THE WHITE HOUSE

WASHINGTON

May 23, 1994

Not a bad idea to be represented

Nancy J. Bleakney
Number 1604
11741 Kingstowne Road
Newport News, Virginia 23606

Dear Nancy:

Thank you for your thoughtful card and for your kind words. Hillary and I are so sorry about your loss.

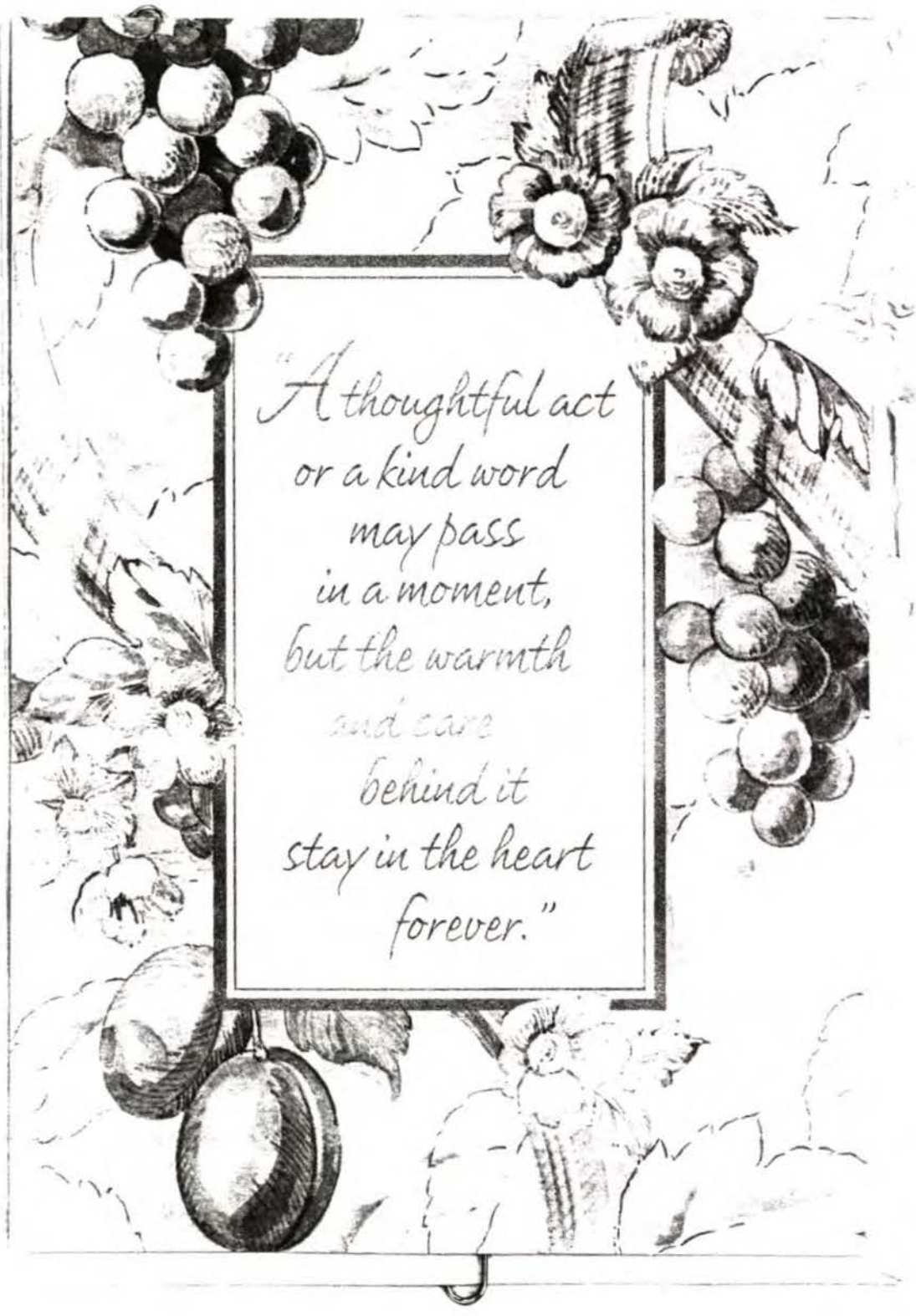
I am grateful to you for sharing the story of Patrick's desire to be buried at Arlington National Cemetery and for your invitation to me to be present at the memorial service. I don't know whether the schedule here will allow me to attend, but I have shared your letter with Ricki Seidman, my scheduler, to let her know about it.

You remain in Hillary's and my thoughts and prayers.

Sincerely,

Bill Clinton

cc Ricki
D Dreyer


"A thoughtful act
or a kind word
may pass
in a moment,
but the warmth
and care
behind it
stay in the heart
forever."

May 9, 1994

Dear Mr. President and Mrs. Clinton,

Thank you very much for your letter of condolence regarding the death of my husband, AT3 Patrick T. Bleakney, U.S. Navy, on January 10, 1994. He was on a HH46 Seaknight helicopter, which crashed 500 miles E-NE of Bermuda, over the Atlantic ocean.

There were four men on the helicopter. Patrick and the two pilots died in the crash. Their bodies were not recovered. One man survived.

Two weeks before Patrick left for his six month deployment we were driving up to Pennsylvania to join his family for christmas. as we were going around Washington, D.C., he told me that if anything should happen to him he would like to be buried at Arlington National Cemetery.

Little did I know I would be fulfilling his wish, and so soon. Although, there is not a body, I will be able to have a Memorial for him at Arlington.

I will never forget the day the Chaplain and the Casualty Assistance Counselling Officer arrived at my door at 6:30AM. It was only six days after they left for their deployment. It was January 11, 1994, my 29th birthday.

Mr. President, I would be very honored if you and Mrs. Clinton would be able to attend the Memorial Service.

Unfortunate
so I do
around t
Again
sympathy
to me.
Love
nanc

an

May 9, 1994

Clinton,

k for your letter of
death of my husband,
S. Navy, on January 10, 1994.
t helicopter, which
f Bermuda, over the

on the helicopter.
ts died in the crash.
overed. One man

k left for his six
e driving up to
family for christmas.
Washington, D.C., he
should happen to
be buried at

ould be fulfilling his
hough, there is not
to have a
lington.
e day the Chaplain
Counselling Officer
t 6:30AM. It was
left for their
ary 11, 1994, my

be very honored
would be able
service.

Unfortunately, the marker has not come in, yet, so I do not have a date set. Probably around the end of summer.

Again, thank you very much for your sympathy and prayers. It is very special to me.

Love,
Nancy.

Thank you for caring...
and for showing that you do.

Sincerely,
Nancy J. Bleakney

THE PRESIDENT HAS SEEN
5.23.94

Ickes / Ira

What do you make
of their exp. conclusions?

Cooper Boosted me - Brenix/ ① No mandates -

THE PRESIDENT HAS SEEN
5.23.94

② Unless insured competition fails

③ phased - in

NO EMPLOYER MANDATE, BUT ALL EMPLOYERS
SUBJECT TO HARD TRIGGER

FIRMS WITH 100 OR MORE EMPLOYEES: three years after enactment, if market reforms in a voluntary system do not result in 85% of the currently uninsured employees of firms in this category gaining coverage, a mandate would go into effect.

percent of firms.....1.6%
percent of employees.....60.8%

Phase mandate for emp

FIRMS WITH 25 TO 99 EMPLOYEES: four years after enactment, if market reforms in a voluntary system do not result in 80% of the currently uninsured employees of firms in this category gaining coverage, a mandate would go into effect.

percent of firms.....6.5%
percent of employees.....15.9%

Phase Comm.

FIRMS WITH FEWER THAN 25 EMPLOYEES: five years after enactment, if market reforms in a voluntary system do not result in 75% of the currently uninsured employees of firms in this category gaining coverage, a mandate would go into effect.

percent of firms.....91.9%
percent of employees.....23.0%

: These are flexible

Breaux / Durenberger / Mitch

KEY POINTS

FROM LEWIN-VHI REPORT

EXPANDING INSURANCE COVERAGE WITHOUT A MANDATE

MAY 19, 1994

***97 % of all health spending can be covered by insurance under the** Managed Competition Act -- without any mandates or price controls.*

- Lewin-VHI agrees with CBO that reforms in the Managed Competition Act would cover 91% of the population.

- More importantly, Lewin says these reforms would represent coverage for 97% of all health spending.

  -- This is because the Americans who remain uncovered would tend to be younger, in good health and with low health care costs.

- Costs to the Federal Government for the Managed Competition Act subsidies to cover 97% of all health spending would be $189 billion for 1996 to 2000, according to CBO.

- Lewin estimates the incremental costs to the Federal Government for achieving 100% coverage would be an additional $142 billion between 1996 and 2000.

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EXPANDING INSURANCE COVERAGE WITHOUT A MANDATE

Prepared for:

THE HEALTH CARE LEADERSHIP COUNCIL

Prepared by:

LEWIN-VHI, INC.

May 16, 1994

DRAFT

The Managed Competition Act would make private health insurance coverage available to all individuals and would provide premium subsidies to lower-income persons who cannot afford coverage. The Act reforms the insurance market so that insurers cannot reject an applicant due to health status and prohibits insurers from varying premiums with the health status of applicants. The Act also provides premium subsidies to persons with incomes below 200 percent of poverty to remove financial barriers to obtaining insurance coverage. In addition, individual premium payments for non-group insurance coverage will become tax deductible. However, individuals are not required to purchase insurance coverage.

In this study, we present estimates of the number of persons who would become insured under these provisions and the amount of health spending for persons who remain uninsured. We also show how the number of uninsured persons would change as subsidies under the program are increased. In addition, we estimate the net federal cost of subsidies under such a program and the additional cost of subsidies if the program were to include a mandate for all uninsured persons to enroll in the program.

Our analysis shows that about 14.8 million persons would become insured under the Managed Competition Act. Overall, about 91 percent of the population would be insured. While nine percent of Americans would remain uninsured, about 97 percent of all potentially covered health spending would be covered by insurance. [1] This reflects the fact that those who remain uninsured would tend to be persons in relatively good health who are low users of care. Requiring all individuals to enroll under the Managed Competition Act would increase federal expenditures for premium subsidies and tax deductions under the Act by $142 billion over the 1996 through 2000 period.

The analysis is presented in the following sections:

- Factors Affecting Insurance Coverage
- Provisions of the Act Expanding Insurance Coverage
- Impact of Reform on Insurance Coverage
- Health Spending for Persons Who Remain Uninsured
- The Added Federal Cost of Mandated Coverage

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[1] That is, about 97 percent of all health spending that would be covered under universal coverage would be covered by insurance under the Act.

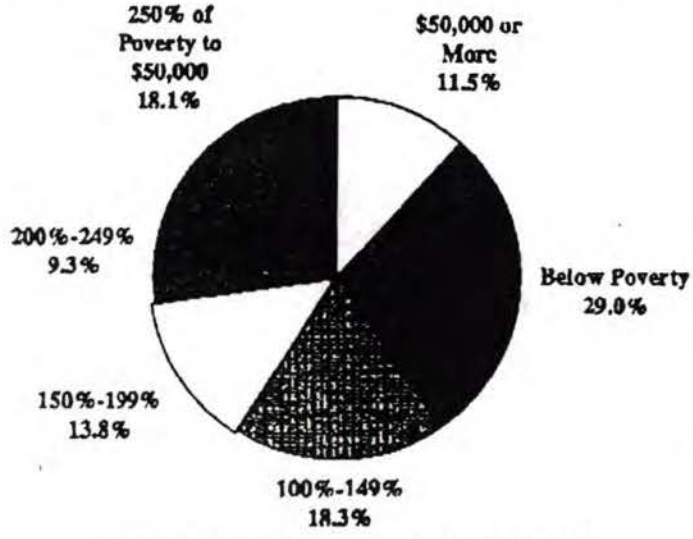
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We estimate that there will be about 37.2 million uninsured persons at any given point in time during 1998. This estimate is based upon detailed insurance coverage data reported in the 1987 National Medical Expenditures Survey (NMES) data projected to future years based upon insurance coverage trends reported in the Current Population Survey (CPS) data for 1987 through 1993.[2] These data reflect trends toward an increasing uninsured population.

The uninsured are found among all income groups. About 29 percent of the uninsured will have incomes below the poverty level and about 32 percent will be between the poverty level and 200 percent of poverty *(Figure 1)*. Not all uninsured persons are poor, however. For example, about 11 percent of the uninsured will have annual family incomes of $50,000 or more.

FIGURE 1

UNINSURED BY FAMILY INCOME AS PERCENT OF POVERTY IN 1998



TOTAL UNINSURED = 37.2 MILLION

Source: Lewin-VHI estimates using the Health Benefits Simulation Model (HBSM).

For many individuals and businesses, the affordability of insurance is a major barrier to coverage. Overall, about 61 percent of the uninsured will have incomes below 200 percent of poverty; most of these individuals would find coverage to be prohibitively expensive. Moreover, a nationwide survey of employers conducted by Lewin-VHI for the Small Business Administration indicated that 62 percent of employers that do not offer health insurance feel that they cannot afford the coverage *(Table 1)*.

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[2] The NMES data is used because it provides a detailed accounting of insurance coverage by calendar quarter. NMES reports about 15 percent fewer uninsured persons than the CPS for that year.

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TABLE 1

PERCENT OF FIRMS NOT OFFERING COVERAGE BY REASON AND FIRM SIZE

Reason Firm Does Not Offer Coverage	Employment Size of Firm				
	Total	1-9	10-24	25-99	100+
Insufficient Profits	67%	68%	62%	54%	36%
Insurance Costs	62%	61%	70%	41%	68%
Turnover	19%	17%	31%	36%	83%
Group Coverage Not Available	16%	17%	3%	22%	0%
Lack of Interest	13%	13%	6%	5%	0%
Administrative Costs	9%	10%	2%	0%	51%
State Minimums	1%	1%	0%	0%	0%
Other	9%	8%	21%	5%	54%

a Responses sum to more than 100 percent because of multiple answers.

b Because virtually all firms with more than 500 employees offer health insurance, this size group have been combined with 100-499.

Source: Lewin-VHI analysis of Small Business Administration, Office of Advocacy, Health Benefits Data Base 1986.

Medical underwriting is also a major reason why firms do not provide insurance, however. Medical underwriting is a process where insurers review the health status of individuals who apply for insurance to determine whether they are an acceptable risk for the insurer. In today's market, insurers often decline to cover individuals and/or groups due to their health status. Insurers are also allowed to vary premiums with the health status of the individual. Although many states restrict medical underwriting, these insurer practices often leave many individuals uninsured. The Small Business Administration survey shows that about 16 percent of firms that do not offer insurance indicated that coverage was not available. Another survey of non-insuring firms in Florida indicates that 4.2 percent of such firms were unable to find a carrier that was willing to take their business and about 7.4 percent had one or more uninsurable employee(s) *(Table 2)*.

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TABLE 2

REASONS GIVEN BY NON-INSURING BUSINESSES IN FLORIDA FOR NOT PROVIDING COVERAGE

[illegible]	[illegible]
1. Premium are too high	46.6%
2. I have not found a carrier who will take my business	4.2%
3. My Group includes one or more uninsurable employees	7.4%
4. My employee have coverage elsewhere, so it is not needed	26.0%
5. Federal tax implications	8.0%
6. Other	7.8%
[illegible]	[illegible]

Source: The Small Business Group health Insurance Survey, State of Florida Health Care Cost Containment Board

II. PROVISIONS OF THE ACT EXPANDING INSURANCE COVERAGE

The Managed Competition Act would expand insurance coverage in three ways. First, the Act would reform insurance markets so that individuals can obtain coverage regardless of their health status. Second, premium subsidies would be provided to lower-income persons to help them, pay for the cost of insurance. Third, individuals would be permitted to deduct the cost of individually purchased non-group coverage. The impact of these provisions is discussed below.

A. Insurance Market Reforms

The Managed Competition Act would address the problems of insurance availability and affordability through market reforms and premium subsidies to low-income individuals. The insurance market reforms would assure that all individuals can obtain insurance at a group rate regardless of their health status while the premium subsidies would eliminate financial barriers to coverage for many Americans.

Under the Act's insurance market reforms, insurers would be required to accept applications for coverage regardless of health status. The Act also requires community rating within age groups so that premiums will not be permitted to vary with health status. Community rating will tend to lower premiums for higher cost individuals while increasing premium costs for healthier populations. Premium charges are likely to result in increased coverage for higher cost groups which probably would be offset by a reduction in coverage for lower cost populations. However, a net increase in coverage is likely among

individuals that have been excluded from coverage altogether due to medical underwriting. We estimate that these market reforms would reduce the uninsured population by about 1.1 million persons.[3]

B. Premium Subsidies to Lower-Income Persons Proposed in the Act

The Act would also provide subsidies to low income individuals to help them purchase insurance. Under the subsidy schedules proposed in the Act, families below poverty would pay nothing for insurance. Premium subsidies would be provided on a sliding scale for persons between the poverty line and 200 percent of poverty. Persons above poverty would receive no direct premium subsidies. Overall, about 61 percent of all uninsured persons would be eligible for premium subsidies under the program. However, given past experience with Medicaid, we assume that many individuals will not obtain coverage even if they are eligible for subsidies. For example, we estimate that about 25 percent of those who are now eligible for Medicaid do not enroll.

We estimated the number of uninsured persons who would participate in the subsidized insurance program based upon an analysis of participation rates in the Medicaid program for individuals with various demographic and health status characteristics using the 1987 NMES data. The analysis showed that Medicaid enrollment rates tended to be higher among persons in poorer health as indicated by self-reported health status and hospital utilization. Enrollment rates tended to increase with age and tended to be lower for families with workers. These Medicaid enrollment rates were adjusted to account for individuals who are eligible for only partial subsidies (i.e., incomes between poverty and 200 percent of poverty).[4]

C. Tax Deductibility of Insurance

Under the Managed Competition Act, family premium payments for non-group insurance would become tax deductible. In addition, self-employed persons will be permitted to deduct the full cost of insurance. This would effectively reduce the cost of insurance for families resulting in an increase in insurance coverage. This provisions would tend to have its greatest impact on insurance coverage for middle and upper income groups where marginal tax rates are highest.

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[3] Based upon the percentage of non-insuring firms reporting that insurance was not available reduced by the share reporting that another reason for not offering insurance is that it is too costly. We assume that all uninsured persons who report themselves to be in poor health will become insured.

[4] An explanation of the data and methods used in this analysis is presented in Appendix A.

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We estimated the increase in coverage resulting from this provision based upon an analysis of changes in insurance coverage as the price of insurance is reduced *(See Appendix A)*. We estimate that this provisions would reduce the number of uninsured persons by 1.1 million in 1998.

III. IMPACT OF REFORM ON INSURANCE COVERAGE

Based upon this analysis, we estimate that the insurance reforms and subsidy provisions of the Managed Competition Act would reduce the number of uninsured by 14.8 million persons in 1998 *(Table 3)*. The uninsured would be reduced from 14.3 percent of the population to about 8.6 percent. As *Table 3* shows, if the Act were amended to extend the income eligibility threshold for premium subsidies to 300 percent of poverty, we estimate that the number of uninsured would be reduced by 18.5 million persons in 1998.

TABLE 3

NUMBER OF PERSONS REMAINING UNINSURED AN ALTERNATIVE INCOME ELIGIBILITY LEVELS IN 1998

	Number of Persons Remaining Uninsured (Millions)[a]	Newly Covered Under Policy (Millions)	Percentage Population Remaining Uninsured
Current Law	37.2	—	14.3%
Income Eligibility for Premium Subsidies			
Subsidies to 100% of Poverty	27.1	10.1	10.4%
Subsidies to 150% of Poverty	24.7	12.5	9.5%
Subsidies to 200% of Poverty[d]	22.4	14.8	8.6%
Subsidies to 250% of Poverty	20.7	16.5	7.9%
Subsidies to 300% of Poverty	18.7	18.5	7.2%

a Average monthly number of uninsured persons. Based on 1987 National Medical Expenditures Data projected to 1998 based upon insurance coverage trends reported in the Current Population Survey Data for 1987 through 1992.

b Assumes that persons below poverty are exempt from premium payments. Persons above poverty pay a premium on a sliding scale with income between poverty and a specified percentage of income as a percent of the poverty level (i.e., 150 percent, 200 percent, 250 percent, and 300 percent).

c Enrollment in the program is optional. Enrollment was estimated based upon an analysis of the share of persons eligible for the Medicaid program who enroll by age, sex and health status measures, adjusted for the amount of premium contribution required for persons above the poverty line *(See Appendix A)*.

d Subsidies in the Managed Competition Act.

Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

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The uninsured persons who would become covered under the program would tend to be older individuals who are higher users of care. For example, under the Act, about 46 percent of currently uninsured persons age 55 to 64 would become insured compared with only about 31 percent of those between the ages of 18 and 24 *(Table 4)*. If eligibility for subsidies were extended to persons with incomes up to 300 percent of poverty, we estimate that 55 percent of currently uninsured persons age 55 to 64 would become insured versus 41 percent of those age 18 to 24. In general, the increase in coverage would tend to be greatest among low income individuals. *Table 5* shows the percentage of persons who would remain uninsured under alternative income eligibility levels for premium subsidies.

TABLE 4

PERCENT OF UNINSURED WHO BECOME COVERED UNDER ALTERNATIVE INCOME ELIGIBILITY LEVELS BY AGE AND INCOME IN 1998

	Persons Who Become Insured Under Alternative Income Eligibility Levels[b,c]					
	Uninsured Under Current Law[d] (millions)	Subsidies to 100% of Poverty	Subsidies to 150% of Poverty	Subsidies to 200% of Poverty	Subsidies to 250% of Poverty	Subsidies to 300% of Poverty
Age of Individual						
Under 18	9.7	29.2%	38.9%	44.2%	49.9%	55.7%
18-24	6.9	21.9%	25.4%	31.3%	36.6%	41.3%
25-34	7.8	21.6%	28.4%	35.9%	41.9%	46.1%
35-44	5.7	27.9%	35.6%	43.9%	49.6%	53.4%
45-54	4.3	33.8%	37.1%	40.9%	45.1%	52.1%
55-64	2.7	34.4%	40.4%	45.8%	51.2%	55.1%
Under Age 65	37.1	26.9%	33.6%	39.7%	44.2%	50.2%
65 and above[e]	0.2	50.9%	62.2%	65.9%	65.4%	72.8%
Family Income as a Percentage of Poverty						
Below Poverty	9.3	84.5%	84.5%	84.5%	84.5%	84.5%
100%-150%	6.0	9.7%	49.7%	61.9%	67.1%	69.0%
150%-200%	4.6	4.6%	4.6%	39.6%	46.0%	51.2%
200%-250%	3.8	10.5%	10.5%	10.5%	37.8%	43.6%
250%-300%	3.3	10.2%	10.2%	10.2%	10.2%	53.7%
300% and above	10.2	6.9%	6.9%	6.9%	6.9%	6.9%
TOTAL	37.1	27.1%	33.6%	39.7%	44.2%	50.2%

a Average monthly number of uninsured persons. Based on 1987 National Medical Expenditures Data projected to 1998 based upon insurance coverage trends reported in the Current Population Survey Data for 1987 through 1992.

(FOOTNOTES CONTINUED ON NEXT PAGE)

b Assumes that persons below poverty are exempt from premium payments. Persons above poverty pay a premium on a sliding scale with income between poverty and a specified percentage of income as a percent of the poverty level (i.e., 150 percent, 200 percent, 250 percent, and 300 percent).

c Enrollment in the program is optional. Enrollment was estimated based upon an analysis of the share of persons eligible for the Medicaid program who enroll by age, sex and health status measures, adjusted for the amount of premium contribution required for persons above the poverty line *(See Appendix A)*.

d Subsidies in the Managed Competition Act.

e Includes persons who have not earned sufficient quarters of coverage to be covered under Medicare.

Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

TABLE 5

PERCENT OF TOTAL POPULATION THAT WOULD BE UNINSURED UNDER ALTERNATIVE INCOME ELIGIBILITY LEVELS IN 1998

	Percent Who Remain Uninsured[b,c]					
	Current Law[a]	Subsidies to 100% of Poverty	Subsidies to 150% of Poverty	Subsidies to 200% of Poverty[d]	Subsidies to 250% of Poverty	Subsidies to 300% of Poverty
Age of Individual						
Under 18	13.9%	9.8%	8.5%	7.7%	6.9%	6.1%
18-24	29.4%	23.0%	21.9%	20.2%	18.6%	17.3%
25-34	19.5%	15.3%	13.9%	12.5%	11.3%	10.5%
35-44	14.5%	10.5%	9.3%	8.1%	7.3%	6.8%
45-54	12.4%	8.2%	7.8%	7.3%	6.8%	5.9%
55-64	11.0%	7.2%	6.6%	6.0%	5.4%	5.0%
Under Age 65	16.0%	11.7%	10.6%	9.6%	8.9%	8.0%
65 and above[e]	0.5%	0.3%	0.2%	0.2%	0.2%	0.1%
Family Income and a Percentage of Poverty						
Below Poverty	25.1%	3.9%	3.9%	3.9%	3.9%	3.9%
100%-150%	24.9%	22.5%	12.6%	9.5%	8.2%	7.7%
150%-200%	20.2%	19.2%	19.2%	12.2%	10.9%	9.8%
200%-250%	17.1%	15.3%	15.3%	15.3%	10.6%	9.6%
250%-300%	13.9%	12.5%	12.5%	12.5%	12.5%	6.4%
300% and above	7.7%	7.2%	7.2%	7.2%	7.2%	7.2%
TOTAL	14.2%	10.4%	9.4%	8.6%	7.9%	7.2%

a Average monthly number of uninsured persons. Based on 1987 National Medical Expenditures Data projected to 1998 based upon insurance coverage trends reported in the Current Population Survey Data for 1987 through 1992.

b Assumes that persons below poverty are exempt from premium payments. Persons above poverty pay a premium on a sliding scale with income between poverty and a specified percentage of income as a percent of the poverty level (i.e., 150 percent, 200 percent, 250 percent, and 300 percent).

c Enrollment in the program is optional. Enrollment was estimated based upon an analysis of the share of persons eligible for the Medicaid program who enroll by age, sex and health status measures, adjusted for the amount of premium contribution required for persons above the poverty line *(See Appendix A)*.

(FOOTNOTES CONTINUED ON NEXT PAGE)

d Subsidies in the Managed Competition Act.
e Includes persons who have not earned sufficient quarters of coverage to be covered under Medicare.
Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

IV. HEALTH SPENDING FOR PERSONS WHO REMAIN UNINSURED

In general, our analysis indicates that individuals who would become insured under the program would tend to be higher users of care. For example, the insurance market reforms are most likely to result in increased insurance coverage among persons in poor health status who have been excluded from coverage due to medical underwriting. Also, as discussed above, our analysis of Medicaid enrollment rates suggests that the individuals who are most likely to enroll in a program of subsidized insurance coverage would be older individuals in poor health status who are higher users of care.

This is reflected in our estimates of enrollment for families with various levels of health spending. For example, we estimate that, under the Act, about 73 percent of uninsured persons in families with health spending in excess of 30 percent of family income will enroll in the program *(Table 6)*. By comparison, only 31 percent of those with spending equal to less than five percent of income will enroll.

TABLE 6

PERCENT OF UNINSURED WHO BECOME COVERED UNDER ALTERNATIVE INCOME ELIGIBILITY LEVELS BY UNINSURED EXPENSES AS A PERCENT OF INCOME

		Percent Who Become Insured Under Alternative Income Eligibility Levels[b,c]				
Uninsured Expenses as a Percent of Family Income	Uninsured Persons Current Law (millions)	Subsidies to 100% of Poverty	Subsidies to 150% of Poverty	Subsidies to 200% of Poverty[d]	Subsidies to 250% of Poverty	Subsidies to 300% of Poverty
Under 5%	28.8%	18.2%	25.0%	31.3%	36.2%	43.3%
5%-10%	2.2%	42.5%	50.2%	56.8%	59.4%	65.5%
10%-20%	1.7%	54.7%	61.8%	67.9%	70.6%	71.5%
20%-30%	0.9%	69.5%	81.2%	85.1%	89.9%	90.8%
30% and above	3.6%	64.2%	34.8%	73.9%	75.9%	76.8%
TOTAL	37.2%	19.1%	26.6%	32.8%	37.3%	44.2%

a Average monthly number of uninsured persons. Based on 1987 National Medical Expenditures Data projected to 1998 based upon insurance coverage trends reported in the Current Population Survey Data for 1987 through 1992.
b Assumes that persons below poverty are exempt from premium payments. Persons above poverty pay a premium on a sliding scale with income between poverty and a specified percentage of income as a percent of the poverty level (i.e., 150 percent, 200 percent, 250 percent, and 300 percent).
c Enrollment in the program is optional. Enrollment was estimated based upon an analysis of the share of persons eligible for the Medicaid program who enroll by age, sex and health status measures, adjusted for the amount of premium contribution required for persons above the poverty line *(See Appendix A)*.
d Subsidies in the Managed Competition Act.
Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

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Thus, our analysis indicates that a disproportionate share of expenditures for uninsured persons would become covered under the program. We estimate that the uninsured currently consume about $45.4 billion in health care services that would be covered under a comprehensive insurance package similar to that proposed under the Health Security Act *(Table 7)*. Under the Managed Competition Act, total uninsured expenses would drop to about $24.8 billion.

TABLE 7

UNCOVERED EXPENSES FOR PERSONS WHO REMAIN UNINSURED UNDER ALTERNATIVE INCOME ELIGIBILITY LEVELS

Current Policy	$45.4	5.9%
Subsidies to 100% of Poverty	$29.8	3.7%
Subsidies to 150% of Poverty	$27.1	3.4%
Subsidies to 200% of Poverty	$24.8	3.2%
Subsidies to 250% of Poverty	$22.7	2.9%
Subsidies to 300% of Poverty	$21.0	2.6%

a Spending for uninsured persons which is potentially covered under the benefits package proposed in the Health Security Act.

b Assumes that persons below poverty are exempt from premium payments. Persons above poverty pay a premium on a sliding scale with income between poverty and a specified percentage of income as a percent of the poverty level (i.e., 150 percent, 200 percent, 250 percent, and 300 percent).

c Enrollment in the program is optional. Enrollment was estimated based upon an analysis of the share of persons eligible for the Medicaid program who enroll by age, sex and health status measures, adjusted for the amount of premium contribution required for persons above the poverty line *(See Appendix A)*.

Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

V. THE ADDED FEDERAL COST OF MANDATED COVERAGE

The analysis presented above assumes that individuals are not required to enroll in the program. The Congressional Budget Office estimates that the cost of premium subsidies net of offsetting savings and tax revenue effects would be $42 billion under the Managed Competition Act in 1998. If all individuals are required to enroll in the program, the premium subsidy costs in 1998 would increase by $17 billion as low-income individuals who would not otherwise enter the program become insured *(Table 8)*. In addition, other individuals who purchase coverage under the Act would be allowed to deduct the cost of this insurance resulting in a loss of federal tax revenues of $11 billion.

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Thus, the incremental cost to the federal government of requiring universal coverage under the Act would be $28 billion in 1998 ***(Table 8)***. The net additional federal costs of mandating coverage would be $142 billion over the 1996 through 2000 period. These estimates reflect the fact that overall average premiums would decline under a mandate as healthier individuals enter the insurance risk pool and cost-shifting for uncompensated care is reduced.

TABLE 8

THE ADDITIONAL COST OF REQUIRING ALL INDIVIDUALS TO HAVE INSURANCE UNDER THE MANAGED COMPETITION ACT

		Additional Cost of Mandatory Enrollment		
	[illegible]	[illegible]	[illegible]	[illegible]
1996	$35	$15	$10	$25
1997	$46	$16	$10	$26
1998	$42	$17	$11	$28
1999	$36	$18	$12	$30
2000	$30	$20	$13	$33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Net change in the federal deficit under the Managed Competition Act assuming the Health Security Act benefits package is adopted as the uniform benefits package. See, "An Analysis of the Managed Competition Act," Congressional Budget Office (CBO), April, 1994.

b Additional premium subsidies for persons who would be required to enroll. Assumes subsidies are available through 200 percent of poverty. Reflects premium reductions as lower-cost uninsured persons become insured.

c Tax deduction for insurance premiums for newly insured persons.

Source: Lewin-VHI estimate using the Health Benefits Simulation Model (HBSM).

VI. CONCLUSION

The Managed Competition Act is designed to make insurance available on a voluntary basis at a price that is affordable to lower income individuals. We estimate that the Act would provide coverage for about 37 percent of the uninsured population. However, the uninsured individuals who would obtain coverage would tend to be those in the poorest health status who are most likely to require health care.

While the Act would extend coverage to the poorest and sickest portion of the uninsured population, it will still leave 23.5 million persons uninsured. These individuals are still at risk for incurring large uncompensated care expenses which ultimately will be shifted to insured individuals in

DRAFT

the form of higher prices for health care. Moreover, allowing healthy individuals not to obtain insurance coverage will tend to result in higher premiums for those who purchase insurance.

The question we face is whether the benefits of requiring all individuals to purchase insurance will out weigh the cost of subsidizing insurance premiums for these individuals. Our estimates indicate that requiring all individuals to enroll under the Managed Competition Act would cost the federal government about $20 billion per year more than if optional enrollment is permitted. These costs must be weighed against the social costs of permitting individuals not to purchase insurance.

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APPENDIX A

ESTIMATING ENROLLMENT UNDER A PROGRAM OF SUBSIDIZED INSURANCE COVERAGE

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The Managed Competition Act would provide subsidies to low income persons to help them pay for the cost of insurance. Persons with incomes below poverty would pay no premium. Persons between the poverty line and 200 percent of poverty would pay a premium on a sliding scale with income. Furthermore, the Act allows health plans to impose pre-existing condition exclusions. Such exclusions actually serve as an incentive for individuals to enroll in health plans as soon as possible. If an individual does not enroll and becomes sick, he or she will not be able to opt into the program to cover medical expenses, as is currently permitted under Medicaid.

Our general approach was to estimate the number of eligible individuals who would enroll in the program based upon enrollment rates in the existing Medicaid program. These enrollment rates were adjusted for persons above poverty to reflect the fact that these individuals will be required to pay some portion of the premium. We also modified enrollment rates for persons now eligible under Medicaid to reflect the fact that individuals must maintain their coverage or face pre-existing conditions once they become ill and are in need of care. In addition, we estimated the change in coverage resulting from the tax deduction for non-group insurance coverage. The methods used to develop these enrollment projections are presented below in the following sections:

- Multivariate Analysis of Medicaid Enrollment
- Enrollment for Persons Paying Premiums
- Change in Enrollment for Medicaid Population
- The Impact of the Tax Deduction for Insurance Coverage

I. MULTIVARIATE ANALYSIS OF MEDICAID ENROLLMENT

We developed a multivariate analysis of enrollment patterns for persons potentially eligible for the Medicaid program by age, health status and various economic and demographic characteristics. We used the Medicaid eligibility module of the Health Benefits Simulation Model (HBSM) to estimate the number of persons who are potentially eligible for coverage under the Medicaid program. The multivariate analysis measures the likelihood of enrollment for the Medicaid program based upon the share of potentially eligible persons who enroll.

The population that is potentially eligible for Medicaid was estimated by forming National Medical Expenditures Survey (NMES) families into program filing units which conform to the eligibility rules under the program and testing to see whether each filing unit meets the income eligibility standard for the program during one or more months during the year. This involves three steps:

- **Form Filing Units** - In general, single parents and some married couples form individual program filing units along with their dependent children. Individuals and couples not included in the nuclear family are ineligible unless they are aged or disabled. Non-working persons who reported that they are disabled were counted as potentially eligible filing units if they reported they are disabled.
- **Determine Monthly Incomes** - The model estimates monthly incomes for each individual in the NMES data by allowing annual earnings across the quarter in which the individual reported that they were working. Non-earnings income was generally allocated uniformly across each quarter. Quarterly incomes were then divided equally across the months in each quarter.
- **Eligibility Levels** - The model estimates eligibility for the program using the income eligibility levels that apply in each state. NMES reports the census division in which the individual is living (nine census divisions) but does not report the state of residence. We allocated individuals to individual state within their reported census division based upon the distribution of persons within individual states in each census division by income and other demographic characteristics as reported in the March Current Population Survey (CPS) data.

Based upon this analysis, we estimate that about 25 percent of those who are eligible for Medicaid do not enroll. We estimate that there will be about 49.4 million persons who will be potentially eligible for the program sometime during the year of whom only about 38.1 million will enroll. Using the NMES observations for families simulated to be eligible for Medicaid, we estimated a multivariate model of factors affecting enrollment behavior which we use to select eligible individuals to enroll under various expansions in publicly subsidized coverage.

The dependent variable in the model indicates whether or not a family simulated to be eligible for Medicaid has enrolled in the program. A value of '1' indicates enrolled and a value of '0' indicates not enrolled. The model estimates the probability that an eligible family will enroll in the program, based on a set of explanatory variables including income, employment status and health status discussed below. The equation gives us the ability to estimate the number of newly eligible families that will enroll under various Medicaid expansion policies.

The individual variables in the equation are primary indicator variables derived to the NMES data file. These variables are listed in ***Table A-1***. Employment status is represented by an indicator showing whether or not any family member is employed. We also use a variable to indicate whether or not any employed family member is covered by an employer sponsored health insurance plan. In order to analyze the affects of these variables separately, the employment status variable only identified those people who are employed but do not have health insurance. Income level is indicated by an index that calculates family income as a percentage of the poverty level. This ratio is a composite measure of income adjusted for family size.

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TABLE A-1

EXPLANATORY VARIABLES

Age 45	Age 45-64 Dummy
Age 65	Age 65 and Over Dummy
Female	Sex Indicator
EMPLOY	Employment Status
EMPINS	Employer Health Insurance Indicator
POORHT	Health Status Dummy
HOSPVS	Hospital Visit Indicator
INCPOV	Family Income/Poverty Index
MONELIG	Months in Year Eligible

Source: Lewin-VHI estimates.

A number of variables are included in the model to represent health status. The NMES survey asks respondents to indicate their health status. We developed a summary variable to indicate those people who responded they were in fair or poor health. We created a separate variable to indicate whether or not the person had a hospital visit. We included this measure separately to obtain an indicator of severity of illness.

The age and sex of the head of the household are included in the model as adjusters to determine whether they had any significant relation to participation rates. We create two dummy variables, one indicates those people age 45-64 and the other indicates people age 65 and over. Sex of family head is indicated by a dichotomous variable, with '1' indicating female and '0' indicating male. We also included a variable indicating the number in which the family is eligible for the program.

The equation was estimated using a logic specification which asymptomatically bounds the predicted values from the equation to zero and one. The logic model was estimated using a maximum likelihood estimation technique. The results of the logit model are presented in ***Table A-2***.

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TABLE A-2
RESULTS OF LOGIC MODEL OF MEDICAID ENROLLMENT

Intercept	0.9547
Age 45	0.3871
Age 65	0.1345
Female	0.0871
EMPLOY	0.3432
EMPINS	1.1326
POORHT	1.0127
HOSPVS	0.7428
INCPOV	0.1967
MONELIG	0.0833

Source: Lewin-VHI estimates.

II. ENROLLMENT FOR PERSONS PAYING PARTY OF THE PREMIUM

The logic model presented in ***Table A-2*** is used to select newly eligible families to participate in the program. The equation is used as shown for all individuals who are eligible for full premium subsidies under the program. The probability of enrollment is reduced for persons qualifying for only partial premium subsidies to reflect the fact that the likelihood of program enrollment is generally expected to decline as the amount that individuals pay for the coverage increases.

We adjusted enrollment probabilities for persons qualifying for partial premium subsidies using assumptions developed from an analysis of the relationship between the cost of insurance and the purchase of individual non-group health insurance policies. The March 1991 CPS reports that there were 52.9 million persons under age 65 who did not have coverage through either employment or public programs, of whom 35 percent (18.5 million) purchased individual non-group coverage. We used this information to estimate the increase in the number of persons who would purchase coverage with partial premium subsidies in the following steps:

1. We analyzed the March 1991 CPS data on the percentage of persons who did not have employer or public coverage but who purchased individual coverage. We tabulated the number who purchased insurance by the amount of the premium as a percent of the their income. This was done by estimating the cost of non-group insurance for these individuals (based upon the average value of non-group insurance benefits by age estimated using the Lewin-VHI Health Benefits Simulation Model). As shown in ***Table A-3***, the percentage of persons purchasing individual insurance decreases as premiums as a percentage of income increases.

2. We then estimated the value of the tax credit and deduction individuals would qualify for under the Managed Competition Act. Individuals were assumed to take the greater of the tax credit or the deduction.

3. We then calculated the after-tax cost of insurance under the Managed Competition Act by subtracting the greater of the tax credit or the deduction from the estimated cost of insurance. This allowed us to calculate the cost of insurance as a percentage of income.

4. The number of additional persons who would purchase individual coverage under the Managed Competition Act was then estimated using ***Table A-3*** based upon the after-tax cost of insurance as a percentage of income.

TABLE A-3

ESTIMATE PERCENTAGE OF PERSONS WITHOUT EMPLOYER OR PUBLIC COVERAGE WHO PURCHASE INDIVIDUAL INSURANCE BY INSURANCE COST AS A PERCENTAGE OF FAMILY INCOME IN 1990

Insurance Cost as a Percentage of Income	Estimated Percent Who Purchase Individual Coverage	Adjustments to Logit Probability for Persons Qualifying for Public Subsidies[b]
0%[a]	73%	100%
1%	60%	82%
2%	52%	71%
3%-4%	46%	63%
5%-6%	46%	63%
7%-8%	41%	56%
9%-10%	38%	52%
11%-12%	33%	45%
13%-14%	30%	41%
15%-16%	27%	37%
17%-18%	24%	33%
19%-20%	23%	31%
21%-30%	21%	29%
31%-40%	19%	26%
41%-55%	18%	25%
56% or More	17%	23%

a Some individuals will find that the cost of insurance if fully covered by the tax credit. In these cases, we assume that the percentage taking the credit is the same as the percentage of persons potentially eligible for Medicaid who we estimate actually enroll in Medicaid (73 percent as estimated using the Lewin-VHI Health Benefits Simulation Model).

b The logit probability is adjusted by the factor correspond to the cost of insurance (i.e., premium less subsidy) to the individual as a percentage of income.

Source: Lewin-VHI estimates using the March 1991 Current Population Survey (CPS) data and non-group insurance premium estimates developed using the Health Benefits Simulation Model.

In our analysis, a probability of enrollment is estimated for each individual who is potentially eligible for premiums subsidies using the logit model presented in ***Table A-2.*** If the individual is eligible for only partial premium subsidies (i.e., income between poverty and 200 percent of poverty), the probability estimated using the e logit model is reduced to reflect the price of insurance as a percentage of income as shown in ***Table A-3.***

III. CHANGE IN ENROLLMENT FOR THE MEDICAID POPULATION

In general, we assume that individuals who are currently eligible but not enrolled in the Medicaid program will remain uninsured under a program that expands coverage for low-income persons. However, the Managed Competition Act includes provisions which would increase incentives for the Medicaid eligible population to maintain their coverage under the program.

Unlike private insurance, the Medicaid program does not have pre-existing condition limitations. In fact, individuals can enroll in the program once they become ill and be covered for the illness often retrospectively. Thus, under the current Medicaid program, individuals do not need to maintain their Medicaid coverage to be covered once they become ill.

Under the Managed Competition Act, individuals would now face pre-existing condition limitations which create incentives to maintain their coverage. This should result in an increase in the number of Medicaid eligible individuals who obtain coverage under the program. In this analysis, we assume that individuals who reported that they were enrolled in Medicaid for part of the year will continue their coverage in months where they would otherwise be uninsured. In all instances where premiums are fully subsidized under the program. For individual who are eligible for only partial premium subsidies, the likelihood of maintaining coverage is based upon levels by premium costs as a percentage of income shown in ***Table A-3.***

IV. THE IMPACT OF THE TAX DEDUCTION FOR INSURANCE COVERAGE

Under current tax law, individual insurance purchases generally are not tax deductible. Also, self-employed persons may deduct only 25 percent of the cost of insurance for themselves and their families as a cost of doing business.[5] The only exception to this is that some families may deduct a potion of

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[5] The self-employed may deduct the full cost of insurance for workers and dependents. Self-employed persons who have established themselves as a corporation may deduct the full cost of insurance.

these premium expenses but only to the extent that total family health spending exceeds 7.5 percent of adjusted gross income.

Under the Managed Competition Act, individuals will be permitted to deduct the full amount of their insurance premium payments. Self-employed persons will also be allowed to deduct the full amount of their insurance premium payments. These measures will, in effect, reduce the price of insurance resulting in an increase in insurance coverage.

We estimated this increase in insurance coverage based upon the change in the after-tax cost of insurance for currently uninsured persons. This was done by calculating the percentage increase in the probability of purchasing coverage with and without the tax deduction for an individual family as presented in ***Table A-3***. The probability that an individual uninsured family would take insurance was based upon the percentage increase in the probability of taking coverage as the price of insurance is reduced.

For example, a family facing a premium cost equal to 13 percent of income has a probability of taking insurance coverage of 30 percent ***(Table A-3)***. Assuming the individual faces a marginal tax rate of 23 percent, allowing a deduction for his/her premium expense would reduce the cost of insurance as a percentage of income to about 10 percent. Reducing insurance costs to 10 percent of income would increase this individual's probability of purchasing insurance from 30 percent to 38 percent ***(Table A-3)***. This represents a 27 percent increase in the probability of taking coverage. Thus, in this analysis, we assume that the probability that this uninsured family will take coverage due to the tax deduction in 27 percent.

THE WHITE HOUSE

WASHINGTON

May 23, 1994

Stephen Smith
Department of Communication
417 Kimpel Hall
University of Arkansas
Fayetteville, Arkansas 72701

Dear Steve:

I got your electronic mail message. For the moment it's easier for me to reply through the postal service, so I hope you don't mind this note.

Thanks for your recommendation of Richard for appointment to the Supreme Court. I agree with you that he would make an outstanding addition to the Court. The decision was difficult, and I am confident that Judge Breyer will himself be a great addition to the Court. I'm proud of his nomination, and I think you'll like him a lot, too.

It was good to see you recently. I never know what the schedule will hold but hope to see you again when you're here.

Sincerely,

Bill

Trey
Recd 5/19/9

From libertas@comp.uark.edu Mon Apr 11 17:00:39 1994
Received: by WhiteHouse.Gov (5.65/fma/mjr-120691);
id AA17987; Mon, 11 Apr 94 17:00:39 -0400
Received: from uafhp.uark.edu/130.184.7.105 via smap
Received: from comp.uark.edu by uafhp.uark.edu with SMTP
(1.37.109.4/15.6) id AA29840; Mon, 11 Apr 94 16:00:43 -0500
Received: by (5.0/SMI-SVR4)
id AA22032; Mon, 11 Apr 94 16:00:42 CDT
Date: Mon, 11 Apr 1994 16:00:41 -0500 (CDT)
From: Stephen Smith <libertas@comp.uark.edu>
Subject: Supreme Court
To: president
Message-Id: <Pine.3.89.9404111509.A18397-0100000@comp>
Mime-Version: 1.0
Content-Type: TEXT/PLAIN; charset=US-ASCII
Content-Length: 711

Dear Bill,

I doubt that this message will make it to you, so I will not elaborate at length here. I just wanted to register my support and that of all my liberal First Amendment friends for your nomination of Richard S. Arnold for the Supreme Court.

I will be in DC at the end of the month, and I will contact Nancy to see if there is any chance we could have a brief visit.

Keep up the good work, and don't let all this whitewater bullshit bother you and Hillary. The future of the republic is too important for its work to be distracted by whining Republicans and idiot reporters.

sapere aude,

Stephen Smith
Department of Communication
417 Kimpel Hall
University of Arkansas
Fayetteville, AR 72701

THE WHITE HOUSE

WASHINGTON

May 18, 1994

MEMORANDUM FOR MACK MCLARTY

THE PRESIDENT HAS SEEN
5.23.94

FROM: **RAHM EMANUEL**
BRUCE REED

SUBJECT: **Importation of Chinese Firearms and MFN**

Recent news stories have highlighted the fact that in 1993, more than 3 million military surplus and other inexpensive firearms were imported into the U.S. -- up from 700,000 in 1991. The majority of these weapons are from China and many have been characterized by the press as assault weapons, although they are not. For some months now, we have been working with the Departments of Treasury and State to find ways to address this issue. However, we have come to no resolution, and the issue is sure to come up in the context of the President's decision to continue Most Favored Nation (MFN) trading status for China

I. BACKGROUND

Prior to 1968, the U.S. was the dumping ground for inexpensive surplus military firearms and cheap "Saturday Night Special" type handguns. As firearms import levels rose to 1.2 million in 1967, Congress responded by passing the Gun Control Act of 1968 (GCA), which banned the import of all surplus military firearms and permitted the import of non-military firearms only to the extent that such weapons were designed to meet a "sporting purpose." The "sporting purpose" test stopped the importation of cheaply made, easily concealable handguns that were the crime guns of the day.

The Arms Export and Control Act (AECA), which pre-dates the GCA, moderated the volume of firearms imports in the late 1960s. Pursuant to the AECA, firearms trading with specific countries designated by the State Department's proscribed list -- such as China, South Africa, Vietnam and the nations of Eastern Europe -- was prohibited.

In recent years, however, several factors have combined to once again make the US a potential dumping ground for cheap weapons from around the world.

First, in 1984, Congress amended the GCA to allow surplus military weapons to be imported if the weapons fit within the category of "curios and relics." This amendment originally applied to only a few rare collectibles that were more than 50 years old. But in 1994, virtually all World War II surplus military firearms are eligible for this exemption.

Second, as trade with China and Eastern European countries has opened, these nations have been removed from the State Department's proscribed list, lifting the restrictions against

arms importation under the AECA. As a result, large quantities of surplus military rifles and handguns are being imported and sold in the U.S., often at prices below $100. China, and to a lesser extent Eastern European countries, are apparently converting their military firearms industry to produce civilian firearms for sale in the U.S. Over 300,000 SKS semiautomatic rifles, which sell for about $100, were imported from China in 1993. China has also begun exporting a 9mm semiautomatic pistol selling in the $100 price range.

II. RECOMMENDATION

Prior to the House vote in support of an assault weapons ban, we had pushed Treasury and State to come to agreement on what could be done about the gun importation issue. However, with the assault weapons ban shaping up to be one of the defining issues in the crime bill conference, announcing any new gun control initiatives will jeopardize the crime bill. **Thus, we would strongly recommend that the restrictions on the import of Chinese firearms be addressed in the context of the pending MFN decision.**

Banning Chinese gun imports in the context of MFN minimizes the impact of this issue on the crime bill -- and, in our opinion, makes the most sense. We believe that to the extent that gun imports impact on world peace, national security and foreign policy concerns, State has authority to restrict their importation. For example, it can be argued that it is contrary to the security interest of the U.S. -- and U.S. interest in world peace -- to support and encourage the small arms production segment of the Chinese economy. Moreover, since the U.S. is the major firearms consuming nation in the world, any action opening up the U.S. market to foreign firearms has a major impact on small arms trafficking throughout the world.

State has already suggested amending the AECA's regulations (the International Trafficking in Arms Regulations, or ITAR) to cut-off Chinese imports, but is reluctant to pursue these changes as a pure foreign policy matter. They would prefer to act jointly with Treasury -- separate from MFN -- and de-emphasize the foreign policy link. However, we agree with Treasury that State, as part of its MFN strategy, can most effectively accomplish our goal of restricting Chinese gun imports.

Treasury would prefer not to act on this issue, but recognizes that we may not have a choice in the matter. Rep. Ed Markey, who has already met with representatives from Treasury and State, is threatening to launch a media campaign on this issue and pursue restrictions on the importation of Chinese firearms as part of any legislative package in response to our final MFN policy.

If a decision on MFN is imminent -- and that decision is likely to include some type of restrictions on China -- we need your help to get State and Treasury to agree on what type of importation restriction is appropriate and get such a restriction immediately included as part of the debate to grant or not grant MFN to China.

cc: Carol Rasco
Bob Rubin
Tony Lake

THE PRESIDENT HAS SEEN
5.23.94

THE WHITE HOUSE
WASHINGTON
May 23, 1994

94 MAY 23 P3:34

MEMORANDUM FOR THE PRESIDENT

From: Mark Gearan MG

Subject: Follow-up on Interview with Columnists

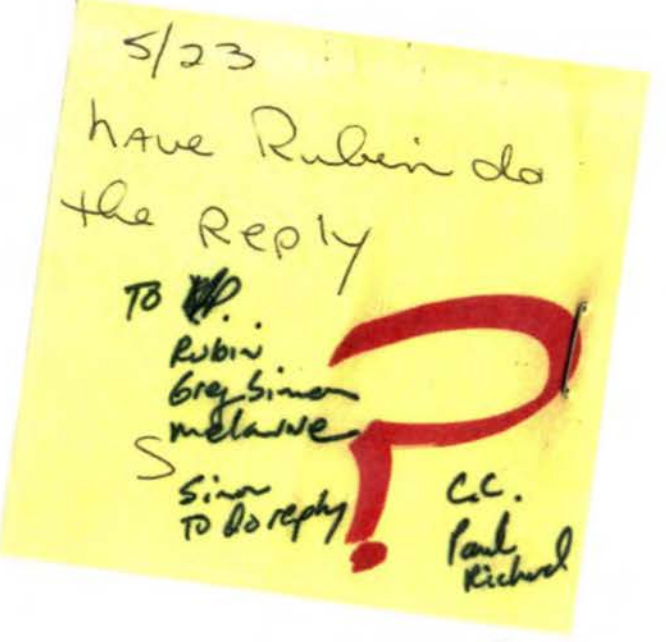
I have attached the articles which came out of the interview you had last week with Michael Kinsley, Jack Nelson, William Raspberry and Lars Erik Nelson. The piece by Bill Raspberry in today's Washington Post is particularly good. All in all, I think the time was well spent. We hope to bring in another group of columnists soon, perhaps after the first trip to Europe. That group might include some of the following columnists and reporters:

Anna Quindlen, New York Times
Clarence Page, Chicago Tribune
E.J. Dionne, Washington Post
Margaret Carlson, Time
Gerry Seib, Wall Street Journal
Carl Leubsdorf, Dallas Morning News
David Shribman, Boston Globe

E Cliff? someone from US News

Please let me know if you have any thoughts about this topic.

Good


5/23
have Rubin do
the Reply
TO
Rubin
Greg Simon
Melanne
Simon
TO do reply
CC.
Paul
Richard

ORIGINAL INCMSIN

tickler file

THE WHITE HOUSE
WASHINGTON

DATE: 05/23/94

NOTE FOR:
THE VICE PRESIDENT
BOB RUBIN
GREG SIMON
MELANNE VERVEER

6/1/94 copy given to Kelley Crawford

The President has reviewed the attached, and it is forwarded to you for your:

Information ☒

Action ☒ (G. Simon)

Gregg Simon -

Please prepare a draft Presidential response to Diane Blair and return it to my office. Thanks.

Thank you.

JOHN D. PODESTA
Assistant to the President and Staff Secretary
(x2702)

cc: Paul Richard

THE PRESIDENT HAS SEEN
5.23.94

To VP/Rubin
Need to get this
analyzed - Do right -
B.

NH
get this letter
for MW -
B

THE PRESIDENT HAS SEEN
5-23-94

May 16

Dear Mr. President,

Ed Duggan & I have sent you a letter suggesting that some % of revenues from the forthcoming spectrum auctions be used to build your legacy in educational materials & technology.

(over)

Please give this
some thought.

Ever,

Diane Blair

1320 BRADDOCK PLACE
ALEXANDRIA, VIRGINIA 22314
703/739-5000

DJ

Memorandum for the President

From: Diane D. Blair, Member of the Board, CPB
Ervin S. Duggan, President and CEO, PBS

Date: May 6, 1994

The face of Union Station in Washington is inscribed with the words of its architect, Daniel H. Burnham: "Make no little plans; they have no magic to stir men's blood." You are a President who has already demonstrated a capacity for bold plans that will "stir our blood" for decades to come. We are writing to you, therefore, with an idea that could create an intellectual monument to you and to your Presidency.

The idea is this: Put aside some of the billions of dollars that soon will be generated by auctions of radio spectrum, and invest that money in the education, culture and citizenship of the American people. Specifically, we propose that you invest the proceeds of spectrum auctions in a trust fund dedicated to educational and cultural materials that can be broadly disseminated through technology—video materials and software that will elevate our people and provide a legacy for decades to come.

As you know, the Federal Communications Commission will begin auctioning spectrum later this year. The first auctions could raise as much as $10 billion. Under current law, the auction proceeds will simply spill directly into the federal Treasury. While the money will be earmarked for deficit reduction—a goal that we know you care deeply about—these valuable revenues will simply disappear into the Treasury: When history looks back, your Administration is likely to receive little or no credit for raising these revenues.

COPY

Why not create a bold stroke—a vision with magic, to stir our blood? Why not ensure that these funds create an enduring legacy for the Clinton Presidency? Imagine if, as part of the current budget process, you set the goal of putting aside some of the auction money to fund a new generation of public broadcasting, software and educational services—services to create pioneering educational projects, that preserve cultural treasures and help us become better citizens. This legacy could be remembered as fondly as Thomas Jefferson's act establishing a Library of Congress is remembered today.

We are in positions to assure you that public television and radio are already the leaders in creating such partnerships and services. Public broadcasting has some of the best minds and the most imaginative technologies in the world. What they need to make the great leap forward to the 21st Century is a stable, generous source of funding. Such an endowment was dreamed of when President Johnson created public broadcasting in 1967, but never achieved. You could make it happen, and do more by that act to create a real information highway—an <u>education</u> highway—than by any other imaginable step.

As a governor and now as President you have demonstrated your faith in harnessing new technologies for education, culture and citizenship. You sought the Presidency in order to confront and solve crises ranging from family dissolution and economic dislocation to youth violence and public cynicism. You are searching for bold ideas to solve those problems. Public broadcasting stands for the principle that technology and high-minded programming can help achieve those solutions. It can contribute enormously to that important work broadly and more effectively than any other mass medium. As a 90-

year old pioneer of public television put it not long ago: "There are only three truly public institutions—the public school, the public library and public television. Which of these can reach the most people in an hour?"

Senator J. W. Fulbright will be remembered for many accomplishments. His most enduring and productive legacy, however, may well be the Fulbright International Exchange Program, which used funds that might otherwise have been put to beneficial, but scattered, use. Instead, Senator Fulbright created a lasting memorial to his vision of the good that should flow from the international exchange of scholars and their ideas.

You have the same opportunity for a bold vision and an enduring monument, Mr. President. By wisely investing some or all of tomorrow's spectrum auction revenues in an educational technology endowment, you can create a permanent institution of culture, education and democracy. Public broadcasting can help you create that legacy. We pledge our assistance in ensuring good stewardship of the investment you make in it. We stand ready to discuss this idea in more detail with you or your staff, and would be happy to perform any task you assign to us in exploring this proposal further.

Sincerely yours,

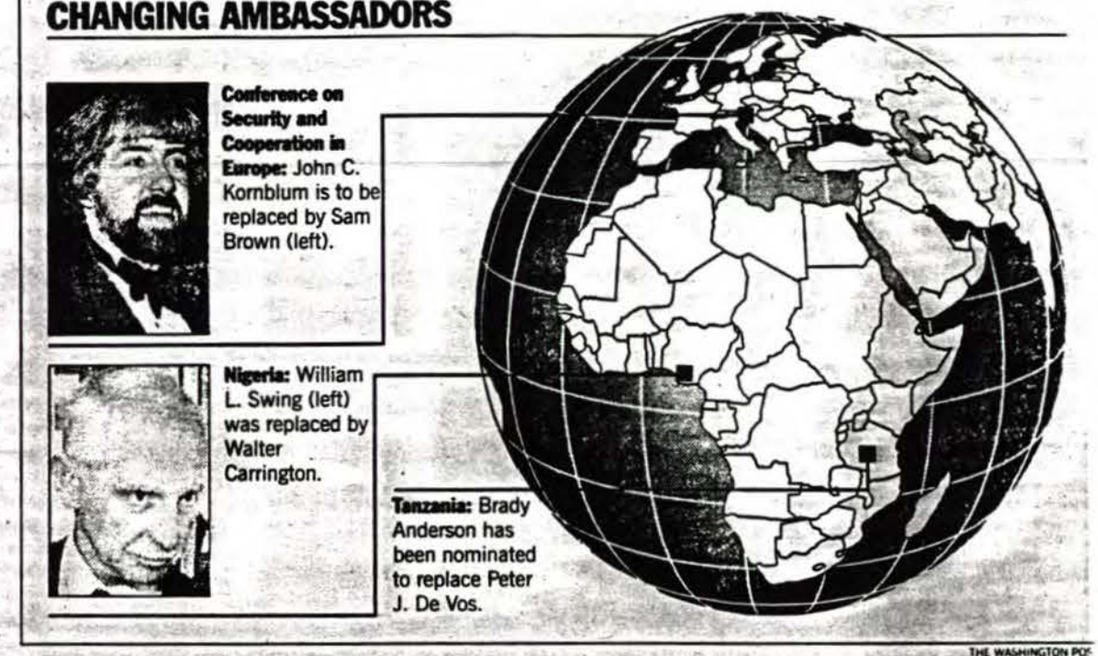
Diane D. Blair
Member of the Board
Corporation for
Public Broadcasting

Ervin S. Duggan
President and CEO
Public Broadcasting Service

Clinton Choice For Tanzania Envoy Opposed

Foreign Service Unit Cites '3-Year Rule'

By John M. Goshko
Washington Post Staff Writer



The American Foreign Service Association intends to oppose President Clinton's nomination of a fellow Arkansan, Brady Anderson, to be U.S. ambassador in Tanzania. But instead of complaining that Anderson lacks credentials, AFSA freely acknowledges that he is well qualified to serve as ambassador to Tanzania.

What bothers AFSA, the professional organization and bargaining agent for the Foreign Service, is that Anderson's nomination is the latest in a series of White House decisions to replace career-officer ambassadors, who have been in their embassies only a short time, with political appointees. In AFSA's view, this practice seriously threatens the unwritten but long-standing rule that a U.S. ambassador's normal tour of duty should be three years.

When Clinton became president, Secretary of State Warren Christopher promised that the new administration would not use ambassadorships as payoffs to campaign workers and contributors. According to AFSA, the ratio of career to noncareer ambassadors currently is about 75 percent to 25 percent, but AFSA officials are concerned that the administration's apparent tendency to ignore the three-year rule might begin a trend toward too many ambassadorial spots going to outside appointees. In addition, AFSA and many Foreign Service officers say, changing ambassadors in Tanzania now is especially ill-advised because the brutal tribal warfare in neighboring Rwanda has sent a flood of refugees into Tanzania. With the U.S. Embassy in Rwanda shut down by the fighting, the embassy in Tanzania has become Washington's principal outpost for dealing with the Rwandan situation.

For the past year, the American ambassador in Tanzania has been Peter J. De Vos, who earned a reputation as the State Department Africa bureau's best crisis manager during successive ambassadorial stints in Mozambique and Liberia, both countries racked by bloody civil war. Now, department sources note, instead of bringing his experience with African refugee problems to bear on the Rwanda situation, he is heading to the University of New Mexico as a diplomat in residence, in order to make way for Anderson.

Anderson has known Clinton since the late 1970s when he worked in the Arkansas Department of Health and Human Services and Clinton was attorney general. Anderson also spent about four years in Tanzania and other parts of East Africa as a missionary and Bible translator. He even speaks Swahili.

"He is someone who obviously knows and cares a lot about Africa, and normally we would have no objection if he were given a posting when another African embassy became vacant," said AFSA President F.A. "Tex" Harris. "But no matter how much you know, it still takes months at best to become comfortable with an ambassador's duties and fit them to a particular country. And in this case it makes absolutely no sense to pull the guy best qualified to deal with the biggest crisis in Africa and replace him with a rookie."

Anderson, contacted in Arkansas, would not comment until his confirmation process is completed, most likely next month. He referred inquiries to the State Department, but neither officials there nor at the White House personnel office would comment.

A decade ago, then-Secretary of State George P. Shultz and his management chief, Ronald I. Spiers, reached informal agreement with the White House that all ambassadorial appointees, career and political, normally should serve no more than three years in a particular post.

The idea was to enable the president to know in advance when posts would become vacant, help the State Department with its long-term personnel planning and provide protection and continuity for career officers by removing the uncertainties about how long their assignments would be.

"There always will be situations where changed circumstances and poor job performance make an earlier change desirable," Harris said. "But when you take someone who is doing a top-notch job and push him out before the end of his three-year tour to make room for a 'friend of Bill,' then you are sending a signal to the Foreign Service that is not going to do very much for its morale."

The Anderson nomination was the third time in the past year when a career officer was bumped early in his three-year stint to make way for a political appointee.

William L. Swing, another of the Africa bureau's star performers, was replaced in Nigeria by Walter Carrington, a black officer who had worked on African affairs as a congressional staff member and Carter administration official; John C. Kornblum, the U.S. representative to the 53-nation Conference on Security and Cooperation in Europe (CSCE), was dropped in favor of Sam Brown, an anti-war activist and former head of Action.

The displaced diplomats quickly made their way back, Swing as ambassador to Haiti. Kornblum unexpectedly got an additional year in the CSCE job because partisan opposition has delayed Brown's confirmation. Kornblum now has been named the special U.S. envoy for Cyprus.

But Harris and other career officers say that isn't the point. Instead, they add, they have been warned that they can expect the administration to make further breaches in the three-year rule, and they have decided to make an issue of the Anderson nomination in hopes that the Senate Foreign Relations Committee will use the confirmation process to put some brakes on the practice. Harris has asked to testify before the committee when it considers Anderson's nomination.

"It costs the taxpayer money when you move someone—together with his family and his belongings—halfway around the world, only to turn around and bring him back again after a few months or a year," Harris said. "It costs the government in efficiency and the ability to execute policy effectively when you replace a veteran with a novice or pull out someone who has spent a year learning the ins and outs of what makes a country tick and replace him with someone who has to start the whole process all over again."

Walk / Tony

THE PRESIDENT HAS SEEN 5-23-94

THE WASHINGTON POST MONDAY, MAY 23, 1994

(But Anderson was within the 3yr rule

B.

Clinton and Allies Soon Must Decide How Much Of Health Plan Can Be Saved Before Elections

By David Rogers
And Hilary Stout
Staff Reporters of The Wall Street Journal

WASHINGTON — With health-care reform in serious jeopardy, President Clinton and Democratic allies in Congress must soon decide how much can be salvaged before the November elections.

Business opposition, delayed budget estimates and increased partisanship in the Senate have all but doomed anything as sweeping as the president's initial plan. But the White House could yet make substantial progress toward its goal of universal coverage if an agreement can be reached on a simpler framework and if all sides face up to the immense costs of the undertaking.

Progress has slowed in the House, and in the Senate a core group of moderate Republicans are torn between their commitment to reform and their loyalty to Minority Leader Robert Dole of Kansas. Driven by party conservatives and his presidential ambitions, Mr. Dole is moving away from the reform effort despite earlier promises of support. And while Democrats can't succeed without GOP support, they also are reverting to a more partisan approach in an effort to show strength and put pressure on Republicans to act.

Skepticism on Report Cards

Many consumers are giving low grades to report cards that provide data on the quality of care delivered by doctors, hospitals and health plans. Article on page B1. Separately, a new study of state and private medical bills argues that President Clinton's plan could offer much wider mental-health benefits for no extra cost. Page B8.

Anxious to show some movement before Memorial Day, Democrats on the Senate Labor and Human Resources Committee yesterday overrode GOP objections and began consideration of a bill crafted by the panel's liberal chairman, Sen. Edward Kennedy of Massachusetts. And Senate Finance Committee Democrats, who this week began caucusing for the first time without their Republican colleagues, are encouraged that they might be able to win over Southern conservative votes and produce a bill, if needed, without the GOP this summer.

Failure to reach agreement in fact poses risks for incumbents in both parties in November.

"History won't forgive us," said Sen. Harris Wofford (D., Pa.), whose 1991 Senate campaign spurred the health debate, "if we fail to seize this opportunity to find the highest common ground, not the lowest common denominator."

Fear of Cynical Voters

Amid partisan sniping yesterday at the House Ways and Means Committee, the panel's ranking Republican, Texas Rep. Bill Archer, warned that stalemate will only produce "bitter and cynical voters." And however wary they are of the Clinton plan, swing voters identified with Ross Perot are among those most strongly supportive of some action on health care.

Mindful of this, conservatives are promoting a modest package of insurance-market reforms as an alternative to doing nothing. But even this bill's sponsors, Reps. Michael Bilirakis of Florida and Roy Rowland of Georgia, say it doesn't address the larger problem of working-class and poor families who can't afford coverage.

"Bilirakis-Rowland is like the Alfalfa Club," says Chairman John Dingell of the House Energy and Commerce Committee, referring to the once all-male bastion here in Washington. "If you ask a member what the Alfalfa Club does, he says, 'Not much.' "

For the White House, the bottom line continues to be whether lawmakers can meet the president's goal of "universal coverage" for all Americans. Mr. Clinton has been careful not to say just when that goal must be met, allowing for a plan that phases in slowly.

Enormous Costs

But even proposals to slowly phase in universal coverage have enormous costs associated with them. And those costs are made even higher as a result of the refusal of moderate and conservative lawmakers to accept two key elements of the president's plan: a requirement that employers pay most of the cost of health care, and a cap on the growth of premiums. Once these proposals are scaled back, it's all but impossible to achieve meaningful progress toward universal coverage without election-year tax increases.

Congressional Budget Office estimates indicate both a business-backed bill, sponsored by Rep. Jim Cooper (D., Tenn.) and Sen. John Breaux (D., La.), and a moderate Republican alternative crafted by Sen. John Chafee of Rhode Island fall far short of their goals unless new money is added. And the debate exposes an ideological dilemma for antitax, deficit-conscious conservatives, who want health-care reform but can't abide strict cost controls.

The employer mandate, requiring companies to help pay for their workers' insurance, would reduce the need for taxes. But this has run into fierce opposition from the small-business lobby, which has frozen Republicans in place and frightened many rural Democrats.

Sen. Breaux's willingness now to consider some compromise on this issue could open doors for Democrats. But big business may be forced to pick up more of the burden, and traditional labor allies are lobbying fiercely to discourage any settlement that asks them to swallow taxes on health benefits to buy the peace.

Dispute in White House

In part, the administration's difficulties go back to a dispute in the White House last year as to how to sell the health plan. The decision then was to emphasize the end results of the bill, symbolized by a national health-benefits card. But the result was to ignore just how difficult it would be to communicate the way the system would work.

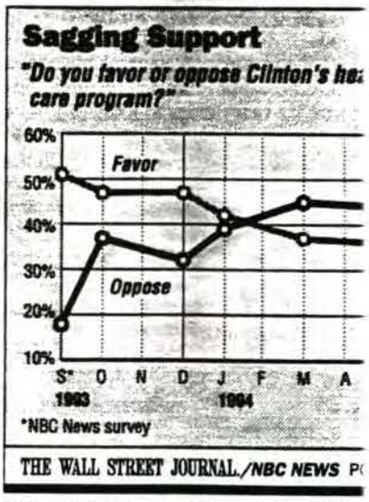
In fact, much of the debate has been fought on these grounds, and rivals, whose own plans are scarcely simple, have scored points at the president's expense. As lawmakers take apart and retool the pieces, there is a consistent emphasis on reducing the complexity of the final bill. And this is why a flat exemption for the very smallest businesses or a government-insurance option like Medicare for low-wage workers has won support.

In the same vein, Mr. Chafee's mo
ate Republican, pay-as-you-go approac
subsidizing expanded health coverage
an appeal. Without additional resour
he can't meet his goal of universal co
age. But with some employer contribu
or added cost savings, his bill could b
vehicle for compromise. Sen. Bob Ker
(D., Neb.), one of two Democrats to
dorse the Chafee plan, is trying to bui
coalition with Mr. Breaux. And while
White House remains wary of Mr. Ker
a former Clinton campaign rival, the c
bination of the Nebraska war hero and
Cajun-style power broker is one of
season's more intriguing political
ances.

Majority Leader George Mitchell
Maine, who met with President Clir
yesterday, has the partisan instincts
match his Republican counterpart,
Dole. But in pressing for a more aggress
Democratic strategy, he must first o
come the strained relations between h
self and Finance Committee Chairm
Daniel Patrick Moynihan (D., N.Y.).

The New Yorker has been a reluct
soldier to date but can't afford to see
dupe for the GOP. There is a log
marriage of interests between himself
Sen. Chafee, but if Mr. Dole holds
moderates in place Mr. Moynihan wil
forced to craft a more partisan Democr
bill to move the issue to the floor.

Each stage in the legislative proc
has its own dynamics. The commi
process now is one dominated by a "
through-the-night" short-term survi
mentality. Floor debate in July will h
its own atmosphere, and whate
emerges from the two houses, much of



bill could be rewritten in the follo
conference.

The failure to make more progres
Memorial Day is ominous, but as mem
familiarize themselves with the iss
however divisive, there is also a ce
comfort level and confidence with
choices ahead. "This has been a very s
period of time in which enormous prog
has been made on a very complic
substantive and procedural bill,"
Harold Ickes, deputy White House chi
staff. "We think there is strong suppor
universal coverage, and what is basi
going on is a thoughtful debate of ho
achieve that."

After years of waiting for a full-flec
debate, Sen. Kennedy watched yeste
in good humor from his chairman's se
the Senate labor panel. He has adjuste
benefits package to bring in core De
cratic support, and while Republicans
to offer as many as 91 amendments i
attempt to slow his progress, has s
schedule beginning each day at 8 a.m

"We're making good progress," he
after a stormy opening session. "This i
part of the political process."

House Panel Clears Proposed Changes In Superfund Law

By Timothy Noah
Staff Reporter of The Wall Street Journal

WASHINGTON — The Clinton administration's proposed rewrite of the Superfund hazardous-waste law cleared the House Energy and Commerce Committee by a unanimous vote.

Although the bill's chances for passage this year remain uncertain given the crowded legislative agenda, the measure has picked up steam in recent weeks. The Senate's Superfund subcommittee is expected to take up the bill next week, and the House Public Works Committee is set to consider it sometime next month.

The legislation aims to reduce substantially litigation surrounding cleanup of abandoned hazardous-waste sites, and to introduce more flexible standards for businesses held liable for cleanups. According to the Environmental Protection Agency, it would reduce industry's Superfund-related costs by $500 million a year.

At present, the measure has fragile support from business and is barely tolerated by environmentalists. Industry had attempted to eliminate completely the existing Superfund law's liability scheme, which can saddle a business with the cost of cleaning up an entire site even if it contributed only a small amount of waste; the liability provisions were scaled back, but not eliminated, in the final bill. Meanwhile, environmentalists have expressed frustration with the cleanup standards in the bill, and have threatened to oppose the measure if significant additional changes are made.

The bill would levy a new tax on insurance companies to create a fund to settle existing Superfund lawsuits between polluting businesses and their insurers. An earlier version of the bill would have required businesses that reject an insurance settlement and then fail to win a greater amount to pay 50% of their insurers' legal costs. But that provision, which drew fire from polluting businesses, was dropped in subcommittee.

Carol Browner, the EPA's administrator, termed yesterday's committee vote "a major step forward on the road to reforming Superfund this year." Rep. Al Swift (D., Wash.), who sponsored the bill, conceded that "it's still got a long road to go." But, he added, "we're in a hell of a lot better shape" than a few weeks ago, when administration negotiations with environmentalists and industry were on the verge of collapse.

Lawmakers Support Report Charging China Still Exports Prison-Made Goods

By Robert S. Greenberger
Staff Reporter of The Wall Street Journal

WASHINGTON — Contradicting the Clinton administration, a bipartisan group of lawmakers endorsed a report charging that China is exporting goods to the U.S. made by prison labor.

If the charge is substantiated, it would be extremely embarrassing for President Clinton, who is expected to renew China's trading status for next year. Under an executive order signed by Mr. Clinton, if China is shipping prisoner-made goods to the U.S., the secretary of state can't recommend to Mr. Clinton that he extend "most-favored-nation" trading status for China. If the president were to go against the secretary, he would severely damage his credibility with many members of his own party.

Noting there are two such essential requirements in Mr. Clinton's executive order, Michael McCurry, a State Department spokesman, said yesterday that "I think it would be accurate to say that there are growing signs that those two mandatory categories have been largely satisfied." The other category involves freedom of emigration.

The differing views illustrate the pressure that is building on the White House as President Clinton approaches the June 3 deadline for determining whether to renew China's trading privileges. Mr. Clinton is widely expected to make his decision by next week, before he embarks June 1 on a European trip.

Human Rights Watch/Asia is set to issue a report today showing that China arrested nearly 500 previously unknown prisoners following its June 1989 crackdown of pro-democracy demonstrators. Further, the report states that China made "elaborate preparations" earlier this year to clean up a prison before an expected visit by the International Committee of the Red Cross.

The reports on prison labor and on prison conditions in China are timed to signal the White House that if the president doesn't impose at least some penalties on China for its human-rights behavior, Congress will. At a press briefing yesterday, Rep. Nancy Pelosi (D., Calif.), a House leader in the fight to link trade with China's human-rights record, said, "Nothing has improved enough to justify [extending] MFN."

Rep. Christopher Smith (R., N.J.) added: "The situation in China by all accounts has gotten significantly worse."

According to a senior U.S. official, Secretary of State Warren Christopher hasn't yet made his recommendation to Mr. Clinton. Mr. Christopher is expected to return home today from a Middle East trip, and, the official said, will review on the airplane three or four options papers he had asked department officials to prepare. Among the options are some selected or targeted sanctions that the White House might impose on China at the same time that it renews MFN.

The senior official said that Mr. Christopher also will probably recommend that any renewal formula contain a "hefty human-rights package" that probably would include some type of panel to monitor human rights.

The report on prison labor, by the private Laogai Research Foundation, claims that a number of Chinese prisons continue to ship goods to the U.S. These products include hand tools such as wrenches, steel pipe, stuffed animals and Christmas lights. The report is based on a recent visit to China by the foundation's executive director, Hongda Harry Wu, who spent 19 years in Chinese prisons. The charges also are based on an examination of shipping records. China agreed in 1992 to not ship prisoner-made goods to the U.S., but the report concludes that Beijing "has violated both the letter and spirit" of that agreement.

Mr. Wu's foundation has received backing from labor organizations, some of which oppose renewal of China's trading privileges, and from individuals.

In addition to the two mandatory categories, the executive order lays out five categories in which China must show "overall, significant progress" to win "most-favored-nation" status renewal, including providing an "acceptable accounting" of political and religious prisoners. The report by Human Rights Watch/Asia suggests that China hasn't been forthcoming. Another condition calls on China to ensure humane treatment of prisoners, in part by permitting international inspections. But the Human Rights Watch/Asia report provides graphic detail of how Beijing went about preparations for deceiving the Red Cross before an expected January visit that never took place.

Meanwhile, the administration indicated it continues intensive diplomacy with China, through official and private channels in order to prod Beijing toward compliance with the executive order.

THE PRESIDENT HAS SEEN
5-23-94

Need to decide
how to deal w/
this Country

THE WALL STREET JOURNAL, THURSDAY, MAY 19, 1994

68

Herbert Osner

P.O. Box 84
Seaford Vic 3198
Australia

14th May 1994

TO will 1/4th Ayi Robert

The
Staff Secretary
Office of the President
White House
1200 Pennsylvania Avenue
Washington DC 20500

Re: Singapore Buttocks/Tehran Soles.

Dear Madam/Sir,

Two incidents have recently caught the attention of the consumers of World Mass Media and excited their feelings: -

- the buttocks of Mr. Michael Fahey, 18, who had these emphatically stroked in compliance with the law of the State of Singapore for having spray-painted, i.e., vandalized, 15 or 16 cars of innocent people,
  and
- the soles of a US lady who received 60 (or 80?) smacks for trying to introduce prostituti in Tehran, the capital of Iran.

Further the world public was told that Mr. Fahey, after a request by his fa er and the intercession of Mr. W. Clinton, President of the USA, to the Singaporean authori ies had the standard penalty of 6 strokes reduced to 4 and that some media had allegedly of ered 1,2 million dollars for the publication of a photo of the legally treated, exposed butt- ocks. As far as the lady in Tehran was concerned there was no mention of any intercession o her behalf nor any financial offer for a photo of her much more severly treated soles!

Maybe I have missed the announcement mediawise who was to foot the bill for having the cars in Singapore resprayed in the same, i.e., most likely original colour, whet it was insurance, the Singaporean government or the innocent sufferers. In Tehran there was no property damage. Nobody was hurt materially. Perhaps the pride and status of the mullahs was offended.

Is it not fair to state that if somebody has done intentional and malicious damage to an innocent, defenceless victim such damage should be made good by the perpetrato It is quite feasible that somebody has made such a suggestion already to Mr. President or t Messrs. Fahey: - if the media have paid a sum higher than the amount it would take to bring those 15 or 16 cars into their original external appearance then, as a gesture of decency, common sense and international friendship an offer to defray those cost should be made. It would certainly help to alleviate the opinion of many people and nations that the powerf and rich USA is riding roughshod over the laws and sensitivities of smaller, less important nations and their citizens with impunity.

Should such a generous offer have taken place already then I have missed it as it wasn't promulgated with the same loud noise as the initial incident. Then again It ma not have happened! So there would still be time to consider it. It sure is worth a thought.

I am feeling very strongly about this and to pacify those feelings I simply hat to write it out of my system. Thank you for reading, thinking about it and, perhaps, some positive action follows!

Kind regards

H. Osner

94 MAY 23 P7:14

THE SECRETARY OF THE NAVY
WASHINGTON, D.C. 20350-1000

1. Cc Nancy
John Dean
Bruce Lee
2. Jill Price

23 May 1994

Mr. President,

In conjunction with your commencement address to the Naval Academy, 25 May, I recommend you grant "amnesty" to the brigade. Amnesty is an old tradition in which punishment awarded for demerits does not have to be completed. It may only be authorized by Heads of State and does not apply to serious offenses (e. g. cheating scandal). This had been done in the past, and although it would probably only affect a few midshipmen, it would be a great "morale" booster for the Academy.

John Dalton

cc
Don Baer
WSC

Jim Dorskind

cc. Paul Richard

THE WHITE HOUSE
WASHINGTON

DATE: 05/23/94

NOTE FOR: JIM DORSKIND

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☒XX

Please prepare a response to Cathy Rosen and return it to my office.

Thanks.

Thank you.

JOHN D. PODESTA
Assistant to the President and Staff Secretary (x2702)

cc: Paul Richard

THE PRESIDENT HAS SEEN 5/23

THE WHITE HOUSE

WASHINGTON

Mr. President

Per Jeff Eller -

Cathy Rosen, the lady you called on Friday who lost her job re health care -- you lump was diagnosed as benign and she got a job!!

No letter

Do you have the 3rd Richard Nixon book -

"Seize the Moment"?

Potus is reading

BMC

5-17-94

MEMORANDUM FOR THE FIRST LADY

PURPOSE:
To call and express concern for Cathy Rosen, a letter writer from New Rochelle, New York who met the President on Monday to discuss her health care problems and was fired from her job on Tuesday.

PHONE NUMBER: 914-636-0392

BACKGROUND:
Cathy Rosen is a 45 year old woman who wrote to you. The main points of her story:

- Cathy worked for a real estate company and had no health care coverage.
- In her letter to you, she wrote that her doctor found a lump on her breast but that she does have enough money to go to the hospital and have it removed. She claims that because insurance companies consider this a preexiisting condition, she may die before it is taken care of.
- Before meeting with the President on Monday, Cathy claims that her employer did not know of her condition. Cathy received a tremendous amount of local press coverage.
- On Tuesday, Cathy Rosen was fired from her job, ostensibly because she was "incompetent."
- Cathy truly believes that becuase her story became public, her employer found out about her condition and in turn, fired her.
- She is fearful that she will never be hired and that her condition will never be taken care of.
- And as she said, "I don't regret anything I said or did and again it was my pleasure and honor to meet President Clinton, but I had no idea that being honest would cost me my job."

***NOTE: Press interest has been intense on this story (we have been called by every network and all NY press) and has sparked concern within the community. This afternoon, Ms. Rosen received the commitment from the New Rochelle Health Center to cover her forthcoming medical costs. She has an appointment for a mammogram on Monday.

She has spoken to the media and has expressed her support of the President and the First Lady.

Talking Points for Phone Call with Letter Writer Cathy Rosen

* I just wanted to express my concern about your situation.

* You showed great strength by sharing your very personal story with the President on Monday. It's not easy to take such a courageous step, but you did so anyway. And you did it to help others who share your pain. You did it because there are millions of Americans like you who lack insurance. And you wanted to stand up and say it's just not right.

* I was very sorry to hear that you lost your job after meeting with the President and sharing your story. It would be deeply disturbing if this action was taken because of your courage to come forth and tell your story.

* I want you to know that the President, myself and everyone in this Administration are fighting for you and for others who are victims of the current health care system. We are committed to passing health care reform this year and you have my pledge that we will do everything we can to ensure that every American will have health insurance that can never be taken away.

Cathy Rosen
51 Glencar Avenue
New Rochelle, NY 10801

Dear Mrs. Clinton:

I know you will probably never read this letter, but in the hopes that you will, I would like to tell you of a situation which I think includes a great deal of the American public. It regards the health care situation in our country, which is a major concern to all of us.

I grew up in the average American family. I am about the same age as you. I have been in good health all of my life and up until three months ago I had health coverage from my job. Due to higher costs and lack of business and the slow economy, several of us were let go. I found another job but I do not have any medical coverage.

About two months ago my doctor found a lump in my breast. I was told to see the surgeon to have it removed. I do not have the money for the doctor or hospital and even if I were to get coverage today, the insurance companies consider this a pre-existing condition and I will have to wait eleven months for coverage for this.

I have worked hard all my life. I am a good person. I may lose a breast or worse because I cannot go to the surgeon and I cannot afford an operation. I saw my grandmother die of breast cancer and I am scared to death that it will happen to me at age 44.

I have not told my family because I do not want them to worry. It could be something as simple as a cyst or it could be cancer, and there is nothing I can do about it for eleven months until I have coverage.

This is not right. I do not want to die and because of lack of money I may. I am only 44 years old and the longer I wait to find out if it is cancer the less my chances of survival.

I hope that you will be able to do something soon so that no one will have to go through what I am going through. The fear of cancer or the not knowing is the most horrible thing anyone can experience.

I know you and President Clinton are working hard for us and I appreciate this very much. I also know that by the time something is done, if I do have cancer, it may be too late for me but I hope and pray that no one will have to go through the same fears of not knowing for eleven months or longer because of lack of money. God bless you and your family.

Fondly,
Cathy Rosen

JASON GOCOBERG
202-456-2938

Dear Jason

As per our telephone conversation of last night I am sending you the info you requested.

I was one of the three people that had the pleasure of meeting with President Clinton on Monday at the New York Hilton regarding Health Care. It was such a memorable and special occasion for me.

We were interviewed by the press and had a chance to meet the president.

My employer had no idea of the contents of the letter which I sent to the White House and I did not reveal it to them.

After the meeting with the president my personal story was a matter of public record and my employer found out that I had a medical problem.

At five O'Clock on Tuesday, the day

94-05-11 10:38

After meeting with the President and all of the stories and articles came out in the press I was fired. I was told that I was not living up to his expectations and that I was not qualified to handle the job.

He did not say I was terminated because of my medical problem but I am not incompetent. I feel that if he had not been made aware of my medical problem I would not have been let go.

I tried to help the President and Mrs Clinton further the cause of health care reform and because my story was made public I lost my job.

I don't regret anything I said or did and again It was my pleasure and honor to meet President Clinton but I had no idea that being honest would cost me my job.

Thank you

Cathy Rosen

94-05-11 10:39 002 P02

THE PRESIDENT: Who also has no health insurance.

BILL: Not even a job.

MS. ROSEN: My name is Cathy Rosen. I'm from New Rochelle, New York. And I had coverage, but my boss went out of business, and I wound up taking up another job. And I have no insurance coverage right now. And I have a condition that warrants it, that needs health insurance coverage, but I don't have it; and it's potentially life-threatening.

And this is my girlfriend, Ellen, who came with me.

THE PRESIDENT: And you've now been seeing who?

MS. ROSEN: No, I'm not. I can't get treatment. I can't even find out what the possibilities are because I have no health coverage. And I just can't afford it.

MS. LAMPERT: My name is Anita Lampert. This is my husband, Steven, and my son, Cameron -- who's getting very restless. My husband is self-employed. And so I wrote a letter

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

PETER SHARPE AND COMPANY:
FOUNDATION

Woman Who Met with Clinton on Health Care Says She Was Fired Next Day
Associated Press Writer

NEW ROCHELLE, N.Y. (AP) Meeting President Clinton was the most exciting day of Catherine Rosen's life. And now, she says, she's paying a price.

Rosen says she was fired from her bookkeeping job Tuesday, a day after she discussed her health and insurance problems with Clinton.

``They found out I had a problem and fired me,'' she said Friday. The White House says it's investigating.

A woman answering the telephone at Rosen's former employer, Peter Sharp & Co., said the Manhattan real estate company was ``not giving out information at this time.''

Rosen had written to Hillary Rodham Clinton in support of the president's health care reform efforts. She was one of three women invited to meet with Clinton after he gave a health care speech in Manhattan.

Rosen told the president that she had discovered a ``potentially life-threatening'' breast lump two months ago. The doctor said she needed surgery, she said, but she could not afford it.

She had lost her health insurance when she changed jobs, and the real estate company's health policy required her to wait 11 months for coverage of a pre-existing condition.

``I could be dead in 11 months,'' she said. ``I need those damn health benefits.''

Rosen said the day after she met Clinton, fellow workers chatted up the new celebrity in their midst. But none of the bosses asked her what it was like to meet the president.

At 4 p.m., one of the bosses said she should stop in his office before she left for the day. At 5 p.m., she said, she was fired.

``I cried all the way home,'' said Rosen, who lives in the New York City suburb of New Rochelle.

The boss told Rosen that she was ``not living up to their expectations'' after six weeks on the job. It was the first complaint she'd heard about her work, she said.

``I am not an incompetent person,'' Rosen said. ``I'm sure it had to do with meeting the president about my medical problem.''

Rosen called the White House about the turn of events.

Lorrie McHugh, a Clinton administration spokeswoman on health care matters, said the White House was investigating.

``She met with the president and we are concerned about this situation and we're looking into it,'' McHugh said.

Rosen said she had a job interview on Wednesday, but was afraid

all the publicity would work against her.

``Who's going to hire me knowing I have a health problem?" she said.

``I wrote the letter because I thought it could help a lot of people. It wasn't a selfish thing. It's turned into a fiasco."

Rosen said she would think twice about writing another letter to the president. But she doesn't totally regret writing the letter.

Although ``everything seems to have backfired," she said, ``meeting the president was a once-in-a-lifetime thing."

5/23
John - I picked up from N.W. gate. Should President see? John - for reply → Bob

THE WHITE HOUSE
WASHINGTON

DATE: 05/23/94

TO: NSC

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

Please prepare a response to the attached letter from Mr. Louis V. Gerstner, Jr. of IBM and return it to my office for the President's signature.

cc: Bob Rubin

International Business Machines Corporation

Office of the Chairman and Chief Executive Officer

Armonk, New York 10504-1783

94 MAY 23 P7:39

May 23, 1994

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

Shortly you will be facing the critical moment of decision with regard to the extension of MFN for China, not unlike NAFTA, GATT, and gun control, when you must choose a path. As with those spectacularly successful moments in your Presidency, you must ask powerful voices to stand down in deference to the greater good for the United States.

I have enclosed a 1993 picture of IBM China employees, all of whom are employed directly by IBM. With the additions to staffing IBM plans to make, they will number 600 by the end of 1994. When IBM China became a wholly owned foreign enterprise, they chose to leave the security of the socialist system to experience the risks and benefits of the marketplace and to tie their future -- and that of their family -- to that of an American company.

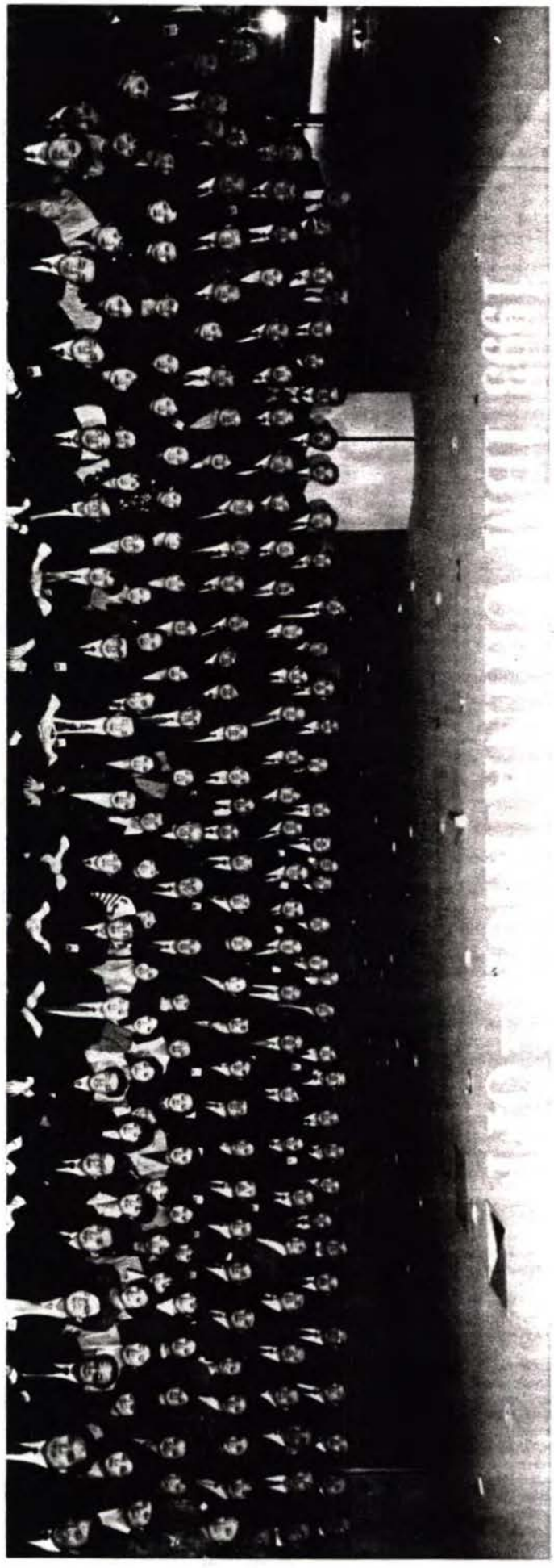
We firmly believe that they are the face of China's future -- and IBM is playing a major role in shaping their outlook and values.

IBM has made a major commitment to the Chinese marketplace and a major investment in our employees. Extension of MFN without conditions or sanctions, however limited, is the only way to guarantee that IBM will be able to continue to grow and be the positive role model we now are in China.

Sincerely,

Louis V. Gerstner, Jr.

LVG:klh



Douglas C. Worth

IBM Vice President
Governmental Programs
International Business Machines Corporation

1301 K Street, NW, Suite 1200
Washington, D.C. 20005-3307
(202) 515-5800

TO Who for Reply? NSC/Will Itoh cc Paul Richard

THE WHITE HOUSE
WASHINGTON

DATE: 05/23/94

NOTE FOR: NSC/WILL ITOH

The President has reviewed the attached, and it is forwarded to you for your:

Information ☐

Action ☒

Please see the President's note on incoming and prepare an appropriate Presidential response to Charles Ravenel.

Thank you.

JOHN D. PODESTA
Assistant to the President and Staff Secretary
(x2702)

cc: Paul Richard

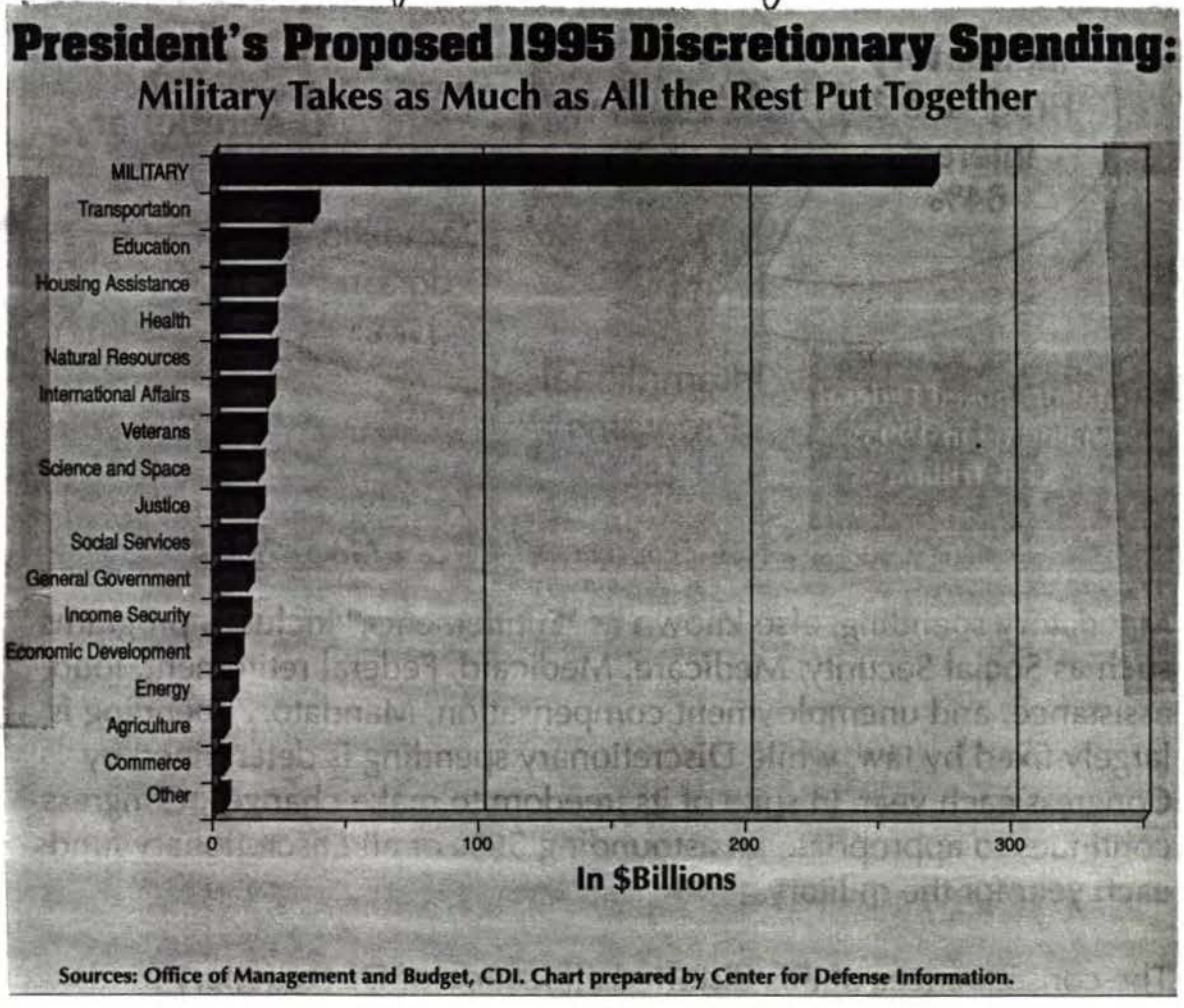
CAPITAL SOUTH

Charles D. Ravenel
Chairman

THE PRESIDENT HAS SEEN
5-23-94

Dear Ms. President,

As you search for the funds for welfare reform, health care reform, crime prevention, etc., take a look at this. It seems out of kilter to me given current threats.



Sincerely,

Capital South Corporation • P.O. Box 68 • Charleston, S.C. 29402 • 803-~~577-7230~~ 737-2701

3641

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
5.23.94

May 21, 1994

94 MAY 21 P1:15

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
SUSAN BROPHY

SUBJECT: Letter from Senator Dole on Haiti

TO VP
Does agree with this
approach - B

Purpose

To advise Senator Dole that you consider a bipartisan commission on Haiti to be unnecessary in light of our just-completed policy review.

Background

Senator Dole urged that you appoint a bipartisan commission to review all elements of the Haiti problem and make recommendations. Our proposed reply informs him of the results of our policy review and urges bipartisan support for these steps to enhance their prospects of success.

RECOMMENDATION

That you sign the proposed letter at Tab A to Senator Dole.

Attachments
Tab A Proposed letter to Senator Dole
Tab B Incoming correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Leader:

Thank you for your letter suggesting that I establish a bipartisan commission on Haiti.

As I announced on May 8, we are taking a number of steps to intensify pressure on the Haitian military to relinquish power to President Aristide. These include appointment of Bill Gray as my and Secretary Christopher's new Special Adviser for Haiti, intensification and improved international enforcement of the sanctions, augmentation of humanitarian assistance and international human rights monitoring, adjustments to our migrant policy to allow all boat migrants to apply for refugee status and consultations with other UN members on reconfiguration of the UN Mission. I have not excluded other available options in the event these new measures do not attain our goals.

I made these decisions following a comprehensive policy review which noted the Haitian military's rejection of our efforts to foster a political settlement over the past year and their worsening abuses. During this review, we took into account views expressed by members of Congress and others interested in resolving the Haiti crisis. I appreciate your suggestion for a commission to study the Haitian situation but do not consider it necessary at this time. The cause of the Haitian crisis is clearly the military leadership's usurpation of democratic legitimacy. Equally clearly, the solution -- which is consistent with the basic principles of U.S. foreign policy -- is the restoration of democracy in Haiti and the return of the President the Haitian people freely overwhelmingly elected in 1990. The formation of such a commission at this time could weaken the signal of resolve that the international community is now sending to the Haitian military leadership.

Nonetheless, I look forward to working with you and others of both parties with an interest in this issue. With bipartisan support and international cooperation we can achieve our objectives in Haiti.

Sincerely,

The Honorable Robert Dole
United States Senate
Washington, D.C. 20510

3641

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER
WASHINGTON, DC 20510-7020

May 6, 1994

The President
White House
Washington, D.C. 20500

Dear Mr. President:

The ongoing political crisis in Haiti presents grave challenges for American foreign policy and American credibility around the world. There is little consensus over the causes of the current situation or on the best policy to pursue. As you know, Members of Congress have expressed very different views over the future direction of American policy toward Haiti.

Because there is so much basic disagreement, I urge you to work with the Congressional leadership in appointing a bipartisan fact finding commission made up of objective and experienced individuals. Such a commission could examine all aspects of the current situation in Haiti and explore possible options to further a democratic outcome. The commission could conduct its work and report back to you and to the Congress promptly, certainly within 60 days.

Issues the commission could examine include why efforts to build a democratic coalition in Haiti have failed, the role of democratically elected parliamentarians in past and future efforts, and the status of the Governors Island Accord and other relevant agreements. Like the Kissinger Commission on Central America of a decade ago, such a group could have a positive impact on the U.S. approach to Haiti and lay the foundation for a policy with broad bipartisan support.

All Americans share a desire to see a peaceful, democratic Haiti. I look forward to working with you in establishing a commission that will help to advance this important goal.

Sincerely,

Bob Dole

BOB DOLE

Bob Dole



NEWS FROM: U.S. SENATOR FOR KANSAS
SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
Thursday, May 5, 1994

Contact: Clarkson Hine
(202) 224-5358

HAITI POLICY

INVASION WOULD BE TRAGIC MISTAKE; ADMINISTRATION SHOULD SEEK PRIOR CONGRESSIONAL AUTHORIZATION FOR MILITARY ACTION; DOLE CALLS FOR BIPARTISAN FACT-FINDING COMMISSION

Press reports indicate the administration is considering deployment of U.S. military forces to Haiti -- either as trainers or as an invasion force. The apparent purpose is to put exiled President Aristide back in power. Before we act hastily, let's look at the facts.

Haiti poses no strategic threat to the United States. There has been no massive exodus of migrants from Haiti. Yes, the thugs and murderers running the country have committed horrible human rights violations -- but they have not threatened Americans in Haiti. But if human rights violations were enough reason for U.S. intervention, we'd be invading most countries in the world -- Rwanda, Sudan, China, Syria and many more.

Law Urges President Seek Congressional OK For Military Action

Last October 21, the Senate passed an amendment I drafted by a vote of 98-2. That amendment is now Section 8147 of Public Law 103-139. The amendment calls on the administration to seek the authorization of Congress before deploying military force to Haiti. While it is a Sense of Congress provision, it expresses the views of the overwhelming majority of Members. If President Clinton wants to use force in Haiti, he should make his case before Congress and before the American people. That's what President Bush did before Operation Desert Storm. Haiti should be no different.

We tried invading Haiti once this century -- after a sustained period of political violence in 1915. After 19 years of Marine occupation, and 34 years of controlling Haiti's finances, the U.S. left. After all the effort, the end result was the Duvalier regime, and he started out by getting elected too.

I agree with former President Bush: "The time has come for a significant shift in U.S. policy toward Haiti." President Bush, who was criticized for spending too much time on foreign policy, supported the return of President Aristide, but now argues that we can and should support democracy in Haiti, without supporting the return of Aristide to power.

Problems Won't Be Solved By Military Intervention

Haiti's problems will not be solved by outside military intervention. One election in 1990 did not make Haiti a democracy -- there was no rule of law, no functioning court system, or accountability of rulers to the ruled. President Aristide's actions in power and in exile raise serious doubts

[illegible] power.
And any invasion force would have to stay in Haiti to protect aristide from his opponents. Any intervention would be costly, long-term, and very unlikely to result in stable democracy.

Under the administration's latest policy shift, any effort to forge political compromise among Haitians has been abandoned, leading President Clinton's former Special Representative to Haiti to observe that the U.S. has taken on full responsibility for Haiti's future. Ambassador Pezzullo points out: "This is no favor to President Aristide, the Haitian people or the Americans who will be sacrificed in the attempt."

Tightening Sanctions Will Increase Suffering

The latest policy not only rejects any pressure on Aristide to compromise, it will further impoverish the poorest country in the Hemisphere. Tightening sanctions, when Haiti has already had 65% of its economy shut down, will increase suffering among the

(more)

poor while the military regime prospers -- especially when the U.S Embassy buys its fuel from their black marketeers. This seems to be the administration's version of destroying a country in order to save it.

Don't Ignore Will of Congress

Turning Haiti into a U.S. colony is not wise policy. Sending American troops on ill-defined training missions in Haiti is not wise policy. Tightening sanctions is not wise policy and invading Haiti to put Aristide back in power would be a tragic mistake. I urge the administration not to ignore the clear will of Congress and to seek prior congressional authorization for U.S. military action in Haiti.

Dole Proposes Bipartisan Fact-Finding Commission

I also think it's time for a fresh look at the situation in Haiti -- what the democratically elected parliamentarians think, why Prime Minister Malval resigned in frustration, whether a peaceful solution is possible.

An independent fact finding commission should be created to review circumstances in Haiti -- it should be bipartisan, and appointed by the President and congressional leadership. When the most basic facts are in dispute -- as made clear by Ambassador Pezzullo's article today -- such a commission should provide important answers before U.S. lives are risked. Allowing such a commission to examine the best course to national reconciliation in Haiti before any additional action is a modest step. I hope to work with the President and his advisers in forming such a commission.

###

* Remarks delivered on the Senate floor, approximately 3:00 PM.

THE PRESIDENT HAS SEEN
5.23.94

CNN
LARRY KING

5/13/94

Dear Mr. President,

Hope you're well & bearing up. Hillary was great last week. We'll be in Normandy for the 6/6 festivities & hope you can spend a few moments with us —— & of course looking forward to our semi-annual visit in July ——

All my best Larry

CHIEF OF STAFF
THE WHITE HOUSE
WASHINGTON, D.C. 20500

THE PRESIDENT HAS SEEN
5.23.94

I thought you might be interested in the attached.

Personally,

Mack

Mack McLarty

MONA CHAREN

Health care hesitation . . .

Recently, Senate Minority Leader Robert Dole, Kansas Republican, paused in the middle of a speech to issue a special thanks to the president and first lady for keeping the issue of health-care reform at the "front and center" of the nation's attention.

That is exactly what is wrong with the Republican Party. Sen. Malcolm Wallop, Wyoming Republican, captured the "Stockholm Syndrome" afflicting Republicans perfectly when he said that if the Democrats proposed legislation to burn down the Library of Congress, the Republicans would respond with a three-year phase-in.

Republicans are afraid of the popularity of health-care reform. Perhaps they are right. Perhaps even after they are given all of the facts, the American people will choose the Rube Goldberg, bureaucratic behemoth that the Clintons have advanced.

But the American people will certainly get no opportunity to make a sensible choice if Republicans roll over, failing to make any philosophical or practical arguments against reform.

If the Clinton proposal is a terrible idea, then it is silly for the Republican leader to thank the administration for proposing it. It's like Michael Fay thanking Singapore for keeping the law-and-order issue "front and center."

The leaders of the Republican Party have abdicated their role on health care, leaving it to private citizens to marshal the arguments. One such extraordinary individual is Dr. Gonzalo M. Sanchez of Sioux Falls, S.D.

Dr. Sanchez is a pilot, a hunter, a wildlife photographer, the father of four and a neurosurgeon who loves his adopted country and hates what the Clintons propose to do to it and to his chosen vocation. And so, Dr. Sanchez published two closely reasoned, fact-rich newspaper advertisements in the Sioux Falls Argus Leader about health care in America.

He took aim at the false premises on which the Clinton plan is based. Costs are not (surprise!) spiraling out of control. In 1990, according to Labor Department figures, health-care costs increased by 9.6 percent. By 1993, the rate of increase had dropped to 5.4 percent.

But costs are high. Is it because doctors, nurses and hospitals are greedy? Hardly. Costs are high because government-funded programs like Medicare and Medicaid create unlimited demand for medical services. Also, costs are high because medical care has become ever more sophisticated and effective. Patients, like heart-attack victims and premature infants, who only a few years ago would have died, now live and rack up health-care expenses.

Costs are high because America's social pathologies — specifically urban violence and illegitimacy — create special burdens for the health-care system. Illegitimate babies are far more likely to be low birth weight and therefore at greater risk for birth defects, illnesses and early death.

And finally, costs are high because American culture demands valiant efforts to preserve life, no matter what the cost. This sets us apart from other countries, like Germany, which does not fund life-prolonging treatment for the terminally ill.

If the Clinton proposal is a terrible idea, then it is silly to thank the administration for proposing it.

What about the cost of imposing the Clintons' huge, bureaucratic octopus? When Medicare was introduced in the mid-1960s, Dr. Sanchez reminds us, President Johnson projected that its cost would reach $8 billion by 1990. He was off by $90 billion. The Clintons claim that their monster would cost $700 billion. Expect that figure to be low as well.

That will mean higher taxes. Higher taxes will mean less economic growth. Less economic growth will mean more poverty. And more poverty will mean, you guessed it, fewer healthy Americans.

Why even talk of a massive overhaul of the best health system in the world when all that needs fixing are some gaps in insurance coverage? Because, argues Dr. Sanchez, the Clintons are not really concerned about improving your health care — their true aim is the vast enlargement of government authority that health reform would mean.

If they succeed, the most intimate decisions we make, like when to get a mammogram or a TPA test to screen for prostate cancer, will be dictated by interest group politics. In Canada, some women are being denied access to epidurals in childbirth, partly to save money and partly because feminists oppose them.

Labor without painkillers seems a pretty good metaphor for the Clinton health plan.

Mona Charen is a nationally syndicated columnist.

The Washington Times ★ MONDAY, MAY 23, 1994

107

PETER FERRARA

. . . and obfuscation

The Clinton health reform proposal relies on employer mandates to achieve universal coverage. Employers are required to pay 80 percent of health insurance costs for each of their employees.

Republicans generally understand that this employer mandate is a fraud. The workers will end up paying for the costs of the mandated insurance, as employers will pay them less than otherwise over the long run by the full amount of such costs. Lower-income workers whose wages cannot be reduced by this amount, because of the minium wage law and other factors, will end up losing their jobs.

Unfortunately, Sen. John Chafee, Rhode Island Republican, is attempting to put together a contingent of Republicans to support an individual mandate instead. Mr. Chafee would force all individuals in the country to purchase health insurance on their own, covering the benefits specified by the federal government. This is the linchpin of Mr. Chafee's highly touted health reform plan, endorsed recently by Democratic Sens. David Boren of Oklahoma and Bob Kerrey of Nebraska.

Politically, an individual mandate will inevitably lose to an employer mandate. Imagine the average voter watching the debate on television. "Let's see," he says. "The president says my boss should pay for it, and the Republicans say I should pay for it. Which one of these plans am I for?" Most voters will go with the president on this one. Indeed, this debate will just raise the class warfare issue all over again, with the Republicans caricatured as once again protecting big business and trying to put the burden on the little guy.

A health insurance mandate is perfectly analogous to a tax. You cannot defeat an employer tax by proposing to put the tax on workers instead. You can only defeat an employer tax by principled opposition to new taxes across the board. Similarly, you can only defeat an employer health care mandate by opposing such mandates for everyone.

Hillary Clinton understands this well. She recently stated on the "Larry King Show": "I think that if the debate in the Congress is between our approach, which is employer-employee shared responsibility ... and Sen. Chafee's approach, which has an individual responsibility, I think that's the right debate."

Substantively, an individual mandate will inevitably lead to government control of health care. A mandate requires the government to specify exactly what health benefits individuals are required to buy to satisfy the mandate. Consequently, the federal government must then specify in full detail a government-defined benefit package. The political process will inevitably lead this package to be broad and generous. But many, if not most, workers and employers will not be able to afford such an expensive policy. The government will then have to step in to control costs, through rationing, which in turn involves government control over the practice of medicine.

Politically, once the government gets involved in specifying any kind of standard benefit package for everyone, the Republicans will find themselves in a perpetual bidding war with the Democrats over what benefits will be included in the package. The Democrats and their special interests will lard on more and more expensive benefits, paid for, they will say, by big business. This will leave the Republicans as heartless naysayers once again trying to protect big business from high costs, and denying better benefits for working people.

Moreover, the Republicans will then have to face a vote every year on whether abortion is in or out of the standard package. Pro-life Republicans would be undermining their own constituency by forcing them to fight this draining defensive battle every year with great prospects for ultimate defeat.

These losing battles can be avoided only by opposing any government effort to define a uniform package of benefits for everyone, and favoring instead the freedom of choice of each consumer to determine what health benefits he or she will buy. This frames the issues in a winning way for Republicans.

But what about universal coverage? The real concern of the public is that people be able to get essential health care when they need it. To achieve this, vouchers can be provided to all low income people for the purchase of essential health coverage. This assures that no one will lack health insurance because he doesn't have the money to pay for it.

The danger is th[illegible] Mr. Chafee [illegible] still be abl[illegible] to put together a handful of six or seven Republicans to do a deal with the Democrats based on his alternative reform plan.

In addition, state insurance risk pools can back up others who do not buy coverage and become uninsurable. These pools can charge higher premiums up to some reasonable limit, with the state subsidizing remaining costs. Alternatively or in addition, a means-tested program can pay for essential health care once above-poverty income and assets are used up. Either way, no one will lack health care because he doesn't have the necessary funds.

These provisions accord perfectly with prevailing public opinion by providing for those in need without destroying the excellent health care currently enjoyed by the middle class, as the Clinton plan would do.

Earlier this month, one key Senate Republican after another stood up to oppose individual mandates, recognizing the validity of these points. The danger is that Mr. Chafee will still be able to put together a handful of six or seven Republicans to do a deal with the Democrats based on Mr. Chafee's alternative reform plan. This would snatch victory from the jaws of defeat for Mr. Clinton, and impose a tragic health care disaster on America.

Peter J. Ferrara is a senior fellow at the National Center for Policy Analysis.

THE WHITE HOUSE
WASHINGTON

DATE: 5/23/94

TO: LEON PANETTA
MARCIA HALE

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

For action.

President's note reads,

need a report

THE PRESIDENT HAS SEEN 5/23

THE WHITE HOUSE

WASHINGTON

May 19, 1994

94 MAY 19 P7:20

MEMORANDUM FOR THE PRESIDENT

FROM: MARCIA L. HALE

SUBJECT: GOVERNOR WILSON AND IMMIGRATION

Governor Wilson called Mack at home on Sunday and sent you the attached letter requesting a meeting with you on immigration while you are in California this weekend.

I called Governor Wilson's chief of staff and declined the meeting, in concurrence with Mack and Harold, but offered one with Leon. They accepted the offer and Leon is meeting with the Governor today at 3:00 p.m. Tom Epstein will be in the meeting and will brief you on the discussion upon your arrival in California.

You should also be aware that Governor Wilson was invited to participate on the program at UCLA but is not planning to participate at this point.

attachment

GOVERNOR PETE WILSON

May 14, 1994

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

Dear Mr. President:

As I understand you will be visiting Northern California next week, I would like to formally invite you to Sacramento to meet with a bipartisan group, including myself and our legislative leadership, to discuss the federal government's approach to solving the crisis of illegal immigration in California.

With the state's new fiscal year fast upon us, California once again faces the prospect of reducing state services for legal residents, because we are forced to spend more than $3 billion on illegal immigration. This state cost, for what should be a exclusively federal responsibility, is now approaching ten percent of our General Fund budget.

Our nation's immigration policy is a failure. But as you so accurately said on a past visit to our state, "One of the reasons the federal government has not been forced to confront this . . . is that the states of California, Texas and Florida have had to bear a huge portion of the costs for the failure of federal policy."

You have expressed a willingness to fix that failed policy. Your words of support for California, the working group you established with Budget Director Leon Panetta, and your pledge to reimburse states for at least part of the cost of incarcerating illegal immigrants are all important and positive signals.

But now is the time to match words with deeds. With Congress debating the federal budget, we face a critical juncture in our push for reform. We cannot afford to put this off. California's congressional delegation has worked tirelessly to enact reform in Congress, but fixing this national problem this year will require presidential leadership.

STATE CAPITOL · SACRAMENTO, CALIFORNIA 95814 · (916) 445-2841

California cannot afford to wait until next year. The cost of illegal immigration grows day by day. Providing emergency health care alone has become 18-times more expensive since Fiscal Year 1988-89. The number of illegal immigrants in our state prisons since 1988 has increased more than 200 percent. And if something is not done before next year, we will be forced to spend $1.7 billion educating illegal immigrants in public school.

We are bearing these costs, moreover, as California struggles to recover from lingering recession. We are rebuilding our economy job by job, but it takes 750,000 jobs just to support these costs.

Please take this opportunity, as the California Legislature wrestles to balance the state budget, to hear face-to-face, the tough choices that the failure of the federal government's immigration policy is forcing us to make.

In the past, you have often said America cannot recover until California recovers. Well, California cannot recover until we resolve this fiscal crisis caused by illegal immigration. I urge you to meet with a bipartisan group of Californians in an effort to do so.

If you are unable to travel to Sacramento, I would be pleased to work with your staff to find a mutually agreeable alternative. Please feel free to contact me, or have a member of your staff contact my Deputy Chief of Staff, Pat Clarey, at 916/445-8612 to discuss how we can best coordinate our schedules.

I eagerly await your reply.

Sincerely,

Pete Wilson

PETE WILSON

IMMIGRATION COMES TO A SMALL TOWN / SOFTWARE FOR KIDS

The Atlantic Monthly

APRIL 1994

What is Political Leadership?

Waffling?

Acting?

Following the polls?

Yes.



GARRY WILLS describes the leadership of Franklin Roosevelt, a great President with many of the traits we curse in contemporary politicians

Garry Gregg 65

THE PRESIDENT HAS SEEN 5/23/94

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#BN04

What Makes a Good Leader?

by GARRY WILLS



Often, history shows, it is not the attributes—a rugged respect for principle, a refusal to govern by the polls—that we are prone to think we should want

I HAD just turned seventeen, did not know Los Angeles, had never even driven in a big city. I had certainly never backed a trailer up to a loading dock. But my father gave me a map, marked a warehouse's location, and told me to deliver a refrigerator there. I would have to get someone to help me unload it when I arrived. It was very clever of him. I knew what he was doing. But I complied anyway.

I had a chip on my shoulder, since my father left my mother to marry a (much younger) Hollywood model. While I was in California for a high school contest, he asked me to work at his nascent business for the rest of the summer. But for that offer I would not have stayed. He knew that the way to recruit a resisting son-employee was to give me independence—not only in things like deliveries but in sales and the purchasing of household equipment. If I failed, that might break down my resistance. If I didn't, pride in the work might renew a bond that had been broken. Paradoxically, by giving me independence he got me to do his will. That is the way leadership works—reciprocally engaging two wills, one leading (often in disguised ways), the other following (often while resisting). Leadership is always a struggle, often a feud.

Why, after all, should one person do another person's will? The answer that used to be given is simple: the leader is a superior person, to whom inferiors should submit. But modern democracies are as unsympathetic to this scheme as I was to the authority of my father. Patriarchal society, it is true, was rooted in a radical inequality between leaders and followers. Even ancient Athens, the first Western democracy, submitted to "the best man," according to Thucydides.

> [Pericles], a man clearly above corruption, was enabled, by the respect others had for him and his own wise policy, to hold the multitude in a voluntary restraint. He led them, not they him; and since he did not win his power on compromising terms, he could say not only what pleased others but what displeased them, relying on their respect.

Illustrations by Hanoch Piven

We have long lists of the leader's requisites—determination, focus, a clear goal, a sense of priorities, and so on. We easily forget the first and all-encompassing need—followers.

Some still subscribe to that notion of leadership. How often have we heard that we lack great leaders now—the clearly virtuous kind, men like George Washington and Abraham Lincoln? The implication is that we could become great again with a great man to guide us. We would not mind submitting to anyone *that* good. (Of others we continue to be wary.)

I shall be arguing here that the Periclean type of leadership occurs rarely in history, if at all. Scholars have questioned Thucydides' description of Pericles' position—Athenians seemed quicker than most to ostracize leaders who thought themselves above the people. Why *should* people immolate their own needs and desires to conform to the vision of some superior being? That has happened in some theocratic societies, but then people were obeying God in his representative, and it was their belief in God's will that constrained them.

In a democracy, supposedly, the leader does not pronounce God's will *to* the people but carries out what is decided *by* the people. Some might object that in that case the leader is mainly a follower—he or she does what the community says when it speaks through elections, through polls, through constituent pressure. Because they are willing to compromise their principles, such leaders, unlike the Pericles of Thucydides, cannot displease their followers. They are bribed, if not with money then with acceptance, or office, or ego satisfaction.

We seem stuck, then, between two unacceptable alternatives—the leader who dictates to others and the one who truckles to them. If leaders dictate, by what authority do they take away people's right to direct their own lives? If they truckle, who needs or respects such weathervanes?

Most of the how-to manuals on leadership assume one or the other of these models—or, inconsistently, both. The superior-person model says the leader must become worthy of being followed—more disciplined than others, more committed, better organized. This sends aspiring leaders to the mirror, to strike firm-jawed poses and to cultivate self-confidence and a refusal to hedge.

Or the leader is taught to be ingratiating. This is the salesmanship, or Dale Carnegie, approach—how to win friends and influence people. It treats followers as customers who "buy" the leader's views after these have been consumer-tested and tailored for maximum acceptance.

The followers are, in this literature, a hazy and not very estimable lot—people to be dominated or served, mesmerized or flattered. We have thousands of books on leadership, none on followership. I have heard college presidents tell their student bodies that schools are meant to train leaders. I have never heard anyone profess to train followers. The ideal seems to be a world in which everyone is a leader—but who would be left for them to be leading?

Talk of the nobility of leaders, the need for them, and our reliance on them raises the clear suspicion that followers are *not* so noble. In that view leaders rise only by sinking others to subordinate roles. Leaders have a vision. Followers respond to it. Leaders organize a plan. Followers get sorted out to fit the plan. Leaders have willpower. Followers let that will replace their own.

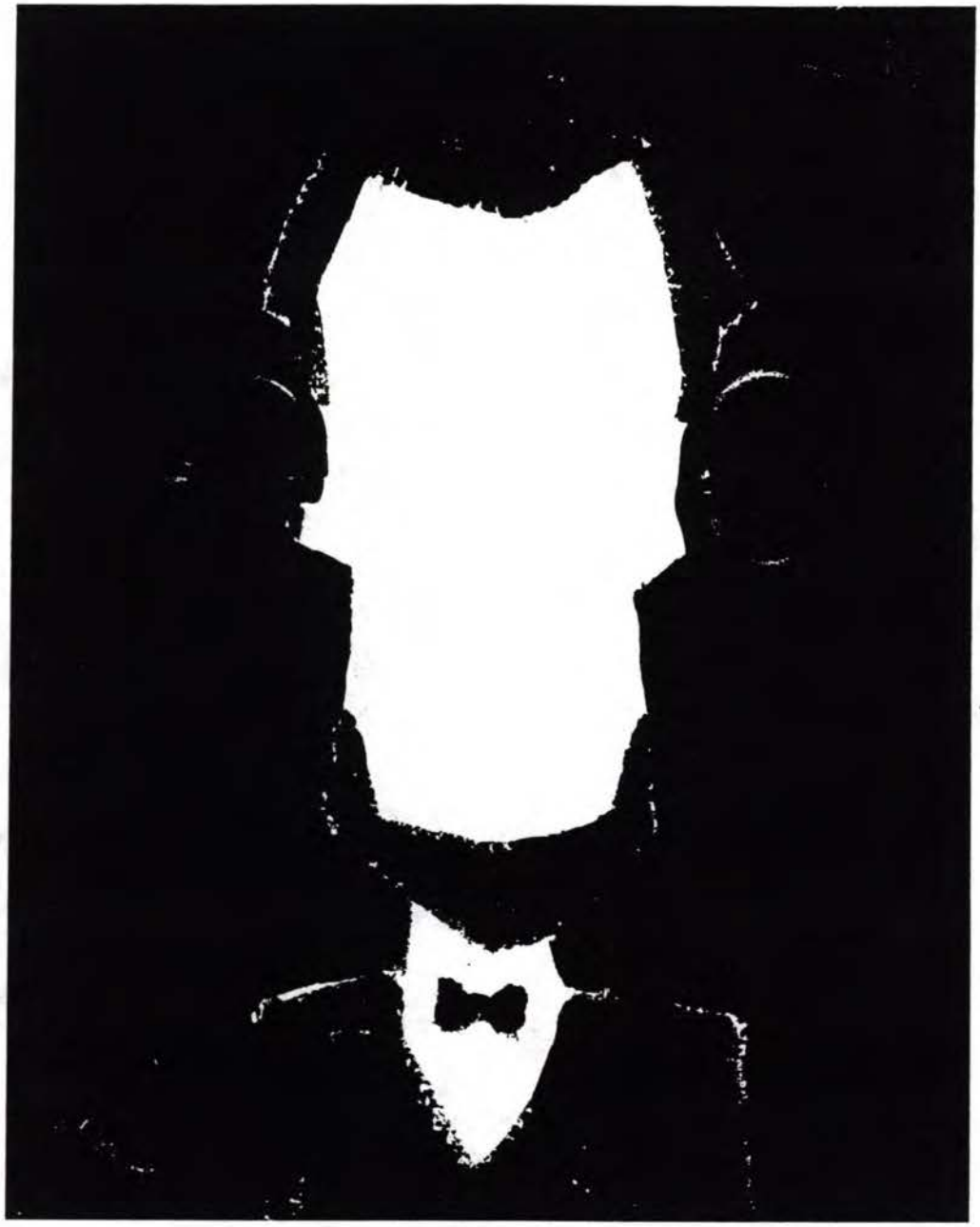
We have long lists of the leader's requisites—determination, focus, a clear goal, a sense of priorities, and so on. We easily forget the first and all-encompassing need—followers. Without them, the best ideas, the strongest will, the most wonderful smile, have no effect. When Shakespeare's Welsh seer, Owen Glendower, boasts, "I can call spirits from the vasty deep," Hotspur deflates him with the commonsense answer, "Why, so can I, or so can any man. But will they come when you do call for them?" It is not the noblest call that gets answered but the answerable call.

Leading by Listening

ABRAHAM Lincoln did not have the highest vision of human equality in his day. Many abolitionists went further than he did in recognizing the moral claims of slaves to freedom and recognition of their human dignity. Lincoln had limited political goals, and he was willing to compromise even those. He knew that no one who espoused full equality for blacks could be elected in or from Illinois—so he unequivocally renounced that position:

> I am not, nor ever have been in favor of bringing about in any way the social and political equality of the white and black races. . . . I am not nor ever have been in favor of making voters or jurors of negroes, nor of qualifying them to hold office, nor of intermarrying with white people; and I will say in addition to this that there is a physical difference between the white and black races which I believe will forever forbid the two races living together on terms of social and political equality. And inasmuch as they cannot so live, while they do remain together there must be the position of superior and inferior, and I as much as any other man am in favor of having the superior position assigned to the white race.

But for that pledge Lincoln had no hope of winning office.



The followers were setting the terms of acceptance for their leader. He could not issue calls they were unprepared to hear. (He *could* do it, of course—as Owen Glendower can shout summonses down into the deep. But it would be a waste of time.)

This Lincoln has disappointed people who think followers should submit to a leader's superior vision—those who want the leader to be active and the followers passive. Lincoln's leadership was a matter of mutually determinative activity, on the part of the leader and the followers. Followers have a say in what they are being led to. A leader who neglects that fact soon finds himself without followers. To sound a certain trumpet does not mean just trumpeting one's own certitudes. It means sounding a specific call to specific people capable of response.

Does this remove or reduce the heroic note in Lincoln's leadership—as if he were only *allowed* to lead, by followers who could refuse to respond? Well, what is the alternative—people who cannot refuse to follow? If that were the case, the leader would be marshaling automatons, not voluntary respondents.

It is odd that resentment should be felt toward the demands of followers when the limiting power of circumstance is so readily accepted. Even the most ardent hero-worshippers of Winston Churchill admit that he needed an occasion for the exercise of his skills. But for the Second World War we would never have known how he could rally English spirit. Yet followers conform more closely to a leader than a leader does to external circumstances. The leader can have both the skill for his or her role and the occasion for its use and still lack followers who will respond to the initiative or the moment.

So much for the idea that a leader's skills can be applied to all occasions, that they can be taught outside a historical context or learned as a "secret" of the control of every situation. A leader whose qualities do not match those of potential followers is simply irrelevant: the world is not playing his or her game. My favorite example of this is the leadership of Syrian holy men in the fifth century A.D. Those men, who made policy for whole communities, were revered for their self-ravaging austerity. The man who had starved himself most spectacularly was thought the best equipped to advise pious consultants. So delegations went to consult Simeon the "Stylite" ("pillar-man"), perched in his midair hermitage. Leadership was conditioned entirely by the attitudes of contemporary followership. Who would now write a manual called *The Leadership Secrets of Simeon Stylites*, telling people to starve and whip and torture themselves into command positions?

Closer to our time, Thomas Jefferson thought that the French Revolution had been less successful than the American one, not because the French lacked leaders but because they lacked discerning followers. A corrupt people is not responsive to virtuous leadership. The French spirit had been sapped, he claimed, by superstition (Catholicism) and despo-

tism (monarchy). Napoleon, to retain the people's allegiance, had to revert to both, calling on the Pope to crown him Emperor.

It may seem that the Lincoln example has moved us too far from the Periclean "best man" toward the Dale Carnegie accommodator. If the leader is just an expediter of what other people want, a resource for their use, the people are not being *led* but *serviced.*

But Lincoln had no clear expression of popular will to implement. He had to elicit the program he wanted to serve, and that always involves affecting the views one is consulting. Even pollsters, seeking to understand what is on people's minds, affect the outcome by their mode of questioning. In Lincoln's constituency were some abolitionists, many defenders of slavery, and many more who wanted to avoid facing the issue of slavery. Unlike the abolitionists, who were leaders of a small elite putting pressure on the government from outside, Lincoln had to forge a combination of voters who would join him in at least minimal disapproval of slavery. He had to convince some people that it was in their own interest not to let the problem fester—he told them that they could not afford to take Stephen Douglas's hands-off attitude.

Many voters resisted Lincoln—as I did my father in the summer of 1951. Lincoln deferred to some of their prejudices—left them independent in that sense—in order to win agreement on a policy of at least some hope for ultimate manumission. He argued in terms of his listeners' own views. They celebrated the Declaration of Independence, with its claim that all men are created equal. How could they stay true to their political identity, based on the Declaration, if they did not at some level oppose slavery? By keeping this option open for gradual approximation, Lincoln was able at a later period to take more-direct action. He temporized not to evade the problem but to prevent its evasion. G. K. Chesterton's *What I Saw in America* perfectly captured the delicacy of his operation:

> He loved to repeat that slavery was intolerable while he tolerated it, and to prove that something ought to be done while it was impossible to do it. . . . But for all that this inconsistent consistency beat the politicians at their own game, and this abstracted logic proved most practical of all. For, when the chance did come to do something, there was no doubt

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WHAT THE LIVING DO

Johnny, the kitchen sink has been clogged for days, some utensil probably fell down there.
And the Drāno won't work but smells dangerous, and the crusty dishes have piled up

waiting for the plumber I still haven't called. This is the everyday we spoke of.
It's winter again: the sky's a deep, headstrong blue, and the sunlight pours through

the open living-room windows because the heat's on too high in here and I can't turn it off.
For weeks now, driving, or dropping a bag of groceries in the street, the bag breaking,

I've been thinking: This is what the living do. And yesterday, hurrying along those
wobbly bricks in the Cambridge sidewalk, spilling my coffee down my wrist and sleeve,

I thought it again, and again later, when buying a hairbrush: This is it.
Parking. Slamming the car door shut in the cold. What you called *that yearning.*

What you finally gave up. We want the spring to come and the winter to pass. We want
whoever to call or not call, a letter, a kiss—we want more and more and then more of it.

But there are moments, walking, when I catch a glimpse of myself in the window glass,
say, the window of the corner video store, and I'm gripped by a cherishing so deep

for my own blowing hair, chapped face, and unbuttoned coat that I'm speechless:
I am living. I remember you.

—MARIE HOWE

about the thing to be done. The thunderbolt fell from the clear heights of heaven.

In order to know just how far he could go at any moment, Lincoln had to understand the mixture of motives in his fellow citizens, the counterbalancing intensities with which they held different positions, and in what directions those positions were changing moment by moment. The leader needs to understand followers far more than they need to understand him. This is the time-consuming aspect of leadership. It explains why great thinkers and artists are rarely leaders of others, as opposed to influences on them. The scientist absorbed in the solution to a problem does not have the energy or patience to understand the needs of a number of other people who might be marshaled to deal with the problem. That is something the popularizer of the great man's thought usually does. More important, the pure scientist does not tailor his view of (say) the atom to whatever audience he hopes to influence, as Lincoln trimmed and hedged on slavery in order to make people take small steps toward facing the problem.



My father was a natural leader who acted in small arenas. Even as a child, I thought it childish of him to want to get his way all the time. I did not notice then that he got his way by entering into the minds of others and finding something there that would respond to his attentions—as, on a vastly different scale, Lincoln found a grudging acceptance of the Declaration's pledge on which to build his strategy of emancipation. My father's tactics were different with me, with my sister, with the golfing friends I observed him with while caddying. There is something selfless in the very selfishness of leaders—they must see things as the followers see them in order to recruit those followers.

If the followers get marshaled toward action by a leader, the leader need not be loved or admired, though that can help. I had no great admiration for my father when I found myself responding to his initiatives. Conversely, one can admire or love people who are not, by virtue of that love, leaders.

An Indispensable Element: A Shared Goal

IMAGINE a meeting called to consider a course of action—let us say, to mount a protest against an employer whose hiring and promotion practices discriminate against women. A speaker rises who is stunningly eloquent. Listener A knows and admires the speaker, would go anywhere to hear her speak, hopes to emulate her eloquence in his own way; but he does not care about the issue, and the speech does not bring him any closer to caring. Listener B, on the contrary, has never met the speaker, does not particularly like her, is disposed to resent the employer but had no hope of finding allies to resist him, and is now heartened to act in conjunction with others responding to the speaker. Who is the follower here? If, as seems certain, it is Listener B, then admiration, imitation, and affection are not necessary to followership. Agreement on a *goal* is necessary.

Those who wanted ideological consistency, or even policy coherence, were rightly exasperated with Roosevelt. He switched economic plans as often as he changed treatments for his polio.

So far I have been discussing just two things—leaders and followers. That is better, at least, than discussions dealing with only one thing—leaders. But the discussions cannot get far without the goal. This is not something added on to the other two. It is the reason for the existence of the other two. It is also the equalizer between leader and followers. The followers do not submit to the person of the leader. They join him or her in pursuit of the goal. My father and I were working together for the success of his new business. Of course, he had separate motives for wanting me there, and I had motives for not wanting to be there; by definition, we could not share those motives. It was the thing we could share that created the possibility of leadership.

It is time for a definition: the leader is one who mobilizes others toward a goal shared by leader and followers. In that brief definition all three elements are present, and indispensable. Most literature on leadership is unitarian. But life is trinitarian. One-legged and two-legged chairs do not, of themselves, stand. Leaders, followers, and goals make up the three equally necessary supports for leadership.

The goal must be shared, no matter how many other motives are present that are not shared. Go back to the meeting that called for a protest against employer discrimination. The speaker may have had many ancillary motives for speaking—to show off her rhetorical style, to impress a sexual partner in the audience, to launch a larger political career. Her listeners would surely have many motives—some to improve their prospects with the employer, or their standing among fellow workers. But the followers become followers only insofar as they agree with the speaker on a plan of action against the employer.

This plan is cast in terms of justice, though it is easy to think that this is only a rationale for the various motives, some shared, some not. Each is in this to get something different. David Hume, the eighteenth-century philosopher, said that people obey others for their own advantage; this writhing of various wormlike urges for advantage is far from the picture of idealistic leaders and docile followers.

Yet Hume, perceptive as he was, knew that people follow most reliably when they are convinced that what they are doing is right. He knew the utility of that belief. If, at the meeting to discuss discrimination, only those who would benefit directly from the protest were to join the speaker, that would limit the followership from the outset. And that small number would always be fraying away. The boss could buy off dissent by special favors to a few of the activists, or threats to the weakhearted. Once a given person got what she wanted, she would have no future motive for supporting her sisters. Private advantage shifts constantly, and is a poor basis for public action. That is why Lincoln based his policy on the moral claim of the Declaration of Independence. Some thought that he did not go far enough, others that he went too far; but the moral ground of the Declaration was both broad and narrow enough to accommodate many positions while remaining fixed itself.

Lincoln had to persuade voters. He could not force them. Where coercion exists, leadership becomes unnecessary or impossible to the extent of coercion's existence. Loose use of the word "lead" can mislead. We talk of a policeman leading his prisoner to jail. But the policeman is not a leader in our sense—he is a captor. Though he is mobilizing another toward a goal, it is not a goal they share. The prisoner's goal is to get as far away from the prison as possible.

A slave master buying labor can "lead" slaves to his plantation, but that does not make him their leader. He is their owner. If I had worked for my father only because I needed the money and could get it nowhere else, I would not have been a follower, just an employee. Coercion is not leadership any more than mesmerism is. Followers cannot be automatons. The totalitarian jailer who drugs a prisoner into confession of a crime has not led him to some shared view of reality.

Nor does a leader just vaguely affect others. He or she takes others toward the object of their joint quest. That object defines the kind of leadership at issue. Different types of leaders should be distinguished more by their goals than by the personality of the leader (the most common practice). The crisis of mere subsistence on a life raft calls for one type of leader, democratic stability for another, revolutionary activity for still a third. Lincoln's compromise and flexibility were appropriate for *his* kind of leadership.

A Great Leader in Our Century: FDR

We like to believe that in some golden age there were leaders of such recognized integrity that the American people simply accepted their determinations, issued from on high. But even George Washington, in the deferential eighteenth century, was solicitous enough of public opinion to be called cowardly by some of his critics.

Only one twentieth-century President is consistently rated among the top three or four chief executives of our history—Franklin Delano Roosevelt. He has been taken as a model of leadership by many authors, notably Richard

Neustadt, who wrote, in *Presidential Power*, the most influential modern book on that subject,

> No President in this century has had a sharper sense of personal power, a sense of what it is and where it comes from; none has had more hunger for it, few have had more use for it, and only one or two could match his faith in his own competence to use it. Perception and desire and self-confidence, combined, produced their own reward. No modern President has been more nearly the master in the White House.

The emphasis is all on the leader's internal qualities—mainly his confidence, ambition, and determination: "Roosevelt had a love affair with power"; "Roosevelt's methods were the product of his insights, his incentives, and his confidence." Neustadt describing Roosevelt sounds like Thucydides describing Pericles—here, at last, is a ruler who can, by sheer mastery, impose his views on the multitude.

But another school of historians—including the eminent Richard Hofstadter—has described Roosevelt as one who veered with shifting popular responses. "He was content in large measure to follow public opinion," Hofstadter wrote in *The American Political Tradition*, because he was "a public instrument of the most delicate receptivity." Roosevelt proved that "flexibility was both his strength and his weakness." The result was great energy employed in "harum-scarum" ways: "Hoover had lacked motion; Roosevelt lacked direction."

Some more-recent treatments of Roosevelt, notably Kenneth Davis's multivolume biography, have been more hostile than Hofstadter was in describing Roosevelt's subservience to public opinion. And, in fact, FDR's record seems hard to reconcile with the Neustadt picture of firm control. In New York politics Roosevelt first opposed and then cooperated with the Tammany political machine. He supported and then opposed Al Smith; promoted and then abandoned the League of Nations—"the first Democratic candidate [for President] who explicitly repudiated the League," Hofstadter writes. He fluttered back and forth on Prohibition. As President he reversed himself on the balanced budget, on business consolidation, on farm subsidies, on labor protection, on aid to Europe. Friends as well as foes, from both the right and the left, noticed that the pro-business "First New Deal" of 1933 was profoundly at odds with the pro-labor "Second New Deal" of 1935—and many ascribed the change to Roosevelt's fear that the populist Huey Long was taking away some of his support on the left.

Which is it to be—the masterful Roosevelt of Neustadt or the scrambler after popular acceptance of Hofstadter? Can the two be reconciled? Not if we keep as our ideal the Periclean man, above the need for popular acceptance. If Roosevelt had power, it came precisely from his responsiveness to public opinion. And that came, indirectly, from the crushing blow that took from him, at the age of thirty-nine, all future use of his legs.

Forced Maturation

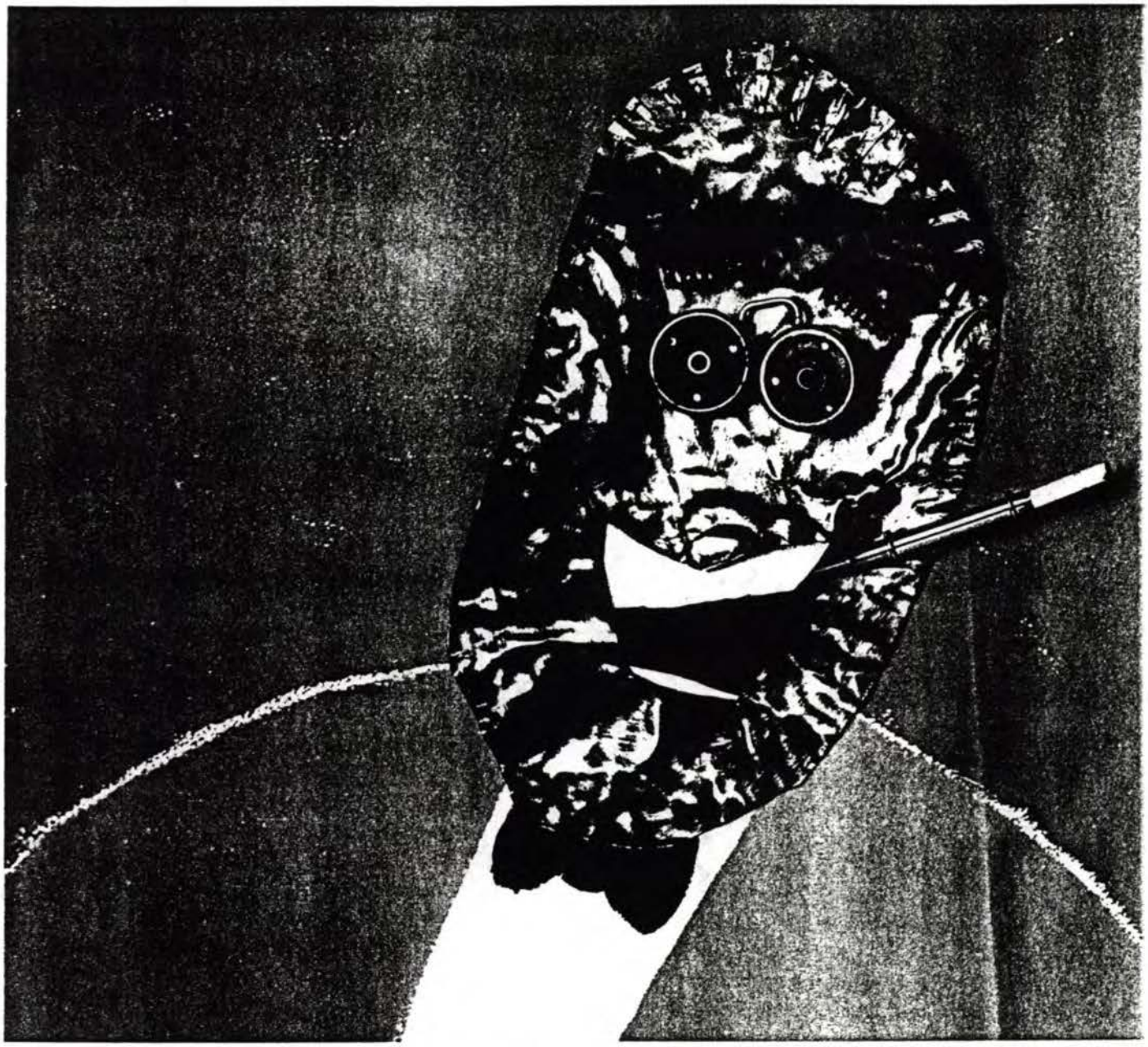
STUDENTS of Roosevelt are agreed that the polio attack of 1921 profoundly changed him. He might have become President without having had to surmount that obstacle, but it is unlikely that he would have been a great, or even a good, President. Before he was crippled, Roosevelt had been a genial glad-hander, an acceptable politician considered lightweight by the pros (men like Al Smith)—too anxious to please, clumsily ingratiating. Even in pictures from that time he seems a dithery Bertie Wooster in his straw boater. His caustic cousin, Alice Roosevelt Longworth, called him a sissy and a mama's boy. As the sole child of the frosty patrician Sara Delano Roosevelt, he had been sheltered from hardship, cushioned in privilege.

At the least, then, the struggle to walk again—always defeated but never quite given up—toughened Roosevelt. His legs withered away, but from the waist up the willowy youth became a barrel-chested man able to swing the useless parts of his body around to give an artful impression of overall strength. Some say that the suffering deepened his sympathy with others who were afflicted—and that was certainly true among his fellow "polios" (their favored term) at Warm Springs, the Georgia clinic Roosevelt established for his and others' use. He had a comradeship in that setting never experienced elsewhere: with its patients he shared his otherwise lonely fight to achieve mobility.

While granting all this, we should resist the sentimentalism that creeps into much of the discussion about Roosevelt's polio. Some talk as if polio sealed him with a redemptive mark of suffering. The Byronic hero is marked by deformity or defect in a way that drives him from the comforts of the prosaic world into the enforced solitude where genius creates an entirely new human vision, brilliant even if one-sided. The artist suffers, but he gains from his suffering, because it severs him from the herd.

Roosevelt's polio did not separate him from others but drove him out toward them—and not to crave sympathy. He would accept no pity. The shrewdest judges of polio's impact on Roosevelt are two authors who themselves suffered from polio—Geoffrey Ward and Hugh Gregory Gallagher. There is no sentimentality in these men's views of Roosevelt. They both see that what polio did was to make him preternaturally aware of others' perceptions of him. This increased his determination to control those perceptions. People were made uncomfortable by his discomfort. He needed to distract them, to direct their attention to subjects he preferred, to keep them amused, impressed, entertained. That meant he had to perfect a deceptive ease, a casual aplomb, in the midst of acute distress. He became a consummate actor.

For Roosevelt to "walk" in public, he had to balance on his locked braces and pretend to be using his legs while he was actually shifting back and forth from his cane to the man (often one of his sons) whose arm he gripped on the other



side. The strain always left his suit soaked with sweat, the hand on the cane shaking violently from the effort, the son's arm bruised where his fingers had dug in. And all the while he would be smiling, keeping up pleasant banter, pretending to enjoy himself.

The danger was always there. His sticklike legs in their metal binding could snap easily if he fell. It was almost impossible for one person to raise him, with his heavy braces locking the legs in an unbending position. When he fell in the lobby of his office building, his chauffeur could not pull him up off the slippery floor, and Roosevelt had to recruit two other men in the lobby for help. The surprised men were the recipients of a flow of jokes and chatter that made it seem like Roosevelt was treating the episode as a particularly funny game. When they got him propped up again, Ward writes, "still smiling and laughing, but with his knuckles white on the handles of his crutches and his legs alarmingly splayed for balance, he said 'Let's go!' and started for the elevators once more." Roosevelt rarely fell in public, partly because he gave up the attempt at public "walking" as the years went by. But each time he did fall, it was a searing crisis to those few who understood how truly helpless he became.

The iron control of his own reactions, necessary for handling such a crisis, was something Roosevelt had achieved by the time he ran for President. While he was sitting in an open car in Miami in 1933, a would-be assassin, standing within twelve yards of the President, fired at him five times. Roosevelt stared at the man, unflinching, while Mayor Anton Cermak, of Chicago, who had been standing next to the car, fell, mortally wounded. The Secret Service tried to move the car away, but Roosevelt stopped it and had Cermak put into the seat with him. He then ordered the car to the hospital and tried to revive the dying Cermak on the way. FDR's calm command of the situation came from more than a decade of sitting in judgment on the passing scene, ready to make the proper moves to keep people from panicking at



the sight of his helplessness. Franklin Roosevelt had always wanted to imitate his admired cousin Theodore, and had usually failed—at Harvard, as a warrior, as a writer. But that day he displayed the same sangfroid Teddy had when an assailant wounded him during the 1912 campaign; TR gave his scheduled speech anyway, though blood was oozing from his shirt.

In less dramatic daily ordeals FDR kept control of others' reactions when he was lifted in or out of cars, carried up stairs, or straightened up again when he had tilted over in a seat without arms. He did this by telling jokes, or locking their eyes to his, or teasing others, making them think of their own vulnerability—as one polio has called it, "walking on your tongue."

When he had no one to carry him upstairs, he sat on the bottom step, reached backward to the higher step, and pulled up his body with his powerful arms, engaging in distracting talk as if he were not doing anything extraordinary. Someone had to be with him always. He was uneasy when no one could respond to a sudden threat—an accident, or the need for help to the bathroom. He was especially worried at the thought of a fire in his house or on his boat. Despite this extreme dependence on those around him—he was carried to and from bed, lifted into and out of his bath, clothed by others—Roosevelt kept up a tiring regime of public activity, during which he looked only slightly inconvenienced. This "splendid deception," as Gallagher calls it, involved careful stage-management of all his appearances, ruthless suppression of any camera in his vicinity until he had settled into the pose he wanted to strike, and carefully constructed ramps, bathrooms, and rails wherever he was going to appear.

When he could not get out, he drew others in around him, maintaining a crowded schedule of interviews, entertainments, meetings with members of Congress, with the press, with celebrities. His press conferences were frequent, two a week or more, well staged to seem informal. The reporters

clustered around Roosevelt's desk, so he did not have to move. They could not quote him directly, but that made the banter on both sides freer and more revealing. Roosevelt probed and learned from them while showing his dexterity in avoiding their attempts to learn anything he was not ready to say. His aides marveled at the bits of information he had managed to acquire. He liked to keep some mystery about his sources: it was another way of demonstrating that he was in touch.

To avoid podiums, where he might fall, Roosevelt invented the "fireside chat." Again, he could sit at his desk while the world came to him. For people used to seeing political oratory on newsreels or hearing speeches broadcast from auditoriums, where the acoustics and the size of the audience made for slow and pompous delivery, Roosevelt's seated-in-the-same-room-with-you style gave a shock of intimacy. Cousin Theodore had been a tub-thumper. Woodrow Wilson was mellifluous but exalted. Herbert Hoover was pinched and pedantic. People felt that Roosevelt, unlike his predecessors, was confiding in them and consulting them. The man who seemed immobilized had ghosted himself into their front rooms.

Invaluable Histrionics

SOME might think it an insult to call a President an actor. It was certainly intended that way when Ronald Reagan was dismissed as "just an actor." But all politicians need some of an actor's abilities. They must feign welcome to unwanted constituents' attentions, cooperate with despised party allies, wax indignant at politically chosen targets. This is the work not of inferior politicians but of the masters. The three Presidents normally at the top of historians' lists—Washington, Lincoln, and Roosevelt—all had strong histrionic instincts. Roosevelt could not go to the theater—or to church, for that matter—because of his logistical problems; but Washington and Lincoln were both avid theatergoers. Washington's favorite literature was Joseph Addison's play *Cato*. Lincoln's was *Macbeth*. Lincoln read aloud the speeches of Shakespeare to anyone who would listen to him.

Washington was a master of the telling theatrical gesture. Even his Christmas Eve assault on Trenton was more a *côup de theâtre* than a strategically meaningful step. His various resignations of office were choreographed. When he could not count on a response from his audience, he hesitated to act. Lincoln knew the impact of his haunting features, and loved to pose for photographers. A great storyteller, he could milk a line for laughs as surely as Roosevelt did in his Fala speech—the one that feigned shock that enemies would think his Scottish terrier a wastrel.

An actor is not, as such, a leader. The appreciation of an audience is not motion toward some goal shared with the actor. Fans are not followers. But a popular leader must use some tricks from the actor's stock. Above all, a good leader must know what is appealing to followers and what risks losing that appeal. Roosevelt had that sensitivity to others' reactions, developed to an almost morbid degree, because of his awareness of their attention to his physical condition. He had to know, to a centimeter, the line that divides pity from compassion, condescension from cooperation, mere sympathy from real support. The French philosopher Denis Diderot said that the best actor sits inside his own performance as a cool spectator of the effects he is creating in an audience. Such actors will sense if an audience thinks they are playing a scene too broad, and will rein in the effects. The actor is working at several levels of awareness—fiery in the character's emotions, icy in the adjustment of those emotions to the intended effects on onlookers. Feigned tears must be used to elicit real tears.

Roosevelt's manipulation of others' reactions to his own body perfectly prepared him to be an actor in Diderot's sense. He could change pity into admiration. He could keep intruders into his privacy off guard by a teasing challenge that made them look to their own defenses, too flustered to advert to his problem. He could put people at their ease or deliberately cause discomfort. He controlled people by the use of nicknames (a familiarity not to be reciprocated).

As President, Roosevelt ministered to a sick nation. Economic cures were being proposed on all sides, and Roosevelt was ready to try any of them, often in bewildering succession. He was criticized as an ignoramus because he hesitated between competing promises of cure. But he knew that the soul needed healing first, and the brand of confidence he had instilled in the patients at Warm Springs was the most measurable gift Roosevelt gave to the nation during the Depression. He understood the importance of psychology—that people have to have the courage to keep seeking a cure, no matter what the cure is. America had lost its will to recover, and Roosevelt was certain that regaining it was the first order of business.

In 1932–1933 a long interregnum between the election and a March inauguration was still constitutionally mandated. Poor Herbert Hoover had to lead the country as a lame duck for a third of a year. He tried to recruit Roosevelt's support for measures that FDR was in fact considering and would finally himself take—bank regulation, manipulation of farm prices, monetary control. But Roosevelt would not be drawn into these plans, sound as they might have been. He realized that the nation needed a clean break, a slap in the face, a sense that the past was being repudiated. It took cool nerves to watch the country slide farther into trouble, knowing he would have to pick up the pieces. But Roosevelt was confident to the point of foolhardiness in all his ways, and that was the thing called for in this desperate situation. When he took office, he closed the banks, imposed regulations far-reaching enough to be called (in time) unconstitutional, and filled the nation with a bustle of make-work, fake work, and real work.

The patient was resuscitated, up off the bed, moving about. The perception of control and of direction returned to a nation that had felt itself drifting in a windless sea.

Great leadership is not a zero-sum game. What is given to the leader is not taken from the follower. Both get by giving. That is the mystery of leaders like Washington, Lincoln, and Roosevelt.

From then on Roosevelt would make many deals with the devil in order to keep his hold on those who might respond to his call. Since Congress was controlled by southern chairmen of the indispensable committees, he paid a price for their support—sabotaging anti-lynching planks in the Democratic platforms, putting off civil-rights action except in the public-works programs. The right wing yelled at him the loudest, but the left may have been more deeply disappointed. Social Security was a boon to the worker, but in a regressive form, making the poor pay disproportionally to get what the government was also giving (as a payoff) to the better-off. When Franco took over Spain in a right-wing coup, Roosevelt gave the legitimate government little help, for fear of losing the Catholic component in his Democratic coalition. When dictators came to power in Europe, Roosevelt placated isolationists, not to win their support but to neutralize them for a while. First things first. The audience had to be worked with many strings, and the strings must be kept from tangling.

Those who wanted ideological consistency, or even policy coherence, were rightly exasperated with Roosevelt. He switched economic plans as often as he changed treatments for his polio, and often with as little improvement. Some of his early "brain trust" advisers went off in disgust at his unwillingness to stick by their advice when the polls turned adverse.

The Depression was not really overcome by the New Deal. Its effects were ameliorated, its burdens shifted, its ravages cloaked over, and that kept people going until the world itself was changed drastically by war. The President could not do everything. But Roosevelt stiffened people's spines to face hardship, even when the hardship did not go away. He knew a good deal about spines. When he wheeled himself up to a war casualty who had had to cut himself free of wreckage by amputating his own legs, Roosevelt said, "I understand you are something of a surgeon. I'm not a bad orthopedist, myself." Legs spoke to legs. The public did not know the extent of Roosevelt's impairment; but it knew enough to feel that if he could go on as he did, gaily despite loss, so might they.

So, to go back to the alternative posed by Neustadt and Hofstadter, which is it to be? The dominating figure or the accommodating one? I am not sure that that choice would have made sense to the patients at Warm Springs. They were certainly dominated by Roosevelt; but they seem to have felt his domination as their own liberation. He did not prevail by ignoring their demands. If anything, he anticipated those demands, and tailored whatever he said or did to acknowledge and respect and further them. The demands were not all consistent, or sensible, or even constructive in the long run. But Roosevelt was quick to respond to them, ruling none out as beneath his notice or contrary to his program. He prevailed by service to them.

Which does not mean, by a long shot, that he was humble. Mother Teresa never had a potential rival in him. He wanted his own way. But he knew that the way to get it was not to impose it. And by the time he got his way, it turned out to be the way of many followers as well. He could win only by letting them win. Great leadership is not a zero-sum game. What is given to the leader is not taken from the follower. Both get by giving. That is the mystery of great popular leaders like Washington, Lincoln, and Roosevelt.

The final mystery is that this physically impaired man made his physical characteristics so comforting to a nation facing hardship and war. People drew strength from the very cock of his head, the angle of his cigarette holder, the trademark grin that was a semaphore of hope.

Anti-Type: Adlai Stevenson

In 1952 liberals who grew up admiring Franklin Roosevelt thought that they had found his rightful successor in Adlai Stevenson. They hoped that he would go to Washington from the governor's mansion in Springfield as Roosevelt had gone from the governor's mansion in Albany. Stevenson was from families as socially prominent in Illinois as the Delanos and the Roosevelts were in New York. Roosevelt had grown up with the example of his cousin Theodore always vivid in his mind. Stevenson's grandfather was a model just as inspiring to him—Adlai E. Stevenson, for whom he was named, had been Grover Cleveland's Vice President. Stevenson's father served in Washington with Secretary of the Navy Josephus Daniels, to whom FDR was undersecretary.

The similarities between Roosevelt and Stevenson are eerie—though not all of them were known during Stevenson's lifetime. Both men were raised by domineering mothers who followed their pampered sons to college. Sara Delano Roosevelt moved to Boston during the winters when Franklin was a junior and senior at Harvard. Helen Davis

Stevenson rented a house in Princeton, near where Adlai was going to classes. Both Roosevelt and Stevenson were poor students who had trouble getting through law school—Roosevelt never did get his degree at Columbia, and Stevenson flunked out of Harvard Law.

Both men wed socially proper wives from whom they were estranged by the time they had national careers—the Roosevelts ceased having conjugal relations after Eleanor discovered Franklin's love affair with Lucy Mercer, and the Stevensons were divorced. Each man depended on the ministrations of a devout female acolyte—Missy Le Hand was Roosevelt's indispensable social secretary–nurse–companion as he made his comeback from polio, and Dorothy Fosdick, of the State Department, helped assemble Stevenson's foreign-policy brain trust for the 1952 presidential campaign.

Though neither was much of a reader or writer, Roosevelt and Stevenson enjoyed the company of people who were, and delivered the speeches they wrote with great style. Neither was an ideologue, but both were progressive enough to be praised and damned as left-liberals. They were moderate reformers in their terms as governor, though both had been elected with the help of strong state machines—Tammany in New York and Jacob Arvey's Chicago organization in Illinois. (Arvey ordered Stevenson to run for governor after Stevenson had decided to run for senator.)

The liberals of 1952 were *almost* right—they almost got another Roosevelt. Stevenson was Roosevelt without the polio—and that made all the difference. He remained the dilettante and ladies' man all his life. Roosevelt was a mama's boy who was forced to grow up. Stevenson had noble ideals—as had the young Roosevelt, for that matter. But Stevenson felt that the way to implement them was to present himself as a thoughtful idealist and wait for the world to flock to him. He considered it beneath him, or wrong, to scramble out among the people and ask what *they* wanted. Roosevelt grasped voters to him. Stevenson shied from them. Some thought him too pure to desire power, though he showed ambition when it mattered. Arthur Schlesinger Jr., who wrote speeches for Stevenson and worked for him in the 1952 and 1956 campaigns, thought that Stevenson might feel guilty about wielding power because he had accidentally killed a playmate when he wielded the power of a gun in his boyhood.

Stevenson believed in the Periclean ideal of leadership—that a man should be above the pressures of the multitude, telling people uncomfortable truths. His admiring brain trust found this charming at first, but concluded that he overdid it. As Schlesinger said, "It was a brilliant device to establish Stevenson's identity. As a permanent device, it was an error." Stevenson kept some distance from the crowd by making "inside" comments that played to the intellectuals. This, too, got on the nerves of his entourage. Carl McGowan, the head of Stevenson's staff, had these rueful memories: "His wit was not as great as it was popularly assumed to be, but it was not as damaging as was believed, either. He always had a risky sense of humor—some of it was not funny at all."

Liberal intellectuals stayed true to Stevenson in the 1950s, despite misgivings, because they were horrified by what they took to be the anti-intellectual alternative of Dwight D. Eisenhower. It was literally inconceivable to these people that a rational electorate would prefer Ike to Adlai—which shows how far out of touch they were with the American people, and just how far Stevenson was from Roosevelt. Louis Howe, Roosevelt's great admirer-manager, would have had no trouble understanding Ike's appeal.

Not only did Stevenson think voters should come to him instead of he to them, but once in office he thought the power of the office would be self-enacting. He did not realize that it is only what one *makes of* the office that creates real followers. Installed as the U.S. ambassador to the United Nations, he clung to that position, with the perks he relished (parties every night, a delightful "harem" of adoring ladies), though his liberal friends repeatedly urged him to resign rather than keep on defending American actions in Cuba, Latin America, and Indochina.

When Stevenson found that he had presented false information to the world in the aftermath of his government's invasion of Cuba (at the Bay of Pigs), he was indignant that his own President had lied to him. He went to the New York apartment of his friend Alistair Cooke, the British journalist, and poured out his trouble over a drink. Cooke tried to comfort him with the thought that men who resigned from intolerable situations have made their contribution to history. Stevenson was shocked at the mere suggestion he would resign. That would be burning his boats, Cooke says he replied. Even then Stevenson did not grasp his real position with John F. Kennedy, who treated him like a patsy because he considered him one.

Later, when the left broke from Lyndon Johnson's foreign policy, Stevenson doggedly defended it. The journalist Murray Kempton, writing in the name of former Stevenson supporters, sent a private letter to Adlai begging him to resign. The government was telling lies. "The need now is for commoners, for men out of office. . . . I know that I am asking you to do one more messy and exhausting thing; but could you come out here and lead us?" But Stevenson was having too much fun on the embassy party rounds. His doctor warned him that his sybaritic life was a form of suicide. Friends were telling him the same thing. He died after a diplomats' lunch in London, at age sixty-five.

Roosevelt, too, drove himself to an early death (sixty-three), but that was in his grueling fourth term as President during the Second World War. His talents had been put to maximum use because he could find common ground with those he sought to lead. He succeeded not by being a Pericles, as Thucydides presents Pericles, but by being what some of Pericles' defenders called a "demagogue." The word means, etymologically, "people-leader." ❦

THE PRESIDENT HAS SEEN 5/23

Boston Globe May 23, 1994

White House is quietly setting a new course

By John Aloysius Farrell
GLOBE STAFF

WASHINGTON – On Monday, April 25, as the world was watching the Serbs withdraw from the besieged Balkan town of Gorazde, President Clinton quietly launched a campaign to ban assault weapons.

On Tuesday, April 26, as the rest of the nation focused its attention on the funeral rites for Richard Nixon, the White House quietly vowed to spend $600 million in the next five years to wrest from Japan a share of flat-panel screen production, a key component of the computer industry.

And on Thursday, April 28, as the media was riveted on South African elections, Clinton's solicitor general stood before the US Supreme Court, arguing for abortion rights.

These and a dozen other little-noted events – including the filing of a new pesticides bill, a plan to revive the Florida Everglades and a summit meeting with Native Americans – are gleaned from Cabinet reports and the president's schedule for that final week of April. They are small but telling signs that Clinton has brought change to the government.

The impact may not be high-profile, Clinton's allies and advisers say, but it is real. In the cumulative effect of a hundred or more policy decisions made each day by a Democratic, rather than Republican, administration, the nation is set further on a new and different course.

"These are tangible signs of change," said Mark Gearan, White House director of communications.

Conservative critics scoff at such assertions, saying Clinton is hamstrung by outdated liberal dogma, beholden to public employee unions and Democratic interest groups, and shackled by the country's massive budget deficit. Without a new paradigm of what government can and cannot do, they argue, he is doomed to mere tinkering at the margins.

"The big structures of government are still in place," said conservative theorist James Pinkerton, a veteran of the Bush and Reagan White Houses. "The ways people are educated, or get health care, work – or don't work – much as they always did. I don't think the Clinton folks have managed to change very much."

Pinkerton said it was "almost impossible to think that initiatives like Goals 2000," Clinton's attempt at education reform, "could ever make a difference," merely by increasing federal education spending by about 6 percent. He said Clinton is more skilled at portraying himself as an agent of change than at actually changing anything.

For example, the president received flattering coverage when he announced that the United States would double aid to South Africa to $200 million a year. But Pinkerton said President Bush would have done the same thing, and that $100 million a year for South Africa is "nothing, when we are spending $80 million a day on welfare payments for heroin addicts" at home.

Nor is all change permanent. In some cases, Clinton has ventured into new political territory, been bruised and retreated. The administration that proposed an end to the ban on gays in the military in January 1993 spent the last week of April preparing to go to court to defend the Pentagon's right to discipline and expel gays in the armed forces.

Nevertheless, an examination of the president's private schedule from the last week of April, as well as the weekly Cabinet reports from that period, reveals a change in the way that business is conducted in the White House.

The abortion issue illustrates the change. Presidents Reagan and Bush were honored speakers at the big public rallies and conventions sponsored by abortion foes.

Yet when Madsen vs. Women's Health Center came before the Supreme Court on April 28, it was solicitor general Drew S. Days 3d, representing the US government, who argued that a Florida abortion clinic should be granted a buffer zone so its clients can be sheltered from antiabortion protesters.

"Yes, we are pleased with the new direction, in terms of protecting women's health and the right to choose abortion, in which this administration is traveling," said Marcy Wilder, legal director for the National Abortion and Reproductive Rights Action League.

Gearan noted that there was another "intangible" sign of change that day. Although "Take Our Daughters to Work Day" was a nonpartisan celebration, it would have been hard to imagine the staff of the Bush or Reagan White Houses devoting most of a day – including a joint appearance by the president and vice president and their wives – to an idea conceived by feminists at the Ms. Foundation.

When it comes to foreign policy, Clinton has had to retract much of his election-year critique of Bush's relations with China, Bosnia and Haiti. Indeed, in much of the world Clinton's foreign policy could be called "Bush lite." But in one arena – US trade policy – there is a marked difference. Clinton clearly dedicates his boldest foreign policy initiatives to the creation of jobs here at home.

"We have always had multiple objectives," said Assistant Secretary of State Winston Lord. "But during the Cold War, security came first. If we didn't like a particular government, we might sort of pull our punches because we needed them as an ally against the Soviet Union. If economic ministers came to us with a trade or investment problem with Japan, we would say, 'Get lost with your silly economic problems, we've got a Cold War, we need Japan as an ally.' Those days are over."

Japanese domestic politics were in turmoil on April 26, and trade talks with the United States at a standstill – thanks to a new get-tough policy practiced by US Trade Representative Mickey Kantor. But that did not keep the Clinton White House from announcing that the Pentagon would spend $587 million to help US companies compete with Japan in making flat-panel screens.

Conservatives decry such "industrial policy," because it clashes with free-trade and market ideals.

But flat-panel screens were just the biggest splash. At the Commerce Department, the Advanced Technology Program of similar grants has grown from $10 million in 1990 to $451 million under Clinton's commerce secretary, Ron Brown.

The flat-panel deal was announced in the same week that Secretary of State Warren Christopher arrived in Saudia Arabia and asked its leaders to follow up their multibillion-dollar purchase of US-made jet aircraft – which Clinton had personally lobbied for – by awarding the American Telephone Telegraph Co. a $4 billion telecommunications contract.

And although Reagan's endorsement of the assault weapons ban helped Clinton pick up key votes in Congress, neither of the president's Republican predecessors ever had the stomach while in office, to take on the National Rifle Association with the zeal Clinton has shown.

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Judge shoots down Brady law's background checks

By Robert Davis
USA TODAY

Gun-rights forces are claiming victory today after a Montana judge ruled that an important part of the nation's new gun control law is unconstitutional.

Federal judge Charles Lovell of Helena says the section of the Brady law requiring state or local police to do background checks on prospective gun buyers illegally commandeers state officials for a federal program. Lovell let the five-day waiting period stand.

The ruling is the first legal blow to the Brady law, which went into effect Feb. 28.

It's unclear how far-reaching the ruling is. Judges in California and Mississippi have let the law stand; challenges are pending in Arizona, Louisiana and Texas. The Supreme Court ultimately may decide.

Lovell ruled that the federal law's requirement for local background checks violates the 10th Amendment, which limits the federal government's power over the states.

"Congress needs to keep its fingers out of state problems," says Ravalli County, Mont., Sheriff Jay Printz, who challenged the law with help from the National Rifle Association.

The Justice Department is considering an appeal.

"In essence the judge's ruling is in support of the Brady law," says John Russell, a Justice spokesman. The fact that Lovell did not challenge the waiting period "we find encouraging," he says.



By Michael Gallacher, Missoulian via AP

PRINTZ: Ravalli County, Mont., sheriff challenged the Brady gun control law with the help of the NRA.

"This is ludicrous," Sarah Brady says. "The American people should be outraged." Brady, whose husband, Jim, was shot in a 1981 attempt on President Reagan's life, calls the background check "an important tool in the fight against gun violence and crime."

More than 23,600 felony warrants were found during the first month of required background checks.

Printz, 47, asks, "Why the hell are they out there on the streets able to go in and buy a gun anyway?"

He says that as sheriff of a 2,400-square-mile county with a population of 28,000, he fought the law because his 15 street deputies have little time for background checks. As a husband, father and grandfather, he battled the law on more philosophical turf.

"It's a trend toward federalization," Printz says. "This is just the tip of the iceberg."

Printz wants to stop the proposed Brady bill II, which would ban more semiautomatic assault weapons and "non-sporting" ammunition; require licensing and fingerprinting; install a permanent seven-day waiting period; and increase gun dealer fees from $66 to $1,000 a year. "They're trying to disarm the American public," he says.

Jack Killorin of the Bureau of Alcohol, Tobacco and Firearms says, "There are some folks who want to voice a challenge to the law, and it's their absolute right to do so."

But he says local police can charge fees to pay for the background checks.

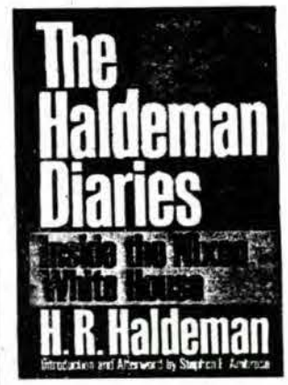
Some have used '900' telephone numbers to charge dealers for the service. The dealers then pass the charge on to gun buyers, Killorin says.

Says Sarah Brady: "In light of the success of the Brady law in stopping the cash-and-carry sale of handguns to felons ... any sheriff who doesn't use the five days to do a background check should be ashamed."

Diary shows a Nixon possessed

"He's prayed hard over this decision and it's the toughest decision (Nixon's) ever made. Then he went through his whole pitch about how he's really the guilty one."

— H.R. Haldeman, in April 29, 1973, diary entry about Nixon asking him to resign



Chief of staff tells of days under siege

By Richard Benedetto
USA TODAY

Richard Nixon is dead, but public fascination with the enigmatic life of the controversial 37th president continues.

Today's publication of *The Haldeman Diaries*, a 700-page account of Nixon's ill-fated White House days as witnessed by H.R. Haldeman, his loyal chief of staff, provides stark details of an insecure president who operated as a man under constant siege.

Haldeman was President Nixon's closest confidant from Jan. 20, 1969, to April 30, 1973, when heat from the Watergate scandal forced the president to dump him.

Nixon said "he's prayed hard over this decision and it's the toughest decision he's ever made," Haldeman bitterly noted in his diary on April 29. "Then he went through his whole pitch about how he's really the guilty one."

Nixon saw enemies, real and imagined, everywhere: In Congress, in the media, in the Democratic Party, in his Republican Party, on campuses and on his own staff. And he sought quick retribution against those who crossed him.

▶ He angrily ordered the firing of Robert Q. Marston, director of the National Institutes of Health, when Marston said marijuana offenses should be treated as traffic violations.

▶ He banned *Washington Post* reporter Judith Martin, who now writes on etiquette as Miss Manners, from White House social functions for reporting that opera star Beverly Sills broke a bra strap.

▶ He blew up when the Boeing Co. backed away from Nixon efforts to revive the supersonic transport SST, vowing the aircraft builder would get no more federal business as long as he held office.

▶ And he once considered having helicopters fly over candle-carrying war protesters to extinguish their flames.

Haldeman's recollections portray a president who sought to punish Jews for their non-support, who planned on building a new political party in which John Connally could be president, and who relished dirt dug up about Sen. Edward Kennedy, whom he wanted to prevent from becoming a presidential opponent.



AP

IN 1968: H.R. Haldeman on the campaign trail with Richard Nixon. Haldeman, Nixon's chief of staff and closest confidant, tells in his diaries of an insecure president who saw enemies everywhere.

Library gets bulk of Nixon estate

Richard Nixon left most of his estate to his presidential library in Yorba Linda, Calif., his will, signed Feb. 24, 1994, shows.

Nixon, who died April 22 at 81, also gave $50,000 to each of his four grandchildren. Three grandchildren also get between $10,000 and $70,000 to "equalize" past gifts.

The former president left his personal diaries to his daughters, Julie Nixon Eisenhower and Patricia Nixon Cox. Had they not survived him, he wanted the diaries destroyed. The daughters get first claim on certain personal items.

The will, filed in Hackensack, N.J., gave no estimate of the worth of the estate.

In 1969, after Kennedy's car went off a bridge in Chappaquiddick, Mass., killing a young woman, Haldeman recorded that Nixon "wants to be sure he doesn't get away with it."

In 1970, when the U.S. visit by French President Georges Pompidou was marred by pro-Israel demonstrations, Nixon was embarrassed.

"Really raged again today against United States Jews because of their behavior," Haldeman wrote. "Has decided to postpone Jewish arms supply for their 'unconscionable conduct.'" Delivery of U.S. jets to Israel was later postponed.

In 1973, when beset by the Watergate scandal, Nixon considered blackmailing former president Lyndon Johnson in an effort to force his help in halting congressional probes of the Democratic headquarters break-in and cover-up. The plan was to dredge up FBI data on wiretaps LBJ ordered while he was president and threaten to reveal the details.

Haldeman, who died last year, used many of the diary entries for his 1978 book *The Ends of Power*, but they are more starkly revealing when read as originally written.

Nixon is shown as concerned about his public image and tightly engaged in its day-to-day manipulations. He read news accounts and watched TV reports of his speeches and public events, often reacting angrily to what he saw as inadequate or biased coverage.

"(Nixon) believes the press and TV don't change their attitude and approach unless you hurt them," Haldeman wrote on May 29, 1971, when Nixon was getting blasted for his handling of the Vietnam War.

At a 1971 Cabinet meeting, Nixon said, "You've got to realize the press aren't interested in liking you, they're interested in news or in screwing me."

He also professed to detest leaks, repeatedly ordering them stopped. But then he is unmasked as a key leaker.

The diaries disclose that Nixon briefly considered appointing Sen. Robert Byrd, D-W.Va., and Sen. Arlen Specter, R-Pa., to the Supreme Court.

And they show that billionaire Ross Perot proposed raising money for Nixon to stage an independent public relations blitz that included buying network TV air time to air his message, a technique Perot used in his own 1992 presidential campaign.

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THE PRESIDENT HAS SEEN 5/23

L. Cutler

What are we doing about the Treasury decision?

BL

THE PRESIDENT HAS SEEN 5/23

Calif. Agency Offers a Model for Reining In Health Costs

WEDNESDAY, MAY 18, 1994 THE WASHINGTON POST

By David S. Broder
Washington Post Staff Writer

SACRAMENTO—The California Public Employees Retirement System, known as Calpers, may be the best existing argument that the health care purchasing cooperatives that are envisaged by President Clinton actually drive down the cost of medical insurance.

In 1992 and 1993, Calpers, which has almost a million members, negotiated minuscule rate increases and this year actually got the insurers and health maintenance organizations it deals with to reduce their rates.

The irony, said Tom J. Elkin, assistant executive officer of Calpers, is that the Clinton plan, as drafted, "would put us out of business." So Elkin, who early on was courted to support the Clinton bill, instead has found himself back in Washington lobbying furiously to amend or defeat it.

The Clinton plan would fold public employees and retirees into the statewide health alliances. That kind of encompassing mandatory alliance was dropped from the bill in a House Ways and Means subcommittee and has disappeared from drafts being circulated by such key legislators as Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.).

But Elkin is not reassured. "There seems to be an urgency to get something passed," he said after his most recent trip to Washington, "and their concern is not what happens to us."

Calpers has powerful political allies in the big California congressional delegation, but Elkin also identifies clear opponents in this fight—including Walter Zelman, the onetime California health reformer now on the White House health care task force.

Zelman, while praising Calpers as "an excellent model for what we want the states to do," said voters would rebel at the notion that "public employees are getting a different or better deal than anyone else." He also suggested that if the Clinton plan passed, California could choose to keep Calpers alive by opening its rolls to nongovernment employees.

Elkin argues strongly that the principle of assembling buyers into big pools to negotiate bargain prices is right, but he also wants to preserve a role for his own organization and avoid having its members taxed to help others buy insurance.

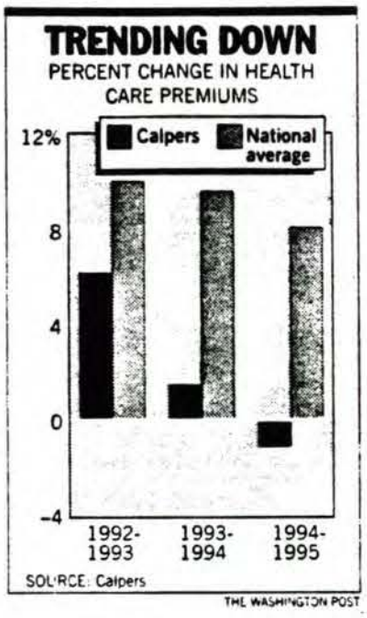
He claims to have proof that such a system works.

The story begins about three years ago when Elkin, who had been running the state Medicaid program, was recruited by the board of Calpers to supervise its health insurance program, a growing piece of its overall pension and benefits package. "They were running 13 to 16 percent increases every year, and they decided they better manage their health program more intelligently," Elkin said.

About the same time, the California legislature, facing a $14 billion budget shortfall, decided to freeze state payments for health insurance for three years. In effect, employees and retirees were told that higher premiums would come out of their pockets.

Elkin decided to tell the 22 health plans that he had set a goal of keeping premium increases to zero for the next year. To his astonishment, three of the plans said that was okay

See CALPERS, F12, Col. 1



CALPERS, From F1

with them, "and two of them actually offered to reduce their premiums." "I'll never forget that!" he said. "I had yet to meet with them or negotiate or do anything but ask them nicely to help us out. So I said, if I can achieve this much by writing a letter, good Lord, think what I can do when we sit down and start knocking heads!"

When that negotiating round was over, 20 of the 22 plans had come in with an average increase of 3.1 percent. But the two biggest—Kaiser-Permanente North and South—topped 10 percent, raising the overall average to 6.1 percent.

Kaiser, said Elkin, "refused to alter their request one penny," despite countless meetings. "So since we weren't in a position to pull their contracts, we accepted their premiums and then froze their enrollments for a year. It sent a message we were serious."

In the second year, having leveled the playing field by eliminating many of the variations in the benefits package, Calpers negotiated an overall 1.4 percent premium increase, aided by the fact that the health maintenance organization (HMO) contracts came in 4 percent below the previous year.

This year's bargaining continued the trend, with overall premiums reduced by 1 percent and both the HMOs and the PPOs (preferred provider organizations) coming in below last year's level.

Elkin and Tom Fischer, chief of the health plan administration division of Calpers, attribute their success to hard bargaining backed by the power of mass membership. They offer providers access to 932,000 people—a market that 18 California-based networks and four "outside" organizations clearly covet.

Skeptics say Calpers has special advantages in its fairly homogeneous, well-educated population of current and former government employees. But Elkin and Fischer say the high proportion of retirees in their group—20 percent—makes their health care needs greater than many other groups.

Another charge is that Calpers benefits from cost-shifting, that providers give it preferential rates and make up the fees from others with less market clout. Elkin asserts that is not true. "We enjoy the benefit of being a volume purchaser," he said, "but the HMO industry is very competitive out here, and they're fighting aggressively for market share. Kaiser voluntarily reduced prices to most other purchasers when they cut our premiums."

Because of its success, Elkin is a strong believer in the value of purchasing cooperatives or alliances such as Clinton recommended. They must have authority to drive a hard bargain with providers, he says, but they do not need the backup of price controls or spending caps, which are included in the Clinton plan. "There's plenty of slack out there for all these bright people to tighten their belts," he said. "I would dearly like to see that happen before heavy-handed government regulation comes in."

Elkin and Fischer say that alliances need not be expensive or bureaucratic. Calpers's health insurance program has only 88 employees, paid from an administration fee that is only 0.5 percent of the premium charge.

The organization's success makes its leaders angry at the prospect that the Clinton plan might put it out of business—or assess a 1 percent payroll tax, as is proposed for big private employers who self-insure, rather than joining one of the proposed alliances. Elkin has been back in Washington lobbying against a levy that he says would cost Calpers's members $164 million a year.

"They're looking for cash to finance some semblance of universal coverage," he said of the Washington officials with whom he met, "and they don't much care where they get it. It's hard for us to oppose any effort at health reform, but we don't think we should be punished for demonstrating what an enlightened purchaser can do in the marketplace, without price controls or a big bureaucracy."

THE PRESIDENT HAS SEEN 5/23

Hi Chris

This is ~~part~~ part of an problem

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THE PRESIDENT HAS SEEN 5/23

Interesting
Poor Samples?

BIG MONEY
The Media's Ethical Muddle

Talk Isn't Cheap—and Neither Is Journalistic Credibility

By James K. Glassman
Special to The Washington Post

One of the biggest Big Money games in Washington is played by journalists who give speeches to trade associations and corporations and get paid $2,000 or $5,000 or even $30,000 a pop.

At a time when many of these same journalists are holding business and government figures to increasingly strict ethical standards, they're earning far more money from news sources in an hour than they earn from their own employers in a week.

COMMENTARY

Dennis Thompson, director of the Program in Ethics and the Professions at Harvard, says that news organizations should follow the lead of other large corporations in adopting tougher conflict-of-interest rules. On speeches, he says, "I would start with a straight ban and then proceed with exceptions."

According to a cover story in the May issue of American Journalism Review, Sam Donaldson of ABC News is said to get $30,000 for a speech; Anna Quindlen of the New York Times, $15,000; Tim Russert of NBC, $10,000; and Howard Fineman of Newsweek, $5,000.

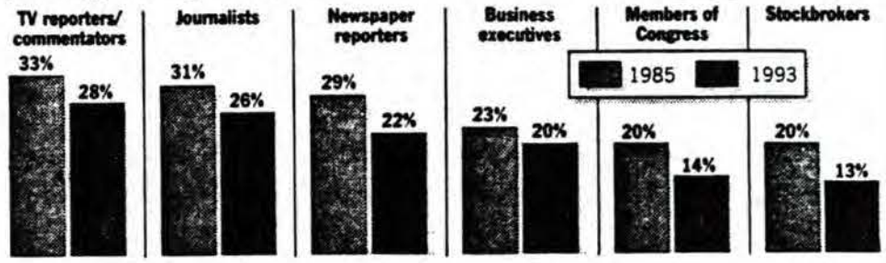
In his book "Media Circus," Washington Post media critic Howard Kurtz reports that The Post's David S. Broder makes as much as $7,500 and William Safire of the New York Times makes $20,000.

It's not unusual for journalists to take money from groups they cover. With health care reform a hot topic for almost everyone in the press, Cokie Roberts of ABC News gave a speech to the Group Health Association of America for a reported $20,000, and CBS's Lesley Stahl received $10,000 to $20,000 from the insurance giant Cigna Corp., according to

See BIG MONEY, F6, Col. 1

DWINDLING TRUST

Percent of respondents to a survey on honesty and ethics who rated people in the following fields high or very high:



SOURCE: The Gallup Organization

THE WASHINGTON POST

BIG MONEY, From F1

Jim Warren, media critic and Washington bureau chief of the Chicago Tribune.

The problem, of course, is that some of these groups may expect more for their money than a speech. They may be looking for better treatment in an upcoming news story or special access.

Journalists get indignant at this notion. Warren wrote in March: "One line usually is, 'Oh, there's nobody who thinks that my opinions can be bought.' . . . Baloney. When money changes hands, the relationship between reporter and subject changes."

One consultant, who frequently represents business interests in dealings with the press, told me that giving speech money to journalists is like giving PAC money to members of Congress: "It does buy a relationship. It determines whose calls will be returned." The difference is that PAC money is divulged in public filings.

What makes Alicia Shepard's American Journalism Review article so disturbing is that many moonlighting journalists don't seem to give the ethical issues raised by their lucrative speaking engagements a second thought.

They even claim their own right of privacy when asked to disclose who pays them and how much.

Donaldson refused to confirm his fee for a speech to a consortium of insurance organizations last year. Asked what he earned for a talk, Al Hunt of the Wall Street Journal told Shepard: "I'm not going to disclose it." PBS's Robert MacNeil called his fees "a private matter." And ABC's Catherine Crier said, "I don't need to discuss that."

A few years ago, squawks of protest greeted a proposal that would have required reporters in the Periodical Press Gallery of Congress to list the sources and amounts of their outside income.

Contrast these attitudes with what's happening in business, where more and more corporations are setting up ethics offices and enforcing strict conflict-of-interest codes.

"Most companies," says W. Michael Hoffman, executive director of the fast-growing Ethics Officer Association, "have ethics policies that prevent anyone from accepting gifts from suppliers or potential suppliers over a certain amount of money—some say $25, some say no gifts at all."

Hoffman says, "This is probably one of the most sensitive times for conflicts of interest in history." One timely issue for corporations is whether they should do business with firms headed by members of their boards.

And Congress, which banned speaking fees entirely a few years ago, recently voted to prohibit even small gifts and lunches.

But journalism, which has no strong professional organization to set standards, seems to be moving in the opposite direction. Even the simple disclosure of speaking fees is evidently more than most reporters and columnists can bear.

At the very least, newspapers and magazines should print periodic lists of employees and their sources of outside income. Let readers decide if a $5,000 fee from a oil industry is clouding a reporter's judgment. Disclosure on TV is a little tougher but far from impossible.

Some news organizations are tightening their internal rules. The Washington Post won't allow employees to accept money from organizations they cover or from groups that try to influence legislation.

What about me? As editor of Roll Call, a Capitol Hill newspaper, I occasionally made speeches in the $2,000 range. Feeling uneasy, I changed my policy: I took the money, then donated it to charity. After a year, I just stopped giving speeches for money.

Getting off the dole might improve journalism's credibility. A recent Gallup Poll found only 22 percent of Americans rate the honesty and ethical standards of newspaper reporters "very high" or "high"—down from 30 percent in 1981.

Pharmacists have a 65 percent rating, and funeral directors 34 percent. But insurance salesmen score just 10 percent. No wonder they paid Sam Donaldson that $30,000.

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THE NEW YORK TIMES, WEDNESDAY, MAY 18, 1994

Public & Private

ANNA QUINDLEN

Not the Facts, Ma'am

Know-Nothings redux.

Those residents of his district in Texas who like to pop off without bothering with facts or fine points must surely feel ably represented by Dick Armey, their man in the House of Representatives.

Mr. Armey's reputation for quick-on-the-draw characterizations was reinforced the other day when, during discussion of abortion coverage in a national health care package, he described women who chose the procedure as "self-indulgent" and "damned careless."

This conjures up the kind of person some suspect accounts for the vast majority of abortions in America: that is, a 16-year-old on her third boyfriend and fourth pregnancy who skips school, swears by the soaps and thinks idly that someday she might get around to the Pill.

It's a great stereotype for those, like the Congressman, who oppose legal abortion. But in fact only a quarter of all abortions are performed on teen-agers. About 17 percent of the women who have the procedure are married. In 1987, one out of every six abortion patients described herself as a born-again or evangelical Christian. More than half the abortion patients in one survey said they had been using birth control when they became pregnant.

The truth is there is no stereotypical abortion patient, whether in her indulgence of self or her absence of care. It's only cheaply convenient to pretend there is.

But Mr. Armey is not alone in his use of stereotype, myth and deeply held nonsense as an adjunct to public policy, what we in the news biz call never letting the facts get in the way of a good story. In Florida a school board has just passed a resolution requiring teachers to make clear in the classroom that America is "unquestionably superior" to any other society, culture or political system in all of human history.

The board's chairwoman, who had also championed the teaching of creationism in the science curriculum, responded to a statewide policy on multicultural education by passing a counter-resolution that would require students to be taught that "we are the best of the best." This, explained one of her allies, will make them more enthusiastic if they ever go to war.

It would be soothing to learn that the members of the board came to this conclusion after an exhaustive study of the Greek and Roman empires, the Italian Renaissance, the Industrial Revolution, Zen Buddhism and Hammurabi. But they are of the opinion that none of that is necessary. "Our form of government is superior to other nations because it has survived when others have fallen," said one member of the school board majority, apparently unaware of the fact that, in the span of world history, our two centuries are as the blink of an eye.

In this one official act the members of the board have taught the students of Lake County, Florida, some overarching concepts that are bigger than math or history, writing or study skills. That fact-finding is unnecessary and jingoism is a quick and easy substitute for intellectual rigor. That catch phrases and conclusions are more valid than critical thinking and individual opinion.

It's so much easier to spit out stereotypes about women who have abortions than to study statistics and talk to real people about their real reasons. It's so much easier to assume that you're superior than to take the time to learn about and dissect other cultures. The first is not responsible representation, the second not real education. But never mind; here only conclusions count.

Perhaps the poor history teachers in Florida saddled with this new policy would find it useful to do a unit on a political movement that took much of this country by storm more than a century ago by appealing to fear of widespread immigration and the resulting introduction of other cultures into America's towns and cities. The group prospered by fomenting hatred against new arrivals: the Germans, the Irish, above all the Catholics. Prominent politicians joined the ranks, and fear-mongering managed to land some of the best known in high office.

The group was called the Know-Nothings, and certain history books conclude that their movement went bust less than two decades after it began. But some days you have to wonder whether the Know-Nothings have been resurrected, more worthy of the name than ever before. □

The Fed's Prudent Course

The decision by the Federal Reserve to raise short-term interest rates surprised no one. The hike of one-half of one percentage point was twice as high as many economists believe is warranted. Yet in an uncertain economic environment, the Fed's decision is a defensible move to ward off future bouts of inflation and bring order to volatile currency and financial markets.

Some will criticize the Fed's move as an unnecessary blow to economic growth. Others will say it should have raised rates even higher. The squabbling reflects disagreement about the best way for the Fed to set monetary policy in order to achieve steady growth without igniting inflation. The Fed's effort since February to nudge interest rates higher one step at at time is within prudent guidelines.

The economy is moving along at a 3 or 4 percent annual clip. Growth puts upward pressure on interest rates as businesses borrow money to expand capacity. If the Fed were to keep interest rates low, it would have to pump more and more money into the economy to satisfy the demand for loans — a misguided policy that would stimulate an economy that is already growing and thereby trigger higher inflation. But how high should the Fed set short-term rates? The arguments for steep hikes include steady growth, falling unemployment and factories operating near capacity. By the end of the year, unemployment is expected to drop well below 6 percent, a range that could ignite wage and price inflation. To keep that from happening, the Fed has to start now to rein in the money supply.

On the other hand, unemployment remains above 6 percent, retail sales are lagging and there is no *current* evidence that inflation is rising. The Fed has thus been forced to choose. Should it keep rates low, thereby risking rapid growth, rising inflation and a day of reckoning when it might be forced into a clampdown that could send the economy into a tailspin? Or should it lift rates, risking a slowdown in economic activity?

The Fed chose the latter course — and the reaction in financial markets was favorable. Banks raised their prime rates, the basis for many consumer loans. But long-term rates in financial markets tumbled. Apparently traders decided that the Fed's decision proved inflation would not creep higher. They thus bid down long-term rates, which incorporate their expectation about future inflation. The Fed's three previous rate hikes did not turn the economy sour. Nor, judging from yesterday's market reaction, will the fourth.

THE PRESIDENT HAS SEEN 5/23

U.S. Moves to Oust Principal In Furor on Interracial Dating

By RONALD SMOTHERS
Special to The New York Times

ATLANTA, May 17 — After a principal's attempts to discourage interracial couples from attending the high school prom in Weedowee, Ala., the Justice Department today reopened a 24-year-old desegregation case and asked a Federal court to remove the principal.

In the action in Federal District Court in Montgomery, Ala., the Office of Civil Rights asked that the Randolph County School District be found in violation of a 1970 order barring the district from discriminating in its extracurricular activities, in its disciplinary practices and in its hiring of faculty and staff members.

But the new action also seeks the "termination or reassignment" of Hulond Humphries, the principal at Randolph County High School.

Mr. Humphries touched off a brief school boycott and awakened racial antagonism in the community when he threatened at a school assembly to cancel the prom to prevent interracial couples from attending. He publicly told a student who is the child of an interracial marriage that she was a "mistake."

Statements Criticized

"Mr. Humphries's statements at the assembly created unnecessary and substantial racial discrimination in the conduct of extracurricular activities at the high school," the Justice Department's motion said.

The department asks the court to order the school district to explain why Mr. Humphries "should not be terminated or reassigned to duties that do not involve contact with or supervision of students."

Nathaniel Douglas, head of the education opportunities section of the department's civil rights division, confirmed the filing of the motions today and said that technically the district was still covered by the the 1970 order against a variety of racially discriminatory activities.

The department's recent investigation of the district at the request of black parents had found substantial problems with compliance with that order, Mr. Douglas said.

Dr. Audrey Clinton-Fisher, the education specialist in the Southeast regional office of the National Association for the Advancement of Colored People, who has been working with black parents in Randolph County, called the Justice Department action "a giant step toward eliminating the vestiges of discrimination in Randolph County."

Interviews and Inquiries

Dale McKay, the school district's superintendent, said he had not seen the court motions and had only heard about it from news organizations.

"You never know what the next step will be in an investigation like this," Mr. McKay said, adding that Justice Department officials had been interviewing people and poring over records in the district in the last few weeks.

Mr. Humphries, who has repeatedly refused to comment on the school prom incidents, could not be reached for comment.

Last Feb. 24 Mr. Humphries summoned seniors and juniors at the 700-student school to an assembly at which he asked who was planning to attend the prom with a student who was not of the same race. When several students indicated that they did he said that the prom, which was scheduled to be held on April 23, would be canceled to prevent violence and disorder.

ReVonda Bowen, a junior whose father is white and mother is black, then asked Mr. Humphries about the decision and what it meant for her. He reportedly said that her mother and father had made "a mistake" in having her, and added that it was a mistake he hoped to prevent others from making.

Racial remarks about a high school prom bring a Justice Dept. response.

Civil Lawsuit Filed

Miss Bowen and her family have filed a Federal civil suit against Mr. Humphries and the school district.

Although the principal rescinded the cancellation of the prom the next day, his comments led to demonstrations by black parents who urged that he be dismissed, and to counter-demonstrations by white parents praising him and supporting his strict disciplinarian approach at the school.

The county school board did suspend him with pay for a short time but, at a raucous meeting in March, they rejected Mr. McKay's recommendation for a full investigation of the incident and restored the principal.

The prom was held as scheduled on April 23 but was closed to all except students and chaperones. An alternative prom sponsored by protesting black parents reportedly went off without incident, with at least one interracial couple attending.

Taking a trip?
Check the Weather Report for your destination . . . from Richmond to Rio.

House Backs Independence For Social Security Agency

By MICHAEL WINES
Special to The New York Times

WASHINGTON, May 17 — The House voted today to detach the Social Security Administration from the Department of Health and Human Services and make it an independent agency, ostensibly to protect its trove of money from the "political mischief" of free-spending bureaucrats.

The bill approved today, 413 to 0, would give the agency a higher profile in Washington, where every droplet in the monthly gusher of Social Security benefits to voters is a matter of some political importance.

The legislation would also make it harder for thousands of alcohol and drug abusers to squander their monthly Social Security checks on sprees, a practice that wastes millions of dollars in benefits each year and was heartily assailed today by one lawmaker after another.

Under the measure, Social Security or disability benefits awarded solely because of drug or alcohol addictions would cease after three years, and the agency would be required to establish state offices to insure that addicts receiving benefits were enrolled in rehabilitation programs.

Handling of Addicts' Checks

The legislation would also require the agency to send addicts' benefit checks to trustworthy second parties, like charities or guardians, who could manage the money. The current law orders that checks be sent to second parties but leaves the choice of custodians largely to the addict.

The House bill is broadly similar to legislation that passed the Senate by a voice vote in March. The bills will probably be combined with legislation that streamlines the process by which employers pay Social Security taxes on domestic help, the "nanny tax" issue, and brought back to the House and Senate for final approval later this summer.

In addition to making the office an independent agency, the bill passed today would replace its current politically appointed commissioner with a three-member board, nominated by the President and confirmed by the Senate. The board would name an executive director to run day-to-day affairs.

The bill also orders administrative changes that would make it easier for recipients of benefits to call their local Social Security offices, instead of an unpopular toll-free number, and would give the agency new powers to combat fraud. Congressional budget experts predict that the changes would save about $2 billion over the next five years.

In speeches today, lawmakers like Representative Porter J. Goss, Republican of Florida, said voters had lost faith in the Social Security Administration and feared that they were "shoveling their hard-earned tax dollars into a bottomless pit."

Although financial experts insist that the system is basically financially sound, public-opinion surveys indicate that more than a third of all workers do not expect to receive all their Social Security benefits when they retire.

But most of the speeches were aimed at the provisions affecting the 119,000 substance abusers now receiving the agency's Supplemental Security Income benefits, for low-income recipients, or its Federal disability payments. The number of addicts on the supplemental check rolls has tripled in three years.

Making it harder for drug abusers to use disability checks to support their habits.

Financing Drug Habits

"For too long, we have allowed the disability program to endanger the lives of drug addicts and alcoholics" by providing them money to finance their habits, said Representative Wally Herger, Republican of California.

Representative Gerald D. Kleczka, Democrat of Wisconsin, said studies showed that only about 1 in 10 addicts now receiving benefits were in rehabilitation programs. "Clearly," he said, "the system is not working."

Under the House bill, addicts would have to remain in treatment programs to continue receiving checks.

Other points of view on the Op-Ed page seven days a week.
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The Other Half of At-Risk Youth

For Forgotten Girls, Self-Esteem Programs Begin to Take Root

THE PRESIDENT HAS SEEN 5/23

By Retha Hill
Washington Post Staff Writer

A1

Principals and teachers, counselors and relatives regard Teshema Marshall with wonder. At 12 years old, she drank hard liquor, puffed marijuana and knew what the streets of Prince George's County looked like in the wee hours of the morning.

But today, Teshema, 13, is different. And everyone agrees that the change came in Room 111 of Hyattsville Middle School.

That's where the weekly meetings are held for Female Achievers, a group of girls whose short life stories have made grown women cry. Some have been raped. Others go home to mothers addicted to crack cocaine. And some started to abuse drugs and alcohol and became sexually active before the baby fat began melting from their faces.

What they have accomplished through weekly tell-all sessions at the school is remarkable, say teachers, administrators, counselors and parents. By standing and facing the group each Tuesday, and their mothers once a month, the 42 girls are learning to take responsibility for their actions and have formed bonds with each other that Hyattsville administrators say have dramatically decreased suspensions and improved attendance.

"The Female Achievers showed me [drugs and alcohol use] aren't worth it because your friends will lead you all sorts of ways and you've got to do for yourself," Teshema said. "When you realize all the stuff you've got going for you, it is easy to stop."

With its emphasis on self-control and self-respect, the Female Achievers are part of a growing effort in the nation's urban areas to turn the spotlight of help on young girls.

All too often, say educators and community volunteers, girls are the forgotten element in the campaign to save the nation's at-risk youth. While boys are more likely to fall prey to violent crime—homi-

GIRLS, From A1

cide is the leading cause of death for young black men, for example—girls are increasingly involved in destructive activity.

"Most of the programs, even with recreation, focus in on boys and saving our generation of young men," said Sheri DeBoe. She is the coordinator of the mayor's Turning Points program, which oversees separate groups that focus on personal responsibility and self-respect for young men and women at seven District junior high schools.

"But when you go the junior high schools and talk to the teachers and counselors, they will tell you the girls are worse than the boys—cursing and fighting," DeBoe said. "Through Turning Points, the [coordinators] are recognizing the fact that our girls are being ignored and are putting together programs that specifically address girls."

Similar efforts are popping up around the country. Denver holds an annual conference for black single mothers and their daughters. There are several church-based organizations in Detroit. The American Association of University Women funds an organization of young women that works on self-esteem issues in Danville, Va. The Montgomery County chapter of the NAACP has begun sessions for girls on violence and sexually transmitted diseases, an outgrowth of highly publicized rape allegations last year involving teenagers in Germantown.

Established organizations such as Delta Sigma Theta, a historically black sorority, and the Girls Scouts of the Nation's Capital are expanding their traditional outreach programs to at-risk girls. The Girl Scouts troop at Carver Terrace Apartments, for example, combines sessions where girls can talk about their lives with activities such as planting trees. In Baltimore, one troop is made up of the daughters of female prison inmates.

Alarming Numbers

All are trying to address the same horrifying statistics on crime, drug abuse and sexual activity. From 1983 to 1992, the number of girls arrested for all crimes increased 25.4 percent, compared with a 15.2 percent rise for adolescent males, the FBI reported. For violent crimes, the increase was 83 percent for girls and 54 percent for boys.

Substance abuse is decreasing among teenagers, according to statistics provided by the National Center for Health Statistics. Nevertheless, 18 percent of girls 12 to 17 years old drink alcohol regularly and 4 percent smoke marijuana.

National teenage pregnancy rates remained stable through the 1980s, but the birth rate increased 23 percent from 1986 to 1990 because the rate of abortions is declining, The Alan Guttmacher Institute reported last year in a comprehensive study of teenage sexual behavior.

Girls struggle with depression and eating disorders and try to commit suicide at a rate that is four to five times that of boys, although boys succeed more often, said Anne Bryant, executive director of the American Association of University Women, which commissioned a highly-regarded study on the self-esteem of girls.

Support groups like Female Achievers, offer girls an opportunity to talk about sexuality, conflict and competition and problems at home, as well as providing a cheering section for their achievements. The groups also focus on teaching girls basic hygiene, proper language and other skills.

Female Achievers began last year with 15 girls after several of them complained to Principal Joseph Lupo and Elsie Jacobs, the secretary in the guidance department, that their needs were being ignored.

Like most schools in Prince George's, Hyattsville has an active Black Male Achievement program, funded by the school system to help black boys perform better in school. There is no corresponding funding for girls' groups. The 30 mentoring groups in the county for girls must compete for grants of $1,000 or less from the school system.

Jacobs agreed to organize the girls after noticing that many were not doing well academically because of a host of other problems, including sexual and physical abuse, neglect from their mothers, and alcohol and drug abuse in the home. Some girls' homes are in such disarray that they depend upon the school for clean clothes and basic supplies such as soap and feminine products, she said. The girls were acting out their problems by fighting and experimenting with drugs and sex.

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"It's helped me quite a bit," said Vice Principal Linda Waples, who handles the disciplinary cases at the 750-student school. "By these girls' venting a lot of problems and learning to handle their problems, they are not coming to the [principal's] office."

This year, there have been seven suspensions of Female Achievers, out of 250 for the entire school, Vice Principal Lawrence Leahy said. Average daily attendance is 91 percent for the school and 92 percent for Female Achievers members. While members' grades are still below those of other girls at the school, Leahy said, eight are on the honor roll and the girls are making progress.

The change in the Female Achievers has been so dramatic that Jacobs is frequently approached by teachers and administrators to allow other troubled young women to join. There are 100 black, white and Latino girls—nearly a fourth of the female population at the school—on the waiting list.

Jacobs has no formal training as a facilitator. Relying on her experience as the mother of six girls and two boys and the former wife of an alcoholic, she set the ground rules: No lying. Confidentiality among group members. Communication with parents.

"I'm a strong female," Jacobs said, "but some of these things these kids have to deal with, in my greatest imagination I couldn't begin to deal with." She often fields calls at night or on the weekends about "her girls," some as young as 12, who have stayed out all night, fought with their mothers or come home high.

"We have to accept that this age group has sex, they do drugs," she said. "Once we accept it . . . then you start working on things that can change it."

There is a motto, of sorts, in the Female Achievers: If you are grown enough to do it, you shouldn't be ashamed to talk about it.

Each Tuesday morning session begins with some housekeeping business from Jacobs. Then she will call on a girl to stand and tell about her latest discretion or achievement.

A Place to Confess

On one Tuesday, a 14-year-old was called to her feet by Jacobs. In a barely audible whisper, she admitted staying out all night the previous Saturday. She told about going out with a 16-year-old, then having sex with him that she said she did not enjoy but did to keep peace with her "friend."

Her story was greeted with gasps. Several girls rose to remind her of her reputation and the dangers of AIDS and pregnancy.

Afterward, the girl said she realized that she was wrong and that she had worried her mother, who had called police. She said she didn't mind discussing what she had done with the other Female Achievers. "I have somebody to talk to," she said. "They've got the same problems I have."

At another Tuesday session, a girl was abruptly asked by Jacobs whether she was doing drugs. "Wh-why," the girl stammered, then unsuccessfully tried to suppress giggles. She had come into the meeting late, walking slowly and unsteadily.

"Because you are acting like someone who is high," Jacobs said. The girl stopped grinning. She started to protest, then was quiet.

There are girls in the group who slip. But there are many more who are thriving and now have the language to talk to their parents about the issues that are bothering them. It was at a Female Achievers meeting that Nyah Farrar, 13, told her mother that her mother's drinking was killing her, that she had missed four weeks of school last year because she was worried her mother would get drunk and hurt herself.

"We came to the first meeting and she said in front of everyone that I was drinking and she wanted me to stop," said Teria Farrar, who said she began drinking after losing her job and is a recovering alcoholic. "At first, [I felt] shame. It lasted about 30 seconds. Then I was proud that she was strong enough to do it." This year, Nyah has missed only four days and is on the honor roll.

The monthly Saturday meetings are held at the Seat Pleasant Police Department, in a neighborhood where many of the girls live. Law enforcement officials talk about the laws surrounding statutory rape, drug use, child abuse and neglect. Occasionally, a counselor will come to encourage families that need it to get help. The meetings are usually overflowing with mothers, aunts and grandmothers.

Teshema and her mother, Renee Ramey, have been in counseling. But it wasn't until Teshema joined the Female Achievers that the two really began to talk. Ramey said her daughter rarely strays far from home now and is more conscientious about her studies. Ramey recalled the daughter who used to stay out all night, and twice tried to commit suicide.

"Teshema had just given up," said Ramey, a secretary, who blamed the abusive relationship she was in for a lot of her daughter's problems. "Her attitude was, 'I'm just determined to go down this wrong road.' She's made a 360-degree turnaround. Now we talk. We have a 100 percent better relationship."

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GS/Graham/Berger
Ctrl need to see
when to announce this w/
Cisneros, Cuomo etc

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$1.7B plan promises to cut homeless by one-third

By Debbie Howlett
USA TODAY

Vowing to "break the cycle of homelessness," the Clinton administration offered a plan Tuesday to reduce the number of homeless by a third.

The $1.7 billion proposal, if approved by Congress, would triple the amount spent on the homeless in the final year of the Bush administration.

"We have a moral imperative . . . to put an end to this crisis," said Tipper Gore, the vice president's wife, who has taken on homelessness as a cause.

Along with the plan, Housing and Urban Development Secretary Henry Cisneros gave an official estimate of 600,000 homeless people, far more than the 168,309 homeless counted in the 1990 Census.

And from 1985 to 1990, he said, as many as 7 million were homeless at some point.

"This is not merely a housing problem but a convergence of elements," Cisneros said.

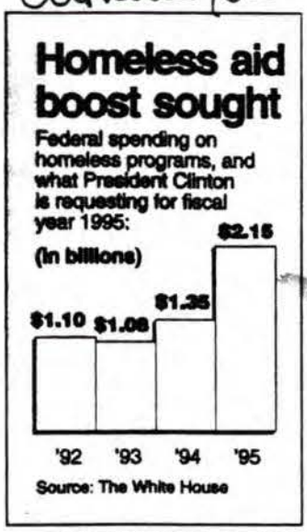
He blamed poverty, drug abuse, mental illness and a lack of affordable housing.

The plan, drafted by a task force from 17 agencies, outlines a "continuum of care" from crisis intervention to drug counseling to education and job training to health care.

Among the plan's details:

▶ Granting federal money to local, non-profit groups.

▶ Consolidating six HUD programs for cities into unique, locally run systems.



By Marty Baumann, USA TODAY

▶ Establishing four centers that target homeless veterans.

▶ Making mental health and drug abuse services more available to the poor.

Most of the money for the project would be added to the 1995 HUD budget.

Cisneros expects resistance from some in Congress, even though some of the money to pay for the plan would come from cuts in HUD's budget.

"Undoubtedly some might try and take this money and redirect it," he said. "We can make the case there's no group suffering more. We can defend that ($1.7 billion) amount."

Most who deal with the homeless praised the plan.

▶ The National Law Center on Homelessness and Poverty called the plan a good start, but said, "It needs more specifics on how the administration intends to accomplish its goals."

▶ Mayors nationwide "welcome this new approach to ending homelessness in their cities," said Louisville Mayor Jerry Abramson, president of the U.S. Conference of Mayors.

Foes look again at employer-paid health insurance

By Judi Hasson
USA TODAY

President Clinton's proposal that all employers insure their workers, a crucial but controversial key to his health-reform plan, is getting a second look from some lawmakers who have been opposing it.

The latest: Sen. John Breaux, D-La., who floated a version at a private lunch of Senate Democrats on Tuesday that would impose the requirement but ease the burden on small businesses, including an exemption for those with 10 or fewer employees.

The idea mirrors one put forth last month by Rep. John Dingell, D-Mich., chairman of the House Energy and Commerce Committee, who has been trying without success to muster enough votes from conservatives on his committee who oppose the employer mandate.

It provides an option for slightly bigger businesses: instead of premiums, a 1% payroll tax for those with 11 to 15 employees, and a 2% payroll tax for those with 16 to 20.

Breaux is not endorsing the idea he circulated Tuesday. He and Rep. Jim Cooper, D-Tenn., are sponsoring an alternative to Clinton's proposal. Instead of a mandate, it calls for new insurance rules to foster competition among insurers to drive down premiums.

Breaux has said that less drastic action, such as overhauling the insurance market, should be tried before ordering businesses to insure workers. Clinton's bill would require all employers to pay at least 80% of workers' premiums.

"I don't like mandates," Breaux says. "I don't think they work. They are particularly harmful to small business and cause a loss of jobs."

But, he adds, "It's an option. . . . I'm just suggesting, let's talk about it here. Let's not set our feet in concrete."

Says Breaux, a member of the Senate Finance Committee chaired by Sen. Daniel Patrick Moynihan, D-N.Y., which is working on its own version of health reform, "People are looking for ways to solve the problem, and this may be one."

▶ Editorial, 12A

WORLD ROUNDUP

Crisis looms with North Korea

Defense Secretary William Perry on Tuesday indicated the United States could be only weeks away from a major crisis with North Korea if the Stalinist regime in Pyongyang refuses to cooperate with international nuclear weapons inspectors. Perry, visiting Canada, said North Korea could divert spent fuel rods from its Yongbyon reactor into enriched plutonium for use in nuclear weapons within weeks if international inspectors cannot prevent it.

EGYPTIAN LAWYERS: Police in Cairo used clubs and tear gas to break up a demonstration of lawyers protesting the death in police custody of an attorney who defended Muslim extremists. Abdel-Harith Madani, 32, died in government custody after being taken blindfolded from his office April 26 by security agents. Amnesty International and the Egyptian Lawyers' Syndicate say Madani may have been tortured. Egypt says he suffered an asthma attack in detention.

CHRISTOPHER VISIT: Secretary of State Warren Christopher became the first international dignitary to visit the Palestinian self-rule enclave in Jericho, demonstrating U.S. support for Palestinians who have taken control of the West Bank town under an agreement with Israel. Christopher called it a "tremendous thrill" to witness the transition as he tries to broker Israel-Syria peace talks. — *Lee Michael Katz*

ALSO . . . Amid fraud charges, the Dominican Republic's longtime ruler Joaquin Balaguer held the lead in the Caribbean nation's presidential election. . . . France signaled disappointment in efforts to stem the civil war in Bosnia-Herzegovina, by indicating it may sharply cut its 6,800-strong peacekeeping force.

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2 Boys, a Debt, a Gun, a Victim: The Face of Violence

By ISABEL WILKERSON
Special to The New York Times

DETROIT — It was a wave of the hand from a 10-year-old boy with a Botticelli face and Dennis the Menace bangs that brought Elizabeth Alvarez to her death on a humid afternoon last August.

The boy, Jacob Gonzales, wheeled around a bank parking lot on the banana seat of a pink bicycle he had stolen and looked for a robbery victim. His accomplice, Damien Dorris, a 14-year-old drug dealer who owed the neighborhood kingpins $430, lay in wait near the automated teller machine.

Mrs. Alvarez, pregnant and the mother of three, was hurrying to get cash for a birthday party. She passed by little Jacob and smiled. "Isn't it a good day?" Jacob said she asked. Jacob nodded in agreement and watched her walk toward the machine. He signaled to Damien when their prey made her withdrawal.

But Mrs. Alvarez refused to hand over her $80, so Damien shot her in the head with a .22-caliber pistol. Jacob looked at the woman, then he backed away. The boys thought the bullet might explode.

They ran off to divide the proceeds. Jacob's take was $20. He bought a chili dog and some Batman toys. Both boys were arrested the next morning.

Damien pleaded guilty to second-degree murder. Jacob, whose detention garb had to be rolled up at the ankles and wrists and secured at the waist to keep from falling off, pleaded guilty to armed robbery. Both boys were sentenced to the maximum term, to remain in state custody until they are 21.

Sitting in an office at a children's home in Flint, Mich., recently, Jacob twirled a pen on a formica-top table, his feet dangling from a chair, not quite touching the floor, and tried to explain that violent day.

"Some stuff bad happened," he said, flipping the pen in the air and catching it before throwing it up again. "It was a game. It wasn't to kill the lady. It wasn't supposed to be like that. It was a game, right?"

The country is facing a crisis of violence among young people unlike any before, criminologists say. Even as overall violent crime has leveled off since 1990 and the number of teen-agers has declined, arrests of people under 18 for violent crime rose 47 percent from 1988 to 1992, according to the Federal Bureau of Investigation.

The rise in violence among the young crosses racial, class and geographic boundaries. From 1982 to 1992, F.B.I. statistics show, the rate of arrests for violent crimes rose twice as fast among young whites as among young blacks. Still, young blacks were arrested at five times the rate of young whites for violent crimes. Both groups accounted for an equal number of violent crimes. The white rate jumped to 126 arrests per 100,000 whites under the age of 18, from 82. The black rate increased to 677 arrests for every 100,000 blacks under 18, from 533. The high rate of violent crime among blacks is linked to their high rate of poverty, said Dr. Mark Rosenberg, director of the National Center for Injury Prevention and Control at the Centers for Disease Control and Prevention in Atlanta.

"Race is not a cause," Dr. Rosenberg said. "This is an American problem." In studies that take poverty into account, he said, "the differences in the black rate of violent crime and the white rate almost go away."

One in six arrests for murder, rape, robbery or assault is of a suspect under 18, the F.B.I. statistics show, and slayings by these teen-agers have risen 124 percent from 1986 to 1991. In 1992, the F.B.I. said, young people killed 3,400 people nationwide.

The homicide numbers might well have been higher without the medical advances of the past 20 years, particularly improved training and technology that allow doctors and ambulance workers to quickly stop bleeding. "We've been able to salvage people who otherwise would have been killed," said Dr. Robert McAfee, president-elect of the American Medical Association, who plans to focus his tenure on efforts against violence.

A change in weaponry from the knives of the past to the guns of today has been a major factor in the rise in killings by juveniles, criminologists say. But there is also evidence that young people are more violent today than a decade ago, even without weapons. Bureau statistics show that young people committed twice as many assaults without a weapon in 1992 as in 1982, 143,368 to 73,987.

In Indianapolis, for example, two 7-year-old boys pulled a 6-year-old girl into the boys' restroom at school, tore off her clothes and raped her. One pleaded guilty to rape and the other was convicted. Both were put on probation, and their parents were ordered to remove their X-rated videos from the home.

'The Most Dangerous Out There'

Violence among the young is growing at a time when a generation of children born to teen-age mothers is coming of age in neighborhoods already weakened by the addictive power of crack and the destructive force of the drug dealers. In many ways, this is the story of Jacob and Damien, each born to a woman on welfare who first gave birth at the age of 14.

As overall violent crimes leveled off, those committed by people under 18 rose 47 percent

Damien was abandoned by his father, and ran away from his mother because, he told court officials, she beat him. Jacob lived in a crack house. His father beat his mother and died violently himself.

Although adults, primarily those in their 20's and 30's, account for the majority of all crimes, criminologists say crimes committed by young people can escalate out of control because youngsters tend to act impulsively. "Kids are the most dangerous criminals out there," said Charles Patrick Ewing, a lawyer and forensic psychologist who is a professor of law at the State University of New York at Buffalo and author of "Kids Who Kill" (Lexington Books, 1990).

They may take a life over a jacket or a disdainful look, often without remorse or an understanding of the consequences.

"Many older armed robbers will say, 'Give up the money,' and let you go," Dr. Ewing said. "A kid may or may not kill you depending upon the whim of the moment. Many kids feel they don't have anything to lose. So taking someone's life is not that big a deal."

Violent Crimes in Suburbs

While violent crime occurs at a disproportionately higher rate in cities than in suburbs and among blacks than among whites, youthful rampages that once seemed confined to inner cities are now striking suburbs and farm towns as well.

Last summer, in the affluent Atlanta suburb of Dunwoody, Ga., three white teen-agers went to the home of a disabled man they knew, tied him in his wheelchair and tortured him for more than 12 hours before stabbing and clubbing him to death. In rural Indiana, three white teen-age girls lured a 12-year-old girl into a car, then beat and stabbed her before burning her alive.

In Davenport, Iowa, three white teen-age boys who the police say were gang members were recently convicted of shooting to death a 17-year-old girl when she refused to let them use her Ford Escort for a robbery.

'Obsessed With Easy Solutions'

The teen-age population is expected to rise by as much as 20 percent in the next 10 years and to grow by an even greater percentage among poorer minority teen-agers. It is a demographic trend that criminologists say could mean a further increase in violence.

"There will be trouble ahead," said James Alan Fox, dean of criminal justice at Northeastern University, "and the problem is we're not planning for it. We are obsessed with quick, easy solutions that won't work, like waiving juveniles to adult court at the expense of difficult solutions."

The violence has had a profound effect on what it means to be a child. In some Chicago elementary schools, children play during recess with police patrol cars standing by to keep order. Some high schools in Iowa have full-time probation officers in their buildings to keep a watch on parolees.

Dogs trained to sniff out drugs and guns are brought in to search students at random in Blue Ridge, Ariz., and Savannah, Ga., and Emery, Utah, and to check lockers at night in Huber Heights, Ohio. High school students are scanned with metal detectors every morning in Oklahoma City and West Contra Costa, Calif. And metal detectors are used at all student activities in Thornton Township, Ill. Some schools have simply removed all lockers so teen-agers will not have a place to store weapons.

'Unthinkable 20 Years Ago'

In city after city, town after town, there are nightmarish cases that make judges and prosecutors nostalgic for the truants and vandals that once filled their dockets.

"It is incredible — the ability of the very young to commit the most horrendous crimes imaginable and not have a second thought about it," said Gil Garcetti, the Los Angeles County District Attorney. "This was unthinkable 20 years ago."

When Trouble Starts Young

Second report in a periodic series.

The Growing Years

A Neighborhood Of Troubled Heroes

Just about all that Jacob Gonzales has known in his short life is violence. His home on the southwest side of Detroit was a crack house. His father used to beat his mother. Jacob saw his sister shot in the face when he was 4 or 5. His father was shot to death in a bar fight about the same time. He can rattle off the names and calibers of guns as if they were baseball players and batting averages.

He has seen family friends pull guns on one another and knows the subtleties of detecting a pistol. "You can tell when somebody's carrying a gun," Jacob said. "They hold their side and limp a little."

He was 9 when he took his first drag of marijuana. An older sister gave it to him. His mother, Bonnie, who was raped in the seventh grade, is a welfare recipient with eight children; Jacob is her youngest. Court records show that Mrs. Gonzales drank heavily, used crack and once even sold her children's clothes for drug money.

She failed to show up at Jacob's first court hearings on the armed-robbery charge. She was drunk when she finally came to testify, said Michael Batchelor, the boy's lawyer, who added, "You could smell it." Her testimony was of little help, Mr. Batchelor said. She did not even know her son's birthday.

Drug Dealers as Role Models

"Jake is a product of his environment," Mr. Batchelor said. "He comes from a dysfunctional family. The older neighborhood boys were his heroes. They sold drugs. They had guns. They were his role models. He wanted to be like them."

His heroes were troubled and neglected themselves. Damien Dorris, the 14-year-old who killed Mrs. Alvarez, was abandoned by his father, beaten by his mother and was

essentially rearing himself. He had dropped out of school after the seventh grade and lived with an older teen-age brother. The brother was a drug dealer, the police said, and Damien picked up the trade.

He became a ward of the court for a time after his mother was accused of beating one of his brothers. His father, Saul Gainey, left the family "in order to deal with personal concerns of his own," according to court records.

Threatening to End His Life

One March day two years ago, Damien reached a breaking point when he was told to leave school after refusing to take off his hat. He climbed atop a railing on a freeway overpass and was threatening to jump when the police pulled him off.

By last summer, he told the police, he had grown bored with drug dealing and was trying to get out. But he had to find a way to pay his $430 debt to his drug suppliers. He told court officials he had been given 24 hours to come up with the money or be killed.

He got his buddy Jacob and two other boys to help him. One left before the shooting, and the police said the other one did not take part. But Jacob carried out his role because, he said, he was hungry, he wanted some money and it was something exciting to do.

Damien told court officials he "didn't plan to shoot the lady," that he "just wanted to rob her." But in case something went wrong, Damien said, he had taken along a gun from his brother's house.

Jacob recalls with childish fascination the preparation for the attack. "He sharpened the bullet so it would go in real good," Jacob said. "It was real pointy."

The Legal Route

From Court Wards To Criminal Cases

In a year's time, hundreds of budding criminals pass before Judge James E. Lacey of Wayne County Juvenile Court in Detroit, children and teen-agers charged with murder, rape, aggravated assault. Most of them he has seen before. They are already on file from his old docket of neglected children.

Many delinquents who appear before him today had been wards of the court years before and are before him again in what he has come to see as an expected outcome in young lives where everything has gone wrong.

"You have a one-parent family, probably below the poverty line," Judge Lacey said, describing the typical defendant's family life. "The mother does not have a high school diploma, no job skills, is young herself and has certain needs that are not being met. These are the common denominators of the great bulk of the cases."

The world has changed in the nearly 20 years Judge Lacey has been on the bench. There was a time when young men could look forward to a job on the automobile assembly line, when the majority of inner-city children were born to married women, not single mothers, when people fought with fists, not guns, and crack did not exist.

There was a time when Marine Corps recruiters would stand at the door of Juvenile Court and try to save wayward teen-agers by giving them an option other than jail or joblessness or early death. "You don't see that anymore," Judge Lacey said. "They haven't been here in years."

By the time Damien Dorris and Jacob Gonzales stood before Judge Lacey as accused criminals, they had been in the courts as victims of abuse or neglect by the adults who were supposed to care for them. Their mothers had lost custody of some of their children at one time or another. School was a part-time affair for the boys.

They were neither the youngest nor necessarily the worst Judge Lacey had seen. There are tens of thousands of children like them in Wayne ~~County~~ alone, he figures.

"The problem is of such magnitude," the judge said. "It's vast. It's mindboggling. You see the failure of the schools. You see the failure of the parents. You see the violence on the streets. You see the guns. You see the drugs.

"The children are being robbed of their childhood. They are afraid of going to school and getting shot. They're worried about day-to-day survival instead of enjoying football and the honors society and the debating club and the theater. They're worried about getting out alive at the end of the day. That should not be a consideration in childhood."

By now very little surprises Judge Lacey. But even he was struck by the outward innocence of Jacob, the third-grader who seemed not to comprehend what he had done to Mrs. Alvarez.

"I looked down there, and I saw this cherubic face staring up at me being guarded by a deputy sheriff," Judge Lacey said of the day he sentenced Jacob. "He looked like a choir boy. But I said, 'I don't know. You may have a very dark soul.' "

The Proposals

Invest in Prisons; Invest in Lives

How the country came to this point, where the youngest citizens are turning on themselves and on adults in cold blood, is the focus of intense study in nearly every academic and legal quarter.

The causes are complicated and involve social, moral and economic shifts in society that make it harder for parents to rear children and harder for children to grow up safely. The experts cite these factors:

A changed economy puts more pressure on families. More women are working and more children are in the care of others or at home unsupervised. There is more divorce. There are more single-parent families and more children being born to and reared by teen-age mothers. There is crack and everything that goes with it. In the last decade, child abuse and domestic violence have doubled, giving children their first lesson in conflict-resolution.

More guns are on the street, and guns are the most common weapon used by young killers, according to the F.B.I.

"Yesterday's adolescent fist fight is today's adolescent shootout," said Dr. Jay Winsten, associate dean of the Harvard School of Public Health. "Yesterday's black eye and injured pride is today's gaping exit wound with massive injuries. It's casting a pall of fear over the lives of American children."

'Violent Behavior Is Learned'

All of this is happening in a culture that glorifies brutish behavior — from decapitations in video games to chain-saw massacres in movies. There has been contradictory evidence about a direct link between violence in the media and violence in children. Some people can watch a lifetime of shootings on screen and never pick up a gun; others might kill regardless of what they see on television. But many social scientists are convinced that a diet of violent images — particularly the simulated police dramas that can seem real to young minds — plays a role.

"Most of these kids have not invented these tortures," said Dr. James Garbarino, a child psychologist who is president of the Erikson Institute for Advanced Study in Child Development in Chicago and who specializes in the effects of violence on children.

"Television gives them a script to use to play out their internal problems," Dr. Garbarino said. "They're like little sponges. They soak up everything around them. The little ones think, 'You shoot people, and they get up.' The others think, 'You shoot them and things are taken care of.' "

The real debate is over solutions. Should the country punish violent youths as it does adults? Should it try to rehabilitate them in boot camps and with counseling or focus on punishment, stiffer sentences and more prisons? Should it punish the parents? Should it focus on prevention with things like anti-violence education or midnight basketball leagues? Should it try to tackle the root causes, the poverty and joblessness that propel some people to violence? Should it look to biology and try to regulate the hormones of violence-prone children?

In earlier times, delinquent children were treated like most other criminals, tried and sometimes jailed with adults or condemned to workhouses or reformatories. By the turn of the century, compassion prevailed as separate juvenile courts were created to intervene in the lives of troubled children. Now, fear is swinging the pendulum back to the days when youth was no protection from stiff punishment.

Recent proposals range from abolishing juvenile courts and locking up young killers for the rest of their lives to punishing parents whose children go astray by docking welfare checks or making them perform community service or serve jail sentences themselves. Legislation making it easier to prosecute teen-agers as adults is pending in 14 states.

Already, some teen-age killers are receiving maximum sentences when tried in adult court, insuring that some offenders will grow up behind bars. In November, a 17-year-old boy who raped and stoned to death a 15-year-old girl in Milwaukee was sentenced to life in prison with eligibility for parole in 2065 when he would be 90. The sentence came after the prosecutor, Mark Williams, argued that the boy should be locked up until he is "too weak to pick up a rock or swing a board."

> 'It was a game. It wasn't to kill the lady. It wasn't supposed to be like that.'

"Many of these juveniles should be in prison because they can not be rehabilitated," Mr. Williams said. "They should be incarcerated until we are sure they're not going to hurt anyone else.

Outside the legal system, social scientists are debating the best way to prevent youngsters from becoming violent.

"People don't come into the world with a gun in their hand," said Dr. Robert T.M. Phillips, a forensic psychiatrist who is deputy medical director of the American Psychiatric Association. "They don't come into the world with rage and anger in their heart. They learn it."

Some professionals say young people turn to mischief and aggression because they have few other diversions and little supervision. The old police athletic leagues are gone, and recreation centers sit empty because of cities' fiscal troubles.

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"The problem is idleness and hopelessness," said Professor Fox of Northeastern University. "If you don't have a sense that there's a future, you live for today, die for today and kill for today. These kids face death every day in the classroom. Do you think they care about the possibility of the death penalty that might be imposed maybe someday?"

The Harvard School of Public Health has begun a campaign to get young people to walk away from conflict with the slogan "Squash It," a term already fashionable among the young when they decide to let an incident pass.

The creators of the program say the idea is just a start. "We're inviting them to walk away from confrontation," said Dr. Winsten of the Harvard School of Public Health. "What are we asking them to walk up to instead?

"We have to create a whole superstructure of activities in which they can compete and win."

Searching for a Violence Gene

A re-emerging area of study seeks to determine the biology of crime and the role of neurotransmitters in aggressive, antisocial and ultimately violent behavior. It is an extraordinarily sensitive undertaking that raises the possibility that children who might never become violent might be condemned as such because of their hormone levels. Recent work has linked fluctuations in the hormones seratonin and noradrenaline with aggression. These hormones rise or fall when a person is exposed to stress, like that inner-city children may experience in violent neighborhoods.

Some criminologists say that none of these things will work as long as children continue to grow up in social conditions that breed violence.

"We're fighting the wrong enemy," said Dr. Barry Krisberg, a criminologist and sociologist who is president of the National Council on Crime and Delinquency, a crime research organization in San Francisco. "We're blaming the kids. We should be fighting the gun lobby, the people pushing drugs and alcohol to kids and violence on television. We seem to think that with a little tinkering we can solve the structural displacement of an entire class of people. We're not doing anything about the family breakdown and economic marginality and hopelessness of the people."

A common theme is that solutions should start at conception. "Unless we are willing to invest in children early on," Attorney General Janet Reno told a convention of juvenile court officials in Boston recently, "we will never be able to build enough prisons ever to begin to cope with the problem 13, 15, 18 years from now."

THE NEW YORK TIMES, MONDAY, MAY 16, 1994

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The Punishment

Early Confinement, Early Release

Six months after that bloody afternoon in Detroit, Jacob Gonzales looks like a typical little boy. He is 11 now. He likes the video game Sega Genesis and air hockey. At the Whaley Children's Home, where he is confined, his new best friend is Zach. Jacob laughs easily and still has his baby fat.

He is in therapy. His mother has yet to visit him. He does not appear to think much about the day Mrs. Alvarez died. But his past is still with him.

Sitting in an office at the Whaley home, on a campuslike setting in Flint, he played with a plastic toy that had gloppy red fluid inside. He shook it and watched the fluid ooze up and down. It looked like cherry Jell-O, but Jacob was reminded of something else. "It looks like blood," he said in wonderment.

In art class he made a papier-mâché mask with horror-movie tears of blood flowing down the face. "It's a Jason mask," he said. "It's a Freddie Krueger mask."

What will happen to Jacob? "I'm not going to say that Jacob is going to come out and kill somebody or be a model citizen," Judge Lacey said. "Maybe he is not damaged beyond salvation. But he may be so lacking in moral values that the hundreds of thousands of dollars the State of Michigan may spend on him may not keep him from hurting other people."

Damien Dorris is now 15 and serving time in a maximum-security juvenile center. He, too, is in therapy. Described by social workers and a probation officer as emotionless, Damien has been visited once by his mother. He had to spend five months in detention waiting to get into the center because there were so many young killers and rapists ahead of him. It costs $200 a day to keep him locked up.

Because of the expense and backlog of delinquents waiting to serve time in Michigan, the authorities say both Jacob and Damien could be released in a couple of years.

"We can't keep them forever," Judge Lacey said. "Even if we throw all the good things we can at them, the system isn't designed to take them to adulthood."

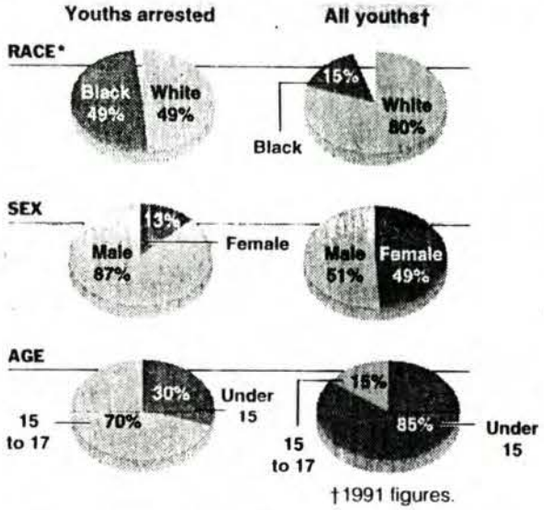
Quotation of the Day, page 2, every day, in the News Summary. The New York Times.

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How Young, How Violent: A National Snapshot of Youths and Crime

DISTRIBUTION OF ARRESTS: 1992

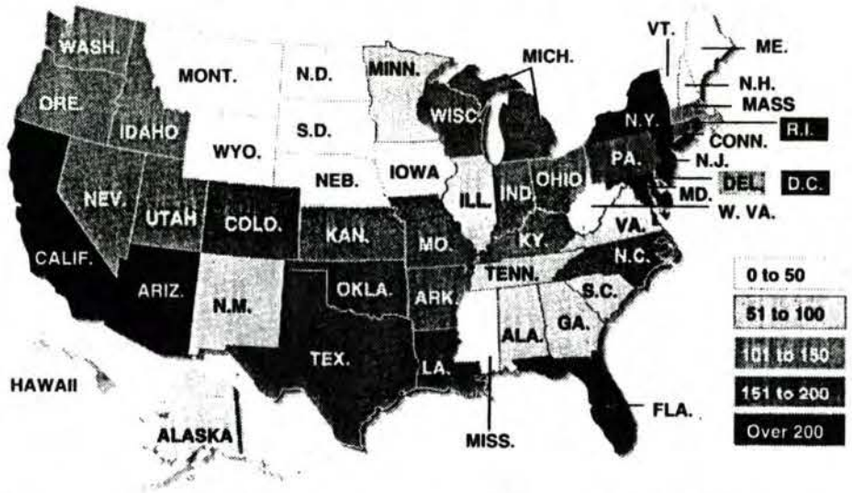
People under the age of 18 arrested for violent crimes, and in the general population.



†1991 figures.

ARRESTS BY STATE: 1992

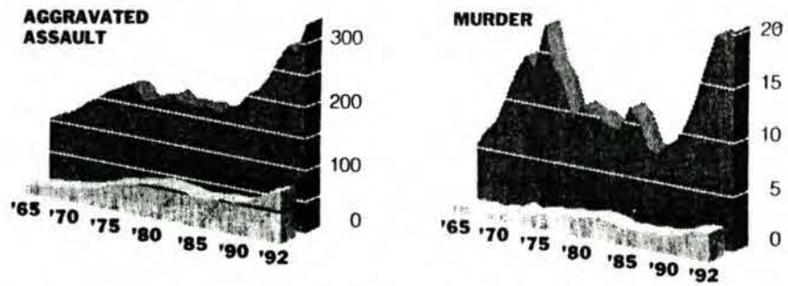
Youths per 100,000 who were arrested for a violent crime in 1992, by state. The District of Columbia led the nation with 501 arrests per 100,000 youths.



ARREST RATES AND RACE

Rate, per 100,000, at which people under 18 were arrested for violent crimes.

Rate for WHITES — Rate for BLACKS



Racial breakdown of youths arrested for each offense in 1992.*



*Hispanic people can be of any race; "Other" category not shown.

Sources: F.B.I. Uniform Crime Reports, compiled from information reported by police departments. State violent crime arrest rates were calculated by The New York Times from state arrest totals and census data.

Rachel Powell/The New York Times

THE PRESIDENT HAS SEEN 5/23

THE WASHINGTON POST, FRIDAY, JUNE 8, 1984

Nash/GS/Gergen/Gergen
Woolsey guest op-ed — Montue
a decade later?

R. James Woolsey

'Eisenhower's Folly'

How would the invasion of Europe be received in America if it were being carried out this week instead of 40 years ago and judged the way we judge such things today ? I offer as a distinct possibility the following fictitious news story, which might appear under the headline: "General With Roving Eye Loses 10,000 Troops in France."

SOMEWHERE IN SOUTHERN ENGLAND, June 7—Gen. Dwight D. Eisenhower, rumored to be romantically involved with his "driver," Kay Summersby, ordered an invasion of Normandy in the early morning hours yesterday.

American casualties, many as a consequence of drownings in landing craft in the storm-tossed Normandy surf — about which the general had been warned—are thought to be among the highest for any single day of military operations since the Civil War. Reliable sources in Eisenhower headquarters have revealed that in the middle of the night he disregarded pessimistic weather predictions and overrode the objections of several subordinates in ordering the June 6 attack, which included an assault by Army Rangers on a German gun position atop a 100-foot sheer cliff, an operation described by a staff aide as "a crazy gamble that was bound to get somebody badly hurt."

Eisenhower has drafted a "contingency" message, not yet officially issued, which takes full personal responsibility for the invasion's failure. A copy of the message was obtained by this reporter; it indicates that Eisenhower may well believe that a debacle in Normandy is imminent. The possible role of Miss Summersby in the general's late-night invasion decision is not known.

Miss Summersby could not be reached for comment.

In another major Washington development, first-term Republican Congressman Buford Grundge, prominent critic of American involvement in the arms race, which led to the current hostilities, and of the unpopular military aid program to a British government involved in such controversial human rights practices as massive wartime relocation of children, has called for a major investigation of Army procurement.

Grundge demanded that the investigation concentrate first on procedures used by the Army in obtaining the toy "crickets" purchased for use by American paratroopers to signal to and identify one another during the nighttime parachute drop on June 6 at Ste.-Mere-Eglise. "Gen. Maxwell Taylor's sole source procurement of these toys is outrageous," Grundge charged in a crowded press conference yesterday, as he called on the paratroop commander to return from France to testify. The wealthy former toy manufacturer added, "I may not know much, but I know toys, and this is toying with the American taxpayer."

At the prestigious Institute for Analytical Analysis in Washington, Berlinologist Carson Whiffle strongly supported Grundge. "I," he said, "am deeply concerned." "Any further armored warfare in Normandy will undermine the arguments of the dovish faction in Berlin. This wasn't Operation Overlord, it was Operation Overkill— we would have had fewer than 10,000 casualties if we had just conducted this operation sensibly and moderately with fewer than 10,000 troops instead of the 133,000 that were used."

Whiffle said his institute expected quick and positive action on its grant application, submitted today to the Studebaker Foundation, for funds to film interviews with the families of every American casualty of the invasion, to be shown nationwide in movie theaters this autumn.

In New York, in another development, ACLU President Garrison O. Pugh charged today that there was massive deception involved in the planning for the Normandy operation. "Military duplicity and secrecy led the American people to believe that this invasion would probably occur at Pas de Calais, not Normandy," said Pugh. "There are significant constituional issues here."

Meanwhile, at Eisenhower's headquarters here, the weight of informal staff opinion leans heavily to the view that dissension among the general's subordinates will prevent a breakout from the tiny Normandy beachhead. "A prima donna like Patton will never work for a pedestrian general like Bradley," said one knowledgeable officer who preferred not to be identified. Further, major disagreements were reported between Allied commanders. Gen. de Gaulle is reportedly furious at not being permitted to lead the invasion. Relations between Gen. Montgomery and all other commanders continue to sour, further endangering joint operations. "I've never seen anything like it," said one observer.

The careful wording of yesterday's White House press release on the invasion suggests that President Roosevelt and Gen. Marshall (who, it is widely known, wanted to lead the invasion himself) are ready to cut Eisenhower adrift if the invasion fails. And tonight that likelihood looms large among the drowned and machine-gunned bodies on the oddly named "Omaha" Beach.

As he embarked on his way to Normandy, one private first class, Willie Brown, of Biloxi, Miss., gave a surprising answer to this reporter's query about the reason for what is beginning to be called "Eisenhower's Folly."

"We're here to free Europe," Brown claimed.

But it definitely remains to be seen whether this sort of naiveté in the ranks and Eisenhower's wee-hours, foul-weather, and quite possibly bleary-eyed gamble will prevail against the raging elements and the Panzers of the Third Reich.

The writer, a former undersecretary of the Navy, is a Washington attorney.

For White House, lots of silver linings

By Judy Keen
USA TODAY

When President Clinton traveled to Rhode Island this week, audiences probably eyed him for lingering strain from Paula Jones' harassment lawsuit and the Whitewater probe.

But the dual scandals that cloud the White House and threaten to divert Clinton's attention for months to come did not darken his demeanor or his words.

"I ran for president because I wanted to change the country," he said Monday, and will likely say again Saturday when he addresses Indiana Democrats. "We have made a good beginning."

In the White House, despite stubborn scandals, sagging polls and looming foreign crises, confidence is sprouting for the first time in weeks.

It is born of a string of domestic victories, capped off by last week's narrow congressional passage of an assault-weapons ban. It is, like Clinton's Monday speech, the embryo of a re-election bid — if the public is ready to listen.

"That's what keeps us going," says senior adviser George Stephanopoulos. "In the end, that really is how the people are going to judge him."

When they tally the achievements of Clinton's first 16 months in office, the president's aides cite these reasons for optimism:

▶ Clinton delivered on voters' beliefs he'd promote economic growth and jobs. Unemployment — 7% a year ago — is at 6.4%. The North American Free Trade Agreement is fueling a boom on the Mexican border. Most middle-class taxpayers did pay a little less this year.

When Clinton took office, there were 108,051,000 jobs on payrolls. Last month, there were 112,088,000 — an increase of 4,037,000.

Still, economists say Clinton's vow of 8 million new jobs in four years was about the minimum a weakly growing economy was going to produce regardless of who won.



By Matt Mendelsohn, USA TODAY



By Tim Dillon, USA TODAY

TRADE, GUN CONTROL: Above, President Clinton signs the North American Free Trade Agreement as Vice President Gore, left, House Minority Leader Bob Michel and House Speaker Thomas Foley applaud. At left, he signs the Brady Bill as its namesake, James Brady, watches.

▶ Clinton has won passage of the two most significant gun-control measures in decades — the Brady law and the assault-weapons ban — and a crime bill nears passage. And crime is the issue the public cares about most, polls show.

▶ Clinton has forced Congress to focus on health-care reform — which polls show is the second most pressing domestic issue.

▶ Welfare reform, for the first time in years, is being seriously debated by Congress, although Clinton probably won't fulfill his pledge to "end welfare as we know it."

▶ Clinton has won approval of family leave, his national service program and the motor voter bill.

White House chief of staff Mack McLarty says Clinton's campaign rhetoric "has turned into reality. This is not just disparate legislation: It is a very thoughtful and very coherent plan and strategy to move the country forward."

Clinton critics say the president can't really claim credit for the economy, NAFTA and the crime bill — all were gaining momentum before he took office.

"The president does have the great advantage of being able to revise his campaign promises," says House Republican Whip Newt Gingrich, R-Ga., who predicts Clinton will declare victory if watered-down versions of health and welfare reform pass. "Whatever he passes ends up being what he promised."



By Marcy Nighswander, AP

HEALTH REFORM: President Clinton holds a health-security card.

Responds Stephanopoulos: "Whatever people say, whatever the right wing will do, they can't take away the real accomplishments. They can't make the deficit bigger, they can't take jobs away, they can't put assault weapons back on the street."

Republican National Committee Chairman Haley Barbour gives Clinton's domestic record "an A-minus for helping elect Republicans. It could possibly be better for our candidates to run against, but I can't think of how."

While Clinton can tick off a string of domestic accomplishments, he has yet to convince most Americans he's making significant progress.

The latest USA TODAY/CNN-/Gallup Poll found that while 48% approve of the overall job Clinton is doing, his approval is somewhat lower on several domestic policy fronts he cites as pluses in his record:

His approval rating on the economy is 45%; health policy, 41%; taxes, 33%; crime, 36%.

And when asked if they are satisfied with the way things are going in the country, only one in three — 32% — say yes. That's only slightly higher than the 26% who said yes one week after the 1992 election.

McLarty dismisses the polls. "There's a reservoir of good will for this president," he says, because of Clinton's willingness to fight for issues people care most about.

"I don't think there's quite the proper recognition that you have a president who is willing not only to address these issues, but to put a controversial proposal on the table."

Republican analyst William Kristol says voters will reject Clinton's liberal agenda. "He deserves credit for working with Republicans on NAFTA. Otherwise, he has raised taxes, imposed some new unfunded mandates and his centerpiece domestic policy proposal, health-care reform, is in total collapse."

He adds it's "no surprise a Democratic president and a Democrat-controlled Congress could pass a few pieces of standard Democratic legislation."

Sherry Bebitch Jeffe, a political scientist at California's Claremont Graduate School, agrees Clinton's accomplishments can't be measured against those of presidents, like Ronald Reagan, who had to wrestle with a divided government.

"Things do seem to be turning around economically," she says. "I'd say his grade so far is a B. And clearly the foreign policy end of it would bring the grade down considerably."

But Pat Griffin, Clinton's legislative affairs director, says White House aides ask themselves "what this president could accomplish if he wasn't being systematically distracted by his opponents with non-policy, non-legislative attacks."

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Gulf Gun 93 This is your last week to file your 1040 tax return

THE PRESIDENT HAS SEEN 5/23

THE PRESIDENT HAS SEEN 5/23

The Deputy Secretary of Energy
1000 Independence Avenue., S.W.
Washington, D.C. 20585
(202) 586-5500 • FAX (202) 586-0148

May 20, 1994

94 MAY 20 A 9 : 52

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BILL WHITE Bill White

SUBJECT: BACKGROUND ON THE EXPORT OF OIL FROM ALASKA'S NORTH SLOPE

Several statutes, including the Export Administration Act, prohibit the export of crude oil produced from Alaska's North Slope. Alaska's North Slope accounts for almost twenty-five percent of domestic oil production. The ban on Alaskan exports dates from a compromise with labor unions fifteen years ago. The compromise was needed to facilitate completion of the pipeline from Prudhoe Bay.

The maritime unions traditionally have opposed any lifting of the ban on the export of Alaskan crude oil. ~~On Wednesday, May 18, maritime~~ unions reversed their position on the ban, so long as the oil is transported by American crews and American ships. We had encouraged the unions and the oil and gas industry to cooperate. The unions now support lifting the ban, as does the oil and gas industry.

Export of Alaskan crude oil does not increase U.S. vulnerability in the event of disruption of imports. It permits an increase in U.S. production in both Alaska and California.

The Department of Energy and other departments have tried to fashion a relaxation of the export ban that would (1) increase the price paid for oil from the North Slope, and encourage investment and new production from existing wells up there; (2) increase employment in the California oil and gas industry by many thousands of jobs; (3) preserve jobs in the maritime industry; and (4) not increase the prices paid by California consumers. For the time being, when asked, I believe we should say that the Administration is working to come up with a resolution of the issue which accomplishes all of these four goals.

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California oil producers, Alaska oil producers, maritime unions, Alaska state officials, and many California members of Congress will support relaxing the ban on the export of crude oil from Alaska. Several independent refiners will oppose relaxation of the ban because it artificially suppresses the price of their crude oil inputs and artificially increases their profits.

Although all policymakers within the Administration believe a relaxation of the ban with protection of maritime interest represents better public policy than a total ban, there are two principal concerns that we need to satisfy ourselves about before we move farther towards endorsing legislation. First, we want to ensure that relaxation of the ban will not be perceived as raising consumer prices. Second, we need to make sure that legislative consideration does not delay passage of the Export Administration Act. We may be able to satisfy those concerns next week.

THE PRESIDENT HAS SEEN 5/23

THE WHITE HOUSE
WASHINGTON

May 19, 1994

~~MR. PRESIDENT:~~

We have just learned from NSC that your Ambassador to Israel, Ed Djerjian, has decided to resign and is going to make a public announcement tomorrow morning in Texas. The reason for his resignation, apparently, is that Rice University has made him an offer which he feels he must accept. The State Department forwarded his resignation letter to NSC today and we are having an acceptance prepared for your signature. I have notified Mark and Dee Dee.

Todd Stern

P. This is a very important appt - need to discuss it -

THE PRESIDENT HAS SEEN 5/23

THE WHITE HOUSE

WASHINGTON

94 MAY 19 A9:25

May 18, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: **MACK McLARTY**

SUBJECT: **SUMMARY OF VARIOUS ITEMS FOR YOUR INFORMATION**

-- Letter to **John Deutch** acknowledging his memorandum regarding DFAS Aftermath (also attached).

-- Letters from **Elliot Richardson** and **Bill Rogers** responding to Mack's letters following President Nixon's funeral.

-- Letter to Senator **Patrick Leahy** thanking him for Steve Breyer endorsement.

-- Letter from **Ann Pincus** (wife of Walter Pincus of Washington Post).

-- Bill Burton's note regarding **Mayor Lanier** and $2.1 million police grant to Houston.

-- Note regarding positive comments by **Wolf Blitzer** to Pulaski County Bar Association.

-- **E.J. Dionne** column regarding foreign policy problems.

-- **Molly Ivins** column regarding differences between Anita Hill and Paula Jones.

-- Comment on "Late Hit Against Clinton" editorial.

Mack

Molly Ivins piece is great - makes sure Bennett has seen

5/18 To: The President
FROM: Mack

The differences betwixt Anita Hill and Paula Jones



Molly Ivins

COMMENTARY

AUSTIN — Where, demand the professional Pecksniffs, are the feminists on the Paula Jones case? Lance Morrow inquires in *Time* magazine: "Is it fair that American feminists are handling Paula Jones with rubber gloves and tongs at the end of a 10-foot pole, in contrast to their performance when they embraced Anita Hill and demanded justice for her regarding charges against Clarence Thomas that were less serious than the squalid scene retailed by Paula Jones? This time, of course, the target of the accusations is someone politically on their side."

Speaking as just one American feminist, I reply, "You have to be kidding." If anyone out there is having trouble making a distinction between Anita Hill and Paula Jones, let me help.

Hill did not make her accusations against Thomas to get money or publicity, nor did she do so for ideological reasons. Let's go through that again. Hill has not profited from her testimony against Thomas in any way. He sits on the Supreme Court while the Oklahoma Legislature keeps trying to abolish her job. She has not written a book, signed a movie deal or gone on *Geraldo*. She's still teaching law and was managing successfully to avoid the spotlight until the Jones case dragged her back into it. She is still a Republican, and she still thinks Robert Bork should have gone on the Supreme Court. All of which, I think, adds a great deal to her credibility.

The only person who has made money off Hill is David Brock, that foul little right-wing reporter for *The American Spectator* who called her "a little nutty and little slutty" and then wrote a book about her that set new low standards for reporting. This is the same Brock who surfaced the two Arkansas state troopers, both of whom have confessed to fraud, who are now making money peddling tales about President Clinton. Brock first mentioned Paula Jones in print, reporting that after supposedly seeing Clinton alone in a hotel room, Jones told one of the same Arkansas troopers (Brock's idea of a reliable source) that she wanted to be "his regular girlfriend." For whatever that's worth.

Jones is a feminist's nightmare for the same reason that social workers who deal with child abuse have nightmares about the people who come up with patently false "recovered memories" of satanic ritual abuse. When you are dealing with real evils, such as child abuse or sexual harassment, that are hard to prove in most circumstances, the last thing you need is somone filing false charges. That makes it just so much harder for everyone else who tries to bring a real case.

Certainly, it is possible that Clinton actually sexually harassed Jones. It is also impossible to prove, which is why the case never should have been filed, and there are several factors arguing against her credibility.

The first is that she tried to blackmail him for money and jobs. The second is that she is eager for publicity. The third is that she is being used by Clinton's political enemies.

In February, Cliff Jackson — the Little Rock lawyer who has spent years trying to destroy Clinton's reputation — brought her to Washington, where she first made these allegations before the Conservative Political Action Committee, an extreme right-wing group. Her first lawyer, Daniel Traylor, approached a friend of Clinton's — George Cook, a Little Rock businessman — and told him that Jones would settle for an apology, financial compensation and jobs for herself and her husband, who wants to be an actor. Jones' current lawyer will not say who is paying him.

All of which, I think, subtracts a great deal from her credibility.

Jones is already experiencing the unhappy fate of women who bring sexual harassment suits. Her personal reputation is being attacked in lurid terms by, among others, her brother-in-law. Fairly or unfairly, she will be stigmatized as a bimbo before this is over, a result that will further discourage other women with legitimate, provable cases from bringing suit. And those women who do finally sue will in turn have their lives made harder by being brushed off as "just another Paula Jones" — that is, a woman who brings sexual harassment charges because she wants money and publicity and/or is being used by the enemies of the man she accuses.

Gee, I guess that's why feminists aren't rushing to embrace Jones — as though feminists, and the rest of the citizenry, weren't capable of making elementary distinctions.

Meanwhile, the media, that faithful Fido watchdog of democracy, sits around deploring how "tawdry" and "sleazy" all this is — while purveying all the salacious details they can and blaming everyone else for their own recklessness, cruelty and decline in standards of propriety.

I say again that the character issue, which has nothing to do with real character but means "sex life," is none of the press's business and does not belong in political reporting.

MOLLY IVINS' column appears Sunday, Tuesday and Thursday.

5-23

to Wile
Itoh

Tack up
not copied

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94 MAY 20 P8:06

COMMITTEE ON APPROPRIATIONS
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DISTRICT OF COLUMBIA

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

CONGRESSIONAL WORKING GROUP ON CHINA, CHAIR

May 20, 1994

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

Dear Mr. President:

Just a few short weeks ago, Wang Juntao was in prison in China. Thanks to your leadership he is free and last week he was honored by Majority Leaders Mitchell and Gephardt in the United States Capitol. Wang's words, like those of Fang Lizhi, Liu Binyan and other Chinese pro-democracy activists, are a continuing source of inspiration.

It is a great honor for me to transmit a personal and confidential letter to you from Wang Juntao expressing his appreciation for your efforts.

Yesterday, you very eloquently stated that the China MFN decision is of great moment for our country and that the decision would be based on facts as they exist.

As the deadline draws near, I am writing to convey to you that my colleagues in the Congressional Working Group on China and the human rights and religious communities with which we work believe that China has not made overall significant progress in meeting the conditions of your Executive Order.

We have prepared the enclosed packet of documentation on the facts as they exist. Information was provided by the U.S. Catholic Conference, Amnesty International, Human Rights Watch/Asia, the Robert F. Kennedy Memorial Center for Human Rights, the AFL-CIO, the International Campaign for Tibet, the Laogai Research Foundation, the Independent Federation of Chinese Students and Scholars, and the Puebla Institute.

Mr. President, in honoring your Executive Order, you have a uniquely American opportunity to honor the legacy of our founding fathers in promoting freedom. Your decision is of great moment for our country and for China.

Thank you for reviewing this information.

Sincerely,

Nancy

NANCY PELOSI
Member of Congress

Thank you Mr. President!

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