued his promise to "end welfare as we know it" by im-

posing a time limit. But after the bold talk, Mr. Clinton has been accused of foot dragging on the issue.

He has been slowed in part by the difficulty of finding a politically viable way to pay for his plan, which is expected to cost close to \$10 billion over five years, for expanded training, child care and work programs. To avoid a tax increase, the Administration is trying to raise that amount by cutting other programs; it has still not settled on a final list.

In addition, Mr. Clinton has been reluctant to put forward a welfare plan at the same time he is pushing health care, since both proposals must travel through the same Congressional committees. Mr. Clinton does not want to overwhelm the Congressional staffs or have to trade votes on one issue for votes on the other.

Problems of His Own

Mr. McCurdy was having his own problems this week, when a number of important co-sponsors refused to back the bill because it would raise much of the approximately \$18 billion it is expected to cost by denying Supplemental Security Income to many legal immigrants.

Mr. McCurdy argues that some legal immigrants are abusing the program, by bringing their parents to the United States and then signing them up for benefits, which are about \$130 a month. "I don't believe the system was designed to let the parents of immigrants come in and sign up for S.S.I.," he said.

Among those refusing to co-sponsor the bill was Representative Jim Slattery, a Kansas Democrat, who was the chairman of the task force of the Mainstream Forum that drafted the proposal. Mr. Slattery argued it was unfair to pay for it by cutting assistance to immigrants who are in the country legally.

Numbers Are Unclear

While the Mainstream Forum contains about 90 members, it was unclear today how many would sign on as co-sponsors to the bill, which has not yet been officially introduced.

One aspect of Mr. McCurdy's bill that is likely to provoke fierce disputes is his plan to limit the community service program to three years, after which welfare recipients would be eligible for no cash at all.

House Republicans allow states to impose the three-year limit; Mr. McCurdy would require it, but allow states to grant extensions to 10 percent of the caseload.

The provision raises several central questions: Are there really enough jobs in the economy for all five million families now on welfare? And do welfare recipients have the skills and emotional stability to hold the jobs?

Calling the proposal "tough love," Mr. McCurdy said the limit was needed to prod welfare recipients into the private economy.

But critics have said will leave many families completely indigent, particularly in areas of chronic high unemployment. They have argued that this could lead to an increase in homelessness.

The Administration's proposal is likely to include more protections than either Congressional version for families that seek work.

Cancer Study Criticized At Hearing

Senator Assails Way Data Was Disclosed

By LAWRENCE K. ALTMAN

Special to The New York Times

WASHINGTON, May 11 — Federal health officials and researchers at the University of Pittsburgh came under renewed attack today at a Congressional hearing for delays in disclosing falsified data and other irregularities in major breast cancer studies that changed the way the disease is treated.

At the same time, officials of the National Cancer Institute backed the need to resume a large clinical trial it has financed to evaluate the safety and effectiveness of the experimental drug tamoxifen in preventing breast cancer.

The risks and benefits of such a trial have long been disputed. But the debate has heated up since March, when the cancer institute halted the entry of patients into the study because the University of Pittsburgh team had failed to meet its own guidelines in assuring the integrity of the data in the study, which it coordinates. Critics have accused researchers of understating the risk of potentially fatal side effects of uterine cancer from tamoxifen.

At the opening of the hearing, Senator Connie Mack, Republican of Florida, said it was up to the university and the cancer institute to restore the public's trust after reports of delays in reporting falsifications and other irregularities in data in the studies.

Officials from the institute and the University of Pittsburgh's breast cancer study project, who testified before Congress for the first time about their project, tried to assure the Senate Cancer Coalition that the corrective steps they had taken would assure the integrity of data in further studies.

Reassuring the Public

Mr. Mack, a co-chairman of the coalition, credited the cancer institute with taking some corrective steps, but he stressed that it needed to do much more to reassure the public.

He asked Dr. Donald L. Trump, the interim executive officer of the university's breast cancer study project, and Dr. Joe Constantino, another official of the group, why the data irregularities were not detected earlier. They said they did not know because Dr. Bernard Fisher was the responsible official at the time.

Dr. Fisher, who was dismissed as administrative head of the project, declined the coalition's invitation to testify, saying he needed time to prepare for a hearing next month to be conducted by Representative John D. Dingell, a Michigan Democrat who is chairman of the House Energy and Commerce Subcommittee on Oversight and Investigations. Dr. Fisher declined to testify last month at a hearing by the panel.

The Pittsburgh team attributed the problem to communication. But when Senator Mack expressed doubts, the Pittsburgh researchers said it was a problem of lack of oversight.

Dr. Bruce A. Chabner, a top official of the cancer institute, said the Federal agency spent only a tiny percentage of its budget on audits, unlike drug companies that conduct much more extensive data checks of projects. The reason, he said, was that the cancer institute placed a greater degree of trust in researchers who get its grants. But Dr. Chabner said the agency would spend more for audits, a step that would reduce funds for new research projects.

Mr. Mack said an important lesson from the breast cancer problem was that if the institute did not spend money to verify data, it might risk losing confidence in all its research.

Those testifying today were sharply divided over the future of the tamoxifen prevention trial, which enrolled 11,000 women who had a higher than normal risk of breast cancer. The researchers were planning to increase that number to 16,000 when recruiting was temporarily halted.

Dr. Leslie Ford, an official of the cancer institute, said the prevention trial needed to be restarted because women had no alternatives other than watchful waiting with mammography and prophylactic removal of healthy breasts.

THE PRESIDENT HAS SEEN 5/16

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put on fire in
15

By John Kerry ✓

WASHINGTON
Haiti's military rulers continue to thumb their noses at the United States and the rest of the world. Since the ouster of President Jean-Bertrande Aristide in September 1991, the international community has consistently tried to pressure the junta to step aside, but nothing has worked — not diplomacy, not tighter sanctions, not a partial naval embargo. By tolerating their defiance and unrelenting brutality, we have empowered Haiti's military thugs.

As a result, our credibility as a world leader is at stake. Haiti's military leaders must now be put on notice that we're prepared to take all steps necessary to restore democracy and prove to all renegade elements that we mean what we say. We need to pursue an aggressive diplomatic course, to escalate sanctions and to impose a total naval blockade if necessary. But if those don't work, we must be willing to seek international approval to use military force.

My clear first choice is to pursue an aggressive diplomatic course of multilateral negotiations aimed at forcing the military leaders out within a short time. But precisely because there was no believable threat of force, our efforts have failed.

Opponents of force argue that President Aristide is so flawed that he does not deserve our help, that an invasion would be bloody and costly and could involve us in a long-term military quagmire. But the issue is not simply the return of an individual. It is the restoration of the democratic process in Haiti. Father Aristide may not be perfect (what elected leader is?), but we have never discarded

John Kerry, Democrat of Massachusetts, is a member of the Senate Foreign Relations Committee.

whole democracies because of an individual leader. Moreover, he has already demonstrated his willingness to compromise, agreeing to share power with a broad-based coalition with safeguards for everyone's rights. Those assurances could be bolstered by international peacekeepers.

There is every reason to think an international invasion would succeed. Haiti's 7,000-man military is hardly a formidable opponent. It is an undisciplined collection of gun-wielding bullies with little training or experience other than terrorizing poor, unarmed civilians. In Iraq, we decimated the world's fifth-largest army in a couple of months. In Grenada and Panama, outlaw regimes were ousted in a matter of days. A show of determined resolve from a U.S.-led international force of professional soldiers, backed up with sufficient air power, could quickly subdue the Haitian military.

An invasion
would work. And
we may have no
choice.

Haitian history is filled with coups and civil wars. There are deep-seated hatreds between the small, wealthy, ruling mulatto elite, which is in league with the military, and the poor, largely uneducated masses, which make up 90 percent of the population. That enmity is born of decades of repressive rule and irresponsible social policy.

The division is complicated by the presence of "attachés," the plainclothes military thugs who have replaced the hated Tonton Macoutes of the Duvalier regime. These attachés come from the masses but do the bidding of the elite. In a culture where

revenge and retribution have played such prominent roles, healing the hatreds will not come easily.

But the prospect of a Vietnam-like quagmire can be avoided by guaranteeing at the outset that military action will under no circumstances lead to a U.S. occupation of Haiti. Any intervention should be followed with the immediate insertion of a large international peacekeeping force. The presence of a neutral, civilized power will allow Haiti to rebuild its political institutions, its schools and its health system, and provide some cooling-off time. This could be accomplished along the lines contemplated in the July 1993 accord at Governor's Island, which was supposed to have led to the return of Father Aristide.

Some will argue that the last time we went into Haiti, we stayed 19 years. But that invasion was in 1915 — an age of colonialism that has long since been repudiated. In 1994, we would be going to wrest the nation from the grip of a tiny elite and return it to the vast majority of Haitians. The difference between occupation and liberation is dramatic.

Some argue that intervening in Haiti is not worth the loss of an American life. We should remember that American soldiers were at risk when we intervened in Grenada, Panama and Iraq. Those who supported Presidents Bush and Reagan ought to ask themselves why the Haitian situation is different. Is it simply that the President is of a different political party? What other facts are different?

Every individual reason given for those previous interventions is present in the plural in Haiti — to

protect innocent lives, to end chaos, to restore order, to root out drug traffickers. Most important, in Haiti, we would be restoring a stolen democracy, human dignity and hope to a country's brutalized masses.

In the absence of clear and present danger, the United States should not use force unilaterally. If ultimately needed, the force should be similar to the international one used in the Persian Gulf. It should consist of troops from the "four friends" — the United States, France, Canada and Venezuela — and from other nations in the region. The military power should be massive, to minimize casualties, and the intervention should be short. Granted, it will take leadership and persuasive power to build the coalition. But the United States succeeded in both regards in Grenada, Panama and Iraq, and there's no reason it can't accomplish the same for Haiti.

Some of those governments have expressed reluctance to commit to a military solution before the current diplomatic strategy has time to mature. They miss the point. Failure to threaten to use force now would significantly increase the probability that diplomacy will fail. In the end, we'd wind up where we are today: unprepared and with a weak hand.

If ultimately needed, any interven-

Make Haiti's Thugs Tremble

tion should use vast military power to minimize casualties and the time commitment. Once the coup leaders were ousted and the allied forces replaced by peacekeepers under the United Nations, the technical assistance and financial aid promised in the Governor's Island accord should be expanded and undertaken to insure the restoration of democracy.

No one should ever casually entertain the use of military power. Certainly I do not; it is a most serious proposition. But it is imperative that we and other nations in the hemisphere put the option on the table now. It is the best means to avoid a unilateral response under emergency conditions later on. It's also the best means of putting teeth in our diplomacy now.

The people of Haiti cannot restore democracy — cannot overthrow a drug-running, gun-wielding military regime — by themselves. They need our help. If our stated goal of restoring democracy is real, if our concern for the Haitian people is genuine, if our credibility as a world leader is important, then we must confront the crisis in Haiti with the will to act. □

THE PRESIDENT HAS SOLD

5/16

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Buy good piece

U.S. Officers Were Divided on Somali Raid

By MICHAEL R. GORDON

Special to The New York Times

WASHINGTON, May 12 — In their first public account of the failed Army raid in Somalia, the top commanders painted a picture today of a mission in which the American military was divided about the wisdom of trying to capture a Somali warlord and the amount of firepower needed to carry it out.

For seven months, Maj. Gen. William Garrison, who commanded the American commando force in Somalia, has maintained a stony silence.

But today General Garrison disclosed to the Senate Armed Services Committee that he had asked for the deployment of AC-130 gunships to help protect the commandos sent to Somalia to capture Gen. Mohammed Farah Aidid, only to be turned down.

Differences Over Mission

And Maj. Gen. Thomas Montgomery, the former deputy commander of the United Nations peacekeeping force in the East African country, defended the effort to capture General Aidid, while acknowledging that military superiors in the United States were dubious about the mission.

Their testimony in Congress' first hearing on the raid came in an emotional session in which the families of soldiers slain in the mission also demanded that the White House be held accountable. That complaint led President Clinton to summon them to an impromptu meeting at the White House, at which he said he was mystified that the raid had been tried, believing it should have been called off because Washington was shifting to a diplomatic course.

The Congressional testimony today, and interviews with Government officials, revises the picture that emerged immediately after the raid, in which 18 Americans were killed

and 75 wounded.

Initial reports portrayed the military as engaging in a fruitless man-hunt for General Aidid, the Somalia clan leader, against its better judgment. The early reports also blamed Defense Secretary Les Aspin for denying the military tanks and armored personnel carriers that might have been used to rescue the Rangers after they were pinned down.

But today a more complex picture emerged of a policy that was plagued by divisions in the American military as well as between the military and their civilian bosses.

In defending the effort to capture General Aidid, General Montgomery

Was enough force used? Was it a good idea at all?

said that the United States had good intelligence on the Somali warlord and that the military assessment was that the capture of the Somali strongman was necessary to break the back of the Somali resistance thwarting the United Nations. In so doing, General Montgomery acknowledged he differed with Gen. Joseph P. Hoar, the head of the United States Central Command, and Gen. Colin L. Powell, the chairman of the Joint Chiefs of Staff.

General Garrison's assertion that he had sought AC-130 gunships also disclosed another rift within the ranks of the military. Officials said Gen. Wayne A. Downing, the head of the Special Operations Command, had supported the request for the flying gunships, whose advanced tar-

geting systems and firepower might have helped the Rangers repel their Somali attackers during the Oct. 3 raid.

But General Hoar, the head of the Central Command, recommended against sending the gunships. General Hoar believed that the Army helicopters in Somalia provided adequate firepower and that the dispatch of the gunships would enlarge the American military presence in the region at a time when Washington was looking to transfer the mission entirely to the United Nations, officials said. Frank G. Wisner, the Undersecretary of Defense for Policy, also recommended against sending the gunships, an official said.

One Defense official, who asked not to be named, also asserted that the Joint Chiefs of Staff opposed sending the gunships and additional Ranger forces. A spokesman for General Powell said the former Joint Chief of Staff did not recall the request that the gunships be sent.

In disclosing his request for the AC-130's, General Garrison said the use of the gunships might have had an important psychological effect on the Somalis.

Fear of Gunships

"The Somalis were petrified of the AC-130," General Garrison told the Senate committee. But General Garrison also argued that the failure to send them did not deprive his force of the firepower it needed since it had helicopters.

But Larry Joyce, who stunned the voluble panel into silence with a moving eulogy for his son, a Ranger who was slain in the battle, rejected that argument.

Mr. Joyce, who served two combat tours in Vietnam, told the panel the gunships would have been a potent weapon. Without them, Mr. Joyce said, Army helicopters were forced to



Stephen Crowley/The New York Times

Capt. James H. Smith, retired, right, and his wife, Joyce, of Long Valley, N.J., listening yesterday at a hearing in Congress about a United States Army raid that tried to capture a Somali warlord. Their son died in the raid.

hover at 75 feet to direct their fire, making them vulnerable targets.

In another contentious statement, General Garrison asserted that just a few lives would have been saved had Mr. Aspin sent the tanks and armored personnel carriers requested by the field commanders.

General Garrison said he might not have used the tanks in launching his raid. He acknowledged, however, that the effort to rescue the Rangers after the raid went awry would have been less dangerous and more speedy had

the armor been available. Two Americans were killed and 14 wounded in the effort to rescue the Army Rangers, who stayed to guard a downed helicopter.

But James H. Smith, a disabled Vietnam veteran whose Ranger son bled to death while awaiting rescue, said the armor was needed. "It would have made a significant difference," Mr. Smith said. "Information has to come from the White House as to how certain decisions were made."

President Clinton, who had failed to

respond until last night to the request by relatives of soldiers killed in the raid for a meeting, did not put the families' concerns to rest.

Mr. Joyce said Mr. Clinton appeared to be moved in the 45-minute session. But Mr. Clinton appeared to have more questions than answers.

"He was dismayed on Oct. 3 that the raid had been launched after he had decided that there should be a diplomatic solution," Mr. Joyce said. "His immediate reaction was, 'Why did they launch the raid?'"

THE PRESIDENT HAS SEEN 5/16

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An need
to discuss this

Perry: Policy Spokesman by Default

Somebody's got to talk about these things.

The political education of William Perry as the nation's 19th secretary of defense is an experience in max-flex colliding with $P=ma$.

President Clinton seeks maximum flexibility in all his policies, but overwhelmingly so in the area of national security. Daunted by the damage foreign interventions could do to his domestic programs and budgets, the president wants his options kept open—indeinitely if possible. He is more likely to shift with the sands of foreign policy than draw lines in them.

Perry, who has a doctorate in mathematics, is, on the other hand, a paragon of predictability. He illustrates a political point in a conversation in his commodious Pentagon office by referring to Newton's law that holds that force is a result of mass times acceleration, or, as every physicist knows, $F=ma$. The principle is the essence of predictability. As unlikely as it seems, this self-acknowledged "computer nerd" has emerged as Clinton's chief spokesman and strategist on America's nuclear-weapons showdown with North Korea and on the brutal little war in Bosnia. It has been an uneven overture, as Perry adapts his penchant for precision to the still inchoate "intermediate strategies" for dealing with the likes of Kim Il Sung and Slobodan Milosevic.

A scientist, successful high-tech businessman and senior Pentagon official during the Carter administration, Perry was chosen by Les Aspin as his deputy and was catapulted to the Pentagon's top job in January when Clinton dumped Aspin and Bobby Ray Inman flamed out before confirmation hearings.

Perry must now master the politics, policy-making, public relations and pursuit of funds required by the top Cabinet post that fate settled on him, giving him for good measure far more latitude than most of his predecessors.

Perry sees no handicap in the fact that he has chosen John M. Deutch, also a scientist, as his deputy and will name another scientist as the Pentagon's undersecretary for acquisitions and technology, a job previously held by Perry and Deutch. It is probably the first time so many top jobs at the Pentagon have been occupied by scientists.

But the secretary does acknowledge that he has had "to learn a somewhat painful lesson" about saying the obvious in plain, precise English when articulating Clinton's foreign policy.

Perry's statement on "Meet the Press" last month that the United States would not enter the Bosnian war as a combatant to save the town of Gorazde was headlined as an invitation to the Serbs to take the village. It earned Perry comparison with Dean Acheson for allegedly having flashed a green light to North Korea to invade the south in 1950.

"I do not yet believe that lack of clarity is an advantage in thinking or expression," Perry said. "But I have learned not to be vulnerable to a 10-second sound bite . . . by speaking on a subject and not adding qualifications" immediately when they are needed.

My own sense is that the problem is deeper than that. The problem with using precise language in this case is that it is not bottomed on precise policy, neither in North Korea—which Perry rates as "a close second to Russia as the top national security issue for the United States,"—nor on Bosnia, which the secretary ranks down with "Rwanda, Somalia, Haiti, all of which are bubbling" constantly and involve "limited U.S. interests."

When I asked Perry if there was a line in the sand for North Korea—that is, if there were specific nuclear-weapon development steps that would trigger an American military strike—he carefully declined to rule out such a strike. But he went on to give an answer that allows the North Koreans great latitude in working on new nuclear weapons:

"It would not be seriously considered until we have exhausted all other alternatives. The judgment would be based on the conviction that diplomacy has failed. And we are a long way from that now."

Perry's specific thoughts on the deepening crisis in the Korean peninsula will be spelled out in an upcoming column on that subject. He is preparing a ladder of escalation for U.S. military responses over the next "couple of years," the time he thinks it would take North Korea to develop a small arsenal of atomic bombs if diplomacy fails.

"We cannot just say that time is on our side, the regime in North Korea will solve this problem by collapsing. Nor can we underestimate the costs of going to war now, even though I am confident we would prevail and relatively quickly," Perry said.

Only the Clinton administration would put its secretary of defense, a man with no background in politics or diplomacy, out front to define the policy parameters on Korea, Bosnia, Somalia et al. Secretary of State Warren Christopher seems to shy away from a dominant public role on these subjects after having been undercut by Clinton's shifting decisions on these hot zones.

Perry's task is not to move Clinton but to pin him down by imparting Newtonian specificity and clarity to what has been a policy jumble. It is not obvious that a scientist will succeed where the intellectuals have failed in constructing a policy scaffolding for a sustainable U.S. security role abroad beyond the Cold War. But the surprising Bill Perry is determined to give it a try.

THE FEDERAL DIARY

Bad Time for Indecision

By Mike Causey

Washington Post Staff Writer

These are tough times for federal workers who have trouble making difficult decisions. A growing number of agencies are asking workers to sign up now for buyouts but wait until at least October to quit or retire. That four- or five-month stay of execution will be tough for some employees and their families as they reexamine what they've done.

It is too late in the fiscal year for agencies to save money by offering workers buyouts of as much as \$25,000 to leave the payroll. But starting in October, thousands of workers will be offered buyouts (the lesser of a severance entitlement or \$25,000) to leave. Agencies also are offering early retirements in combination with buyouts. Although agencies must reduce their staffing by one job for each buyout taken, they can fill positions when a job cut is made elsewhere. That is one reason agencies are pushing the commit-now-leave-later program. Others want to give employees time for retirement counseling and still get them off the payroll early in fiscal 1995.

Smithsonian Institution workers, for example, can apply for buyouts between June 1 and July 15, but they cannot leave until Oct. 1. The Smithsonian says the buyouts—which are open to all employees—won't be repeated.

The General Services Administration is taking buyout applications through July 15 for workers who agree to leave between October and the end of December. Some Agriculture components are doing the same thing.

What happens when an employee signs up for a buyout and then decides not to go? Most agencies are asking workers to sign what amounts to a postdated resignation letter. But in some cases workers have been allowed to cancel agreements, provided that their jobs have not been filled or abolished.

Health Insurance

If President Clinton has his way, federal workers and

retirees would be among the first people rolled into his new national health insurance program, even if large firms are allowed to keep their own health programs.

Congressional Democratic leaders have told the White House it would be both unfair and politically unwise for the government to keep its own health plan—considered one of the best in the nation—while forcing most other people into a national health plan. Most members of Congress, like most federal workers and retirees, are enrolled in the cradle-to-grave health plan that offers workers a wide choice of plans, an open season every year and no reduction in benefits—all at the same premiums—when they retire. The Senate Governmental Affairs Committee will have a hearing today on how the proposed health care changes—there are half a dozen alternatives to the president's plan—would affect the 10 million civil servants, family members and retirees. But there is little that the committee, or its House counterpart, the Post Office-Civil Service Committee, can do to keep federal workers in their own plan or to guarantee that their current level of benefits would be retained under any new national health plan.

Morale Bad, Getting Worse

A survey of members of the Federal Executive Institute Alumni Association shows that morale in federal agencies is going from bad to worse. Association members are government executives on the fast track who have gone through Uncle Sam's staff management college in Charlottesville. About half of its members responded to the questionnaire, which also dealt with training and economy efforts in government.

For the 10th straight year, the indication is that morale is worse than it was at the time of the previous survey. In the 1992 survey, 34 percent of the respondents said morale in their agencies was low. In the 1993 survey, 61 percent said it was low. Most linked it to the fear of downsizing and the poor public image of the federal sector.

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THE PRESIDENT HAS SEEN 5/16

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Pressure China on Human Rights, but Sever Ties to Trade

President Clinton is looking for an easy escape from the anguishing trade-off between human rights and trade with China. There is no easy way out. And if the administration doesn't acknowledge this soon, both trade and human rights are destined to suffer.

By June 3, the president must act on his own executive order that would continue most-favored-nation (MFN) tariff treatment for China only if it has made "sig-



Politics & People

By Albert R. Hunt

nificant" progress on a series of human rights conditions. There are a number of conditions—accounting for all political prisoners, dealing with Tibet—where China plainly hasn't met this test.

The president then could cut off MFN, which would more than double tariffs on Chinese exports to the U.S. and cripple the Chinese economy. Every major administration official believes that would be a disaster, straining U.S.-China relations and setting back both human rights and economic progress in China.

Thus, the White House now is looking for compromises: apply trade sanctions only selectively or deny MFN to state-owned enterprises but not to the private sector. Administration economists privately acknowledge, however, that it would be impossible to administer a selective MFN. While China mainly exports consumer goods made by private concerns, some of the raw materials that go into those products come from public enterprises.

Instead, President Clinton should delink trade and human rights, grant a permanent extension of MFN and then announce a series of tough measures on hu-

man rights, including real pressure on U.S. companies doing business in China.

The president should say that the initial linking of trade with human rights—which occurred right after the Tiananmen Square massacres in 1989—may have been necessary; some powerful message of revulsion was. But this weapon has outlived any usefulness. Along with hurting American consumers and businesses, cutting off or curbing MFN would endanger any hopes of cooperation on delicate issues like North Korea's nuclear threat.

Moreover, the president could explain to the American people the benefits expanded trade has for human rights. The economic growth in China is centered in the southern provinces, where economic liberalization clearly has brought more political freedom than that enjoyed in the rest of the country. Internally China faces a painful and uncertain governmental transition and the need for genuine reform of its fiscal, monetary and legal systems. That's not an environment where a sledgehammer is effective.

Yet it would be a travesty to disregard human rights, or buy the disingenuous pro-China lobby's line that considerable progress is being made. With the favorable news about China lately, the latest Wall Street Journal/NBC News poll shows an increase in the number of Americans who think we ought to keep good trading relations despite human rights; a majority, however, still disagree.

The public senses that every positive move seems to be followed by a repressive one. Recently, for example, Xi Yang, a Hong Kong-based journalist, was imprisoned for 12 years. He was, the Far Eastern Economic Review reported, "tried in secret without benefit of a lawyer," and his unsuccessful appeal took "but a half hour to fail." The real reason for his punishment, according to the Review, may have been that he reported on the actual health

of some of the Chinese leaders and on some of the political power struggles.

Unfortunately, some of China's supporters in America have either turned the other cheek or even supported acts of repression. Two months after the Tiananmen Square massacres, former President Richard Nixon hosted a small dinner party attended by Michael Korda, editor in chief of Simon & Schuster. In this week's New Yorker magazine, Mr. Korda writes that

Trade vs. Human Rights

We should maintain good trade relations with China, despite disagreements on human rights.

APRIL 23 - MAY 1, 1994 40%

MAR. 4 - 8, 1994 31%

We should demand that China improve its human rights to continue to enjoy its current trade status.

APRIL 23 - MAY 1, 1994 51%

MAR. 4 - 8, 1994 61%

THE WALL STREET JOURNAL/NBC NEWS POLL

Mr. Nixon that evening told the Chinese ambassador to the U.S., Han Xu, that "when you go home, you should tell your people that many of us understand." Mr. Nixon added that when he was president he found that "firmness paid. You tell them that." (So much for the temptation to go soft on Richard Nixon!)

Just as the U.S. brought pressure on the Soviet Union to allow Jews to emigrate, and on South Africa to end apartheid, and on South Korea to become more democratic, pressure ought to be applied on China to change its human rights behavior.

To send a message to the Chinese that

human rights matters, while delinking it from trade, President Clinton could:

- Establish a code of conduct for corporations doing business in China. A good model would be Reebok's investing guidelines, which state that "human rights worldwide is a hallmark of our corporate culture." Compliance would be voluntary, but like the Sullivan Principles for South African investment it would provide a vehicle for political, investor and consumer pressure.

- Oppose prestigious forums in China until it meets minimal standards of human rights. Most prominent would be the 2004 Olympics, which Beijing desperately desires after barely losing the 2000 Olympics. Exhibit A in this case: Richard Nixon, who several years ago told a New York Times sportswriter, in the context of the U.S. boycott of the 1980 Moscow Olympics: "How can you jump hurdles with the Russians when they're raping their neighbor, Afghanistan? ... Politics shouldn't be held hostage to sports."

- Use the bully pulpit aggressively. Specific steps here might include launching a more intensive effort by Radio Free Asia; establishing full-time human rights officers in the embassy and consulates in China, including Tibet; and following Australia's model in establishing an official human rights delegation to monitor progress. The president ought to insist that human rights be in the forefront of every dialogue with China.

In addition, there are combinations of sticks (some selective sanctions) and carrots (getting China into GATT and other international organizations) that would help. At best, all this would make only a marginal difference. But it might highlight human rights more effectively than the current annual MFN charade, while not impeding economic liberalization. This is a policy that Bill Clinton could live with and also believe in.

Good Column

Clinton Speaks Loudly and Carries a Twig

By KAREN ELLIOTT HOUSE

In the front row at President Nixon's funeral last week sat five U.S. presidents, each put in office primarily to deal with America's domestic agenda. Yet each, whether by action, reaction or inaction, left a presidential legacy largely defined by issues beyond America's borders.

Bill Clinton, the latest self-defined domestic president, believes he is different. But every day the odds grow greater that he is wrong.

The Clinton qualities that seem to work so well on television talk shows and even with Congress—his charm, capacity to compromise, cleverness in telling constituencies what they want to hear—are not the qualities that impress friends or foes abroad. To win U.S. elections requires a mere plurality of a popular vote. But to win respect around the world requires strategies and actions that are credible (if not successful) nearly 100% of the time. It is the 1%, the Saddam Hussein or Kim Il Sung or Slobodan Milosevic, who have the capacity to upset plans and priorities. Unfortunately, in foreign affairs an angry minority all too often rules.

Mr. Clinton, smiling and jiving through his first 18 months as commander in chief, from Bosnia to Haiti to China, seems oblivious to the chaos he is sowing and to the consequences he could reap even before 1996. In the political terms that he understands so well, the evidence was all around him as he spoke at President Nixon's funeral.

Jimmy Carter

There sat Jimmy Carter, who entered office with high-minded principles of human rights and an aversion to wielding American power. Four years later, despite success at Camp David, he was gone as Soviet troops marauded through Afghanistan and American diplomats sat blindfolded in Tehran.

Next to Mr. Carter sat the inheritor of an America held hostage, Ronald Reagan, who rode into the presidency pledging to restore respect for America. Americans then, as now, were primarily interested in jobs, taxes and other domestic issues. Then, as now, they were disinclined to play policeman to the world. But, by much the same instinct that leads Americans to become fed up with unsafe neighborhood streets, they understood there is a level of global chaos and violence that makes America unsafe. And this they do not tolerate.

Americans don't expect Mr. Clinton to fashion a tidy and total world order. But they do hold their presidents accountable when chaos mounts to a level that threatens a nebulous concept called national interest. Presidents can be excused for finding this unfair. For some years, they can coast along fulfilling domestic expectations as defined by public opinion pollsters, and then, wham, along comes some distant crisis—an invasion of an ally or 52 Americans held hostage—that public opinion decides is unacceptable. At its core, what this reflects is a public sense that America must remain respected and must, when it matters, be in control.

As America entered this century it was led by a president, Theodore Roosevelt, whose maxim was "Speak softly and carry a big stick." As America exits this century, it is led by a president whose maxim appears to be, "Speak loudly and carry a twig."

The paradox of Mr. Clinton is that he is smart enough to understand America is inextricably linked to trends and events beyond its borders; so far, however, he hasn't been wise enough to recognize his rhetoric must have some connection to realities.

When Mr. Clinton says the U.S.-China relationship is essential to a stable world order, but is ready to sacrifice it to the fate of Tibetan dissidents; when he says Serbian aggression in Bosnia is unacceptable, but accepts it; when he says Jean-Bertrand Aristide must be restored to the presidency of Haiti, but allows a clique of Haitian colonels to prevent it; when he says North Korea won't be permitted to build nuclear bombs, but mutely watches his defense secretary confirm Pyongyang has one—when rhetoric is so discordant with realities—our president is misleading the world's aggressors and confusing the American people.

A pattern of this ends up emboldening the former and frustrating the latter. And that is bad for both America's national interests and President Clinton's political survival.

Imagine a Symposium on Global Mischief. The speakers are Saddam Hussein, Kim Il Sung, Lt. Col. Michel Francois and Slobodan Milosevic. The invited audience is an assortment of bullies and prospective pirates: Iranian and Algerian fundamentalists, Russian reactionaries, Chinese military hard-liners, Third World tyrants and random terrorists. But there also are a variety of sane and law-abiding leaders auditing these lectures: assertive prime ministers of confident Asian states like Singapore and Malaysia, timid West European leaders from Germany to Britain, heads of fragile new nations from Latvia to Kazakhstan and, most important, leaders of dependent U.S. allies like South Korea and Turkey.

What invitees and auditors are learning is the all-too-obvious lesson that America neither says what it means nor means what it says—that there is no price to be paid for defying the world's leading power. No single misstep is all that consequential. But it is the repeated juxtaposition and cumulative effect of rhetorical excess and political/military impotence that emboldens adventurers and frightens friends.

Beyond this obvious lesson, there is a subtler and more important message at the meeting: Even in those parts of the world where American interests are obvious, American strategy is absent.

For instance, an administration that proclaims that America's interests lie with ascendant Asia has mired itself in bitter disputes with Japan over trade and China over human rights. The point here is not that the U.S. must go along to get along, but rather to define what issues are worth disputing in the larger context of relationships worth preserving. With China, for example, the larger strategic context should be America's cooperation in helping China build a vibrant free market economy in exchange for China's cooperation in curbing the proliferation of weapons of mass destruction. This is in contrast to a doomed and self-defeating policy of cutting off trade in order to free political prisoners.

In Western Europe, encouraging European unity and strengthening the Atlantic alliance presumably are America's goals. But on an issue like Bosnia, which challenges both goals, the U.S. these days simply lines up with whoever has the lowest common denominator of political will. Essentially the Clinton policy is bob and weave. It hides behind a fearful NATO, which in turn hides behind a feckless United Nations, thereby letting a Japanese U.N. bureaucrat in Bosnia dictate Ameri-

can policy. This, as opposed to a forthright U.S. policy of punishing Serbian aggression at its source in Serbia or at least insisting that the arms embargo on Bosnian Muslims be dropped.

In the former Soviet Union, where American interests lie in supporting the forces of democracy and free markets in Russia and in former satellite states, the U.S. seems content to support the status quo by kowtowing to whoever occupies the Kremlin. If Boris Yeltsin says the nations of Eastern Europe don't belong in NATO, the Clinton administration demurs, rather than insisting it is East Europe's choice, not Russia's.



Bill Clinton

Absent a strategy for dealing with these larger issues and credibility in dealing with the smaller crises, the Clinton administration stands vulnerable to a variety of risks. Almost invariably, the one we cannot now predict is the one that will emerge to threaten America—and Bill Clinton's re-election.

It could be a military coup in Russia, or simply a Russian invasion of Ukraine; it could be a fundamentalist victory in Algeria that spreads through Egypt and North Africa; it could be America's old nemesis Iran, in economic shambles, using newly acquired Chinese weaponry to threaten Persian Gulf neighbors to boost oil prices; or it could be an isolated and intransigent Kim Il Sung assuming that the U.S. is a paper tiger and using one of his weapons on South Korea. The one predictable point is that such crises never occur at times or places of one's choosing.

But the best way to avoid facing and failing such tests is to set a clear strategy on the larger issues and to build a credible record of dealing, at least selectively, with the smaller ones. For example, few were under any illusions where Ronald Reagan stood on the largest foreign policy issue of his presidency—the "evil empire," as he called the Soviet Union. And, as a result of successful intervention in selective hot spots like Grenada and Libya, he put the world's pirates off balance enough to wonder whether adventurism would pay. George Bush made the same point on a larger scale in Kuwait.

Lack of Capability

Beyond a lack of international credibility, Mr. Clinton also will face a lack of military capability when his moment of crisis comes. Having steadily slashed military spending, he will be fortunate if remaining military strength can deal with one minor crisis, let alone the simultaneous crises previous presidents maintained the military might to meet.

Nor can he count on any strength from his foreign policy team, which increasingly is ridiculed around the world. A world that looked on men like Henry Kissinger, George Shultz, Jim Baker and even Cyrus Vance with respect, if not always accord, now looks upon Secretary of State Warren Christopher most charitably as the hapless exponent of a feckless foreign policy.

Mr. Clinton would be well advised, if only for his own political fortunes, to replace his foreign policy team, arrest the nation's military decline and begin rebuilding American credibility abroad.

Ms. House is vice president, international, of Dow Jones & Co.

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Overhaul of Toxic-Waste Cleanup Program Passes First Test

By JOHN H. CUSHMAN Jr.

Special to The New York Times

WASHINGTON, May 11 — Congress took the first step today toward overhauling the Superfund program for cleaning up toxic wastes. A House subcommittee voted unanimously to approve a package that has the grudging support of major business and environmental organizations.

The subcommittee vote, the first of several hurdles the bill faces in the House and Senate, culminated weeks of negotiations among business, environmental and political leaders. Although the fragile compromise that emerged from the talks seems for now to have rescued the bill from the legislative mortuary, it is not considered certain to survive.

If it does, the Superfund revisions could become the Clinton Administration's principal legislative accomplishment on the environmental front so far. Congress is also considering two bills on water quality, but much less environmental legislation has moved forward than was expected when the Administration took office.

The Superfund bill's proponents say that its main advantage is that the current cleanup program is so flawed that any change is for the better. The Superfund law, which set up a Federal trust fund financed by industrial taxes to help clean up the nation's worst toxic waste pollution, has produced years of costly litigation and technical studies but relatively little actual cleaning up.

A fragile compromise on the Superfund program.

The bill would simplify the way cleanup plans are devised and discourage those who must pay for the cleanup from spending time and money on lawsuits. It is intended to lower the costs of some cleanups and to increase the influence of local communities.

"I believe the unanimous vote of the subcommittee demonstrates the need and desire in Congress to reform Superfund this session," said Carol M. Browner, administrator of the Environmental Protection Agency.

Changes Threatened

But some Republicans on the panel, the House Energy and Commerce Committee's subcommittee on hazardous materials, suggested that they might try later to make the terms of the bill more favorable to business.

Negotiators from the environmental groups that joined the talks on the bill have warned that the slightest weakening of its provisions to set new cleanup goals would cause them to

withdraw their support, an action that would doom it.

While the chemical industry has also warned against changes, lobbyists for other businesses have called for alterations.

"Warring amendments would probably mean the death of the bill," said Bill Roberts, a lawyer at the Environmental Defense Fund, one of the principal environmental advocacy groups supporting the bill approved by the committee today.

The proposal has these three main features:

¶ It would call for a uniform national standard, to be negotiated after the law is passed, that would determine the degree of public health risk that could be tolerated at any site after it is cleaned. At present, Superfund standards vary widely. For example, a cleaned site can present a risk of cancer ranging from one chance in 10,000 to one chance in a million.

¶ It would allow flexibility on how thoroughly to clean a site based on such local considerations as what the future use of the land would be. For example, a site where houses would be built would have to be cleaner than a site for a parking lot. Local community groups would be given a major new role in cleanup decisions.

¶ It would establish a new fund, financed by taxes on the insurance industry, to help pay for cleaning up polluted sites without prolonged litigation between insurers and polluters over who should pay. And it would put

into effect new arbitration procedures to split the costs among various polluters and the government.

In the struggle between environmental groups and industry, each gained enough to glaze with sugar the bitter kernel of the compromise.

Environmentalists are pleased that local citizens will have a louder voice in local cleanup plans, and they are pleased that all polluted sites will be dealt with under a uniform standard.

Industry representatives are pleased that when sites are to be used for industrial purposes, they need not be cleaned as thoroughly as if children would be playing there. They are also satisfied that the cost of a cleanup is to be included in the factors considered when deciding how thoroughly to clean a site.

Just as contentious as the debate between industry and environmentalists over how much cleanup to require has been the debate between those responsible for past pollution and their insurance companies over who should pay the costs.

They negotiated an arrangement in which the insurance companies would provide up to \$8.1 billion over 10 years to a fund to handle claims for insurance coverage of cleaning up waste sites created before 1986, when the law took effect.

But while major insurance companies have endorsed the proposal, independent insurance companies have opposed it.

Economic Scene

Peter Passell

Rubin

Things were fine until the Fed's foray, a Nobel laureate says.

THE economy is perking right along, but growth is still modest by the benchmark of other recoveries. A handful of commodity prices are inching up, but there is no evidence that self-sustaining inflation driven by wages is in the works. The President is a Democrat, but on the critical issues of taxation, spending and regulation he is acting more like a deficit-fearing pre-Reagan conservative.

Why, then, have the bond markets reacted so perversely to what the Federal Reserve labeled a long range pre-emptive strike against inflation? And why have the big central banks had to intervene repeatedly to stabilize the dollar against the mark and yen, just when the interest-rate advantage to holding assets in dollars is rising?

Some would point to President Clinton's flat-footed policies toward Japan and China, which have unsettled major trade relationships. And some fear that the Democrats will revert to free-spending form, once they come to their liberal senses. But a more plausible explanation for the markets' jumpiness is offered by James Tobin, the Nobel laureate in economics who advised President John F. Kennedy. "The markets are fighting the last war," he argues, behaving as if the inflation of 1979 is just around the corner.

In the view of some very respectable economists Washington has already gone too far. The Fed's initial moves to raise short-term interest rates in February, Mr. Tobin insists, were at best premature and, arguably, based on spurious evidence of inflation in the making.

Commodity prices always edge up during economic recoveries, he points out, just as they go down during recessions. What would have been worrying (and is nowhere in sight) was a sign that wages were rising in response to the increased



demand for labor, creating the conditions for cost-push inflation. And while it is true that the tighter the labor market, the greater the risk of bottlenecks that would generate cost pressures, Mr. Tobin insists that "Alan Greenspan doesn't know where this 'natural rate' of unemployment is, any more than I do."

Richard Cooper, an economist at Harvard who advised President Jimmy Carter, shares Mr. Tobin's skepticism about the Fed's stance. The pervasive sense that foreigners are ready and eager to take a chunk of America's markets, he notes, makes employers more resistant to wage demands and workers less militant than in past recoveries.

Just how much the slack product markets in Europe and Japan and the fierce competition from low-wage Mexicans, Brazilians and Chinese have reduced labor's moxie is a matter of conjecture. But Neal Soss, chief economist for CS First Boston, speculates that it is in the range of half a percentage point, leaving the economy with room to fill perhaps another million jobs before labor shortages become an issue.

The opinion that the Fed has overshot is also reportedly held by some members of the Administration. But their voices have been muted, perhaps

because there is little expectation that tighter credit will actually choke off growth. Mr. Cooper wonders, though, whether the sanguine assumption that all the Fed has really done is to stretch out the recovery is correct. Some forecasts, he points out, suggest that a "growth recession" — a period of positive growth but at a rate insufficient to absorb new entrants into the labor force — will set in before the 1996 election.

To be sure, the majority view among economists is still that both the timing and the size of the Fed's increases in interest rates were prudent. "The main point is that the economy isn't very far from full employment," said Benjamin Friedman of Harvard. But whether the Fed's initiative was good policy or overkill, it remains a puzzle why the bond and currency markets have been behaving as if double-digit inflation is just around the corner.

Robert Gordon, an economist at Northwestern University, thinks that the problem is largely one of presentation rather than policy. "Short-term rates always go up in this stage of the business cycle," he said. "What's new is that the Fed is talking about it."

The Fed's idea, presumably, was to get the maximum anti-inflation bang from the minimum tightening of credit from its new show of openness. But the psychological spin apparently was reversed, with the markets assuming that the Fed's break with precedent was evidence the financial gnomes were concealing the really bad news.

Still to be seen is how the tempest over bond rates and the dollar will play out in economic growth and employment. It will not feed back to change the Government's behavior, Mr. Gordon argued, since the Fed has already gone about as far as it will go on interest rates and the White House is bound to a passive fiscal policy by the deficit reduction law.

Mr. Tobin is not-so-quietly worried, though, that what he sees as the Fed's bumbling foray against a remote threat of inflation will do great damage to businesses that need cheap capital to grow. "The markets just aren't sophisticated about economics," he laments.

THE WASHINGTON POST

David S. Broder

How Serious Are We About Schooling?

Once again, Americans are being asked to take a gut-check on how serious we are about our children's future.

If we're serious, almost everyone agrees, we have to lift the performance of the youngsters coming out of high school, so they have the skills required in the new economy. The commitment to do that was expressed formally in the Goals 2000 legislation signed by President Clinton last month. In essence, it is a pledge by the governors (who started it), the Congress and the president to see that world-class standards become the measuring stick for America's schools by the end of this century.

The new education law does not ensure those standards will be met. But since its enactment, two reports have suggested how we might put some backbone in it.

Those reports propose that we make the diploma mean something, by awarding it on the basis of what the student knows, not simply what grade he or she has reached, and that we commit to giving each student the

time needed to reach that level of achievement.

They may seem cliches, but those proposals represent a near-revolutionary change in the way we think about our public schools. Today, in most communities, we start with the assumption that all kids will attend school roughly six hours a day for around half the days of the year. After 12 years of that, we give them a high school diploma and send them into the world. In far too many cases, they are woefully unprepared.

Last week, in a report aptly titled "Prisoners of Time," a national commission created by Congress said that the average American high school student spends less than half the hours on core academic subjects that contemporaries in Japan, France and Germany do. No wonder, the report says, that so many of our high school graduates "have trouble reading, writing and solving simple mathematics problems."

The point is not a new one. It was made 11 years ago in the famous "Nation at Risk" report, but few school systems expanded their hours.

Indeed, "Prisoners of Time" notes that exactly a century ago, the U.S. commissioner of education criticized the shortening of school time then underway, arguing that "it is scarcely necessary to look further than this for the explanation for the greater amount of work accomplished . . . in the German and French schools."

Keeping school days and school seasons short has been a way to provide part-time and seasonal workers for America's farms, factories and fast-food restaurants. It accommodates family vacations. It satisfies the natural longing of both students and teachers to have every weekend and most of the summer off. And it's also a way of controlling school costs. You don't have to heat, cool or clean the building when school isn't in session.

Given all the inertial forces, is there any reason to think this latest report may produce results? The hope lies in the demand of both business and parents that high school graduates be given a better start on life.

That demand was reflected in a mid-April report from the National Center on Education and the Econo-

my, led by school people, elected officials and business executives. It proposed that states require a "certificate of initial mastery" from all students that would supplement and perhaps eventually replace the conventional diploma. Instead of measuring "seat time," the years in school, it would require a demonstration of "deep mastery of core academic subjects as well as the capacity to apply this knowledge to the complex problems that characterize modern life and work."

Bright students might get the certificates at 14 or 15, but no student would leave high school without one. It is not a device for sorting students into different tracks; rather, it is an affirmation that, given enough time and effort, all students can reach a high standard.

Washington state is moving in that direction already and others may follow. But the problems to be overcome are serious—especially in the big cities, where the most severe shortcomings are to be found.

Michael Casserly, head of the Council of Great City Schools, says,

"The rub for us is that we spend even less time on academics," because more time is required to repair the social and economic damage those kids suffer outside of class. Everywhere, schools are being asked to meet other legitimate demands, from drivers' training to AIDS education to band, chorus and athletics programs.

"It is expensive," concedes commission member Christopher Cross, to expand the time for core courses, without shutting off those other needs. The International Association of Amusement Parks and Attractions, which wants school kids both as employees and patrons for the summer months, cites estimates that each additional day of school would cost the nation \$1 billion.

Allowing parents voluntarily to choose public schools that offer longer school days or years is one way to overcome resistance, the commission says. But ultimately, it comes down to a question of how serious we are about wanting a better future for our children. If the will is there, the time and money can be found.

Not Just Another CSCE

In Zbigniew Brzezinski's thoughtful piece on the evils of excluding Germany and Russia [op-ed, May 3], there is one careless remark that stands in need of correction.

The offending remark is that "NATO with Russia would become simply another version of the Conference on Security and Cooperation in Europe [CSCE], whose credibility has been undermined by a pretense of being able to operate effectively from Vancouver to Vladivostok among 53 nations in diverse stages of democratization and development."

Now this is plainly not the case. The selection of membership is far from the only thing that makes an international organization effective. The joint institutions—the procedures for joint policymaking and the structures for joint implementation—are equally important.

CSCE's problem lies in its unit-veto procedures and its lack of implementing bodies, not its diverse membership. The United Nations is more diverse than CSCE but also more effective, because it has a Security Council and well-staffed implementing bodies.

NATO does have strong, implementing bodies. If it is expanded in membership to cover even the entire CSCE area, it will not by that fact become "another CSCE."

IRA L. STRAUS

U.S. Coordinator
Committee on Eastern Europe and Russia in NATO
Springfield

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THE PRESIDENT HAS SEEN 5/16

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FRIDAY, MAY 13, 1994 A23

Richard Haass and Stephen Solarz

The Case for Invading Haiti

After three years of continuing efforts by two successive administrations to restore democracy to Haiti by limited sanctions and diplomatic means, it is clear that U.S. policy is not working. As a consequence, both Haitian democracy and American credibility are on the line.

Yet it is extremely doubtful that the comprehensive embargo just adopted by the Security Council will work either. The reasons are not hard to fathom. Goods will continue to enter Haiti from the Dominican Republic, and Haiti's military leaders will find ways not only to insulate themselves from the general hardship but to profit from it as well. Meanwhile, the bulk of Haiti's 6 million people will be driven deeper into poverty and despair.

Further diplomatic efforts designed to broker a deal by which the current military leaders would step down and President Aristide would return are almost certain to fail as well. As the refusal of the Haitian High Command to fulfill its obligations under the Governor's Island accord made clear, it has absolutely no intention of permitting Aristide to come back.

Yet without the return of Aristide, who, whatever his flaws remains the winner of the only free and fair election in the history of Haiti, it is impossible to conceive of a settlement that would result in the reestablishment of a legitimate democratic government in Port au Prince.

Prior to the turnaround of the Harlan County, the U.S. naval vessel scared off by a band of hired Haitian hooligans, the mere threat of military intervention might have been enough to do the job. Now, with American credibility at an all-time low in Haiti, the harsh reality is that nothing short of armed force is likely to succeed.

A military intervention need not and should not be undertaken by the United States alone. In Haiti, a unilateral intervention would trigger a nationalist reaction. In the hemisphere, it would provoke a resurgence of anti-Americanism. In the United States it would produce a backlash against another international burden.

There is an alternative: multilateral intervention. A U.S.-led coalition could include forces from Canada, Venezuela, France and the Caribbean. Such an approach might receive U.N. (although probably not OAS) support once it became clear that the strengthened sanctions were not working any better than the more limited restrictions that preceded them. But even if both the U.N. and the OAS balked, the effort would be seen as legitimate in the eyes of most Haitians, including President Aristide, who previously refused to support an intervention but is now reliably reported to favor it.

Defeating the small, lightly armed and poorly trained Haitian military

would not be hard. If Desert Storm took six weeks, "Caribbean Hurricane" would take six hours.

The real challenge would come not in winning the "war" but in securing the peace. In such situations, getting in is always easier than getting out. Yet an exit strategy is entirely feasible. The United States could take on the lion's share of the initial operation. But most of the manpower for the subsequent task of providing security and establishing a reliable indigenous force capable of maintaining law and order throughout Haiti could come from the other countries in the coalition. Just as we turned over the task of internal security to the legitimate government of Panama after Operation Just Cause within an acceptable period of time, so too could it be done in Haiti.

Indeed, one advantage of such an intervention is that it would make it possible to disarm and demobilize the Haitian military. In comparison with a political settlement, in which the top brass would presumably be sent into exile while the rest of the military remained essentially intact, the replacement of this rapacious rabble with a more honest and responsive security force would greatly improve the long-term prospects for decent and democratic government in Haiti—a government that Haitians would no longer be desperate to flee.

To be sure, such an operation would result in some casualties. It would cost money. Foreign troops might be required for a few years while adequate security conditions were created. And there is no guarantee it would result in the establishment of an enduring democracy in Haiti.

Yet, the alternatives are worse. Tougher U.N. sanctions will only destroy Haiti in a vain effort to save it. Lifting sanctions while entering into some cosmetic arrangement with the current regime would constitute a blow to the cause of democracy, not just in Haiti but in the hemisphere. It would further erode the credibility of the United States, which can no longer afford to speak loudly while carrying a small stick. And organizing a legion of Haitian exiles to liberate the country would take too long and result in substantially more bloodshed.

As a rule, military force cannot in itself create, much less sustain, conditions of democracy. But it can provide an opportunity, one that otherwise might never come about. This is the lesson of Panama and Grenada. It should be applied in Haiti.

Richard Haass was a senior member of the National Security Council staff in the Bush administration. Stephen Solarz is a former Democratic representative from New York.

THE WASHINGTON POST FRIDAY, MAY 13, 1994

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Balaguer Bars Cutting Off Haiti

Dominican President, Facing Voters Today, Admits Embargo Leaks

By Douglas Farah
Washington Post Foreign Service

SANTO DOMINGO, Dominican Republic, May 15—President Joaquin Balaguer, who has dominated political life here for a generation and is fighting for his political life, today ruled out the use of foreign troops to control the porous land border with Haiti.

Dominicans go to the polls Monday in a choice principally between the blind, 87-year-old Balaguer, who has governed the nation for 20 of the last 28 years, and former mayor of Santo Domingo Jose Francisco Pena Gomez, 57. Even if Balaguer loses, he will remain in office until September, a crucial period as the international community tries to resolve a leadership crisis in Haiti.

Haiti and the Dominican Republic share the island of Hispaniola. Haiti is under a U.N.-mandated oil and arms embargo because the military there has refused to allow the return of ousted president Jean-Bertrand Aristide.

While saying he has enforced the embargo, Balaguer has done little to halt the flow of millions of gallons of gasoline and diesel fuel across the border, allowing the Haitian military not only to survive but to prosper.

An expanded commercial embargo is scheduled to go into effect May 21, barring everything but food, medicine and propane gas for cooking. But the embargo can only be effective if the Dominican Republic cooperates by shutting its border.

The two nations have a long and troubled history, which Balaguer today acknowledged left "deep wounds in the Dominican people." The country dates its independence to 1844, after it ended more than two decades of Haitian rule. In 1937, thousands of Haitians were massacred by the Dominican army at the border.

Diplomats and analysts in Haiti say the new round of sanctions will not bring down the Haitian military unless the Dominican border is sealed, and have favored a U.N. force to enforce the sanctions.

In a short meeting with reporters today, Balaguer said enforcing the embargo was "very difficult," and had not been "absolutely effective." He said he had invited a three-person



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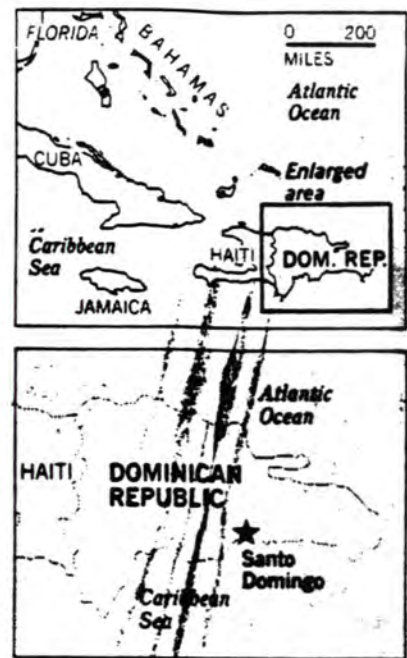
U.N. mission to analyze the border situation.

Asked if he would allow foreign troops on the border to control the flow of contraband, Balaguer said, "No, not foreign troops . . . perhaps technical studies to make the embargo more effective, but the steps must be compatible with our sovereignty and respect for our nation."

Balaguer's campaign has depicted a Pena victory as an invitation for poor Haitians to swarm across the border, overwhelming this country's social services. Pena's grandparents were Haitian.

In a breakfast with reporters today, Balaguer's vice presidential candidate, Jacinto Peynado, said he and Balaguer opposed the approach of strangling Haiti through sanctions because of the consequences such a move would have for Dominicans.

Peynado accused the United States and France, pushing for the restora-



Dominican President Joaquin Balaguer, center top in black hat, left his party's closing campaign rally Friday amid security and crowds of people. Recent polls indicate that he and his chief opponent are in a dead heat.

tion of Aristide, of trying to force the Dominican Republic into the position of having to absorb thousands of desperate, poor Haitian refugees.

"Haiti cannot be a concentration camp," Peynado said. "Of course, we are worried about the Haitian situation. If they come, they will need health, education. What are we going to do? Would the United States want 100,000 Mexicans to come across its border?"

Polls this week showed Balaguer and Pena in a dead heat. The sometimes violent campaign has been rife with undercurrents of racism—Balaguer is white, while Pena is black—and questions about Haiti.

Sources close to Pena said Balaguer's tactic of harping on Pena's heritage was not only racist but an attempt to portray him as unpatriotic. At least 85 percent of the Dominican population is black or of mixed race.

Clinton, Congress at Brink Of Foreign Policy Dispute

Domestic Preoccupations Cloud World View

By Helen Dewar
Washington Post Staff Writer

AI

Anxiety over President Clinton's handling of world crises is pushing Congress to the brink of the kind of confrontation over foreign policy that it largely abandoned after Republicans left the White House, threatening political problems for Clinton and confusion for the world.

The Senate's votes last Thursday to force a prompt end to the arms embargo against Bosnia—despite conflicting directives on how to do it—amounted to a warning shot that could lead to further troubles for Clinton on the Hill unless it is heeded, many lawmakers of both parties said after the votes.

Congress's restiveness arises out of a confluence of forces. The end of the Cold War has made foreign policy issues less clear, and many largely regional conflicts have no easy resolution. Clinton has been preoccupied with domestic concerns and has invited second-guessing in international relations by failing to articulate a foreign policy and carry it through, often repeatedly changing course. Many lawmakers complain that the president does not make the case when national security interests are at stake.

With its 535 members, sharply divergent views on foreign policy, tendency to posture and reluctance to take political risks, Congress cannot make foreign policy. But Congress, especially the Senate, can raise questions, make noise and throw sand in the administration's foreign policy gears, pointing up problems and sometimes influencing the direction of policy.

Undeterred by the fact that it cannot unite behind a coherent policy, the Senate in particular appears increasingly willing to challenge Clinton's policies—or what some describe as a lack of them—in areas

CONGRESS, From AI

from the Balkans through the Caribbean to the Far East.

Another Senate vote on Bosnia has been threatened in a few weeks if progress has not been made in lifting the embargo by then.

Haiti is a ticking time bomb, set to explode if Clinton resorts to military intervention or, conversely, if he lets the island sink into further misery without doing so.

North Korea's nuclear weapons intentions hang like a heavy cloud over the White House and Congress. The annual showdown over renewal of most favored nation (MFN) trade status for China is nearing, complicated by concerns about China's role in any conflict over Korea. And many senators have voiced misgivings over the administration's policy toward Russia and are primed to renew them if the occasion arises.

There is a perception that the period of grace has passed and there

are sufficient questions about direction [of administration policy] that people feel compelled to get involved," said Sen. John F. Kerry (D-Mass.), a senior member of the Foreign Relations Committee.

Republicans will not go along with a foreign policy dictated by domestic political concerns, said Sen. Mitch McConnell (R-Ky.), ranking minority member of the Appropriations subcommittee on foreign operations. "When Singapore policy is made by an 18-year-old from Dayton [in the recent caning incident] and Haitian policy by Randall Robinson's refusal to eat . . . it is the beginning of the end of bipartisanship that can be expected from Republicans," McConnell said.

Some Democrats are distancing themselves from what they regard as policies that could explode in their faces; others want to nudge, or if necessary bludgeon, the administration in new directions.

Republicans, silenced earlier by the message from the 1992 elections that Americans cared more about domestic issues than foreign policy, now sense political opportunities in questioning Clinton's ability to steer a strong and safe course for the country in a world of post-Cold War perils.

But, with some exceptions, they are united in flinching from the risks of spelling out what those policies should be. "They're afraid they'll be wrong in three weeks. No one wants to go on the line," said Senate Foreign Relations Committee member Joseph R. Biden Jr. (D-Del.).

"There's almost no political sex appeal to issues like Bosnia," said Sen. Richard G. Lugar (R-Ind.), also a member of the Foreign Relations Committee. "For those who get involved, it's strictly a pro bono service."

"The preferred stance is to let the president make the decisions and, if it goes well, praise him, and if it doesn't, criticize him," observed House Foreign Affairs Committee Chairman Lee H. Hamilton (D-Ind.).

During the Cold War, lines were more easily drawn and national security interests more clearly asserted, lawmakers say. And, during the administrations of Presidents Ronald Reagan and George Bush, Republicans had a clear stake in protecting a GOP president from a Democratic-controlled Congress, while Democrats had a natural interest in challenging Republican policies. More often than not, Congress was attempting to curb what it regarded as excesses, such as aid to the Nicaraguan contras, rather than "push the president into a policy," as Lugar described Congress's current posture.

No less preoccupied than the administration with domestic policy, Congress pulled its foreign policy punches during the Clinton administration's first year, when the Senate challenged his policies on Somalia, Bosnia and Haiti and then backed off in a series of face-saving compromises.

It also vented a lot of steam about Clinton's policy toward Russia earlier this year, but wound up voting by a 2-1 margin to confirm Strobe Talbott, architect of that policy, as deputy secretary of state.

It was the Senate's votes Thursday on ending the arms embargo against Bosnia that seemed to signal a potentially serious turnabout, even though members garbled their message by endorsing contradictory means of seeking their objective. By identical votes of 50 to 49, the Senate called on the administration to seek NATO support for collective action to lift the embargo and to lift the embargo unilaterally in hopes of bringing the allies along later.

Glossing over the contradictions, many senators said the administration runs a strong risk of inviting another legislative effort to force unilateral action unless it convinces NATO allies, especially Britain and France, to undertake joint action.

"It means they better do something," said Minority Leader Robert J. Dole (R-Kan.) in what may have been the vaguest—and most accurate—assessment of the votes' meaning.

Dole said later that he and Sen. Joseph I. Lieberman (D-Conn.), his ally in the effort to force unilateral action, would attempt to force another vote on the issue in two to three weeks if no action has been taken in the meantime.

The Senate is overwhelmingly in favor of lifting the embargo, largely, according to many members, because it is the one action that can be taken that puts few if any American lives at risk, even though it could endanger British, French and other peacekeeping forces in Bosnia.

It is, as Foreign Relations Committee Chairman Claiborne Pell (D-R.I.) put it, the "easy, cost-free solution."

"Politically, it is a day at the beach compared with authorizing air strikes," said Sen. John McCain (R-Ariz.).

But, under pressure from the administration and Majority Leader George J. Mitchell (D-Maine), who drafted the alternative recommending multilateral action, the Senate could not quite bring itself to break with either the administration or its own traditional support for collective action in such crises.

With the result hanging by one vote, however, the Senate could do just that in a future ballot. Several senators indicated they might switch if nothing happened in a few weeks, including Paul Simon (D-Ill.), who said he regarded the administration's Bosnia policy as "anemic." Time, he said, "is running out."

10/1/20

The Chafee plan as a trap for Republicans

Editor's note: The following is the latest "Memorandum to Republican Leaders" from the Project for the Republican Future, whose chairman is William Kristol. It is being released today.

"Chafee Bill: A Dose of Compromise — Health Plan May Offer Middle Ground for White House, Conservatives"

Washington Post headline, May 8, 1994

"Well, I'm pleased that [Democratic Senators Boren and Kerrey] are supporting a plan that has [universal] coverage. . . . I thought it was a positive step. And I think that if the debate in the Congress is between our approach, which has an employer-employee shared responsibility . . . probably mixed with some employer responsibility as well, I think that's the right debate."

Hillary Clinton on Larry King Live, May 4, 1994

"I want to thank John Chafee for having a health care bill that covers all Americans. I'm going to work with him, and we're going to have a bipartisan health care reform this year."

President Clinton at a Providence, Rhode Island, airport rally, May 9, 1994

What are we to make of this latest eruption of alleged bipartisan spirit in the health care debate? Only days after Democratic Sens. David Boren and Bob Kerrey "surprised" the White House by announcing their support for Sen. Chafee's rival health care proposal, Sen. Kennedy released his own revisions to the president's plan with the expressed purpose of attracting Republican support. The New York Times editorial page calls these moves "an encouraging trend."

Encouraging? Surely the Times is grasping at straws. Though President Clinton, the First Lady, and their surrogates have been all sweetness and smiles about the latest health care developments, no one could interpret the recent news from Capitol Hill as anything other than the Clinton health plan in free fall. Nor are doubts about the president's health bill confined to the Capitol. The Wall Street Journal/NBC poll released on May 6 shows that 44 percent of respondents oppose the Clinton health plan and only 36 percent favor it. In fact, 58 percent responded that Congress should wait until next year to pass a bill — an astounding figure coming after a month of presidential barnstorming on health care. The urgency of the health care "crisis" has all but disappeared: only 10 percent of Americans rank it as the issue needing the greatest government attention.

The decision by Boren and Kerrey to decamp to the Chafee bill is also significant in what it reveals about the politics of the Finance Committee on which they serve. Chairman Moynihan, an old Kerrey mentor and perennial burr beneath Clinton's saddle, is not about to be herded by the Mitchell-White House axis into passing a slightly amended version of the Clinton bill by a narrow, partisan vote. The health care debate, in other words, remains uncertain, vibrant, and rich with Republican opportunity.

But that opportunity will be

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squandered if Republicans, seduced by the gentle words of the Clintons and the New York Times, embrace the Chafee bill as our vehicle for bipartisan compromise. Any erosion of the Clinton position is welcome, of course; but support for the Chafee bill would ultimately be self-defeating for Republicans. By his own estimate, Chafee's proposal most closely resembles the president's and most deserves designation as "Clinton-lite." While his bill avoids the Democratic traps of global budget and price controls, it is nevertheless rife with the kind of government control over private health care arrangements that is the hallmark of Hillary Clinton's vision. Sen. Chafee has deservedly won the reputation of a Republican moderate. Yet his bill is anything but moderate, nor particularly Republican. Were his plan's sponsor a Democrat, Republicans (we trust) would not hesitate to oppose it. And should a version of Chafee pass this year — likely in the form of Clinton-Chafee — Republican candidates in 1996 would be well-advised to run on a platform of reversing it.

The Chafee health care plan, co-sponsored in the House by Rep. Bill Thomas, has managed to sur-

vive in the health care debate so far by avoiding the scrutiny given to the Clinton or Cooper plans. It has won support from some well-meaning Republicans who may have concluded that it is an alternative to Clinton's bureaucratic colossus. Those Republicans are mistaken. For their benefit, and for those who may temporarily be attracted to the bill on the strength of its having won the endorsement of two mainstream Democrats, we offer a brief review of the Chafee bill's main components. We believe that most dispassionate Republican observers will agree that this bill represents a philosophically untenable and politically unattractive position for the GOP — one that can only draw us further into the maw of a Clinton-style health care oligarchy.

What's wrong with the Chafee bill?

The Individual Mandate: Sen. Chafee's bill would require every American to purchase a health insurance policy containing a congressionally determined standard set of benefits. Designed to appeal to those who oppose a mandate on employers, it nevertheless accomplishes many of the same things (as both Sen. Mitchell and Mr. Clinton have recognized). Requiring every citizen to purchase health insurance is tantamount to creating a new national entitlement, one that future Congresses will, no doubt, be eager to regulate and subsidize. The Chafee bill establishes heavy new regulation right off the bat with a new health care monitoring bureau at HHS, authorized to share its information with the IRS. And how firm will Congress stand against public pressure for subsidies, once they have required every American to buy a health care plan costing \$5,000-\$6,000? Sen. Chafee himself, arguing against the employer mandate his bill is meant to make unnecessary, as been careful to add that "I'm reluctant to use the word 'never' just because we're in a negotiating situation."

Understanding those inherent dangers in an individual mandate, Sen. Dole, an original Chafee co-sponsor, has now come out against any health insurance mandate, employer or otherwise. The Republican Leader is right.

The Tax Cap and Tax Exclusion. The key provision of Chafee's bill is the introduction of a cap on health care benefits now exempt from taxation. In theory, the proposal would be an incentive to individuals and employers to choose more cost-effective plans and a means to generate revenue from those who choose higher-priced plans. But in practice, this step would make dramatic and unwelcome changes to the health care arrangements most Americans now live with. Sen. Chafee sets his tax cap at a relatively low level.

Employers and individuals are thus faced with a choice: paying a tax on the plan they now enjoy, or shifting to a lower-cost (and less generous) plan to avoid the penalty. Republicans who endorse Chafee are essentially proposing a large tax increase on working Americans, one that would force many of them to abandon their current health care plans. There are, of course, good policy arguments in favor of changing the tax treatment of health benefits as a way to improve the efficiency of the health care market and make consumers more cost conscious. But there is no good Republican argument for using a tax increase, as Sen. Chafee's bill does, to finance a new government entitlement and an expansion of federal control over our health care system.

Health Care Vouchers. Sen. Chafee's bill provides federal vouchers to help defray the cost of insurance for those Americans who do not qualify for Medicaid, but whose family income falls within 240 percent of the official poverty line. Vouchers are the most direct (and probably the most sensible) method of making health insurance more affordable to low-income families. But Sen. Chafee's voucher scheme would provide federal assistance to families earning up to \$31,000 a year — almost the median family income in the U.S. In some low-income, Southern states, the vast majority of residents would be eligible for a health care voucher. Although the proposal includes a complicated provision that conditions voucher funding on the achievement of overall health care system savings, it is hardly plausible that a Democratic Congress will have the patience or discipline to follow such a rule. In any event, this provision of the plan would further enshrine the notion that the federal government is responsible for subsidizing a broad swath of the middle class.

A Standard Benefits Package. The Clinton plan contains nearly 50 exhaustive pages detailing the mandatory contents of a standard health insurance policy. Sen. Chafee's bill leaves that work up to a five-person commission whose members are appointed by the president. Their meetings, open to the public, will be a feast for Washington health care lobbyists and representatives of every specialty and medical procedure (and, we might add, the scene of a theatrical debate over whether abortion services should be included as a standard health benefit). Whatever the outcome, experience with mandated health benefits at the state level suggests that packages that start small invariably grow larger, and consequently, more expensive. In Washington, that process is already under way as Senator Kennedy has

started larding the Clinton plan with additional benefits.

Voluntary Purchasing Alliances. Sen. Chafee's bill would permit the establishment of state-supervised purchasing alliances: large, not-for-profit corporations that would effectively act as the major (and in most cases, exclusive) broker for health insurance in any given region of the country. That these alliances are voluntary will matter little in practice. Most states will opt for a single large alliance, one that gradually accrues near-complete power over health insurance purchases. The

No amount of closed door, intra-party, staff-level negotiation can alter the fact that the Chafee bill contains most of the same objectionable features of the president's plan packaged in slightly different, Republican garb.

market of insurance plans offered outside the alliance will shrink, and individuals and employers will be charged a fee to buy a policy through these purchasing groups — yet another new tax on health coverage.

Community Rating. The Chafee bill imposes a strict community rating rule on all health insurance policies. This federal regulation would prohibit insurers from offering discounts to enrollees who take positive steps to improve their health and would eliminate virtually all the health categories that insurance actuaries use to make reasonable risk assessments. The inevitable result is that younger and healthier Americans will see the cost of their health insurance sharply increase, much as it has in New York State, where the community rating system has severely restricted choice and boosted premiums.

Not long ago, a conservative-leaning Republican Senator asked us: "What do we need to change in the Chafee bill to make it acceptable?" The short answer is: all of its major provisions. While we sympathize with the desire to capitalize on the Boren and Kerrey defection, there is really no honest way to use the Chafee bill as a starting point for a bipartisan consensus that accords with Republican principles. The

basic architecture of the Chafee bill conflicts with most Republican notions of appropriate government action. No amount of closed door, intra-party, staff-level negotiation can alter the fact that the Chafee bill contains most of the same objectionable features of the president's plan packaged in slightly different, Republican garb. This leopard cannot change its spots. The most likely scenario for the Chafee bill is a Clinton-Chafee amalgam that moves even further away from Republican principles. To judge by their public statements, Bill and Hillary Clinton fully anticipate and welcome that outcome.

The Real Alternative. Happily, there is another alternative. For we, too, have long argued that Republicans cannot alone defeat the Clinton plan, or the variety of Clinton-lite alternatives that will emerge in the House and Senate. What is needed is not an "improved" Clinton bill but legislation that offers an altogether different vision of how a limited set of government actions can bring measured but needed changes to the health care system. The bipartisan Rowland-Bilirakis bill in the House does just that. It makes no attempt to mandate universal health care coverage, but instead focuses on the insurance reforms that would make health care affordable, flexible, and accessible for the vast majority of Americans. Today it has 62 cosponsors, evenly divided between Democrats and Republicans; the Chafee-Thomas bill, on the other hand, has just eight co-sponsors in the House, all of them moderate Republicans. To be sure, Rowland-Bilirakis is a far from perfect piece of legislation — it needs provisions for medical savings accounts and a less restrictive insurance rating system, for example — but for Republicans seeking a genuine bipartisan opportunity both to legislate and to differentiate themselves from the president, this is the logical place to start.

Yet the Rowland-Bilirakis approach can only triumph if Republicans continue their unflinching resistance to the basic tenets of Clintonism. That means unqualified opposition to new taxes, price controls, and mandates of any kind. Our ability to hold this line so far — and to convince many Democrats of its wisdom — has forced Ted Kennedy and John Dingell to scramble for votes in their own committees and has left an exasperated Dan Rostenkowski to renew his call for a broad-based tax increase. The worst thing that could happen now is to allow the Chafee bill to become their lifeline. Republican must resist the temptation to broker a foolish and fateful compromise at the very moment the opposition is in retreat.

THE PRESIDENT HAS SEEN 5/16

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(ATTN: National editors) (Includes optional trims)

Clinton Can't Count on Medicare Savings to Fund Health Plan (Washn)

By Robert A. Rosenblatt and Dwight Morris= (c) 1994, Los Angeles Times=

WASHINGTON President Clinton proclaims it as his crusade for 1994: to guarantee that every American, sick or well, working or jobless, will be insured against the ravaging costs of health care. And he says he can pay for a hefty share of it by slicing \$118 billion from Medicare spending over the next five years.

But Medicare itself is out of financial control, headed for bankruptcy within seven years unless it is radically reformed, the system's trustees warned in a gloomy report last month.

A special Los Angeles Times investigation, which largely supports the trustees' report, demonstrates the dangers facing Clinton if he tries to rely on Medicare to pay for his vision of universal health care coverage.

Spurred by breathtaking advances in medical technology and consumer demand for state-of-the-art care, Medicare outlays have exploded at an average rate of 15 percent a year since the program went into effect in 1966. Runaway spending has made a mockery of cost-control efforts by Democratic and Republican administrations alike.

The Times' research which included a computer-aided analysis of more than 11 million Medicare hospital records from 1992 as well as interviews with doctors, patients and hospital administrators uncovered some intriguing aspects of Medicare spending growth.

For example, more than 7 million surgeries a year are performed under the Medicare program. Yet for no known reason, surgery rates for Medicare patients varied sharply according to geography.

An age-65-or-older resident of Clinton's home state of Arkansas, for example, was 70 percent more likely than one in California to undergo a coronary bypass operation in 1992. Hip replacements were performed nearly three times as often in Utah as in Louisiana.

No one knows whether the higher rates are justified. Either way, something seems to be awry.

If too many of the elderly in some states are going under the knife, then Medicare is wasting a lot of money with no particular idea of how to stop it. Alternatively, if too few of the elderly in other states are receiving operations, then the health care system is shortchanging them.

Likewise, The Times' survey documented that Medicare pays small hospitals to perform life-or-death operations even though these procedures are both more dangerous and more expensive than those performed at larger and more experienced hospitals.

The death rate for coronary bypass surgery, for example, was 43 percent higher in 1992 at hospitals that performed few of the delicate operations than at high-volume medical centers. And the low-volume hospitals also cost the taxpayers about \$2,000 more for each case.

The American College of Cardiology, which says hospitals need to perform at least 200 bypass operations a year to assure a smoothly running surgical team, asserts that Medicare could save money and lives at the same time if it could channel more heart patients to high-volume hospitals.

But many heart patients prefer to have the bypass operation performed near home so that family and friends can visit. So cutting any hospitals out of the coronary bypass business would be unpopular.

But the change suggested by the American College of Cardiology is not on Clinton's list of proposed Medicare cost savings. Instead, the president proposes cutting future Medicare outlays by approximately 10 percent through a variety of steps, such as trimming payments to hospitals that train doctors and care for large numbers of poor people, and requiring affluent Americans to pay more for their Medicare coverage.

The \$118 billion to be saved over five years would provide about 30

94

percent of the \$396 billion the president says is needed for his plan to provide health insurance for all Americans. It is an ambitious goal.

"We have real questions whether it is possible to reduce Medicare spending by \$118 billion without seriously hollowing out the program and almost leaving it as a shell," said Martha McSteen, president of the National Committee to Preserve Social Security and Medicare, a lobby of 6 million senior citizens.

More than that, Medicare's own financial history casts doubt on the administration's prediction that universal health care coverage would be only a modest burden on the Treasury. Medicare, which began with outlays of \$3.4 billion in 1966, exploded to \$147.7 billion in fiscal 1993, a nearly tenfold increase even after adjustment for general consumer inflation.

That makes Medicare bigger than all federal spending programs except defense and Social Security.

For hospital care, the patient pays \$696 for the first day, and Medicare pays all bills for the next 59 days. Then the patient pays \$174 a day for the third month and \$348 a day for longer stays. Hospital coverage, which is Part A of the Medicare program, is financed by a 1.45 percent payroll tax on workers and employers alike.

For doctors' charges, covered under Part B, Medicare picks up 80 percent of approved costs after the patient pays the first \$100 a year. Medicare beneficiaries pay \$41.10 a month for this part of their insurance. These premiums cover about a quarter of the costs; the other three-quarters comes from general federal tax revenues.

In 1983, in an effort to prevent hospitals and doctors from seeking unlimited Medicare reimbursements, Congress imposed a system of fixed payments depending on the diagnosis. This slowed the growth of spending somewhat, but many surgeries were shifted from hospitals to outpatient clinics, where they were not covered by fixed fees.

Congress also tried to slow spending on doctors by freezing their fees, but the medical profession responded by increasing the volume of required office visits and procedures.

Medicare is clearly a victim of its own success. It has brought an unlimited range of doctors and hospital treatments to 32 million Americans over the age of 65 and 4 million disabled people of all ages.

Thanks in no small measure to Medicare's inception in 1966, the elderly's share of the total population has mounted from 9.5 percent then to 12.6 percent now.

But population growth accounts for only a fraction of the 15 percent annual growth rate in Medicare spending since 1966. To explain the rest, most experts point to massive leaps in medical technology and to the demand by patients and their families for the latest array of tests and operations regardless of cost after all, the taxpayers pick up most of the tab.

About 800 out of every 1,000 people enrolled in Medicare received some services in 1992, an increase from 633 just a decade ago. And even after adjusting for inflation, the amount spent on each beneficiary rose from an average of \$2,216 in 1985 to \$3,624 in 1992, according to a commission created by Congress to study Medicare.

The volume of hospital diagnostic tests under Medicare mushroomed from 2 million in 1980 to more than 8 million last year. The sophistication of treatment is sending costs out of sight.

"The real driving force is what we broadly call technology," said William P. Pierskalla, dean of the University of California, Los Angeles' Graduate School of Management. "You have to train people to use the machines, a whole new group of technicians and specialists.

"I'm very pessimistic that we can control costs with this system," Pierskalla said. "The demand for health care is almost insatiable."

(Optional add end)

Medicare's trustees said earlier this month that the system was simply "unsustainable in its present form" and, while offering no specifics, demanded radical changes to prevent bankruptcy by the end of the century. And the outlook for Medicare in the longer term is grimmer still.

When the baby boomers the biggest generation in history have passed age 65 by the year 2030, there will be a staggering 66 million elderly Americans, compared with 32 million now. Nearly 22 percent of all Americans will be drawing Medicare payments, but their children may be unwilling or unable to pay the freight.

Warned Roland King, chief actuary of the Health Care Financing Administration: "We will get into a situation when we can no longer afford to pay the kind of benefits we pay now."

THE PRESIDENT HAS SEEN

THE PRESIDENT HAS SEEN

5/16

~~Handwritten scribble~~

~~No Magazine
troubled
piece~~

Do we have
an answer?

MARY McGRORY

One Child at a Time

CRASHED FLIGHT
can we put them in
hospitals?
service?

Some people see the children in Washington's inner city foundering in a failing school system and throw up their hands. Others go to work and try to rescue them, one child at a time.

At Community Family Life Services of First Trinity, a Lutheran church near Union Station, they've been at it for 25 years. They tutor more than 100 children four nights a week during the school year. They find most of their pupils in the 35 apartments where they house homeless families.

They have founded a restaurant called Third and Eats, where they train young people to cook and manage. Washington Post food critic Phyllis C. Richman calls it "an awfully nice place to eat . . . spotless and vibrant."

Community Family Life Services operates on a yearly budget of \$1 million, with help from the Department of Housing and Urban Development, foundations and contributions. It has 150 volunteers and a small paid staff. Tom Knoll, the executive director, proceeds on the principle that commitment is everything, proof against official apathy and individual inertia. He embarked on the tutoring program after a talk with some neighborhood youths who told him their eventual plans: "getting our welfare checks and come to the church for food."

What makes his tutoring program different is that the adults just don't labor through spelling and arithmetic homework with the children. They go to bat for them at school. They're called Child Advocates, and they do battle with the District school system for children whose parents aren't up to it.

Betty Bryant, 62, who is as involved and committed as they come, perfectly illustrates how the system works. She brought up five children of her own and recently retired from her job as congressional liaison for the Postal Service. A lifelong volunteer, she experienced a moment of truth when she heard the late John Wilson, a D.C. City Council member, speak at a meeting at the Services center. He said there was plenty of money for ghetto schools and parents "just had to go in there and demand it."

"I realized that when you have parents who are illiterate and who can't come to the PTA meetings—they can't even read the announcement of the meetings—that's no solution." That was when she met Rahshek Ellis, age 9, son of Angela, a working single mother, who

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lived in transitional housing and wanted the best for her boy. Betty Bryant used to take her grocery shopping. She noticed that both mother and son were functionally illiterate. Angela was too tired at night to study, but Rahshek, she felt, could be saved from a life of stoop-sitting if he just got the basics. They started out with one night a week tutoring. It was not enough.

Bryant decided to go to the source. One morning at 7, she and Angela showed up at Rahshek's school, Gage-Eckington Elementary, for an interview with his fourth-grade teacher. The teacher was hostile, to say the least. She stormed at Bryant, "I don't have to talk to you." She told them Rahshek was writing at a first-grade level, but that she was planning to promote him to the fifth grade.

Bryant had seen enough to think it was the wrong school for Rahshek. It was without walls, for one thing, so pupils in one class were overwhelmed by the instructions of a teacher in another class. Bryant went back twice to talk to the teacher, persuaded her to keep Rahshek back a grade, and set about transferring him.

Her retirement came through, and Bryant had more time for advocacy. She found a school with walls, Stuart-Hobson Middle School in a Capitol Hill cluster, got him accepted, and escalated her program. Four nights a week, she picked him up at school, took him to her house. They went at it for three or four hours a night, reading, spelling, phonics. Sometimes Rahshek was in tears because he couldn't understand and she would tell him they were going to stay at it until he did.

Gradually, he got the drift, and together they read a biography of the Rev. Martin Luther King Jr. and "Treasure Island." Like two-thirds of all clients of the Services tutoring program, he improved dramatically. He is now on the honor roll; he talks about going to the city's prime high school, Banneker, or maybe Gonzaga, and after that, Howard or even Harvard. Rahshek wants to be a lawyer.

Director Knoll hopes President Clinton will push tutoring as the remedy for District school ills. Georgetown Law, which is located in nearby Judiciary Square, sends 50 students to tutor. Community Family Life Services needs 100 more.

Betty Bryant thinks everyone should volunteer and that anyone who has been through school can tutor a child. In other words, there is no excuse.

THE PRESIDENT HAS SEEN

5/16

Efforts to Promote Teaching of Values in Schools Are Sparking Heated Debate Among Lawmakers

By ROCHELLE SHARPE

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — When Rep. George Miller suggested adding character education to the massive elementary and secondary education bill, several of his colleagues on the House Education and Labor Committee began to snicker.

"Are you serious about this?" GOP Rep. Steve Gunderson of Wisconsin whispered to the California Democrat. After a brief but heated debate, the modest amendment — which called for a national conference and demonstration grants to promote the teaching of such values as honesty, responsibility and caring — was soundly defeated, 23-6. That vote earlier this year marked the seventh time that a character-education amendment sponsored by Ohio Democratic Rep. Tony Hall had failed to make it through Congress.

Only in Washington could teaching children to refrain from lying, cheating or stealing be an issue. Liberals fear the character-education movement may be a backdoor effort to mix religion with public education; Deputy Education Secretary Madeleine Kunin has declined to even hear a briefing on the subject from McDonnell Douglas Corp.'s former chairman, Sanford McDonnell, now chairman of the Character Education Partnership, a non-profit organization that promotes the concept. Conservatives, meanwhile, fear character education as an attempt to spread political correctness and undermine parental authority.

"I for one, would not tolerate anybody having the presumption to dare to think they should define who my children are, what their values are, what their ethics are and who in the hell they will be in this world," Rep. Richard Arme, a conservative Texas Republican, argued to the Education and Labor Committee. "The fact is these people don't know my children and the fact is they don't love my children. And the fact is they don't care about my children and the further fact is they accept no responsibility for the outcome ... and they ought to, by God, leave my kids alone."

Actually, character education has already spread into thousands of classrooms nationwide, where teachers have begun heralding it as a successful way to reduce discipline problems. "Politicians are the last ones to get the message on this issue," says Rep. Hall, who says he's amazed at how little his colleagues knew about the character-education movement. "The whole country is crying out for this."

In Tyler, Texas, not far from Rep. Arme's district, character education is so popular that the Chamber of Commerce and the police department help reinforce

Values Judgment

A poll last year asked 1,306 adults whether each of the following values should be taught in the public schools:

	PERCENTAGE WHO AGREE
Honesty	97%
Democracy	93
Acceptance of people of different races, ethnic backgrounds	93
Caring for friends and family members	91
Moral courage	91
The golden rule	90
Acceptance of people who hold different religious beliefs	87
Sexual abstinence outside of marriage	66
Acceptance of right of women to choose abortion	56
Acceptance of homosexuals and bisexuals	51

Source: Phi Delta Kappa/Gallup Poll of attitudes toward public schools

the schools' work. Many schools declare a value of the month, which businesses advertise with signs in store windows or on billboards along the highway. Police officers hand out baseball-style cards featuring their pictures on the front and their favorite value on the back.

The officers give the cards to children when eating lunch with them in school or when they see them on the street. Sometimes, officers riding in squad cars will turn on their sirens and stop children for doing a good deed, giving them a certificate that allows them to enter a school raffle.

Since the program began four years ago, the number of school expulsions and fights have dropped, says Tyler's police chief, Larry Robinson, who organized the project. No parents have complained, adds the chief.

In New York, meanwhile, teachers as well as parents are delighted with the results of the character-education program. "There's a huge difference in school tone and climate," says Linda Costagliola, who teaches sixth grade at Brooklyn's P.S. 3. At nearby P.S. 11, the frequent brawls have virtually disappeared, says Kisha Brown, the program's coordinator. The school had been desperate to regain order in the classrooms, she says, and teaching positive values like respect rather than simply punishing negative behavior appears to work. "This seems perfect for us," she says.

It may be hard to fathom that conservatives and liberals could ever agree on anything that had to do with values. But all over the nation, communities have figured out ways to avoid controversy, mainly by focusing on what values to teach rather than debating whose values are most appropriate.

In the Pattonville School District in St. Louis County, Mo., the committee choosing values decided that if anyone disagreed with a character trait, it would be discarded. They reached consensus on 20 traits, including assertiveness, compassion and discretion. The nearby Parkway School District, meanwhile, chose values by surveying 1,200 members of the community twice. The district spent three years choosing the character traits, defining them and deciding on a character development policy.

The controversy in Washington has much to do with the fact that federal involvement in almost any aspect of education virtually guarantees years of discord.

It took Congress five years to pass a bill allowing the creation of national academic standards that will be voluntary. So it should come as no surprise that many lawmakers would view the notion of getting the government near values education as a prescription for a political quagmire.

Phyllis Schlafly, head of the conservative Eagle Forum, argues that it is "ridiculous" for the federal government to play any role in the movement. "No good character-education program is going to be developed with taxpayers' money," she says.

But Mr. McDonnell argues that the federal Department of Education could, and should, give the movement a boost. "Kids in schools are getting values transmitted to them one way or another," he argues, and unless they are taught about values, they get the message that values aren't really that important — or may decide to model themselves on the negative values they see glorified on television or on the streets.

Yet government officials have responded to his arguments mainly with kind words and little action. The department once gave a \$530,000 demonstration grant to schools in Mr. McDonnell's hometown of St. Louis and in surrounding counties; ironically, Mrs. Schlafly — who didn't know federal money was involved — says she has no objections to these character-education programs.

But the Education Department has done little else. Especially disheartening, Mr. McDonnell says, was the refusal of Deputy Secretary Kunin to even listen to his presentation. Ms. Kunin, the former governor of Vermont, says she finds character education "interesting work" but possibly "inappropriate" for federal involvement. "Our approach is that this is still the prerogative of the local community and the family," she says. "Our focus is on academics. That's where we see our most urgent needs."

But Tyler's Mr. Robinson, who spent six months studying character education before launching the Tyler program, seems annoyed with Washington's attitude about the movement. "I wonder what the impact would be on congressmen if character-building had been done when they were young," the police chief says.

65

Is there a school in 20 min? B.

The Hollowing of a Threat

Trade Is Squeezing Rights Out of China Policy

By Daniel Williams
and Clay Chandler
Washington Post Staff Writers

President Clinton's stern threat to punish China with trade sanctions if it fails to improve its record on human rights has all but collapsed in a jumble of cross purposes, second thoughts and mistaken assumptions about the ease of reaching compromise with Beijing.

Less than a month remains before Clinton must decide whether to revoke China's low tariff privileges, known as most favored nation (MFN) status, based on progress in seven human rights categories. Within a matter of days, Secretary of State Warren Christopher is expected to send the president an assessment of China's performance.

The overwhelming consensus of independent human rights organizations is that China's human rights record has not improved, and in some areas worsened. But revoking China's MFN status is increasingly viewed as the economic equivalent of dropping an atom bomb: too devastating to contemplate.

Even members of Congress who last year supported a tough line on China have begun to get cold feet. Revocation would severely strain relations and cost millions in American business, they fear. Clinton's top advisers are scrambling to improvise a dignified retreat. The objective now,

TRADE, From A1

many administration officials say, is to find a "middle ground" solution that demonstrates Clinton's human rights concern, but does little or no damage to trade. Half-way measures would represent a retreat from Clinton's executive order last year, in which he threatened to yank China's low-tariff privileges unless Beijing made "overall significant progress" in human rights.

"The issue now is saving face for the president," said Banning Garrett, a senior associate at the Center for Strategic and International Studies.

A senior administration official yesterday described Clinton as irritated over the outcome of his policy. He said "intensive dialogue" is continuing with China in hopes of eliciting additional concessions.

Clinton's need to live down campaign rhetoric has become a recurring foreign policy nightmare. Clinton attacked President George Bush for "coddling" dictators and pledged to support tough legislation aimed at forcing Chinese progress on human rights.

The evolution of Clinton's China policy has been marked by defects evident in other troubled efforts: issuance of a threat that was easier to make than carry out; an inability to get or stick to priorities; misplaced faith in the goodwill of adversaries; indiscipline among contending voices in the administration, undermining any impression of resolve. The deeper failing, though, was a reluctance

to recognize that U.S. leverage over China was extremely limited.

Opinion is growing inside and outside the administration that Clinton should cut losses and move on. Unlike Bosnia, Somalia or Haiti, China is regarded as central to Washington's foreign policy concerns. A botched relationship could cast a shadow on issues as diverse as nuclear proliferation, the stability of East Asia and global warming.

U.S. exports to China last year totaled \$8.8 billion, far below China's sales of \$30 billion to the United States. However, China is one of the fastest growing markets for American goods and is regarded as a potential bonanza by such major companies as AT&T, Boeing and General Motors.

A rupture in trade relations that triggers retaliation by China could cost jobs in key electoral states. Last month, a group representing 400 California businesses warned Clinton of a potential loss of 35,000 jobs. Administration officials are reviewing the costs in a confidential impact study.

"The reading of the business community is that anything short of permanent renewal [of MFN] would be an absolute disaster," one member of Clinton's economic team said.

Although the decision is pending, the administration spin is on, focusing on what few advances have occurred. "You can't deny there has been a dialogue with China on human rights for the first time," a senior State Department official said. "We established a continuing dialogue, so some progress can be made."

Moreover, sentiment in Congress appears to be shifting away from punishment of China. In a speech Tuesday, Rep. Lee H. Hamilton (D-Ind.), chairman of the Foreign Affairs Committee, argued in favor of extending MFN to bolster liberalizing trends in China. "We should seek ways to support those trends," he said to the American Enterprise Institute.

Sen. John F. Kerry (D-Mass.), once a proponent of punishing China, said in an interview that it is time for a new course. "The situation in China has changed enough, and dynamics between the United States and China have changed enough that it is time to begin a new dialogue" that would enhance human rights and U.S. economic and security concerns.

Administration officials now worry about flunking the "laugh test," the derision that might greet full or partial renewal of trade privileges if China has not shown meaningful progress.

The threshold has been raised by periodic arrests of leading pro-democracy activists. Such activity dilutes the impact of such gestures as permission granted this week to Yu Haocheng, a prominent dissident, to leave China.

Asia Watch, the human rights organization, earlier this month published a study concluding that China had made no progress. "Beijing appears to have opted for a policy of conspicuous crackdown mixed with minimal, superficial concessions, while at the same time intensifying and extending overall repression of dissent," the report said.

The administration is still trying to wriggle free of its own rhetoric. Christopher, at his confirmation hearing last year, said, "Our policy will be to facilitate a broad, peaceful revolution in China from communism to democracy, by encouraging the forces of economic and political liberalization in that great and highly important country." In March, in an article printed in The Washington Post, he stated, "The character of our relationship with China depends significantly on how the Chinese government treats its people."

Those ambitions have been lowered. On May 4, Assistant Secretary of State Winston Lord said in a Senate hearing, "We are not seeking to transform Chinese society." And the latest formulation, offered by a senior official this week is, "We are not trying to change Chinese society overnight."

One option under discussion—though viewed as unworkable by economic advisers—is to raise tariffs only on Chinese goods produced by government-owned enterprises. It is unclear whether such an action is legal or practical. It would be difficult to distinguish among companies in China, many of which are joint ventures and others that are spinoffs from government ministries.

Another option is to target specific products—for example, textiles or tools—many of which happen to be made by state companies. This approach would be easier to enforce but it is certain to harm private investors, just the kind of group the administration hopes would benefit from trade.

A third approach would single out military industries. The army, prime villains of Tiananmen Square crackdown in 1989, sells thousands of assault rifles and other weapons in the United States. Washington could also cite China for violating labor rights and impose sanctions on selected products.

As yet another alternative, some U.S. business groups have proposed adoption of a code of conduct for their enterprises in China that would commit them to protect worker rights.

During the presidential campaign, Clinton took shots at Bush's unwillingness to condition trade on human rights in the aftermath of the Tiananmen Square crackdown.

Once in office, Clinton's position subtly changed. While still willing to threaten sanctions, he wanted to keep the decision out of the hands of Congress. Intense negotiations be-

tween the administration and leading China democracy advocates in Congress—including Rep. Nancy Pelosi (D-Calif.) and Senate Majority Leader George J. Mitchell (D-Maine)—resulted in an executive order last June setting the seven conditions for improvement in China's human rights record. Two conditions—emigration and prison-made exports—were mandatory under U.S. law. On the remaining five conditions, including release of prisoners and relief of repression in Tibet, China was told it had to show "overall, significant progress."

The order succeeded in mollifying Congress and to some extent the business community. Administration officials billed the conditions as easy for China to fulfill.

China apparently thought otherwise. "This policy was intended to solve a domestic political problem instead of a foreign policy problem," said Bonnie Glaser, a consultant on Asian affairs.

Relations quickly soured, not only over human rights, but also over alleged sales of Chinese missile parts to Pakistan and suspected shipments of chemical weapons to the Middle East. Lord wrote an internal memo that warned of a downward spiral in relations and called for a broad range of talks with Beijing. After several more months of further deterioration in relations, the administration shifted course and embarked on a new strategy of expanded diplomatic, economic and military contacts.

The policy appeared to win results. Just before a November meeting between Clinton and Chinese President Jiang Zemin in Seattle, the Chinese announced they would consider prison visits by the International Committee of the Red Cross. Washington responded with sale of a high speed computer.

But the rapprochement was short-lived. U.S. officials warned that China was not making enough progress on human rights. Economic advisers began to get nervous and extolled the worth of the China market, implying disaster if it was lost.

In a January meeting with reporters, Robert E. Rubin, Clinton's chief economic adviser, appeared to endorse decoupling of the human rights issue from renewal of MFN. State Department officials began to complain of "indiscipline" undermining Washington's human rights stand.

Visiting China in March, Christopher urged greater progress on human rights but detentions of leading dissidents soured the visit.

Since then, China has made a few gestures: the release of Wang Juntao, an ill, imprisoned dissident among the most important.

Supporters and critics of the president's policy converge on one point: Clinton must settle on a broad China policy and fit his coming decision into it. Hamilton said he was "hopeful" that the Chinese will make sufficient gestures to ease the burden on Clinton. "At that point," he said, "the president . . . should present to the Congress and the country a China policy that looks toward the future and not the past."

Clinton's Biggest Welfare Fraud

By JAMES BOVARD

President Clinton has declared that the expansion of the earned income tax credit in August was "the most significant pro-work, pro-family economic reform we have enacted in 20 years." In fact, the EITC program is the nation's most politically popular, fastest growing, and most fraud-prone welfare program—and one that is a building block of the Clinton welfare reform.

The EITC was created in 1975 to provide rebates of Social Security taxes to low-income workers, thereby counteracting the antiwork incentives of Social Security payroll taxes. But following sharp expansions in 1990 and 1993, the EITC is now far more of a direct handout than a tax refund. The program will cost more than \$16 billion this year—more than the federal cost of Aid to Families with Dependent Children. Almost one-fifth of all tax returns claimed the benefit for 1993, and the Internal Revenue Service mailed out more than 10 million letters April 22 encouraging more people to sign up for the program. In Mississippi, 45.1% of families will become eligible for the EITC by 1996; in the District of Columbia, 42.3% of families will qualify.

While Mr. Clinton claims that the EITC rewards work, the details prove otherwise. Households with children with earned income below \$25,300 (not counting welfare received) are eligible for EITC benefits of up to \$2,528. Families earning up to \$8,425 receive an EITC handout equal to 30% of earnings. Those earning between \$8,425 and \$11,000 get a flat \$2,528. And families earning between \$11,000 and \$25,300 receive \$2,528 minus 17.68 cents for each dollar they earn above \$11,000.

While people in the lowest tier receive a bonus for each additional dollar they earn, the EITC benefit schedule effectively imposes a punitive tax on those earning over \$11,000—slashing their benefits for each extra dollar they earn. American Enterprise Institute economist Marvin Kosters estimated last year that almost three times more EITC recipients are in the phase-out range than in the phase-in range. Thus, the EITC discourages work for far more low- and moderate-income people than it rewards work. (Benefits and eligibility limits are scheduled to rise sharply through 1996.)

The General Accounting Office noted in a 1993 report: "Before qualifying for the credit, a worker may view taking a second job as worth the sacrifice of forgoing leisure time. But after qualifying for the credit, the extra income the credit offers partly replaces the income the worker would lose if he or she were to quit the second job. . . . Also, full-time workers may shift to part-time jobs to get the leisure time they now prefer." GAO estimated that hours worked by EITC beneficiaries may have been cut by 3.6% overall, and by more than 10% for working wives, as a result of this subsidy in 1988. The disincentive to work is probably much greater now, as the benefits are much higher.

Clinton chief economic adviser Laura Tyson declared on April 15 that the earned income credit is "a way to reward hard-working Americans who work full-time." Yet, GAO found that the average EITC recipient worked only 1,300 hours, compared with a normal work year of 2,000 hours. Last month, one nonprofit organization informed potential beneficiaries that they

could qualify if they worked only one day a year.

The EITC is structured to subsidize low incomes, regardless of how much or little recipients work. University of Oklahoma Law Prof. Jonathan Forman observed in Tax Notes, "The maximum earned income credit is equally available to both a salesclerk who works 2,000 hours per year at \$5.00 per hour and a part-time lobbyist who works 100 hours per year at \$100 per hour."

The EITC has long been a gravy train for con artists. GAO noted last year that, before the 1990 expansion of the program, "about a third of the taxpayers who received the credit were not entitled to it." The IRS estimates that between 30% and 40% of EITC benefits are given in violation of federal tax law. Johnny Rose, IRS criminal investigation chief for the Arkansas-Tennessee district, declared in January: "Today, nearly all fraudulent returns involve two things: (1) claiming the EITC and (2) filing electronically through a business that offers a quick loan against the refund."

Recently Rep. Dan Rostenkowski and three ranking members of the House Ways and Means Committee wrote to Treasury Secretary Lloyd Bentsen that "the federal government has an extremely serious and growing problem in the area of tax refund fraud." Rep. Bill Archer, one of the signatories, observed that the EITC is by far the biggest source of fraudulent return losses, with the average EITC fraud estimated at \$1,800. Yet the IRS makes almost no effort to require people to pay back undeserved or fraudulently received EITC benefits.

Moreover, Mr. Clinton's new EITC creates perhaps the harshest marriage

penalty in the history of the U.S. tax code. An unmarried couple, each with two children and \$11,000 in income, would lose \$5,686 in EITC benefits by marrying, according to Tax Notes magazine. So much for a pro-family policy.

Mr. Clinton declared in February: "When tax bills come due this April, 15 million families with a total of about, we estimate, 50 million Americans, will be lifted beyond the poverty line by getting tax reductions under the earned-income tax credit." But the GAO found that the EITC has been a dismal failure at raising people out of poverty. In 1991, the EITC decreased the poverty rate by less than one percentage point. And, even when the EITC lifts families out of poverty, receiving the credit does not affect eligibility or benefit levels for families already receiving food stamps, housing subsidies or AFDC.

According to Assistant Treasury Secretary Alicia Munnell, August's EITC increase is the first step toward the Clinton welfare reform plan. Ms. Munnell declared last November: "We are already looking at consolidating the application for food stamps and the EITC. This would reduce transaction costs and eliminate any stigma that may accompany participation." But reducing the stigma on welfare recipients is not the same as making people self-reliant.

Designing government handout programs to encourage people to work is the ultimate liberal pipedream. Instead of glorifying new benefits for low- to moderate-income groups, the Clinton administration should devote its attention to lowering the burden of taxes on all working Americans.

Mr. Bovard writes often on public policy.

What's his answer to this? Should men be a minimum wage requirement? The marriage penalty?

THE PRESIDENT HAS SEEN 5/14

The Best Defense Against North Korea

By RICHARD PERLE

There are few things one can be certain about in international affairs these days, but I can think of two: (1) With or without international inspections, the North Koreans will not give up their nuclear weapons program; and (2) when they eventually get many nuclear weapons—and they will—we will wish we had a reliable ballistic missile defense, and we won't.

These expectations are not shared by the Clinton administration, which is facing important decisions regarding North Korea, as well as the future of the ballistic missile defense program started by Ronald Reagan more than a decade ago.

On the evidence to date, the Clinton administration is working harder, and much more effectively, to halt the development of our own missile defense system than it is to halt Kim Il Sung's nuclear weapons program. There is no other way to comprehend the administration's dithering on North Korea while devoting its meager ration of decisiveness to killing what remains of the Strategic Defense Initiative and cutting back sharply on other defensive systems.

Ruthless and Monomaniacal

Despite its worsening poverty and post-Cold War isolation, North Korea still considers the development of nuclear weapons its highest priority. The North Korean "Manhattan Project" is run by Kim Il Sung's son and heir apparent, Kim Jong Il, who, if it can be imagined, is even more ruthless and monomaniacal than his father. Together they have relentlessly borne a huge financial burden, brushed aside American admonitions and scorned near-global opprobrium as they work to accumulate nuclear weapons.

There is not the slightest reason to suppose, or even hope, that North Korea will quit before it achieves success, which is now within reach. It is particularly foolish to believe that North Korea will be talked

out of the nuclear weapons it is sacrificing so much to acquire. Kim Il Sung believes nuclear weapons are essential for his security and his ambitions to reunify Korea on his terms. He may also believe that there are billions of dollars to be earned by selling nuclear weapons in a market that until now has had no willing suppliers to satisfy a queue of eager potential buyers.

That diplomacy and exhortation alone will not suffice is hard to accept for an administration that tries to get by with words rather than deeds, redefinition rather than resolve. President Clinton's firm autumn

secretary of State Lynn Davis last month summarized the administration's thinking: "Through diplomacy, we have made a serious effort to find out whether North Korea is willing to accept a nuclear-free Korean peninsula. . . . Our strategy if diplomacy fails takes us back to the U.N. Security Council."

Whatever else the Security Council can do, it is not very good at stopping bombs or missiles (ask any Bosnian). That is a task for our armed forces. But this task is, unhappily, one they cannot now carry out.

It is not unreasonable to suppose that

While decrying its lack of options for dealing with a nuclear-armed North Korea, the administration is out to throttle promising technologies for missile defense.

stand, "North Korea cannot be allowed to develop a nuclear bomb," has gone the way of last winter's snow. In its place is a new objective—International Atomic Energy Agency inspections of those nuclear facilities that North Korea volunteers to identify. Such an inspection regime cannot reliably reveal, much less halt, the North Korean nuclear weapons program. And to accomplish even this modest purpose, the White House is looking again to its preferred diplomatic instrument—the United Nations Security Council, that engine of will and determination (ask any Serb).

But far worse than words without deeds is a dangerous pattern of words contradicted by deeds, as when U.S.-South Korean military exercises are called off or postponed as a concession to Kim Il Sung or when defensive Patriot missiles dispatched prudently—and vociferously—to protect American troops in South Korea are deliberately sent by slow ship.

After months of North Korean maneuvering and American backing and filling, we have failed to gain Kim Il Sung's consent to inspections that would not, in any case, prevent the covert continuation of the North Korean program or its quick resumption if it were temporarily halted.

Contemplating North Korea's potential bang with an American whimper, Under-

the specter of a nuclear-armed North Korea—to say nothing of its likely customers, Iran, Iraq and Libya—would cause the administration to think again about how we might defend against the missiles that Kim Il Sung or someone like him might someday aim at us, our allies or our troops abroad.

The wise decision to send Patriot missiles to South Korea proves again an important lesson of the Gulf War: In crisis as in war, missile defenses are much to be preferred to the abject vulnerability favored by the administration. That this lesson is so dimly perceived by the very team that ordered the Patriots to the rescue is a striking commentary on the administration's failure to see the interconnections that distinguish a deliberate policy from a collection of unrelated reactions.

While decrying its lack of options for dealing with a nuclear-armed North Korea, the administration is out to throttle some of the most promising technologies for missile defense. Yet it is precisely this defenselessness that limits our freedom of action.

With help from its friends in Congress, the administration has decimated the missile defense budget while straitjacketing the development of promising defensive technologies on the grounds that they are

not allowed under a narrow and controversial interpretation of the antiballistic missile treaty of 1972. It has reduced by 80% the amount of money projected by the Bush administration for work on a nationwide defense system. More recently, it has proposed extending the ABM treaty, by now an artifact of the Cold War, to all of the former Soviet republics, thus diminishing greatly the possibility that it might one day be revised to allow us (and the Russians) to build nationwide defenses against emerging nuclear powers.

When it comes to killing missile defenses, an administration given to drift and vacillation has found an uncharacteristic sense of purpose.

The extraordinary thing about the opposition to an American strategic defense is its resilience. The now obsolete (and perhaps always misplaced) concern that the development of an American missile defense would deepen a U.S.-Soviet arms race has managed to survive the end of the Cold War and the dissolution of the Soviet Union with no loss of fervor.

Unconvincing Threats

Administration success in ruling out the use of space-based components capable of intercepting missiles early in their flight will guarantee that we face future Kim Il Sung's without effective means of defense. It will also sacrifice some of the most promising options for theater defense. This will force us to rely on threats to use nuclear weapons in retaliation, as President Clinton has hinted we would do. But in nearly all contingencies, such threats are unlikely to be convincing.

In the end, nuclear coercion, especially as part of a politico-military strategy, is bound to triumph over deterrence. For in the end, coercive threats coming from a Kim Il Sung who defied the world and managed to get a bomb are more likely to be believed than deterrent threats coming from an American president who decided we should not develop the means to intercept it.

Mr. Perle, an assistant secretary of defense from 1981 to 1987, is a fellow at the American Enterprise Institute.



THE WALL STREET JOURNAL TUESDAY, MAY 3, 1994

THE PRESIDENT HAS SEEN 5/16

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answer to this?
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CIA Struggles To Find Identity In a New World

Ames Scandal Highlights Many Agency Problems

First of two articles

By Walter Pincus
Washington Post Staff Writer

AI

Sharp public criticism over the case of Aldrich H. Ames has aggravated an identity crisis at the Central Intelligence Agency, which faces turmoil and uncertainty unprecedented in its 47-year history.

In interviews over the past three weeks, former CIA directors, current and retired agency officials and key members of Congress said the humiliation of the Ames case highlighted a broad range of problems now besetting the agency. Many said that after the Cold War, the country's first intelligence agency needs a new sense of mission and new marching orders in a world far different than the one for which it was created.

Established soon after World War II to unify American intelligence in one small, secret, elite



service, the CIA kept expanding for nearly half a century, as did even larger government intelligence agencies. Together they became a \$28 billion budget item.

Where once Congress was ready to spend lavishly on an

elaborate intelligence community to defend against the mortal threat posed by the Soviet Union and its allies, now members are questioning whether billions might be saved by rationalizing intelligence activities to meet today's very different international threats. CIA officials contend that the agency still has much to contribute in gathering intelligence on new foreign trouble spots and combating such heightened post-Cold War concerns as terrorism, weapons proliferation and narcotics trafficking.

In a recent interview, Sen. John W. Warner (R-Va.), a seven-year member of the Senate Select Committee on Intelligence, summed up the views of many by saying: "I think we should step back and get the president to appoint a blue-ribbon panel to study the whole operation. Intelligence has grown too big to be managed the way it is."

Others have been blunter. Sen. Daniel Patrick Moynihan (D-N.Y.) has asked publicly if it is time

CIA, From AI

to do away with the CIA (whose share of the intelligence budget is less than \$3 billion) altogether.

What many critics have decried as bungling in the Ames case has invited broader questions about the problems facing the intelligence community. Among those cited in recent interviews:

■ Ames was only the most recent in a series of publicized and unpublicized CIA counterintelligence failures going back to the mid-1980s. They include the late discovery and subsequent escape to Moscow of former CIA agent Edward Lee Howard in September 1985; the defection of KGB officer Vitaly Yurchenko two months later; the 1987 discovery that almost all the 40 or so agents among Fidel Castro's military and intelligence services recruited by the CIA were really double agents, and the 1989 finding that the

handful of East German agents CIA recruited was also doubled. "Not one head rolled out at headquarters" for these failures, said a former top agency official who worked in the area. "It gave the impression that there are no penalties for screw-ups."

■ The agency faces a credibility problem with Congress since it reported, after the Howard case, that new, stronger counterintelligence steps were being taken. According to congressional sources, the agency never told either the House or Senate intelligence panels that it had found that Howard's duplicity could not explain all the Soviet agents the CIA lost after his defection, revealing only that there were "some anomalies" arising out of the Howard case. At the same time, an agency internal investigation was seeking to uncover the reason for still-unexplained losses of important agents.

■ The agency greatly expanded its personnel in the 1980s by about 33 percent to a peak of 20,481, building an annex to its Langley headquarters that is bigger than the original and still does not house all Washington-area CIA employees. Secrecy veiled the growth, and today agency officials still refuse to say how much the annex cost.

■ Growth created huge management problems that have never been successfully addressed, and layers of management and clumsy internal procedures have aggravated the agency's problems, according to past and present officials.

■ Faced with downsizing, including broad personnel cuts, because of the end of the Cold War, the agency is now being accused by other government agencies of looking for new areas of activity to justify its existence, from joining the drug wars to getting into international crime fighting and economic intelligence-gathering. Senior CIA officials defend the broad range of their current activities as responsive to requirements set by Clinton administration policymakers. "It looks like we've been looking for work," a senior CIA official said, "but that's not what's been happening."

Robert M. Gates, director under President George Bush and a 20-year CIA veteran, said: "The agency has problems that are new to it. . . . It is taking a double hit. A tremendous negative hit with Ames," who admitted last month he spied for Moscow for nine years from inside the heart of CIA operations. "And," Gates added, "a terrible hit on its budget, particularly in the House, where there is a growing drumbeat that indicates Moynihan might not be alone in calling for an end to the CIA."

But, Gates insisted, what is needed is something that already has begun: "a restructuring and changing of requirements and internal structure."

Richard M. Helms, who was CIA director for six years ending in 1973, said last week that the agency's current problems involve "a lack of direction that is happening all through this government. There is no sense of mission." Reflecting on a new presidential directive that attempts to divide authority over counterintelligence between the FBI and CIA, Helms said: "Jiggering with organizations will not do it. It's a matter of people."

Helms also voiced concern about the growth that has taken place at the CIA and the bureaucracy that has accompanied it. "Imagine," he said, "they have protocol officers, re-

ceptions and visitors going through like Grand Central Station."

For those concerned about the bureaucratic growth of the agency, the CIA's large new headquarters building is a symbol. Begun in 1984 and pushed by then-Director William J. Casey, it is looked on by one former CIA director as a giant and costly monument to the CIA's unhampered expansion in the Reagan years.

"Casey," one of his close colleagues at the agency said recently, "believed intelligence was the be-all and end-all, and the most important foreign policy tool of the government in peacetime. Casey believed you could not use soldiers to get your way, so you used the CIA."

"And thanks to Casey," he added, "President Reagan bought into it."

He said Casey arrived at Langley to find "all the spies were gone and he immediately started them up again. He energized the place." A top former CIA official said that on the covert side "we suddenly had all the bodies we needed or wanted." The Casey buildup included major covert paramilitary operations in Central America, Angola and Afghanistan and expanded clandestine coverage around the world. It also featured Casey's strong support for the secret arms-for-hostages sales to Iran.

The intelligence analysis side of the agency also grew. It turned out study after study, many of which passed through several new levels of review. As later congressional testimony showed, some of this work was internally controversial, had small circulation and sometimes went unread.

According to Gates, the last Casey budgetary increase for the agency came in 1986. By the time he left in 1992, only 13 percent of agency resources were devoted to Soviet and Russian problems, down from about 40 percent when he was confirmed. Gates also reached agreement with Congress on a series of personnel reductions that cut back almost 17 percent—or slightly more than half—the growth of the Casey years to be accomplished over five years. CIA Director R. James Woolsey has extended that agreement to 2000 and expanded the reduction to roughly 22 percent.

The "accelerated downsizing," Gates said, is being accompanied by "expanded needs of policymakers." Gates said he asked Bush to review the requirements put on the agency by government agencies after the end of the Cold War. "Not a single item came off the list," Gates said, "but others were added."

As an example, Gates recently recalled that the agency had done a major study on AIDS. When asked why the CIA had done it, the former director replied that many governments, particularly in Africa, put out inaccurate figures on the occurrence of AIDS and the agency's operatives could get the real ones.

Retired senior FBI officials questioned the CIA's push into new law enforcement areas and particularly cite Woolsey's recent statements to a Senate committee about the agency's work on international crime activities by Russian organized crime groups. "He ought to stick to his own areas," one former bureau official said, declining to be identified by name.

A senior CIA official quickly responded that the CIA entered the field at the request of the Justice De-

partment. "Issues of organized crime abroad and what should be done about it" came to the agency from talks between Woolsey and Attorney General Janet Reno, this official said.

A senior State Department official said the CIA has begun moving into areas now handled by Foreign Service personnel. An administration official with knowledge of agency covert operations said the CIA has stepped up the number of nonofficial category personnel overseas, leaving ambassadors to guess how many covert operatives are at work in their countries. (Other CIA critics applaud this use of more clandestine operatives.)

The senior CIA official said State Department officials had sought help in new areas and the agency was responding.

"If anyone thinks we are dreaming up going into areas where we are not being asked, they're smoking something," this CIA official said.

The Ames case focused initially on the apparent failure of the CIA's security system to prevent the stealing of sensitive material and the discovery that the culprit was a long-time agency employee.

William H. Webster, who came to the CIA from being director of the FBI, said the Ames case echoed some systematic problems he found at the agency while he was there, including "some looseness" in security. He attributed that to the "spirit of cooperation" among individuals in either the clandestine operations or intelligence analytical sides of the agency. In addition, he said, "the people put in to run security were not security professionals."

The reaction against harsh counterintelligence actions taken under the legendary James Jesus Angelton, responsible for CIA counterintelligence from 1954 to 1974, created an antagonism toward security measures that has continued up to the present. "Fingering colleagues is considered unfair and indicates the mood into which agency security has fallen," one CIA official said.

One criticism repeated by intelligence sources who asked to remain anonymous has been the failure of the CIA to punish individuals for past counterintelligence failures.

"They don't try to discipline very much," said one former top FBI counterintelligence official. He cited the Howard case where Howard, a fired former CIA case officer, had legal and psychological problems after he left Washington. The agency officials sent to help him get out of jail and later their superiors failed to inform the FBI that Howard said to them he had considered selling secrets to the Soviets. After Howard was exposed and put under surveillance by the FBI, he was able to elude the agents using techniques he learned while at CIA.

"Four FBI agents involved were all subjected to discipline including requested retirement and demotions," the former FBI official said, "but nothing happened to anyone at CIA."

After KGB defector Yurchenko went back to the Soviets in 1985, only one CIA operations officer on the case was even transferred, sources said. Most of the others involved with the Yurchenko case eventually received promotions, including supervisors of Ames, who was one of Yurchenko's debriefers.

Most surprising to some was the lack of action taken against any CIA personnel after the agency learned in 1987 that almost all of its Cuban agents were really working for Cuban President Fidel Castro and supplying information approved by Cuban intelligence.

A retired CIA official who has read the damage report from the Cuban fiasco said it found in part that hasty agent recruitments were made by newer CIA case officers as an "outgrowth of demands [by the new Reagan administration] for more Cuban sources." It also found that the "Cubans took advantage of" the new CIA case officers.

A current senior CIA official said the Cuban losses and information gleaned from former East German intelligence files that showed the few agents recruited there were also double agents only proved "the degree of difficulty needed to operate against such hard targets. . . . In both Cuba and East Germany they focused and played world-class defense."

In the immediate aftermath of Ames's arrest, Woolsey said he would not be rushed into taking immediate action against any persons with responsibility for checking Ames's security. Under pressure from Congress, he later announced he would freeze pay raises and promotions for such people awaiting the

outcome of internal investigations he had launched.

"Woolsey should have immediately appointed some gray-haired FBI supervisor to take over CIA security," one former top CIA official said. At present, the CIA's office of security is run by Robert Iwai, who came over from the agency's science and technology directorate, where he played a major role in developing computer and other high-tech systems as well as overhead collection efforts. He was chosen by Gates in 1992 in the belief that the agency needed a senior security management team member who was proficient in computer security.

Iwai's deputy is a career officer with enforcement experience, sources said.

Perhaps the first battles the agency will face in the post-Ames period will be in defending its budget during congressional floor debates in the coming weeks. Rep. Dan Glickman (D-Kan.), chairman of the House intelligence committee, spelled it out clearly in a recent interview: "If the agency expects the CIA authorization bill to reflect the status quo of previous years, it has to have another thought coming. We're not going to be the rubber stamp as in the past."

Warner and others fear that a congressional debate is the last place to work out the serious questions that now face the CIA.

Next: Woolsey on the defensive

THE PRESIDENT HAS SEEN 5/16

~~IBUP~~
we need to
discuss this

THE WHITE HOUSE
WASHINGTON

DATE: 5/14/94



TO: Pat Griffin, George S., David G.,
Mark G .

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

The attached has been forwarded
to the President.



THE WHITE HOUSE

WASHINGTON

May 13, 1994

94 MAY 13 P4: 49

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: ROBERT E. RUBIN *RE*
ANTHONY LAKE *LA*

FROM: NEC PRINCIPALS

SUBJECT: Uruguay Round Implementing Legislation

This memorandum is intended to update you on the key issues surrounding the Uruguay Round implementing legislation. On Thursday, May 12, principals from the NEC, NSC, OVP, OMB, USTR, and the Departments of the Treasury, State, Commerce, Labor and Agriculture, together with representatives of the White House Chief of Staff, Legislative Affairs and Communications offices, met to discuss the status of the Uruguay Round effort. We continue to believe that the implementing legislation has a good chance of passage this year. A successful strategy should be based on several elements:

Promote Benefits: As with NAFTA, members will vote for the agreement because we have persuaded them of its benefits -- and because they do not want to vote against the agreement. In this regard, the foreign policy/U.S. leadership ramifications of rejecting the agreement are particularly important.

Bipartisan Support: As with NAFTA, Republican support will be key, especially in the development of a funding package. That is why it is particularly important to dissuade Representative Gingrich and others from criticizing the agreement on sovereignty grounds; criticism of the substance of the agreement could spill over into lack of cooperation on funding, which would seriously impair chances of passage.

Build Strong Supporting Coalition: We believe a strong coalition can be created around the business community, certain consumer groups (e.g., Consumers Union) and others. Our efforts to include environmental and labor discussions in the new World Trade Organization (WTO) has helped mute opposition from the AFL-CIO and moderate environmental groups. But there is a delicate balance here: pressing too hard on labor and the environment will strengthen Republican opposition. We believe a sensible balance can be struck.

The remainder of this memorandum alerts you to the major issues likely to arise in the implementing legislation.

cc: Vice President
Chief of Staff

Timing

We continue to believe it is imperative that the Uruguay Round be enacted this year, for several reasons:

Strike While the Iron is Hot: Your NAFTA victory last fall created the correct impression that good trade agreements can be economic and political winners. We should capitalize on the NAFTA momentum this year. Delay will only give time for opposition to develop, as the delay to date has shown.

Foreign Policy/U.S. Leadership: Most other countries have stated their intention to implement the Round by year end. Failure by the United States to act quickly would overshadow our leadership in concluding the Round and undermine our ability to set the agenda for new trade negotiations. It also may have an indirect effect on our international leadership in non-economic areas if others perceive us as hamstrung by domestic political or budgetary problems.

Funding: Paying for the agreement will be difficult in an election year, but it is not clear that it will be much easier next year.

We hope that the implementing legislation can be finished before the August recess, leaving the Fall largely for key issues like health care. As you recall, under fast track trade procedures, Congress first develops a "mock" bill (through "mock" markups and conference), which you then formally submit to Congress, with any changes you choose to make. Once submitted, debate is limited and no amendments are allowed. The schedule for the Uruguay Round bill is as follows:

Mid-Late May:	Ways & Means Subcommittee "mock" markup
June:	Full Ways & Means/Finance Committee "mock" markups. (Other committees must act as well.)
June-July:	"Mock" conference.
Mid-July:	Formal submission of bill.
Early August:	Final vote on bill (before August recess).

We realize this is an ambitious schedule. Ways & Means and Finance consideration of the implementing legislation has to fit with the work of those committees on health care, and that will be particularly difficult in the case of Finance, where all the work gets done at the full committee level. To force action in the Committees, at some point you may want to formally announce that you intend to introduce the bill on a date certain in July. (As you recall this worked effectively in the NAFTA context.)

Funding

OMB, Treasury and USTR senior staff are continuing discussions with Congressional staff on funding options. As you know,

preliminary estimates would require offsets of approximately \$13 billion over five years. Additional offsets would be required if other measures were added to the bill (e.g., renewal of the Generalized System of Preferences, which expires September 30, 1994). We recently provided you with a memo on potential offsets.

As you recall, an important issue involves the budget waiver. The Senate budget resolution now requires that costs be offset over 10 years, for a total of \$36-40 billion. There is unanimity within the Administration that it would be impossible to identify offsets necessary to satisfy the second-five-year Senate rule. Therefore, we intend to seek the sixty votes necessary to waive the Senate requirement that we offset the total costs for the second five years. We think the prospect of success in getting the sixty votes is good, provided we present a viable plan for financing the first five year costs. We do not intend to ask for a waiver of the first five years, because we do not believe broad bipartisan support would exist. (The Senate Republican leadership already has stated they would oppose a waiver for the first five years.)

The funding issue will be difficult to resolve until there is sufficient congressional support for the Uruguay Round agreement and momentum for passing the implementing legislation this year. By getting Chairmen Rostenkowski and Moynihan (as well as other Committee Chairmen with smaller pieces of the bill) to begin considering the bill, we hope to create this climate of overall support. We will continue consulting on this issue with congressional bipartisan leadership. We strongly believe that, as with NAFTA, a funding solution will emerge at the end of the process if we succeed in building a climate of bipartisan support.

Sovereignty

Representative Gingrich may give us some trouble over the sovereignty issue. He has been arguing that the World Trade Organization (the successor organization to the GATT) will undermine U.S. sovereignty and U.S. freedom of action to take unilateral action to resolve trade disputes.

A number of good, persuasive arguments for how the WTO improves on the GATT system seem to be making headway on the Hill. The question is whether Gingrich and his supporters will begin to play this issue in a partisan fashion and whether that will spill over into other arenas (e.g., funding) in an effort to defeat the agreement. We seem to be making headway in persuading Gingrich and others not to take this approach.

Fast Track Authority

It is important for the Administration to secure the continuation of fast-track negotiating authority. This will be key to the completion of certain Uruguay Round negotiations (e.g., financial services) as well as the negotiation of further bilateral free-trade agreements (e.g., Chile) and other arrangements. Our

trading partners know that, without fast track authority, Congress will pick apart any trade agreement.

There is some emerging opposition to the renewal of fast track authority. Leader Gephardt and other Democrats, reacting to the view their hands were tied in the NAFTA debate, have introduced legislation requiring the House Rules Committee to certify that a completed Chilean free trade agreement must meet certain environmental and labor objectives before being given fast-track treatment. Conversely, some Republicans would constrain the Administration's discretion in multilateral negotiations on trade and the environment and workers rights.

Continuation of fast track authority is very important. It will be worth it in the long run to expend some political capital to get renewal of this authority.

Subsidies

Senator Danforth is concerned about the Uruguay Round's so-called "green light" category for subsidies. This category allows a government to support up to 50% of a company's applied industrial research and 75% of its basic industrial research for approved projects. In other words, programs that qualify under the "green light" will not be subject to unfair subsidy cases.

Senator Danforth is concerned that this provision will open the door to broader industrial policy (e.g., flat panel display initiative) and spur on a subsidies war with Japan and Europe. It is unclear how many other Senators share Danforth's concerns.

The U.S. sought the "green light" category for several reasons. First, without it many of our technology programs would have been at risk, including the Clean Car initiative, SEMATECH, and Cooperative Research and Development Agreements. Second, since the United States is the greatest supporter of industrial research in the world, we had the most to lose. In 1991, for example, the U.S. spent one-third more on R&D (civilian and military) than Japan, the former West Germany, the UK, and France combined. Finally, we believe that the "green light" category is narrowly tailored and will not negate the effectiveness of the Uruguay Round agreement in disciplining the more egregious forms of government subsidies, such as the production subsidies utilized by the European Union.

Antidumping/Countervailing Duty Laws

To implement the Uruguay Round agreement, the U.S. must make a number of changes to its antidumping and countervailing duty laws.

The domestic industries that use these laws, such as the integrated steel producers and the semiconductor industry, will object to any changes to our laws that will make proceedings more expensive and relief less certain. On the other hand, export-oriented industries, such as the computer industry, are concerned that other countries will copy our legislation (thereby protecting themselves from U.S. challenge) and use it to keep out

American exports. To balance these interests, we will maintain as much of our current law as possible while ensuring that the implementing legislation is faithful to and consistent with the negotiated texts of the Uruguay Round agreement.

THE WHITE HOUSE
WASHINGTON

Chen

DATE: 5/15/94

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

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

The attached has been forwarded
to the President.



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

MEMBER

94 MAY 13 07:17

May 13, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER *4/10*

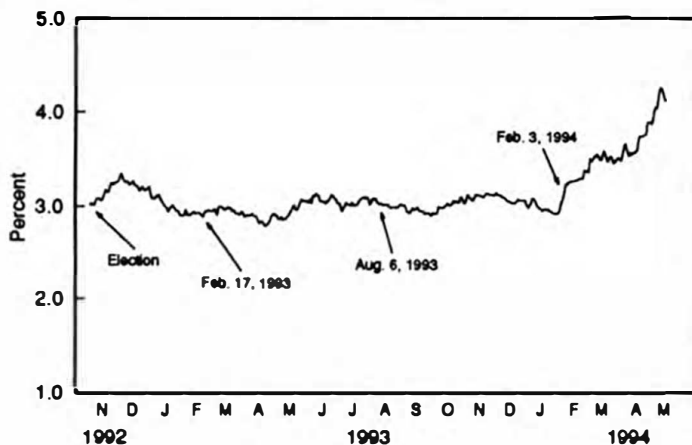
SUBJECT: Interest Rates and the Stock Market, Week Ending Friday, May 13, 1994

Interest rates rose sharply on Monday, but then fell late in the week on favorable PPI and CPI reports. Changes in Treasury borrowing rates were as follows:

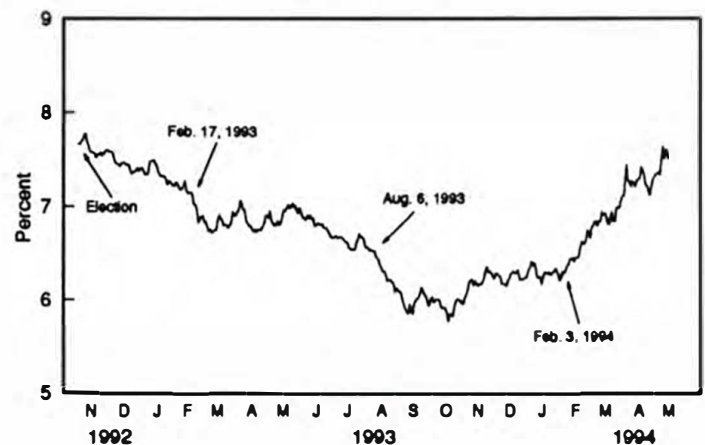
	Close 5/6/94	Close 5/13/94	Change
3-month bills	4.18	4.12	-0.06
10-year notes	7.35	7.29	-0.06
30-year bonds	7.53	7.50	-0.03

The stock market closed slightly lower for the week. The broad-based S&P index closed Friday at 444.14, down 0.8 percent from the preceding Friday's close. The Dow Jones Industrial Average closed Friday at 3659.68, down 0.3 percent for the week.

Three-Month Rates



Thirty-Year Rates





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

94 MAY 13 P7:17

MEMBER

May 13, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: ALAN S. BLINDER
SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar rose slightly this week overall, but sharply relative to the yen.

Value of the Dollar in terms of:	Week Ending 5/6/94	Week Ending 5/13/94	Percent change from:	
			Week ago	Year ago
Deutschemark	\$1 = 1.6637 DM	\$1 = 1.6690 DM	+0.3%	+3.3%
Yen	\$1 = 102.68 Yen	\$1 = 104.80 Yen	+2.1%	-6.2%
Multilateral (March 1973 = 100)	92.97	93.35	+0.4%	+2.6%

European Interest Rates: ► The Bundesbank cut its key discount and Lombard rates by 50 basis points on Wednesday. The central banks of France, Italy, Denmark, Belgium, the Netherlands, Portugal, Austria, Spain, and Ireland followed with interest rate cuts of their own. Long-term bond rates fell in response.

Japan: ► The Economic Planning Agency said that the economy remains sluggish, but is showing some bright signs. The current-account surplus rose to \$15.8 billion in March, but is \$3 billion lower than a year ago. Sales of imported cars are 35.1% higher than a year ago, despite a drop of 6.1% in total car sales. Imported cars now account for 8.4% of the Japanese market.

Europe: ► West German consumer prices rose 0.2% in April and are 3.1% higher than a year ago. Wholesale prices also rose 0.2% in April, but are only 0.5% higher than a year ago. Inflation in the east also remained moderate, with consumer prices up 3.3% from a year ago.

► French industrial production rose 0.6% in February. Consumer prices rose 0.3% in April and are just 1.7% higher than a year ago.

► British industrial production fell 0.6% in March, but remains 3.7% higher than a year ago. The trade deficit fell to \$1.1 billion in February.

► Spain's GDP rose 1.0% in the first quarter after falling for 5 consecutive quarters. Unemployment fell slightly to 17.8% in March.

Other Countries: ► Australian unemployment fell to 10.1% in April, down from 10.7% a year ago.