

THE WHITE HOUSE
WASHINGTON

DATE: _____

6/18/94

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

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

The attached has been forwarded
to the President.



THE CHAIRMAN

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

94 JUN 17 P7:48

June 17, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D. TYSON

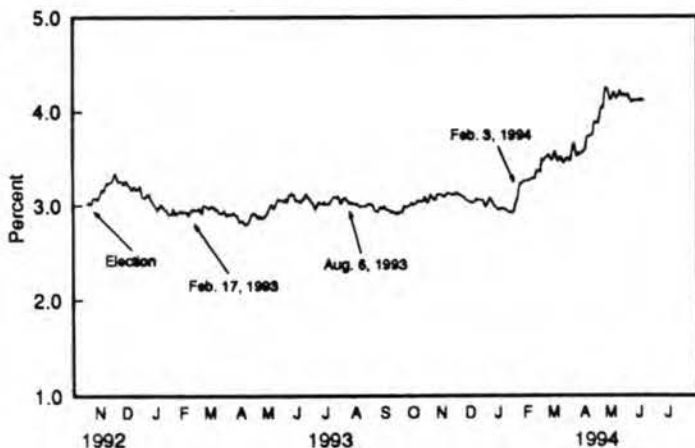
SUBJECT: Interest Rates and the Stock Market, Week Ending Friday, June 17, 1994

Long-term interest rates rose this week. Much of the rise in long rates came on Friday, and was ascribed by some to a fall in the dollar's value and to upward movements in commodity prices. Short-term interest rates, however, were essentially flat. Changes in Treasury borrowing rates were as follows:

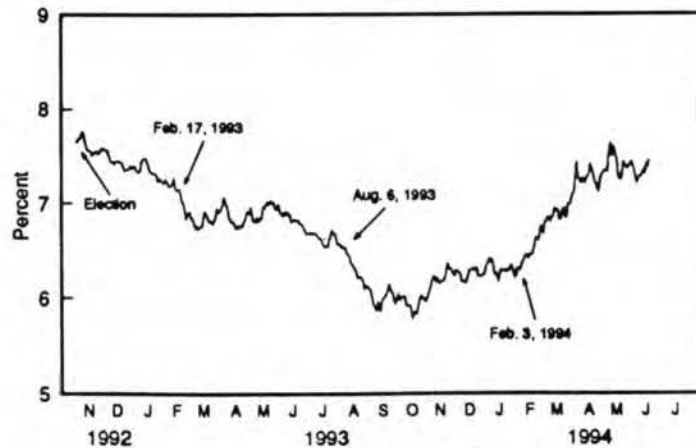
	Close 6/10/94	Close 6/17/94	Change
3-month bills	4.11	4.12	+0.01
10-year notes	7.03	7.14	+0.11
30-year bonds	7.32	7.45	+0.13

The stock market closed virtually unchanged for the week. The broad-based S&P index closed Friday at 458.45, down a scant 0.05 percent from the preceding Friday's close. The Dow Jones Industrial Average closed Friday at 3776.78, up 0.1 percent for the week.

Three-Month Rates



Thirty-Year Rates





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WASHINGTON, D.C. 20500

94 JUN 17 P7:48

June 17, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D. TYSON *Laura D. Tyson*
SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar fell this week, declining sharply today relative to the DM. Market participants attributed much of today's decline to technical market factors.

Dollar's Value in terms of:	Week Ending 6/10/94	Week Ending 6/17/94	Change from previous:		
			Week	Quarter	Year
Deutschemark	\$1 = 1.6662 DM	\$1 = 1.6090 DM	-3.4%	-4.7%	-3.0%
Yen	\$1 = 103.63 ¥	\$1 = 102.80 ¥	-0.8%	-2.9%	-4.1%
Multilateral (3/73 = 100)	93.03	91.05	-2.1%	-3.5%	-0.8%

Japan: ► May's trade surplus fell to \$6.5 billion, which is 15.9% below its May 1993 level. The sharp fall in the dollar-denominated surplus follows a decline in the yen-denominated surplus that has been underway for several months. Until recently, a stronger yen had been raising the surplus measured in dollars despite a declining surplus measured in yen. Wholesale prices rose 0.1% in May, but are 2.3% below a year ago. Industrial production fell 1.9% in April.

EU: ► West German producer prices rose 0.2% in May, but are just 0.4% higher than a year ago. Retail sales in the first 4 months of this year are 2% lower in real terms than in the same period a year ago.

► **French GDP** rose 0.5% in the first quarter despite sluggish investment spending. The current account surplus rose to \$2.8 billion in the first quarter, up from \$0.4 billion in the first quarter of 1993.

► **British retail sales** were unchanged in May, but are 3.9% higher than a year ago. Producer prices rose 0.1% in May and are 2.0% above a year ago.

Other Countries: ► The **Canadian** economy continues to look strong. GDP rose 1.0% in the first quarter. Unemployment fell to 10.7% in May, down from 11.0% in April. The index of leading indicators rose 0.6% in May and is 8.4% above a year ago. The current account deficit fell to \$5.1 billion in the first quarter, down from \$6.0 billion in the first quarter of 1993.

THE WHITE HOUSE
WASHINGTON

DATE: 06/18/94

THE VICE PRESIDENT
MACK MCLARTY
DAVID GERGEN
TO: GEORGE STEPHANOPOULOS

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

The attached has been forwarded
to the President.

THE WHITE HOUSE

WASHINGTON

June 16, 1994

94 JUN 17 P6:36

MEMORANDUM FOR THE PRESIDENT

FROM:

ANTHONY LAKE *AL*
ROBERT E. RUBIN *RM*

SUBJECT:

G7 Naples Summit

Secretary Bentsen has sent you his views on the economic issues at the upcoming G7 summit. We agree with his basic point that our success from last year in restarting global growth, concluding the Uruguay Round and assembling a major assistance package to support Russian reform leaves us in a solid position going into the Naples summit.

We see this year's summit as an opportunity to focus attention on these achievements and then move to define the new G-7 agenda. This will include follow-up from the Detroit jobs conference, trade and macroeconomic issues, help for Russia and Ukraine, action to improve nuclear safety at Chernobyl, and other agreements.

Preparations for the summit are moving along. Shortly, we will have a memo for you on the main summit themes, which will ask your guidance on a number of initiatives and will include a letter from you to the other G7 leaders advancing those proposals. The possible initiatives mentioned in Lloyd's memo (most of which we support, and others about which we have questions) will be integrated in this broader effort.

Briefings are being set up for you on the Naples summit, your bilateral meetings with other leaders and other stops on the trip, as well as speech preparation. These will provide you additional opportunities to absorb the G7 agenda, give further direction on what you would like accomplished and map out what will happen.

In addition, Mark Gearan is coordinating a communications strategy for the summit.



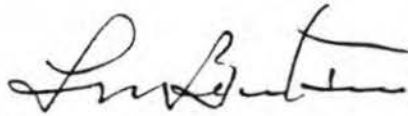
DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

June 15, 1994

94 JUN 15 P6:00

SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

FROM: Lloyd Bentsen 
SUBJECT: The Naples Economic Summit

As you begin to prepare for the Naples Economic Summit, I thought I would outline the economic issues at stake and propose some additional initiatives for you to consider. Your advisers are in the process of beginning to brief you on the entire Summit agenda. In this memorandum, and in the separate one I recently sent you on Russia, I have focussed on the issues that have been the responsibility of the G-7 Finance Ministers and a proposal for advancing your trade agenda.

From Tokyo to Naples

We are in better shape than we were last year.

At this point in 1993, Europe and Japan were still going deeper into recession. The U.S. recovery was uncharacteristically weak. The Uruguay Round was in jeopardy. And Russia's political and economic prospects were tenuous. We used the Summit process, including the G-7, the Sherpa meetings, and the Quadrilateral Trade Ministers process, to put together a reasonably credible response.

- o We produced a growth strategy with clear policy commitments and secured agreement on a G-7 Jobs Conference to focus on the structural dimensions of unemployment.
- o We designed a comprehensive assistance package for Russia to reinforce stabilization and reform, and secured support for the \$3 billion Special Privatization and Restructuring Program.
- o And we negotiated a market access package that provided critical momentum for the Uruguay Round.

Also important for the general sense of accomplishment in Tokyo were two things not directly part of the Summit agenda -- the Framework Agreement with Japan and the opportunity to outline a new commitment to APEC and the Asia Pacific region in your speeches surrounding the event.

This year, we have made considerable progress on each of the defining problems of last year.

- o The industrial countries are recovering, led by a U.S. economy experiencing its first investment-driven, low inflation expansion in three decades.
- o We have tangible signs of progress in Russia, where inflation is in single digits and roughly half of industry has been privatized, in part due to our assistance strategy.
- o Ratification is the final challenge left for the Uruguay Round.

This will be the first Summit in several years with a reasonable expectation of improving economic prospects across the industrial countries. We have a chance to present a more confident and optimistic picture of our collective economic prospects than we have been able to do to date. The Summit can provide a backdrop to highlight how far the U.S. economy has come during your Administration. Over the past 18 months, we have seen rapid improvements in productivity, impressive growth in employment, and the consolidation of a strong investment-led recovery with low inflation. This is probably the best record of performance in the G-7 over this period of time.

The Naples Package

The following is a list of the specific initiatives for Naples now in the pipeline and our objectives for the general statements of shared goals and commitments that will make up the rest of the communique. These items fall into three areas. They fit comfortably under the general theme of "Building Shared Prosperity."

o The Industrial Countries

Our objective is a statement that acknowledges signs of recovery, but includes commitments to take additional macroeconomic policy actions where necessary to ensure a strong recovery. This will help anchor our macroeconomic agenda with Japan in a multilateral context.

As a follow-up to Detroit, we expect to get agreement on a set of "employment principles" to guide national efforts to raise employment growth.

o The Transition Economies

Naples provides an opportunity to highlight the tangible progress made on the economic front in Russia. Monthly inflation is now down to single digits and privatization continues at a fast clip, allowing much of the support we pledged in Tokyo to flow.

We need a strong statement at the Summit urging Russia to intensify its stabilization effort and overhaul its social protection systems.

We also expect to have agreement on several initiatives for Russia and the other ex-Soviet states which will provide a powerful inducement to stabilization and reform, consistent with the initiatives you proposed to President Yeltsin in January.

- The G-7 has agreed to reschedule Russia's 1994 debt obligations. We want agreement at the Summit to provide a deep multi-year debt rescheduling agreement when Russia secures an IMF standby loan.
- We expect to get agreement to urge the IMF to expand by up to \$10 billion the amount of resources it can make available to Russia and the other transition economies under its traditional lending facilities and the special facility for transforming economies.
- We expect to get agreement to urge the IMF to provide new members, the bulk of whom are transition economies, an allocation of some \$3.5 billion of special drawing rights (SDRs) -- which they can exchange for dollars or other hard currencies at relatively favorable interest rates.

o The Emerging Markets/Developing Economies

At this point, we do not have any agreement among the G-7 on specific new initiatives for the developing world.

At a minimum, the communique will include general commitments to support the goals of the Cairo Conference on Population and Development, to support the transition in South Africa and the Middle East Peace Process, and highlight the role the IMF and the World Bank can play in responding to new development priorities.

At issue is whether we reach agreement on more generous debt reduction for the poorest, mostly Sub-saharan Africa and on a modest general SDR allocation that would benefit many developing countries.

These commitments, combined with other parts of the communique, add up to a package that is a bit better than the average Summit, but not particularly impressive by the standard of last year's.

Constraints on Flexibility

There are limits on our ability to generate more dramatic Summit initiatives, for both political and economic reasons.

The nascent global recovery reduced both the need and the opportunity for new cooperative policy actions. We are near the limits of the possible on the macroeconomic policy coordination front, without resorting to institutional gimmicks. At this point, there is no consensus behind new multilateral initiatives on the trade front, apart from the agreement to explore new issues. And we cannot use the Summit to highlight whatever regional trade initiatives we are prepared to consider. The structural reforms that are essential to reducing long term unemployment and raising our productive potential are largely outside of the reach of multilateral cooperative efforts. Budget constraints prevent most of the G-7 from committing significant resources to solving problems that require money.

I am very skeptical about resorting to broad commitments on which we cannot deliver or open-ended academic studies of the future of institutions. A review of the future of the Bretton Woods institutions, for example, would be particularly damaging, for it would distract attention from the substantial reforms we have already undertaken and undermine our efforts to secure adequate funding of our commitments on the Hill.

Possible Presidential Initiatives

In the context of these constraints, we have looked at a variety of proposals for Naples. We occasionally have the opportunity at this late date for Presidential initiatives. Here are several possibilities.

1. Movement Toward a Clinton Trade Round

The successful completion of the Uruguay Round has not been accompanied by any new consensus on future multilateral trade initiatives. This risks a loss of momentum on economic integration, a repetition of the slide into protectionism that has occurred during previous gaps between major trade rounds, and a further proliferation of regional trade arrangements.

The Heads of State could endorse a new multilateral trade initiative. An ambitious approach would be to instruct the trade ministers to begin preparations for a new round of multilateral trade negotiations by the year 2001, covering for example the new issues of labor and environment, services, investment, and further tariff reduction on manufactured goods. Short of this, we could propose negotiations among OECD members to develop rules that go beyond the Uruguay Round agreement in the areas of investment, standards, subsidies, intellectual property, or some subset of these.

I am not sure where Mickey is on these particular proposals, but I strongly support putting our weight behind a new initiative to expand trade.

2. Ukraine

The Naples communique will emphasize the special importance of the Ukraine and underscore the need for reform. We could consider taking this a step further by putting a specific number (perhaps \$5-6 billion over two years) behind a large support package that would be available as they delivered real reform. The downside is that Ukraine's expectations would be raised, and that they will be disappointed if they fail to meet the necessary conditions. Getting agreement on a specific number will require a fair amount of work with the G-7. On balance, I think it is a good idea.

3. Enhanced Cooperation on Macroeconomic Policy and Financial Market Regulation

With the improvement in economic prospects, the G-7 finance ministers have an opportunity to shift their attention to anticipating and preventing new problems. There are two issues worth pursuing here.

The Heads of State could instruct their Finance Ministers, in cooperation with their central bank authorities, to strengthen their cooperation in order to forestall problems that could threaten recovery.

The Heads of State could direct their Finance Ministers, in cooperation with their central bank authorities, to explore ways of enhancing international cooperation in financial market regulation. This mandate could encourage us to work more closely to identify potential risks to the system and to explore ways to maintain greater stability in financial markets. It would provide a useful impetus to better cooperation among securities regulators and between banking and securities regulators, to complement the extensive and effective effort already underway among bank regulators.

4. Debt

The United States now stands in the way of agreement among the G-7 to provide deeper debt reduction for the poorest developing countries, predominantly those in Sub-saharan Africa. With very modest budgetary allocations or a quite justifiable change in scoring methods, we could provide a significant boost to development in this part of the world. (The total cost involved is in the range of \$50 million, spread over several years.)

5. A Possible Global Peace Fund.

The ad hoc process we now use to respond to major crises is cumbersome and constrained by the limited budgetary resources of the major donors. The existing lending facilities of the IMF and the World Bank are not well suited to this purpose.

We could propose the establishment of a contingency fund, using the existing resources of the international financial institutions, to finance new economic challenges involved in countries emerging from political transition or conflict, such as the Balkans, the Middle East, or South Africa.

Agreement on such a fund would require some heavy lifting with the G-7.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

June 14, 1994

94 JUN 15 AM 1:07

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD BENTSEN

SUBJECT: Russian Economic Reform and the Naples Summit

Introduction

Since you saw President Yeltsin in Moscow, Russia has made further progress in building a market economy. After an initial hesitancy, Prime Minister Chernomyrdin has decided to press on with reform.

The policy of intensified engagement in support of Russian reform that you advanced has played a constructive role. In January, you reiterated to President Yeltsin the western offer of conditional financial support, measured with the pace of reform, and proposed that G-7 Finance Ministers raise the level of engagement on economic reform issues. Russia took up these offers, and devoted much effort to gaining renewed IMF support. Now, reform has restarted and western financial support is flowing.

But Russia's reforms are not yet secure. Like a bicycle rider, Russia must pedal fast enough to avoid falling. The macroeconomy is no longer in chaos, but is not yet under control. And, we must not forget that in each of the past two years, the Spring season saw a rebirth of Russian reform, only to be followed by a Summer of disappointment.

The Naples Summit offers you the opportunity to give Russia a clear message on reform and the support we can provide. Russia must build upon the reform momentum it has generated and lay the foundation later this year for an intensified drive toward stabilization, economic recovery, and social protection. We have prepared an initiative to provide substantially augmented financial support for the FSU states from the IMF and World Bank. In Naples, you have the opportunity to urge the Russians to make use of this enhanced support as part of an intensified drive for reform.

Russia's Reform Record

In January, Prime Minister Chernomyrdin declared that Russia's flirtation with "market romanticism" was over, and sacked several leading reformers. That raised concerns there would be a return to high inflation, a retreat from structural reform, and a deterioration in Russia's relationship with the international financial community.

That pessimism has not been borne out by events. The Prime Minister

has pushed ahead with economic reform. Though attuned to industrial needs, he decided first to combat the debilitating impact of high inflation and the unbearable cost of subsidizing industrial deadwood. He also set out to improve Russia's standing with the international financial community, so he would be a credible interlocutor and so Russia could tap financing opportunities. The results have been positive.

- o Russia, which experienced inflation of over 20 percent monthly in 1993, has kept inflation below 10 percent monthly since February. The budget deficit, 18 percent of GDP in 1992 and 8 percent last year, is targeted at 6-1/2 percent this year. Russia's 1994 economic program earned the IMF's support with a \$1.5 billion loan. Russia's program has stayed on track.
- o Russia's sweeping privatization program continues, despite attacks from many quarters. Over 100,000 small firms, or about 80 percent of all such firms, are private. Some 10,000 large firms, which employed more than 11 million employees or 50 percent of the industrial labor force, are now private. Land privatization is starting.
- o President Yeltsin and the Government recently issued a number of decrees to step up reform. These decrees will facilitate Russia's integration with the world economy by cutting quotas and taxes on oil and gas exports. The decrees also tackle some of the thorny problems created by inefficient state firms.
- o The social consequences of reform, while difficult, must be kept in perspective. Wage growth has outpaced inflation by more than 10 percent over the last year. With the strengthening of the ruble, the average real wage has risen from \$40 to \$100. Unemployment has risen, but remains low by European standards.

Despite these positive results, there remains a potential for political instability within Russia and across the region. Industrial decline, rising unemployment, and a tide of economically-motivated crime contribute to that potential. The continuing economic chaos in many of the other FSU states weakens their sovereignty and invites problems with Russia. Stabilization and reform in the region might not guarantee desirable political outcomes, but would provide the best setting for market-based economies and democracies to take hold.

The Summit Message

Russia needs to build on its accomplishments and show the people the promise of reform. Ukraine and the other FSU states need economic reform to anchor their sovereignty and bolster the political stability of the region. You can help these countries see their challenges more clearly, and offer crucial financial support. I see the summit message as having the following four parts.

1. Russia should intensify its stabilization and reform effort.

Chernomyrdin continues to see a tradeoff between lowering inflation and sustaining production. Thus, he aims to keep inflation around 7 percent per month through the rest of the year. In reality, that tradeoff is illusory; and that strategy will have a very high cost. With continued inflation and steady exchange rate depreciation, the Government will not gain the confidence of its people. As a result, capital flight will drain the economy of resources needed for recovery (potentially more resources than are provided by western support). Moreover, interest rates will remain so high as to cripple even promising enterprises (and much of Russian industry has survival potential). Without stability, the productive economy will seem hopeless. With stability, a profitable core will emerge.

2. Social protection should be improved to bolster political support for reform. That is best done by creating new social programs and institutions consistent with a market economy.

Russia has only recently shown serious interest in improving and modernizing its social protection system. The Prime Minister's new strategy for enterprise restructuring has strong implications for social protection. He is pressing enterprises to cope with cutbacks in subsidies and signalling an end to the government policy of promoting universal employment. That will necessitate development of an adequate unemployment compensation scheme and a social safety net for the poor. Chernomyrdin is also developing a program calling for enterprises to privatize or turn over to local governments the social services that they provide. For those goals to be achieved, the Government must develop improved social protection programs, create room in its budget for costly burden of these programs, lower inflation so that pensions are not so badly eroded, and mobilize supplementary support from the World Bank.

3. The West will support an intensified stabilization and reform effort.

Russia has drawn on much of the support promised by the G-7 last year in Tokyo. What remains undrawn is for the most part IMF support slated to move as soon as Russia embarks intensifies its stabilization and reform effort. A key initiative that we are preparing for the Naples Summit aims at a G-7 decision to mobilize additional IMF and World Bank resources for Russia and the other FSU states. For Russia, the augmented IMF and World Bank loans could mean \$10 billion next year to support the budget and balance of payments. That amount could help make stabilization achievable. This year, Russia stands a good chance of limiting money printing in support of the budget to about \$20 billion. Next year, Russia will need to reduce that to about \$6 billion to bring inflation to low levels. Augmented western finance could make a key contribution.

4. The political stability of the region can be secured only if Ukraine and the other FSU countries push ahead with reform. The West is mobilizing enhanced financing to encourage and reinforce reform in those countries.

Ukraine's failure to begin meaningful reform threatens its sovereignty as well as regional stability. Pledging that substantial western support is available conditioned on real reform will strengthen our message and the case of Ukraine's reformers. Some other FSU countries have made progress in reforms, but still face huge energy bills and other financial problems. The G-7 initiative to augment IMF and World Bank loans will produce enhanced finance for Ukraine and the other FSU states. In the case of Ukraine, for example, the initiative could add about \$1 billion to the finance already on tap to back a reform effort.

Annexes

Annex I

Last year at Tokyo, the G-7 endorsed a \$43 billion package of multilateral support for Russian reform. As envisioned in Tokyo, disbursements from the package have kept pace with progress in Russia's economic reforms, as described in the attached annex.

Annex II

In January, you met President Yeltsin, you highlighted five key initiatives we could take to help accelerate the pace of Russian reform and Western support. We are making good progress on these five initiatives, as described in the attached annex.

ANNEX I
MULTILATERAL SUPPORT FOR RUSSIAN ECONOMIC REFORM

In April 1993 in Tokyo, G-7 Foreign and Finance Ministers developed a large multilateral support program for Russia to provide up to \$43.4 billion over the 14-month period through the 1994 Naples Summit. This extraordinary initiative reflected the critical importance to world peace of the successful transition to a democratic market economy in Russia, and of Russia's special needs during this unique transition process.

The G-7 stands by its commitment to provide the full amount of support agreed upon at Tokyo. Of this total, about \$29 billion has already been approved to support structural reform and initial efforts toward sound macroeconomic policies, and for debt rescheduling. The remainder of our support has not yet been activated because Russia has not yet made adequate progress implementing a full stabilization program.

The report below provides an update on the status of the four parts of the Tokyo package (amounts are in billions of dollars) and on other G-7 support initiatives.

<u>MULTILATERAL SUPPORT PROGRAM</u>	<u>AMOUNT</u>	<u>APPROVED</u>
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I. <u>Support for Structural Reforms</u>	\$14.2	\$10.4
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Structural support for Russia is needed to help privatize industry, build market institutions and infrastructure, and develop sectors of the economy such as energy and agriculture. Such support can proceed apart from the pace of stabilization support.

The World Bank indicated its willingness to provide up to \$3.4 billion in loans to support restructuring. We expect that \$2.4 billion in project loans from the World Bank will have been approved around the time of the Naples Summit. Project loans that have been approved include loans to support structural reform in the oil sector, highway rehabilitation, financial institution development, and privatization. The EBRD also approved \$250 million in co-financing for a World Bank oil rehabilitation loan.

Under the \$300 million Small and Medium Enterprise Fund (SME) initiative, the G-7 and the EBRD will each provide \$150 million to finance small emerging entrepreneurs. A pilot project began with \$10 million in early 1994 and is expected to be expanded to \$55 million before the Naples Summit. It will be reviewed as the basis for the entire project.

The G-7 agreed that their export credit agencies (ECAs) could provide \$10 billion to help Russia acquire needed capital imports. Preliminary reports suggest over \$5 billion in ECA assistance was committed in 1993 and a similar amount is expected to be committed in 1994. The United States will provide up to \$2 billion under its oil and gas framework agreement.

II. <u>Support for Initial Stabilization</u>	\$4.1	\$4.1
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In 1993, the IMF created a new lending facility, the Systemic Transformation Facility (STF), to provide initial support for stabilization and serve as a bridge to a full economic program. Russia was eligible to draw \$3 billion under the STF in two tranches. The first \$1.5 billion tranche was approved in June 1993 and the second tranche in April 1994.

The World Bank indicated it could also provide up to \$1.1 billion in initial stabilization support through critical import loans. Since April, the Bank has disbursed almost all of the remaining \$500 million under a \$600 million critical import loan made in 1992. A second critical import loan of \$600 million is expected to be approved in July of this year.

III. Support for Full Stabilization \$10.1 \$0

The G-7 envisaged that Russia would move from initial stabilization supported by the STF toward full economic stabilization with the support of an IMF (standby) loan of up to \$4.1 billion. If the Russians successfully implement the economic program agreed as part of the second STF program, discussions between the IMF and Russia on a full stabilization program that can be supported by a standby loan are expected to begin in the second half of 1994.

The G-7 also agreed to create a \$6 billion currency stabilization fund to support the ruble, once Russia has implemented a rigorous standby program for several months.

IV. Official Debt Rescheduling \$15 \$15

In April 1993, Paris Club countries rescheduled roughly \$15 billion of official principal and interest payments due in 1993. Treasury Secretary Bentsen and then Russian Finance Minister Fedorov signed a bilateral accord in September to implement the April agreement. The United States rescheduled \$1.1 billion.

TOTAL MULTILATERAL SUPPORT **\$43.4 \$29.5**

Special Privatization and Restructuring Program (SPRP)

Responding to a U.S. proposal, G-7 heads of State, the World Bank, IFC, and EBRD agreed in Tokyo to create the SPRP, to assist in restructuring large firms. The program will mobilize \$3 billion and focuses on an initial period through 1994. The SPRP will provide equity, loans and ECA support for enterprise restructuring. A network of up to ten regional venture funds is being established to make equity investments in Russian firms.

The United States contributed \$100 million in bilateral grant support under the SPRP to create the Fund for Large Enterprise Restructuring (FLER). The FLER, which is now up and running under the leadership of

former Treasury Secretary Michael Blumenthal, will provide equity and loans to newly privatized Russian firms. The remainder of our \$125 million grant contribution will be teamed with the EBRD to create a regional venture fund that will provide equity and loans to privatized Russian firms. The United States also pledged \$250 million in ECA support under the SPRP.

The World Bank proposed a \$500 million social safety net adjustment loan under the SPRP to help alleviate social burdens as Russian firms restructure. Russia recently expressed its desire to activate this loan.

Support Implementation Group (SIG)

At the Vancouver Summit, Presidents Clinton and Yeltsin agreed to explore creation of a body to coordinate external assistance to ensure more timely support for Russian reform. The United States took the lead in creating the SIG, which was endorsed by the G-7 in Tokyo. The SIG initiated its activities on September 1. It is located in Moscow and its director is Michael Gillette, an American.

STATUS OF G-7 MULTILATERAL SUPPORT PACKAGE FOR RUSSIA
expected as of July 31, 1994

	<u>Pledges</u>	<u>Approved</u>	<u>Disbursed</u>
I. <u>Support for Structural Reforms</u> bil.	\$14.2 bil.	\$10.5 bil.	\$7.83
World Bank Sectoral Loan Commitments mil.	\$3.4 bil.	\$2.39 bil.	\$28
Co-financing of World Bank oil sector loan	\$500 mil.	\$250 mil.	---
EBRD Small and Medium Enterprise Fund	\$300 mil.	\$55 mil.	\$6 mil.
Export Credit Agency Credits bil. ¹ and Guarantees ²	\$10 bil.	\$7.8 bil.	\$7.8
II. <u>Support for Initial Stabilization</u>	\$4.1 bil.	\$4.1 bil.	\$3.5 bil.
IMF Systemic Transformation Facility	\$3 bil.	\$3.0 bil.	\$3.0 bil.
World Bank Import Rehabilitation Loan	\$1.1 bil.	\$1.1 bil.	\$485 mil.
II. <u>Support for Full Stabilization</u>	\$10.1 bil.	---	---
IMF Standby Loan	\$4.1 bil.	---	---
IMF Currency Stabilization Loan	\$6.0 bil.	---	---
IV. <u>Official Debt Rescheduling</u>	\$15 bil.	\$15 bil.	\$15 bil.
<u>TOTAL</u> bil.	\$43.4 bil.	\$29.6 bil.	\$26.3

¹ Includes \$5.3 billion in 1993 and \$2.5 billion from January to July 1994. The 1993 figure reflects IMF estimates. The 1994 figure is derived by dividing in half the IMF's "conservative" estimate of \$5 billion in bilateral credits for the entire calendar year.

² For Export credit agency credits and guarantees, disbursed total and approved total both represent credits/guarantees that have been given final approval. Data on totals actually disbursed are not readily available, and due to the lag between final approval and actual disbursement, disbursements at any time reflect contracts approved in earlier periods.

ANNEX II
THE NAPLES SUMMIT:
STATUS REPORT ON THE FIVE INITIATIVES
PRESIDENT CLINTON MADE TO PRESIDENT YELTSIN IN JANUARY

In January, President Clinton proposed five initiatives to President Yeltsin to accelerate the pace of Russian reform and Western support. Below is a status report on these initiatives.

1. **Intensified G-7 engagement by G-7 Finance Ministries has facilitated expanded IMF/World Bank support for Russian reform.** Last year, Russia's dialogue with the IMF and World Bank had become stale and unproductive. G-7 Finance Ministries then put their political energies into this dialogue, bringing IMF Managing Director Camdessus and Prime Minister Chernomyrdin together in March. This meeting made possible a \$1.5 billion IMF loan. The World Bank is following the IMF's lead by speeding to conclusion negotiations on a \$600 million loan for critical imports.
2. **Efforts are being made to mobilize further multilateral financing.** We are now urging the IMF and Russia to work together in preparing Russia's 1995 economic program to facilitate a \$4 billion IMF loan. We have also taken the lead in urging the G-7 to offer Russia a deeper, more comprehensive and multi-year debt rescheduling when Russia and the IMF reach agreement on such a program.
3. **New IMF lending to Russia and other ex-Soviet states will soon be activated.** Russia and other ex-Soviet countries, in transforming themselves into democratic market societies, face the enormous challenge of further stabilizing their economies, restructuring industry and reknitting social safety nets. Added financing would provide a powerful incentive to these countries to take stronger reform measures. G-7 discussions to this end are well advanced.
 - o By increasing the amounts the IMF can lend under traditional programs, Russia could draw perhaps an extra \$1 to \$2 billion annually, and Ukraine \$250 to \$500 million.
 - o Russia has drawn \$3.0 billion from the IMF's special systemic facility. By increasing amounts available, Russia could draw more than another \$2 billion. Ukraine has not drawn from this facility, but could draw \$700 million in the next year if it puts in place a credible reform program.
 - o The IMF could distribute a special reserve asset to these countries. This distribution could provide Russia with up to \$900 million and Ukraine \$250 million.

4. Support for Russia's social infrastructure is being expanded under a number of initiatives.

The World Bank will likely have approved a \$1.5 billion pipeline of infrastructure projects around the time of the Naples Summit, including loans to maintain highways (\$300 million), rehabilitate the oil sector (\$500 million), develop financial institutions (\$200 million), support enterprise restructuring (\$200 million), and further agriculture reform (\$240 million).

The \$3 billion Special Privatization and Restructuring Program (SPRP) is building a network of equity funds to help restructure large privatized firms. It includes a \$500 million World Bank Social Safety Net loan to help firms shed social services.

The Bank is considering a \$150 million loan to support renovating clinics, schools, and day care centers at the local level.

5. The G-7 has rescheduled Russia's official debt on very favorable terms. The G-7 just concluded a 1994 rescheduling that offers Russia more favorable terms than last year's, requiring only some \$3 billion in Russian payments to official creditors. Unlike the 1993 negotiations which took some six months, this rescheduling was reached very quickly to the satisfaction of all parties.

THE WHITE HOUSE
WASHINGTON

June 17, 1994

94 JUN 17 P4: 42

PERSONAL AND ~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT AND MRS. CLINTON

FROM: LLOYD N. CUTLER
SPECIAL COUNSEL TO THE PRESIDENT

LNC

SUBJECT: LEGAL EXPENSE FUND

This is a progress report on the status of the legal expense fund:

1. Trustees - The following people have agreed to serve as Trustees:

John Brademas - former President of N.Y.U.
Theodore Hesburgh - former President of Notre Dame
Barbara Jordan - former member of Congress
Nicholas Katzenbach - former Attorney General
Ronald Olson - Los Angeles lawyer - counsel for Warren Buffett
Elliot Richardson - former Attorney General, Secretary of Defense
Michael Sovern - former President of Columbia
John Whitehead - former Deputy Secretary of State

We are still waiting to hear from Cyrus Vance, Hanna Gray and Ed Muskie. While it would be helpful to have another prominent woman, we already have enough excellent trustees to proceed.

2. Staff - We are in the process of sounding out Michael Cardozo to see if he would be willing to be the Staff Director of the Trust, with primary responsibility for the fundraising effort. As you know, he was Deputy White House Counsel in the Carter administration and worked for three months with Webb Hubbell in the Justice Department at the beginning of the Clinton administration. He is now an investment banking partner of G. William Miller, a former Secretary of the Treasury.

Mike Berman is also sounding out Susan O'Neill, the daughter of Tip O'Neill, who is an expert in political fundraising. Mike Berman will give policy advice as a consultant but will not be part of the staff.

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: DB DATE: 5/15/18

3. Counsel - Bernie Aidinoff, a senior partner at Sullivan & Cromwell and a tax expert, has agreed to serve as Counsel to the Trust. I am meeting with him today to arrange for the drafting of the Trust papers.

4. Announcement - Everyone here agrees that the formation of the Trust should be announced by the trustees themselves, rather than by anyone in the White House. After Mike Cardozo or someone else has agreed to become Staff Director, we will convene a telephone conference among the trustees to consider an appropriate announcement.

5. Direct Mail Campaign - Mike Berman is working with Jon Rubin on the timing, scope and other details of a direct mail campaign. A final decision on when and whether to conduct such a campaign, and on the text of the solicitation letter, will be made by the Staff Director and the trustees. We will have appropriate input on this and other questions as we go along.

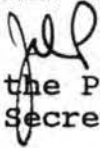
cc: Mr. McLarty
Harold Ickes

THE WHITE HOUSE

WASHINGTON

June 16, 1994

MEMORANDUM FOR SECRETARY WARREN CHRISTOPHER

FROM: JOHN PODESTA 
Assistant to the President
and Staff Secretary

SUBJECT: S. RES. 148

The attached resolution, S. Res. 148 was transmitted to the Executive Clerk and I am forwarding a copy signed by Martha S. Pope, Secretary of the Senate.

An information copy has been provided to the National Security Council.

S. Res. 148

In the Senate of the United States,

June 10 (legislative day, June 7), 1994.

Whereas the United States has had a long history of friendship with the government of the Republic of China, more widely known as Taiwan;

Whereas Taiwan has the largest foreign reserves of any nation and a strong, vibrant economy, and now has the 20th largest gross national product in the world;

Whereas Taiwan has dramatically improved its record on human rights and now routinely holds free and fair elections in a multiparty political system;

Whereas agencies of the United States Government or the United Nations working with Taiwan does not prevent or imperil a possible voluntary union between the People's Republic of China and Taiwan any more than recognizing separate governments in the former West Germany and the former East Germany prevented the voluntary reunification of Germany;

Whereas Taiwan has much to contribute to the work and funding of the United Nations;

Whereas governments of other nations that maintain diplomatic relations with the People's Republic of China such as France and Norway, have also had ministerial-level exchanges with Taipei; and

Whereas it is in the interest of the United States and the United Nations to maintain good relations with a government and an economy as significant as that on Taiwan: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the President, acting through the United States Permanent Representative to the United Nations, should encourage the United Nations to permit representatives of Taiwan to participate fully in the activities of the United Nations and its specialized agencies; and

(2) Cabinet-level exchanges between Taiwan and the United States should take place in the interests of both nations.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Attest:



Martha S. Pope

Secretary.



THE WHITE HOUSE
WASHINGTON

Call
Lester/My
my
TB VP / cc Kalle Galt
Jensen
Pls have someone
follow up w/

June 16, 1994

David Roe
Environmental Defense Fund
Rockridge Market Hall
5655 College Avenue
Oakland, California 94618

Dear David:

Thanks for your letter of April 28. I apologize for the delay in responding, but I have carefully read it and want you to know how much I appreciate your candor. I'll look into your suggestion that the Administration do a better job of analyzing in economic terms how the initiatives we are taking have improved the lives of the people of our nation.

I would be interested in hearing more of your specific concerns, especially what you think the government should be doing that it's not, and I take seriously your offer of help.

Thanks.

Sincerely,





Rec'd by
st. [unclear]

President Bill Clinton
The White House
Washington DC 20500

April 28, 1994

California Office
Rockridge Market Hall
5655 College Ave.
Oakland, CA 94618
(510) 658-8008
Fax: 510-658-0630

Dear Mr. President:

I write personally, as a friend, and not for EDF or any environmental organization.

The environment should be a clear winning issue for you in 1996, and the means are in your hands. I'm concerned that they aren't being used.

It's no more than a question of accumulating the necessary homework -- but it needs to start now and build steadily over two years, if it's going to be irrefutable when you need it.

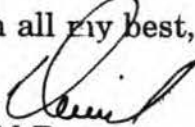
The key defining issue is one you ran on in 1992: that the future lies in win-win opportunities to promote both environmental and economic goals through specific, innovative strategies. In other words, it isn't necessarily green versus greenbacks; we can manage to have both. Understandably, the attractions of this theme are enormous, if it's really true.

However, there's now a lot of skepticism that this is mere rhetoric, or even that it's calculated window-dressing for a program of public-sector employment (green jobs with tax dollars only).

The antidote, of course, is facts. Your present and planned initiatives offer plenty of hard examples, *if* they were subjected to economic analysis and *if* their economic benefits were consistently tracked. (For example, the ban on lead in gasoline has had large economic benefits, in the health care area among others, and almost none of the high costs that the oil industry predicted. But no one has added them up.)

OMB could do this easily. But the process of analysis must be steady, consistent, and cumulative; and it has to start now. It can't be ginned up at the last minute. If outside help is wanted, I'll do whatever I can.

With all my best,


David Rose

National Headquarters

257 Park Avenue South
New York, NY 10010
(212) 505-2100

1875 Connecticut Ave., N.W.
Washington, DC 20009
(202) 387-3500

1405 Arapahoe Ave.
Boulder, CO 80302
(303) 440-4901

128 East Hargett St.
Raleigh, NC 27601
(919) 821-7793

1800 Guadalupe
Austin, TX 78701
(512) 478-5161

MACK McLARTY

THE PRESIDENT HAS SEEN

6 16 94

June 14, 1994

Mr. President:

I believe the proposal by Jeff Birnbaum as described in the attached has merit for consideration. It might be a good response to the Woodward book, but clearly a calculated risk. Last year George and I spent a considerable amount of time with Jeff and, of course, would do the same this time.

enc Geo 5
mark

Mr. d

Auth
to George/65
W. J. A. Ne-

94 JUN 15 P 1 : 25

① poms-

① Jon -

THE WHITE HOUSE
WASHINGTON

7/11/94

② Desl

6/13/94

Mack,

Jeff Birnenbaum from the Wall Street Journal called at 7:15 p.m. (862-9285). He wanted to ask whether the Journal could get our cooperation to do a piece taking a close look at the President over a week's period. He emphasized that this was not a staff article but an article on the President.

The idea would be to talk to staff about a major week, sometime in the next couple of weeks, when the President increases his focus on health care.

He said he ran this idea by George who was generally inclined to do it but George said to run it by you.

Toback

p.s. Jeff said that the profile on you was cancelled since the editors thought there was enough "staff" information out in public after the Woodward book.

THE WHITE HOUSE

WASHINGTON

94 JUN 15 P3:14

JUNE 14, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY

SUBJECT: SUMMARY OF VARIOUS ITEMS FOR YOUR INFORMATION

- Copy of note from **Senator Dole** responding to mine regarding his remarks at President Nixon's services.
- Copy of letter to **Carl Spielvogel** from **Harold Ickes** correcting **Arthur Liman's** misimpression as to funds raised by the DNC being spent on issues rather than elections. I have asked Harold also to write Arthur. *deal*
- ✓ -- Response to your note indicating you don't think you should participate in announcement regarding Democratic National Convention. I agree.
- ✓ -- Copy of memo from **Carol Rasco** concerning communication problems with scheduling of clinic access bill signing.
- ✓ -- Copy of letter from **Mark Middleton** to **John Cullinane** indicating that Mark has advised social office that Cullinane should be included in an upcoming event.
- Copy of excellent speech by **Senator Bumpers** to Northwestern Law School Alumni regarding the media and its treatment of Administrations from Harry Truman to the present.

Wack

TO:
Don Bauer
6-16-94

JUNE 16, 1994

MEMORANDUM FOR THE STAFF SECRETARY

FROM: BRIAN C. THOMPSON 7/91
White House Liaison, National Archives

SUBJECT: REQUEST FOR FOREWORD TO SECOND VOLUME OF PRESIDENT'S
PUBLIC PAPERS

May I request a Foreword from the President to introduce the second bound volume of his public papers, in the manner in which the Foreword to the first volume was prepared.

Again the Foreword should bear the President's signature, signifying his approval for publication, and should be accompanied by an authorized list of appointees holding Cabinet rank during the period of coverage. (A Cabinet list prepared at the Archives is enclosed for your review.)

Please note that this volume will document the period from August 1 through December 31, 1993. Events which occurred outside this period should not be referenced in the Foreword.

On the basis of experience with the first volume, I have not prepared a draft, but will be happy to do so at your request. I have enclosed as samples Forewords to the second volumes of the papers of three former Presidents, as well as a copy of the Foreword to the initial volume of the President's papers.

In order for us to adhere to deadlines imposed by our printing contract, may I request receipt of the Foreword and Cabinet list by July 15, 1994.

Please call me at (202) 501-5130 if I can be of assistance in connection with this request. Thank you.

Enclosures

COPY

Foreword
The President's Public Papers
January 20 -- July 31, 1993

In my inaugural address, I declared: "Our democracy must be not only the envy of the world but the engine of our own renewal. There is nothing wrong with America that cannot be cured by what is right with America."

In the first 6 months of our Administration, we called upon America's historic strengths to revitalize the economy, restore the middle class, rebuild our national security for a new era, and renew the people's sense of national community and their faith in public institutions.

We built upon the entrepreneurial energy of our free enterprise system with an economic plan that cut the Federal deficit, invested in our workers' skills, expanded college opportunity for the sons and daughters of the middle class, rewarded the efforts of the working poor, and helped businesses expand and create new jobs. We strengthened American families with the Family and Medical Leave Act, which helps Americans be good parents and good workers. We enhanced America's world leadership with efforts to open foreign markets, ensure the readiness of our military forces, promote democracy abroad, preserve our planet's natural environment, and advance regional security in Europe, Asia, the Mideast, and throughout the world. We strengthened America's sense of community with initiatives here at home to encourage young people to serve their country, to protect our people from violent crime and drug abuse, and to reinvent government to make it reflect American values. And we began the work of preserving what is right, and fixing what is wrong, with America's health care system.

Most of all, this volume is a testimonial to those who embody what is best about America, the citizens of our country. The American people called for the changes chronicled in this volume; they held the President and the Congress accountable for achieving these changes; and, in countless actions in their own lives -- from raising their children with values of responsibility and faith to helping to keep their own neighborhoods safe from crime and violence -- they are continuing the work of renewing our democracy.

William J. Clinton

DEPARTMENTS AND AGENCY HEADS
02/03/94

DRAFT

MEMBERS OF THE CABINET

The Honorable Warren Christopher
Secretary of State
Washington, D.C. 20520

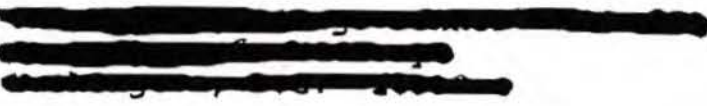
The Honorable Ronald H. Brown
Secretary of Commerce
Washington, D.C. 20230

The Honorable Lloyd Bentsen
Secretary of the Treasury
Washington, D.C. 20220

The Honorable Robert B. Reich
Secretary of Labor
Washington, D.C. 20210

Les Aspin
The Honorable ~~William J. Perry~~
Secretary of Defense
Washington, D.C. 20301

The Honorable Donna E. Shalala
Secretary of Health and
Human Services
Washington, D.C. 20201


The Honorable Henry G. Cisneros
Secretary of Housing and
Urban Development
Washington, D.C. 20410


The Honorable Federico Peña
Secretary of Transportation
Washington, D.C. 20590


The Honorable Hazel Rollins O'Leary
Secretary of Energy
Washington, D.C. 20585

The Honorable Janet Reno
Attorney General
Washington, D.C. 20530

The Honorable Richard W. Riley
Secretary of Education
Washington, D.C. 20202

The Honorable Bruce Babbitt
Secretary of the Interior
Washington, D.C. 20240

The Honorable Jesse Brown
Secretary of Veterans Affairs
Washington, D.C. 20420

The Honorable Mike Espy
Secretary of Agriculture
Washington, D.C. 20250

* * * *

INDIVIDUALS TO WHOM PRESIDENT CLINTON HAS ACCORDED CABINET RANK

<u>Name and Title</u>	<u>Date of Rank</u>	<u>Terminated</u>
Madeleine Korbelt Albright, Representative of the United States of America to the United Nations	1/27/93	
Carol M. Browner, Administrator of the Environmental Protection Agency	1/21/93	
Michael Kantor, United States Trade Representative	1/21/93	
Leon E. Panetta, Director of the Office of Management and Budget	1/21/93	
Thomas F. McLarty, III, Assistant to the President and Chief of Staff	1/20/93	
Laura D'Andrea Tyson, Chair of the Council of Economic Advisors	2/5/93	
Lee Patrick Brown, Director of National Drug Control Policy	6/17/93	

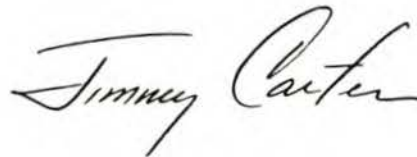
Foreword

The papers in this volume bring to a conclusion the official documentary record of my administration during 1977.

By the complexity of their subject matter they serve as a reminder of the difficult responsibilities that Americans are called upon to face in the last quarter of the Twentieth Century. Each generation must do its best with circumstances not of its own choosing, aware that in the eyes of history its character will be measured and its spirit tested by the response it gives to them.

The issues dealt with in these documents are the hardest and most intractable problems of our time. We have approached them in the knowledge that they must be resolved—but also in the knowledge that no government can hope to resolve them alone, without the patience and good will and active aid of the people we serve.

I am pleased by our accomplishments in this first year, but I also know the path ahead is not easy and much more remains to be done. Our challenge is to act while the times are opportune. As the Bible says, "Let us not be weary in well-doing; for in due season we shall reap, if we faint not."

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

Foreword

During the second half of 1982—as these pages document so well—America moved ahead on the road to prosperity at home and peace abroad. The American consumer—the principal victim of past mistakes—began to see the Nation's economic health improve. The world abroad posed new and often dangerous challenges to the world. Peace through strength served as the cornerstone of our foreign policy. We worked toward restoring America's defensive capabilities, so adversary and ally alike would know that we would be able and ready to meet any challenge.

A domestic enemy—crime—was the subject of intensive study and effort as we worked to make it safe for people to walk their neighborhood streets again. And a special effort was made to work against those who sell drugs in this country, so that our young people can grow up free from the paralyzing effects of drug addiction. In November the American people went to the ballot boxes to elect Senators, Representatives, and a host of local officials. And once again, our free and orderly election system was the envy of the world.

1982 ended on an optimistic note for America as we looked to 1983 on the way to economic recovery, strong abroad and at peace at home. The strength of our country was obvious, and the spirit of our people was high. As these documents show, the second half of 1982 was the beginning of what promises to be a time of great progress for America.

Ronald Reagan

Foreword

The new era in world affairs which we experienced during the first six months of this Administration unleashed forces for change in the succeeding six months which swept out decades of one-party communist domination in Central and Eastern Europe and led to new opportunities for democracy around the globe. The dramatic changes in the countries of Central and Eastern Europe made the second half of 1989 one of the most significant turning points of the century. Few could have anticipated the rapidity with which the promise of democratic change began to be fulfilled.

In these six months, Hungary agreed to destroy the Iron Curtain along its border with Austria. Non-communist governments took office in Poland and Czechoslovakia. A most dramatic step towards freedom was taken on November 9 when the East German government began to dismantle the Berlin Wall and permitted free travel between East and West, allowing German families divided for a generation by the border to rejoin their loved ones.

Throughout this period, the United States took the lead in supporting democratic and economic reform throughout Central and Eastern Europe. I visited Poland and Hungary in July, and we initiated a major economic support package—\$1 billion to assist those countries moving towards democracy and market-oriented economics. In response to the desires of the German people, the United States took a strong stand in favor of German unification, a goal we have long shared with them.

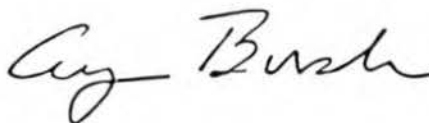
Our support of democracy was just as strong near our shores. We saw democracy return to Panama thanks to the skill and courage of the men and women of our Armed Forces.

In September I unveiled a new proposal before the United Nations aimed at ridding the world of the scourge of chemical weapons. I met the next month in San Jose, Costa Rica, with the leaders of all the countries of the Western Hemisphere.

In December President Gorbachev and I made progress in the areas of arms control, regional conflicts, and bilateral issues during meetings off Malta. We addressed for the first time many issues at the heart of the East-West conflict and set an ambitious agenda for moving beyond containment towards an era of enduring cooperation.

Domestically, we continued to work to build a better America. December marked the 85th month of economic expansion. Inflation remained under control, job creation rose, and our international trade position continued to improve. In September I convened an Education Summit with the Nation's Governors and the Cabinet in Charlottesville, Virginia, at which we resolved to develop national education goals and promote accountability in all education efforts.

In years to come, looking back upon the "Revolution of '89," I believe we will see this time as a period when much of what the Western democracies sought since the end of World War II began to come to fruition. The challenge before us is to remain steadfast in our goals, never settling for less than the better world that is within our reach.



THE PRESIDENT HAS SEEN 6/13

6/16
gave copy
To Doris and
John P. S**ROBERT TRENT JONES II**
Golf Course Design and Recreational Planning

June 10, 1994

President Bill Clinton
The White House
Washington, D.C.

Dear Mr. President:

I was moved by your impressive performance in Europe and especially in the eloquent remembrances of the sacrifices by our armed services in Italy and, especially Normandy. From what I've heard from my many friends in Europe, they too were greatly impressed. Congratulations on an excellent job.

I look forward to seeing you again next week. I'll be there to help welcome and honor Emperor Akihito of Japan on Monday as well as Secretary O'Leary on Tuesday evening.

After mulling over our conversations, I would like to raise one matter with you. Multi-lateral initiatives have impressed me as often being highly effective. I found participation, with Ambassador Max Kampelman, in the CSCE process for many months in Madrid to be particularly productive. Thus I would hope you might consider appointing me to the United States delegation to the United Nations General Assembly for the fall session of 1994. If there is room for someone who might be able to work with delegates on environmental, human rights, and international economic issues, I would be proud to serve.

Thank you for your consideration.

Again, I would like to say that it was a great privilege and pleasure for me to play golf with you at the Robert Trent Jones Golf Club at Lake Manassas. Your

Plades
Can we do this?
Pls check out

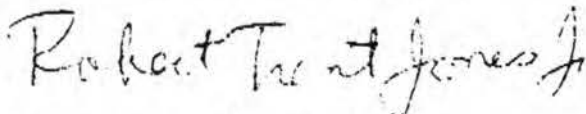
June 10, 1994

Page 2

game is strong and intense and if you have time for another round of golf, I would love to have a rematch. As you know, the inaugural President's Cup honoring presidents of the United States will be played among the U.S. professionals vs. the rest of the world, except Europe, at the Robert Trent Jones Golf Club in September. I hope to see you at that time as well.

Warmest regards,

ROBERT TRENT JONES II

A handwritten signature in cursive script that reads "Robert Trent Jones, Jr.".

Robert Trent Jones, Jr.
President

RTJ:gsn

Saw in Person

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

6.15.94

May 16, 1994

94 MAY 16 P4:18

RECOMMENDED TELEPHONE CALL

TO: Congressman Bill Richardson
202-225-6190

DATE: As soon as possible.

RECOMMENDED BY: Joe Velasquez / *PAT GRIFFIN CONCURS*

PURPOSE: To address Rep. Richardson's concerns surrounding recent negative press stories about him in association with the Supreme Court nomination process. *JOF*

BACKGROUND: As you know, Bill Richardson has been a stalwart supporter of yours on NAFTA and almost every other issue that comes up. He understands the complexity of deciding on a Supreme Court nominee and was flattered that his name was discussed in connection with Secretary Babbitt.

Over the weekend, however, the spin in the New York Times was that Babbitt was not chosen because we were unable to find a qualified replacement for him at Interior. Neil Lewis' article reads, in part; "Mr. Clinton had determined that Mr. Babbitt could not be spared from the Interior Department in part because of how difficult it would be to replace him, aides said."

A call from you would reassure Richardson that you appreciate his support and that his qualifications were not at issue in the process of selecting a Supreme Court nominee.

CONTACT PERSON AND
TELEPHONE NUMBER:

Joe Velasquez
x6-6257

DATE OF SUBMISSION:

May 16, 1994

6-15-95

THE WHITE HOUSE
WASHINGTON

June 8, 1994

94 JUN 8 P2:25

RECOMMENDED TELEPHONE CALL

TO: Attorney General Bonnie Campbell (D-IA)

6/8/94: (Cell) 515-229-4134

6/9/94: (Campaign HQ) 515-284-1994

DATE: At your earliest convenience.

RECOMMENDED BY: Joan Baggett and Linda Moore, Political Affairs

PURPOSE: To congratulate her on her big win in the 6/7/94 Democratic gubernatorial primary.

BACKGROUND: Campbell defeated businessman Bill Reichardt (D) by a 78%-19% margin. She will face three-term Governor Terry Branstad (R) in November. Branstad prevailed in a bitter primary race against Representative Fred Grandy (R), winning by a 52%-48% margin. Most observers considered Grandy to be the stronger nominee so Branstad's victory is good news for the Democrats. The general election contest is a toss-up. Polling released last week reported that Branstad leads Campbell by only a 43%-42% margin.

You will be attending a fundraiser for her campaign in D.C. on Wednesday, 6/15/94.

TOPICS OF DISCUSSION: You may simply wish to congratulate her on her victory and wish her luck in November.

DATE OF SUBMISSION: June 8, 1994

ACTION:

THE WHITE HOUSE
WASHINGTON

June 15, 1994

THE PRESIDENT HAS SEEN
6-15-94

94 JUN 15 All : 48

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: PATRICK GRIFFIN

SUBJECT: TELEPHONE CALL FROM SENATOR BREAU

In returning Senator Breau's telephone call, you should be aware that he is the Chairman of the Senate Finance Subcommittee that has jurisdiction over welfare reform. Yesterday Senator Breau made a very favorable statement about the welfare proposal, which I have attached.

To DBaer
Rye

PAGE

LEVEL 1 - 3 OF 3 STORIES

Copyright 1994 The New York Times Company
The New York Times

May 29, 1994, Sunday, Late Edition - Final

SECTION: Section 1; Page 1; Column 3; National Desk

LENGTH: 3948 words

HEADLINE: Ancient Rock in Crosscurrents of Today

SERIES: Searching Its Soul: The American Catholic Church -- First of four articles.

BYLINE: By PETER STEINFELS, Special to The New York Times

DATELINE: LOS ANGELES

BODY:

On Sundays at St. Thomas the Apostle Church, in a gang-ridden area near downtown, the pews fill up for the Spanish-English Mass at 10:45. Then at the noon Mass, the one that features a mariachi band in gray costumes with gold buttons down the legs, the aisles are jammed and the congregation spills out the front and side doors onto the sidewalk.

"Between 5,000 and 6,000 come each Sunday -- 10,000 on the big feast days," said the Rev. Dennis O'Neil, St. Thomas's 54-year-old pastor. The worshipers are largely Salvadorans, Hondurans, Guatemalans and Mexicans, including lots of young couples with babies in their arms and toddlers in tow.

Twenty miles and several socioeconomic levels away, in the affluent seaside municipality of Santa Monica, another Roman Catholic church stands locked, barricaded behind scaffolding because of severe structural damage in the Jan. earthquake. That does not discourage the thousand or so St. Monica worshipers, mostly young adults between 18 and 35 years old, who stream in and out of the parish high school gymnasium for an evening Mass that resounds with sacred music recast in the rhythms of rock, jazz and country-and-Western.

St. Thomas the Apostle and St. Monica's are two of the most vibrant faces of the Roman Catholic Church in the United States, a church that embraces one of every four Americans and that remains a major moral and even political force in American life. Beyond its direct influence on the schooling and inner lives of millions of practicing Catholics, the church is one of the country's largest providers of social services, from soup kitchens to inner-city hospitals, and has been a powerful rallying point in the politics of abortion and sexual morality.

Yet around the country there are other, far less vibrant faces of American Catholicism, and signs of problems that run much deeper than the well-known internecine disagreements over contraception or even the scandals in which priests have molested children.

Over the last three decades, one of every three Catholic schools closed, even as the Catholic population grew. Already, more than 300 parishes are led by sisters or lay people because of the emerging shortage of priests.

PAGE

The New York Times, May 29, 1994

Most important, the church is struggling against a cooling of devotion among many members. A parish not far from St. Monica's, in the affluent neighborhood of Pacific Palisades, has experienced a kind of malaise seen in many other churches around the country as attendance and enthusiasm have dwindled. In the 1960's, Corpus Christi Church in Pacific Palisades was often filled to its capacity of 1,000 for the main Sunday Mass; today that many may show up only at Christmas or Easter, and attendance at the weekend services ranges from 100 to 300.

Msrgr. John A. Mihan described the Corpus Christi Church as "dormant" when he took over five years ago. "Over a long time, we had lost many people who were confused or disillusioned with the church for some reason," he said. The church has embarked on a membership drive, including such measures as special Masses for young families.

Nationwide, Sunday Mass attendance, generally considered the most reliable measure of Catholic commitment, has fallen. In surveys in the 1960's, more than two-thirds of people who call themselves Catholics said they attended weekly Mass. Today, 37 percent say they do, according to a New York Times/CBS News poll in April. Church authorities in large cities report still lower figures. Cardinal Law of Boston recently said Mass attendance there was only 25 percent to 30 percent.

In the early 1960's, both Catholics and Protestants gave 2.2 percent of their income to their churches. By the mid-1980's, Protestants were still giving the same share while Catholics were giving only half as much, according to data compiled by the Rev. Andrew M. Greeley, the sociologist and author.

"If giving as a percent of income is a valid measure of commitment to the church, we are in trouble," said R. Scott Appleby, director of the Cushwa Center for the Study of American Catholicism at the University of Notre Dame.

Although many individual Catholic institutions like St. Thomas and St. Monica continue to radiate vitality, the church as a whole is suffering an ominous erosion of its essential infrastructure -- in the Catholic schools that have yet to be replaced as a means of inculcating Catholic values in future successive generations; in the ranks of priests and sisters who have long been the mainstays of church leadership, and in the religious knowledge and the moral and financial support of the Catholic laity.

Demographic shifts are adding to the strain, with traditional urban Catholic populations dispersing to suburbs, leaving behind costly church buildings with too few worshipers. In the last five years, the archdioceses of Detroit, Cleveland, Philadelphia, Pittsburgh, Chicago and San Francisco have had to close many older parishes, often stirring angry protests.

Strengthened by new streams of Catholic immigrants from Latin American and Asia, membership in the Catholic Church grew by 1.5 million over the last two years, to about 60 million. But the growth has been slowed by dropouts and conversions to other faiths. Twenty years ago, 90 percent of Hispanic Americans identified themselves as Catholic; now, two-thirds to three-quarters do. Many have joined evangelical and pentecostal churches.

Indeed, once Catholics reach their adult years, studies show, they are more likely than other Americans to abandon the church of their upbringing, some

PAGE

The New York Times, May 29, 1994

through intermarriage but many with recriminations that the church is either too conservative or too liberal for their tastes.

The increasing reports of cases in which priests have molested children, and what many perceive as the church's initial efforts to conceal the problem, has definitely hurt the church's image and has left some dioceses facing potential devastating lawsuits. In the New York Times/CBS News Poll in April, 52 percent of Catholics said they believed that the church had done a poor job of handling such charges. But only one-third of Catholics said their overall opinion of the church had become more negative. The nationwide telephone poll of 446 Catholic adults has a margin of sampling error of five percentage points.

Adding to the difficulty of addressing the church's long-range problems is the new, and often extreme, polarization among many Catholics. American Catholicism is rent by doctrinal disputes that now stretch from sexual morality to the definition of Catholicism itself. Priests, theologians and lay leaders eye one another with suspicion, and distrust has reached into the ranks of the bishops.

Liberals accuse conservatives of trying to undo the reforms instituted by the Second Vatican Council in the early 1960's, which gave ordinary believers a greater role in church affairs and made the church more receptive to modern ideas like religious liberty. Conservatives accuse liberals of twisting the reforms to justify an anything-goes attitude toward church teachings.

The new catechism of the Catholic Church was approved by Pope John Paul II in 1992 to give Catholics around the world a single, comprehensive statement of church teaching. But the English translation from the original French was delayed until Friday because the Vatican and American traditionalists believed that efforts to avoid references to humankind as "man" or "men" were distorting doctrine to appease feminists.

"I have seen visceral hatred among conservative Catholics for what they see as perversions of Vatican II by the more or less mainstream left," Michael Novak, a neoconservative Catholic author, said in a speech last year. He added that he had also seen "at least an equally visceral hatred" from the left for Pope John Paul II and others viewed as instruments of a Vatican retreat to the past.

Deep Roots Hope and Help For the Multitudes

Despite its troubles, the Catholic Church remains deeply rooted in many communities across the country, with its network of 20,000 parishes, nearly 9,000 elementary and high schools, more than 200 colleges and universities, more than 550 hospitals and a social-service system second only to the government's. It also remains one of the few institutions linking the rich and poor, the powerful and the powerless, the established and the newcomers of society.

Hospices for the dying, spiritual counseling centers for executives, treatment programs for drug addicts, legal aid for refugees, marriage-preparation courses and marriage-renewal weekends -- the church's pastoral and social work goes on in thousands of quietly thriving efforts that escape the attention given to papal rebukes or theological questioning.

PAGE

The New York Times, May 29, 1994

By noontime on a Sunday in Lent, a hundred adults at St. Thomas the Apostle met to prepare for baptism at Easter; the parish also baptizes 100 infants every month. In the garage at the rear of the parking lot, Juan Flores manned the parish food bank as he has for nine years, this time accompanied by his 8-year-old grandson.

Father O'Neil had opened the parish school building so that Indian parishioners, immigrants from the Oaxaca region of Mexico, could attend a meeting about the uprising in the neighboring state of Chiapas. He sat down in a tent erected in the parking lot by a parish group selling Central American snacks to raise money for a festival. "When I came, this place was locked up tight as a drum at 5 P.M.," Father O'Neil said. "Now it's open until 11."

In an area rife with drugs and gangs, where two or three families typically share an apartment or sometimes live in unheated garages, St. Thomas is "a kind of zone of non-violence," he said. In nine years, he said, there have been no graffiti on the church, and gangs do not bother people obviously going to and from there.

Father O'Neil started a soccer league for children. The parish helped each national group mount its own religious festivals. The parish school, run by lay people, was designated a "National Blue Ribbon School of Excellence" by the United States Department of Education.

Father O'Neil described church efforts to bring Hispanic-Americans and Korean-Americans together after the 1992 rioting. (St. Thomas was one of the churches where people brought back merchandise they had stolen.) He described negotiations with the police to find a place where single mothers could set up as tamale vendors.

Then the priest excused himself to talk quietly with a man whose wife and children had been severely burned in a neighborhood fire.

St. Thomas the Apostle represents a new, energetic wave of an old phenomenon: immigrant Catholicism. Fifteen years ago, not a single Mass at St. Thomas was in Spanish, and Los Angeles had not yet passed Chicago and New York to become the nation's largest archdiocese.

Father O'Neil's Central American parishioners, like the Irish and Italians and Poles before them, come from cultures where the central place of religion and the church is taken for granted. Yet many actually become more involved in church life here than in their homelands.

The church assists them in the difficult passage from one culture to another offering a mix of material aid, cultural identity, moral guidance and spiritual solace. In the Los Angeles archdiocese now, Mass is said in 46 languages.

Deep Changes

A Blend of Piety And Personality

In much the way that St. Thomas's responds to the social and economic needs of its Central American immigrants, St. Monica's addresses the emotional needs of its well-educated, professional parishioners, two-career couples and retired folks as well as singles pursuing their vocations in Southern California's medical complexes, film studios and engineering firms.

PAGE

The New York Times, May 29, 1994

Known for lively worship and priests who are both open-minded and direct about their personal faith, the parish draws people from all over the city to its array of activities. Jan Scruton, who recently switched to St. Monica's after 30 years of attendance at the now-languishing church in Pacific Palisade said she had come because the priests were friendlier and more engaging.

"That human element makes such a big difference," Ms. Scruton said. "Nobody wants to go to church and hear a droning lecture every day or be chastised continuously for your sins. Really, life's too short."

There are Bible groups and bereavement groups and bowling groups, a social-justice group and a gay and lesbian outreach ministry. Before the 6:30 Mass every morning, a handful of parishioners assemble, as in monasteries, to say morning prayers.

At a dinner for parish staff and volunteers, young people hoot and pump the arms. The mood swings between ribbing of the priests and tearful testimonials about the "home" or "family" that St. Monica's has given them.

"The one thing about St. Monica's is that the door is always open," said Peter Bohanek, a 26-year-old building manager who was baptized as an infant but reared with virtually no religious training after his parents divorced.

"My previous impression was that the Catholic Church was very rigid, although I didn't really know if that was true," Mr. Bohanek said, but at St. Monica's "the bottom line is that people with so many different experiences and outlooks can be honest with each other about their problems and their faith."

Msgr. Lloyd Torgerson, who heads the parish, stresses flexibility. Homosexuality, for instance, is "a very difficult issue for our church," he said. St. Monica's will not bless gay or lesbian marriages or contradict the church's teachings, but "if we want gays and lesbians to grow in the Gospel, we can't ask them to leave."

This may be a far cry from what older Catholics sometimes bemoan, the lost solidarity of an immigrant faith in which priests, nuns, parents and schoolchildren all knew their places and their catechism -- a church preserved in the amber of Hollywood sentimentality in the 1944 Oscar-winning film, "Going My Way."

Curiously enough, it was at St. Monica's that the film's screenwriter-producer-director, Leo McCarey, observed the relationship between a younger priest and an older one that he transformed into roles played by Bing Crosby and Barry Fitzgerald. Fifty years later, Mr. McCarey would find a parish bustling with an energy and enterprise that, said Ysidro E. Reyes, an 81-year-old lifetime member of the parish, it did not have in the 1940's. "There were just Sunday Masses and a few raffles and things," Mr. Reyes said.

Wide Embrace

A Spiritual Bridge With Many Lanes

Few other American institutions stretch so effectively across lines of ethnicity, race, education and economic class as the Catholic Church. However tenuously, the church links outsiders like St. Thomas's new immigrants with the college-educated grandchildren of Irish, Italian and Slavic immigrants, now

The New York Times, May 29, 1994

the insiders occupying city halls and downtown executive suites.

Not far from St. Thomas the Apostle's parish school is the manicured, high-fenced campus of Loyola High School, a college-preparatory school in the neighborhood since 1917.

Although a quarter of Loyola's male students are on scholarship and about half are Hispanic, Asian or black, "many of the kids come in their mothers' Mercedeses," Father O'Neil said. Many, he added, also tutor the children at St. Thomas.

And at St. Monica's, even while the church faced huge expenses to repair earthquake damage, Monsignor Torgerson went before the congregation to make t annual appeal for money the archdiocese uses to subsidize poorer parishes lik St. Thomas. That Sunday, parishioners pledged \$90,000.

One frequent worshiper at St. Monica who represents the bridging function Catholicism is Richard J. Riordan, a former businessman and now Mayor of Los Angeles, who has helped the archdiocese raise money for social programs and m large personal donations to the church.

The Mayor is a close friend of Roger Cardinal Mahony, the energetic Archbishop of Los Angeles and another bridging figure. A conservative in mora and matters of church authority, Cardinal Mahony earned his reputation as a church leader in Fresno and Stockton, Calif., by backing hard-pressed farm workers.

Visibly identified with his archdiocese's Hispanic population and the immigrants from the Philippines and Southeast Asia, the Cardinal is equally a home with the city's power structure, meeting regularly with newspaper publishers and movie executives as well as the area's political leaders.

The Catholic Church also stands astride some of the nation's deepest political rifts. Church officials' opposition to abortion is well known; the defense of traditional sexual morality has put them on the conservative side of the nation's cultural battles. In Washington and California, the church played major role in defeating proposals to legalize euthanasia or physician-assisted suicide.

At the same time, the Catholic bishops' criticism of nuclear arms and their advocacy of welfare measures for the poor became rallying points for critics of the Reagan Republicanism. They bolstered opposition to the Reagan Administration's emphasis on military measures in Central America. More recently, they pressed anti-abortion Republicans to back passage of maternal-leave legislation.

Turning Point

Early 60's Saw A Second Genesis

Neither the bright spots nor the dark shadows in American Catholicism, neither its bursts of creativity nor its bitter controversies, can be understood apart from the Second Vatican Council, the landmark event in 20th-century Catholicism when the world's bishops gathered in four sessions from 1962 to 1965.

The New York Times, May 29, 1994

From the 16th through the 19th century, Catholicism had increasingly derided itself as hierarchical, other-worldly and anti-modern. In a trend that culminated in the declaration of papal infallibility by the First Vatican Council in 1870, church governance emphasized the Pope at the pinnacle of a sharply defined hierarchy. Spirituality emphasized the individual soul's pursuit of salvation in an afterlife. Politically and intellectually, Catholicism inveighed against modern culture as reflected in forces as diverse as Protestantism, capitalism, socialism, natural science and psychotherapy.

The Second Vatican Council marked a new direction. It affirmed the active participation of the laity in worship and the responsibilities of bishops along with the Pope for church governance. It avoided condemnations, took a sympathetic stance toward the modern world, endorsed freedom of religion and conscience and emphasized that holiness was found in marriage, everyday work and the struggle for justice as well as in prayer and priestly life.

The revised liturgy expressed the new egalitarianism and communal participation. The church authorized celebration of the Mass in local languages rather than in Latin. The priest now faced the worshipers across the altar rather than standing at their head with his back to the congregation.

Most importantly the new liturgy, along with the other, less visible changes, shattered many Catholics' assumption that their church's rules and practices were immutable and beyond discussion.

The council would inevitably have disrupted church life, but its impact was magnified by other events in the 1960's. American Catholics were rapidly shedding the traces of their immigrant subcultures for the American mainstream. A mood of rebellion against traditional standards, authorities and institutions of all kinds was sweeping the West and the United States in particular.

Where Catholic theology, religious education and worship had previously been marked by strict uniformity, now the pendulum swung to unprecedented experimentation. Papal efforts to reassert teachings like the prohibition of contraception only seemed to undermine church authority in other moral matters, especially in regard to sexuality, where the church continued to forbid sex outside of marriage and homosexual sex.

The post-conciliar turmoil spurred an exodus of men from the priesthood and women from convents -- and a dramatic decline in recruits. The reality of fewer and older priests has often been noted. Even more dramatic has been the declining number of sisters, to 94,000 last year from 181,000 in 1965.

The effect has rippled through Catholic institutions, especially the school system. Despite salaries much lower than for public school teachers, the replacement of sisters by lay teachers increased costs. Higher costs and population shifts resulted in the closing of more than 4,000 of the 13,000 Catholic schools that operated in 1965.

In 1965 half the Catholic school-age population attended Catholic schools. Today less than a quarter does -- and there is virtual unanimity that Sunday school or after-school classes have not taken up the slack in inculcating the faith.

PAGE

The New York Times, May 29, 1994

Nor has the full impact of what may be the total disappearance of many women's religious orders yet been felt. Half the remaining sisters are now over 65, but more than 40 percent of those between 70 and 80 are still working, and so are more than 10 percent of those over 80.

Figures like those contribute to the belief that the next decade will be crucial for American Catholicism. Much of its leadership, in schools and hospitals and even within parishes, will pass to laity from priests and sisters. Equally important, leadership will pass from those raised in the strictures of the pre-conciliar church to a generation formed in the fluid, conflict-ridden years after Vatican II.

The Vatican's strategy for this period of transition is to foster what its proponents call a "counter-cultural" church -- one that stands firm against pleas to reconsider its teachings on questions like contraception, homosexual and abortion or its restriction of the priesthood to male celibates.

In the 15 years since his election, Pope John Paul II has appointed 185 of the 283 currently active American bishops, most of them conservatives, especially for the larger dioceses. The Vatican has urged a return to more traditional patterns of seminary education and priestly life, maintaining clear-cut lines between the clergy and laity.

At the national level, church initiatives have been increasingly stymied by disagreements. In November 1992, after nine years' work, for example, the bishops failed to agree enough to pass a pastoral letter on the concerns of women, a project that had been followed intensely by many Catholic women's groups.

But the impact of these high-level struggles on the grass-roots life of the church is not easily measured.

Delis Alejandro, a laywoman who works full time at St. Monica's directing the Young Adult Ministry and numerous other programs, said that church statements and actions coming from the Pope or bishops affected her work "all the time."

Even young women deeply involved in the church have questions about its attitude toward their sex, for example. "As a woman you often feel slighted and ignored in reading church documents," Ms. Alejandro said.

"It does affect you; it affects the way people talk to you," she said. One way or the other, "if you're a person of prayer, you just have to trust that the Lord will lead you."

TODAY -- The vitality of some parishes amid an ominous decline in devotion nationwide.

TOMORROW -- How an emerging shortage of priests is profoundly altering Catholic life.

TUESDAY -- The changing power of the church in New York City.

WEDNESDAY -- The rancorous debate over the future of American Catholicism.

PAGE

The New York Times, May 29, 1994

GRAPHIC: Photos: Members of St. Thomas the Apostle Catholic Church in Los Angeles joining hands during the Mass. (pg. 1); Baptisms were held at Easter a tent at St. Monica's because the church in Santa Monica, Calif., was heavily damaged in the recent earthquake. A woman knelt before Msgr. Lloyd Torgerson he poured water from the baptismal pool over her face; The Rev. Bill Easterli amid his parishioners while celebrating the Mass in Spanish at St. Thomas the Apostle Church in Los Angeles. Father Easterling's down-from-the-altar style a reflection of the changing face of American Catholicism. (Photographs by JIM WILSON/The New York Times) (pg. 20)

Graph: "Catholics in America: A Church in Transition" shows the demographics, religious beliefs of Americans, from a 1990 survey and a racial and ethnical breakdown of American Catholics. Also shown are percentages of Catholics, according to age group, who say they attend church every week; the number of priests and nuns, tracked since 1960; the percentage of each state's population that is Catholic, according to 1990 figures; and the percentage of the population of five U.S. cities or metropolitan areas that is Catholic, again, according to 1990 figures. (Sources: A 1990 survey of 113,000 adults nationwide published in "One Nation Under God," Harmony Books, 1993; Mass attendance from New York Times/CBS News poll of 446 Catholic adults conducted April 21-23; Priests and nuns figures from The Official Catholic Directory) (pg. 21)

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PAGE

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Wellspring of Priests Dries Up, Changing Much of Parish Life

BYLINE: By ERIK ECKHOLM, Special to The New York Times

DATELINE: TOLEDO, Ohio

BODY:

To a traditional Roman Catholic, Sunday at St. Mary of the Assumption parish would come as a shock.

The morning services are mostly run by Sister Virginia Welsh, who greets the worshipers, directs the choir and offers "reflections" in lieu of the sermon that under Vatican rules she is not allowed to preach. On hand to say the Mass itself is an elderly priest who divides his time between this parish and another.

Later, as Sister Welsh chats with the congregation, hatches plans for the parish school and presents prospective church members at a regional ceremony, she leaves no doubt that she is the parish leader, and a popular one.

Yet this is no renegade group: Sister Welsh, 45, was appointed to leadership of this struggling inner-city parish by the Toledo bishop. Today, even as theorists debate the future of the Roman Catholic Church, a deepening shortage of priests is already forcing a transformation of Catholic life in the United States, among other things handing vast new responsibilities to women.

The scarcity of priests, who for centuries have been the personification of Catholicism, is also confronting church leaders with a serious dilemma. Either the church must relax the centuries-old rules that limit priesthood to celibate men -- which the Vatican shows no sign of doing -- or it must accept a decline in regular access to the sacred rites that are the soul of the Catholic faith, but can be carried out only by the ordained.

"The Catholic Church cannot reproduce a celibate male clergy," said Richard A. Schoenherr, a sociologist and former priest at the University of Wisconsin who has documented the emerging shortage. "This is a major event in its history with far-reaching consequences."

Between resignations of unhappy priests and a drastic drop in new recruits, the priesthood is aging and shrinking. Over the 30 years from 1975 to 2005, the number of priests in relation to Catholics in the United States is expected to fall by half, to one priest for every 2,200, leaving far too few to perform all their time-honored functions.

PAGE

The New York Times, May 30, 1994

Already, more than 10 percent of the 20,000 parishes in the United States, mainly in rural and inner-city areas, do not have a resident pastor, instead sharing increasingly weary priests with other congregations. Many large parishes that once had several priests who not only said Mass but also ran the schools visited the sick and worked with youth may now have just one or two aging priests, their customary duties increasingly filled by lay people if at all.

More than 300 parishes around the country, including St. Mary's in Toledo, are led by "pastoral administrators," most of them sisters, some of them married women or married men who increasingly are studying to become permanent deacons. These parish leaders perform nearly all the tasks once done by priests except for the rites that are the spiritual backbone of Catholicism, like absolving sin, anointing the sick and dying and especially celebrating the eucharist, the memorial of the Last Supper that according to church teaching makes Jesus truly present in the bread and wine at Mass.

In such parishes, the sacraments are usually performed by part-time or "circuit-rider" priests who lack the intimate ties to the community once so characteristic of parish life. Alternately, lay leaders lead communion services, distributing bread already consecrated by a priest, a truncated ritual that lacks the spiritual meaning of a full Mass.

Many Catholics see the infusion of lay people into administrative and pastoral functions as invigorating. But the changes are altering the texture of Catholic life and raising new questions about the future of the church.

"It creates a strain," said the Rev. Philip J. Murnion, director of the National Pastoral Life Center in New York. "It's the Catholic style for there to be a connection between leading a parish in its general work and leading a parish in its worship."

A global phenomenon, the deepening scarcity of priests is also causing more Catholics to question the rules, set by the Vatican, that restrict ordination to celibate men. A majority of American priests and church members oppose the ban on marriage, surveys show, and even some bishops have publicly questioned the ban, which scholars argue is rooted more in tradition than religious doctrine. The priest shortage is also adding fuel to calls for ordaining women, a change also supported by a majority of Catholics.

But the Vatican has held fast, calling for prayer and stronger efforts to recruit celibate priests. And so the American church is improvising, experimenting with new roles for lay people and the more thinly spread priests alike, cautiously watching as parish life changes.

The Decline The Workers Become Few

The dwindling supply of priests reflects deep changes both inside and outside the church. The Second Vatican Council that ended in 1965, which affirmed that married people as well as the celibate could attain holiness, led to an unanticipated exodus of younger priests. Resignations, especially over the issue of celibacy, continue to plague the church.

More significantly, the supply of new recruits has drastically shrunk. Long gone are the days when good Catholic families expected to give a son to the

PAGE

The New York Times, May 30, 1994

priesthood: from 1966 to 1993 the number of students in seminaries, high school through graduate level, fell by 85 percent, to 6,244 from 42,767, according to data collected by Georgetown University. Graduate theology students, in the final stages of preparation for ordainment, fell to 3,416 from 8,325, and the average age rose as a higher proportion of men who had finished college and worked in secular jobs decided to take vows.

The Rev. William Kubacki of the Toledo diocese, whose job is to find and nurture recruits, has worked strenuously to find just two or three candidates a year. The No. 1 constraint, he said, is the difficulty many men have today with the notion of such a permanent, total commitment; concern about celibacy is close behind. In addition, he said, far fewer parents than in the past actively encourage their sons to enter religious life. "To me it's a whole sense of values," he said.

Others say the lurid sex-abuse scandals of recent years must also be taking toll. "People aren't going to encourage young men to become priests when it's got such a taint," Dr. Schoenherr said.

Church leaders are concerned about the quality as well as the quantity of the next generation of priests, who will face more daunting tasks than ever. Dean Hoge, a professor of sociology at Catholic University, said seminaries were being forced to relax their admissions standards. He said he sensed a growing restlessness with the quality of leadership among younger priests, who are increasingly required to preside over large parishes and lay staffs.

"The job is tougher than it used to be and the expectations are higher than ever," he said. "The laity are educated people now, and they want inspiring, capable leadership."

The Changes

Women in Charge, Up to a Point

The new face of Catholicism is visible in northern Ohio, in the traditional Catholic heartland. The diocese of Toledo includes 163 parishes, many of them in small towns and rural areas, serving 325,000 Catholics. Two hundred priests are active today, not enough to meet the needs, and the diocese already knows there will be 50 fewer in just six years.

Bishop James R. Hoffman says he is determined to keep parishes going whenever feasible, but doing so has required some creativity. Already, more than 30 parishes in the diocese are served by visiting priests. Another six, including St. Mary of the Assumption in Toledo, have full-time nonordained leaders like Sister Welsh. In the coming year, as 10 to 12 parishes lose priests to retirement, these new models will spread.

St. Mary's was once the thriving hub of a German community, with 800 people attending Sunday Mass. That population has largely moved to the suburbs, and the church now serves an ethnically mixed membership of about 600, with perhaps 220 attending each Sunday. For sacramental purposes, this and a nearby church, also run by a sister, share the Rev. James O'Reilly, a 67-year-old Jesuit who had previously worked in education and as a missionary.

"You see a crumbling of the structures we once had because of the shortage of priests," said Father O'Reilly, who praised Sister Welsh for her energetic

The New York Times, May 30, 1994

leadership. "It's change or die."

Parish members say that while a few people were disturbed when Sister Welsh took over four years ago, most have been pleased. "I think we were ready for change," said Ellen McComis, whose family has attended St. Mary's for five generations. Arthur and Ellen Jones, parishioners for 20 years who moved across town but still drive back to St. Mary's, were effusive in their praise. "She does a fine homily," Mr. Jones said.

Sister Welsh, who calls herself middle of the road on church traditions, knew early on that she wanted a religious life, attending a convent high school before joining the Franciscan order in Tiffin, Ohio. "I never dreamed I'd be leading a parish," she said; she had expected to end up teaching school. But as opportunities opened, she began doing pastoral work, obtained a master's degree in pastoral ministry from Loyola University in Chicago and, she believes, found her true calling.

"At this point we're able to meet the needs of the people pretty well," she said of St. Mary's unusual structure. Still, she can hardly conceal the frustrations caused by theological boundaries.

"The person leading the parish in every other way should preside at the great prayer on Sunday," she said. "But I can't."

She nurtures potential new members of the church, but she cannot preside over their baptism. She counsels members on their personal problems, but cannot absolve them in confession. When a member dies she counsels the family and may lead a funeral prayer, but she cannot perform full rites.

"We pastor the people, but the high point, the privileged point, is to be able to call the presence of Jesus among us through the eucharist," Sister Welsh said. "It's at that point that we have to step aside for someone else."

"The person who knows the community best is not the person leading the prayer."

The Threat When Practical Dilutes Mystical

Some Catholics welcome the emerging arrangements, arguing that they elicit more active and democratic participation in the church by its members. Ruth Wallace, a professor of sociology at Georgetown University who has studied parishes around the country run by women, said, "I came away thinking that I was looking at the Catholic Church of the future, and I was inspired by it."

But theologians worry about a diminishment of Catholicism as priests become less available, and as a gap opens between management of parish life and sacred functions. Communion services using previously consecrated bread, for example while officially approved as a stopgap, lack the resonance of a full Mass because nonpriests cannot ceremonially recite the words of Christ as he broke bread and drank wine at the Last Supper ("This is my body. . . . This is my blood. . . .").

"You miss the sense of participation across time with the action of Christ at the Last Supper," Father Murnion said. "You miss the transformation of the

The New York Times, May 30, 1994

PAGE

elements into the presence of Christ among us."

Catholicism is not just about words and prayer, he noted, but also about a mystical physical bond with Christ. "The bread and wine, the water we pour, the oil we anoint people with -- these are the physical reality, how Christ works through people," he said. "It's a complicated symbolic thing that's lost. It's not rational."

To many Catholics, the threat to essential rites has become a powerful argument for allowing married men and women into the priesthood. If the church maintains current restrictions, said Dr. Schoenherr, who left the priesthood himself because of the marriage ban, a sacred experience "that is uniquely Catholic will be gradually leached out of the system." He predicts that over the coming decade or two the building tensions, theological and economic, will force the Vatican to relax the rules.

Others are less sure of that. Conservatives maintain that ordaining married men would be too drastic a departure from the tradition of the Roman church. As they argue that by tradition and also by Scripture, women cannot take on the priest's role as representative of Jesus at Mass.

But all agree that the decline in the priesthood is raising fundamental questions that must be confronted. "What is at stake is not just whether we'll have more priests, or women and married priests, but what is the mission for the priesthood," Father Murnion said. "I think we're struggling with what's the mission of the church at the end of the 20th century, and what is the priest's role in that."

GRAPHIC: Photos: Amid a decline in the number of priests, church leaders like Sister Virginia Welsh handle many responsibilities in their parishes. (pg. 1); Sister Virginia Welsh, left, who leads St. Mary of the Assumption parish in Toledo, Ohio, but is proscribed from performing sacraments central to the Roman Catholic Church, watches as Deacon Roldolfo Lira baptizes his granddaughter Eri Lira. (pg. 7) (Photographs by Angel Franco/The New York Times)

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PAGE

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HEADLINE: Searching Its Soul: The American Catholic Church -- Third of four
articles.;
Cardinal Leads by Doctrine, and Example

BYLINE: By DAVID GONZALEZ

BODY:

Draped in his red robes, waving and shaking hands with dignitaries, the Roman Catholic Archbishop of New York appears many times each year on the steps of St. Patrick's Cathedral reviewing the marching bands, the ethnic dancers, the unit of police officers, firefighters, veterans and trade unionists that come parading up Fifth Avenue.

It is a classic New York image, a colorful mixture of religion, ethnicity, politics and civic pride that symbolizes the traditional power of the church here and in other cities of the East and Midwest that were heavily populated with Catholic immigrants.

Since John Cardinal O'Connor became Archbishop a decade ago, that image has also taken on a sharper, often more partisan edge. The Cardinal's public assertion of church teaching on issues like abortion and homosexuality has made him and his cathedral a magnet for protest. He has tangled publicly with politicians, Catholic and non-Catholic alike, while working to settle labor disputes, calm neighborhood violence and sway school board decisions.

The Cardinal directly runs the New York Archdiocese, which includes 2.3 million Catholics in Manhattan, the Bronx, Staten Island and seven upstate counties, and formally presides over all the state's seven other bishops. But a majority of the Catholics in New York City itself, 1.6 million of them, live in the adjoining Brooklyn Diocese, which includes Brooklyn and Queens, and is headed by Bishop Thomas V. Daily.

Cardinal O'Connor's high profile at times seems reminiscent of the church of 40 years ago when Francis Cardinal Spellman, as the leader of millions of voting Catholics, was believed to possess such influence over civic affairs that his chancery office was known as "the powerhouse."

But Cardinal O'Connor has neither managed to re-create that era nor, he insists, tried to do so. "My job is not to acquire or wield political power," he said in an interview in the quiet of his Madison Avenue residence.

He may not have much choice in the matter. Although 43 percent of New Yorkers say they are Catholic -- as do the Mayor, the Governor and both of the state's United States Senators -- Cardinal O'Connor and Bishop Daily preside over a changed church in a more fragmented city.

PAGE

The New York Times, May 31, 1994

The Catholic Church remains one of the city's largest and most significant institutions, a badly needed source of social glue. But this is a time when no institution carries the power it once did and the church's members are far more diverse and opinionated than in decades past.

As a political force today, the Catholic Church cannot be written off, as evidenced by its successful campaign to change public school policies on condom distribution and its powerful support for those who kept gay and lesbian Irish groups out of the St. Patrick's Day Parade.

And it may play a greater role than ever as provider of services to the homeless, the sick and the poor. The New York Archdiocese, runs 129 varied social agencies, the Brooklyn Diocese another 100, and both have worked hard to keep Catholic schools open in impoverished areas of the city.

"One of the reasons the city remains viable was that the church, the Roman Catholic Church in particular, remained instead of picking itself up and moving to the suburbs," said former Mayor Edward I. Koch in a recent interview.

Indeed, representatives of church-run agencies said they were now lobbying against the cuts proposed in the city's social service budget. Worried about the impact on their hospitals and other health services, Catholic leaders are also urging the administration of Mayor Rudolph W. Giuliani to go slowly in the effort to privatize city hospitals.

But the notion of the church's quietly controlling city policy, if not politicians themselves -- perhaps always exaggerated -- is less true than ever.

In New York, as in many other cities, part of the church's diminished power reflects demographic changes. Once a solid religious constituency, many of the Irish have left the city, replaced by Hispanic and other immigrants who do not relate as easily to a church hierarchy that remains mostly Irish. At the same time, lay people seeking a greater role in the church do not always obey unquestioningly.

A Dynamic Leader

Cardinal Addresses Issues With Gusto

What Cardinal O'Connor has wielded since taking office a decade ago is about all the power of public exhortation, taking to the pulpit with greater frequency, force and gusto than his immediate predecessors. Arriving in the election year of 1984 he quickly projected an image as a political church leader, questioning politicians' beliefs on abortion and commenting on topics as diverse as Satanism in rock music and Donald Trump's marital problems.

The Cardinal and Bishop Daily, who exercises largely independent leadership, are both conservatives intensely loyal to the Vatican and staunchly opposed to abortion.

Cardinal O'Connor maintains a hectic schedule: rising early each day for prayer and Mass at St. Patrick's, followed by breakfast meetings with guests or officials, attending to archdiocesan business with various committees about administration of social service, educational or pastoral affairs, evening fund-raising events or vicariate visits and retiring late at night for a few hours sleep. Wednesday is "priest day," when any of the archdiocese's 944

PAGE

The New York Times, May 31, 1994

priests can meet with him at his Madison Avenue residence.

He also travels to the Vatican each month, attending to church matters as a member of committees on finances and the appointment of bishops, among others.

The Cardinal, a man with two advanced degrees and a proclivity to rumination said that in his early years he may have sometimes gone too far in speaking out on public issues, which generated accusations of meddling. His outspokenness obscured his complexities -- he is a former military chaplain who gave anguish sermons during the Persian Gulf war, and he is a conservative who denounced the fingerprinting of welfare recipients as an assault on people's dignity.

Yet his eagerness in exercising the power of the pulpit comes at a time when the network of personal connections and religious and voter allegiance are in decline.

"We're beyond that question of fear of anybody in authority," said Msgr. Thomas Leonard, the pastor of Holy Trinity Roman Catholic Church in Manhattan and a former diocesan official.

In recent times, the secular power of the church was personified by Cardinal Spellman, who presided over the New York archdiocese from 1939 to 1967. In his public life he was virtually defined by a patriotic fervor identified with the American cause in World War II and anti-Communism. Cardinal O'Connor, in contrast, has been defined far more by his aggressive promotion of church teachings on the charged issues of sexuality.

"The positions he finds it necessary to advocate publicly are positions that are far more controversial on moral and religious grounds than positions former bishops and cardinals had to deal with," said the Rev. Joseph Fitzpatrick, a professor emeritus of sociology at Fordham University.

A Changing Church New Faces Leading To Divided Ranks

While Cardinal O'Connor has been known to personally call upon politicians to express his views on issues like homelessness or city spending, the calls are not as frequent as many people may think. Nor are the results, even with Catholic politicians, as predictable, senior city officials say.

Seymour P. Lachman, the co-author of "One Nation Under God" (Harmony Books, 1993), a survey of religious attitudes, said it would nevertheless be a mistake to underestimate the influence of the city's Catholics, who are the city's largest religious group. He cited as a cautionary tale the frequent battles over contraception and curriculum between the church and former Schools Chancellor Joseph A. Fernandez, whose contract was eventually allowed to lapse by conservative members of the Board of Education.

During Cardinal Spellman's time, the perception was one of unbridled ambition and power wielded to advance the church's cause. The church's power in that era "was greatly exaggerated," said Paul O'Dwyer, the former City Council President. Yet part of the aura, he said, stemmed from the close relationship of the faithful and the church.

PAGE

The New York Times, May 31, 1994

Politicians, he said, approached the church not only to tap into it for directly political purposes, as when district leaders would work the crowds after Sunday Mass, but also to show their allegiance to church teachings. That loyalty played into church influence at a time when being a working class Catholic was synonymous with being a Democrat.

"There was a fear of being regarded as a fallen-away Catholic," Mr. O'Dwyer said.

While the Irish continued their exodus from the city, they were replaced by others for whom religion and politics did not hold the same linkage. In some cases, such as the Hispanic people who now account for some 40 percent of the city's Catholics, the constituency was little reflected in the church's hierarchy. For many more Catholics in recent times, views on moral issues like abortion have come to be seen as matters of personal conscience. Politicians like Gov. Mario M. Cuomo have dealt with the issue by saying that while they personally opposed to abortion they could not restrict the rights of others who disagreed.

"The Catholic community is so divided on so many issues, I'm not sure anybody could deliver the Catholic vote," said the Rev. Joseph O'Hare, the president of Fordham University and the chairman of the city's Campaign Finance Board.

Power in the city has also become more diffused, allowing citizens to influence policies through local organizations and advocacy groups rather than political club bosses.

"You no longer have the organizational structure you had," said Paul Crotty the city's corporation counsel. "Now you can access politics in so many different ways."

A Web of Help Church's Services Bring Involvement

The Cardinal's public pronouncements have also drawn criticisms from non-Catholics that he was meddling in political issues and imposing his moral views, an accusation that his supporters find unfair if not betraying an anti-Catholic bias. Some black churches, they noted, actively campaigned for Mayor David N. Dinkins and supported him in ways the Catholic Church never equaled.

Mr. Koch, who differed with the Cardinal on some city policies, defended the church's right to take a stand on public issues that impinge on moral beliefs. "On matters of morality they have a duty and obligation to speak out and advocate their point of view," he said.

Amid those disputes over morality, often overlooked is what in many ways is the church's greatest presence in New York, as well as a frequent meeting point with city government -- the network of hundreds of social service agencies and hospitals run by the church. These include child care programs financed almost exclusively through government contracts to hospitals that receive large amount from private insurers as well as public sources.

Bishop Henry Mansell, the vicar for administration in the New York archdiocese, considers the delivery of such services to be a central part of

PAGE

The New York Times, May 31, 1994

its mission as a "mediating agency" between the state and the citizen.

He added that other services not financed publicly, like the Catholic schools that remain in inner-city areas educating large numbers of non-Catholics, are also improving the quality of life and helping ease the burdens on public schools. He estimated that the city would have to pay \$1.2 billion more each year if it had to educate the students enrolled in the city's Catholic schools.

Mr. Koch, who as Mayor developed a close friendship with Cardinal O'Connor, credited the church for those contributions. "They provided the best social services that were available," he said.

The Cardinal characterized as "ideal" the relationship between the church and city government during the Koch years.

"If there was a significant impediment or complication, either I would call Mayor Koch, or he would call me," the Cardinal said. "Little things remain little if you have cooperative people on both sides of the fence."

But the church felt it was shut out to some extent during the administration of Mayor Dinkins, who did not see Catholics as part of the coalition that elected him.

While Archdiocesan officials said it was still early in their relationship with the Giuliani administration, they said that their initial impression was favorable. "It's a relationship of pre-established understanding," the Cardinal said.

He also characterized as "extraordinary" Mr. Giuliani's recent speech on how he reconciled his Catholic faith with the demands of governing a diverse city. His speech, in which he underscored the importance of his faith on a personal level, stressed the need for tolerance.

On a more practical level, though, Archdiocese officials are worried about possible budget cuts and the privatization of public services like hospitals, and they have urged city officials to go slowly.

"We feel it may have been a little overly sanguine about the role of for-profits in some of these areas," said the Rev. Kevin Sullivan, director of the archdiocese office of social development.

He said that church officials' discussions with the city had helped to restore \$52 million to provide loans for the building of single room occupancy hotels, for which drastic reductions had been planned.

"I think there is an openness to discuss and to work out solutions," Father Sullivan said. In fact, he said, the church could be in a position to help the administration overcome some of its negative images in poor and minority communities.

"There is no mistaking the fact there is a strong perception out there that this administration will not be helpful to poor people," he said. "I think we need to help this administration prove this perception wrong."

PAGE

The New York Times, May 31, 1994

The Cardinal, insisting on a distinction between moral and political power, would like to set the record straight about his own ambitions.

"If there is a diminution of moral and spiritual influence, then I would feel that I have failed the people of New York," he said. "If there is no political influence, then that's really none of my business, and it's not why I'm here."

He said that although the city's demographics have changed dramatically, the new immigrants need much the same in terms of jobs, education and housing as past generations from Ireland or other areas.

"We had to change a lot of things and learn a lot of new languages and customs," he said. "It's a great time to be archbishop of New York for that reason."

GRAPHIC: Photos: John Cardinal O'Connor spending a moment on a cellular phone as he viewed a parade in mid-May. (Edward Keating/The New York Times) (pg. A1); Francis Cardinal Spellman with Gov. Nelson A. Rockefeller of New York and Senator John F. Kennedy of Massachusetts when it seemed possible that the two could be opponents in the 1960 Presidential election. (Associated Press, 1959) (pg. B5)

Map/Diagram: "WHERE THEY ARE: Catholic Institutions In New York City"

The Roman Catholic Church is an integral part of life in New York. The map shows the thousand-plus institutions that are run or partially financed by the city's two dioceses. (Sources: Archdiocese of New York; Diocese of Brooklyn-Queens) (pg. B5)

LANGUAGE: ENGLISH

LOAD-DATE-MDC: May 31, 1994

June 14 1994

THE PRESIDENT HAS SEEN

6/15

Mr President

I hope that 'Father's Day' is an exceptionally pleasant day for you, and that the occasion brings you much joy and happiness.

I had hoped to write--for your pleasure--a similar Father's Day feature, as per enclosed one of 5 years ago *(with Dow Bush -)*

I had also prepared a feature for Mother's Day (similar to enclosed Dorothy Bush) on your mother, and was really sorry you "didn't want" to contribute to same.

However, since your mother had suggested to me (also)---"Do not give up"--I hope I'll have better luck next Mother's Day and next Father's Day.

In the meantime, is it possible that you would enhance my features on Mrs. Clinton and what she has meant to you over the years...?

Please and thanks in advance.

Respectfully,

Trude
Trude B. Feldman

2020 F St. N.W.
Washington DC 20006

202 638 3048
659 9841

Handwritten signature/initials

Amy Carter at 16

Trude Feldman

She's read 'War and Peace'

Whatever happened to Amy Carter?

SWEET SIXTEEN is usually a significant milestone in a girl's life. But when that girl has already met the pope, as well as kings, queens, prime ministers and presidents — even lived in the White House — what's next? Can she be the "girl next door" again? Can she be thrilled at getting her driver's license or going out on her first real date?

Trude B
Feldman

Amy Carter, who just turned 16, is now a student at Woodward Academy, a

private, coed boarding school in Atlanta. She has no regrets about being out of the limelight, where she was catapulted when her father, Jimmy Carter, became the 39th president of the United States.

"I'm totally independent, and I like it this way," Amy told me over lunch at Washington's Jefferson hotel. "I'm still close with my parents and I learned a lot from them, but it's good for me to grow further on my own."

Although it's now three years since her father was defeated in his bid for reelection, she still is in contact with royalty. She recently returned from a two-week trip to Morocco at the invitation of King Hassan II. She had audience with his majesty in the royal palace and spent much of her time with his daughters, two of whom are in Amy's age bracket. Because they speak only French, the visit with them was an added incentive for Amy to practice the language she is studying in school, and she was "delighted at the chance" to increase her vocabulary.

Amy Carter loves her life at school and she is proud and excited "to be on my own," despite the discipline to which she is subjected. "Lights out" is at 10:15 p.m. Room inspection each morning before breakfast at 7:30 a.m. doesn't bother Amy — who, from age 9 to 13, had a White House maid clean her room and help her dress.

With all the fuss made over Amy during the Carter presidency — as well as being the only daughter, and born after her parents were married for 21 years — how did she manage to avoid turning into a spoiled brat?

According to Annette Carter, the wife of Amy's brother Jeff, the real credit belongs to Rosalynn and Jimmy Carter.

"Amy had every reason to be spoiled," Annette told me. "Yet she was not spoiled while we lived in the White House together and she is not now spoiled. She has always felt like one of the crowd, and never even wanted to be treated like a celebrity."

Amy, who often brought a book to read at White House state dinners, is still an avid reader, as well as an excellent student. She recently completed reading Tolstoy's "War and Peace" and is doing honors work in school in English and chemistry.

Last summer she took part in the Governor's Honors Program for a select

How did Amy manage to avoid turning into a spoiled brat?

group of students at North Georgia College. She was chosen on the basis of academic achievement to attend the intensive six-week study program, in which she studied math.

Another of her achievements is playing the violin. She began taking lessons at age 9, studied the Suzuki method while living in the White House and now plays in a student string quartet in school.

Amy also likes to keep busy. In the summer of 1982, she worked as a page on Capitol Hill for Georgia Sen. Sam Nunn. The work was difficult and the hours were long, sometimes lasting until 2 a.m. But Amy enjoyed it, and she emerged from the experience impressed by the "dedication" of some of the members of the Senate.

"Some people say senators don't work much and that it's a waste," said Amy. "But I think they really do work, and try to do their best for our country."

Asked about the sex scandals connected with the page system, Amy responded: "That story surprised me, because I didn't know about it before it was published

in the newspapers. But I hope the page system isn't closed — whether or not the story is true. Then again, the congressmen are more at fault than are the pages because we look up to them for guidance."

At 16, Amy Carter appears to have adjusted gracefully to life as a teenager. Her mother describes her as a "very natural, very trusting child, at home with young and old, friend and stranger."

And Amy seems to be unaffected by her family's peregrinations. When she was 3, the Carters moved from Plains to Atlanta when her father became governor of Georgia. In 1976, on the night her father was elected president of the United States, Amy cried because she didn't want to move to Washington for fear of losing her friends. Four years later, she had to leave the new friends she made in Washington. Now, Amy's friends are those who share her life at Woodward Academy.

Are there any boys in Amy's life?

She is coy in her responses, but no one doubts her popularity.

Amy is 5 foot 4, with a trim figure and strawberry-blond hair. She traded in her eye glasses for contact lenses, which better reveal the blue eyes she inherited from Jimmy Carter. She has her mother's fair complexion, and she not only wears her mother's dresses and shoes, but has also acquired Rosalynn Carter's quiet, gracious manner.

Politics had some small fascination for Amy when she lived in the White House with her parents, but now she politely declines comment on whether she herself would some day seek public office — even run for her father's old job.

That would be well into the future, but in view of the well-known Carter determination, there is no doubt that if she ever sets her mind to it, Amy Carter, by virtue of her experience, intelligence and natural charm, might one day make it back — on her own — into the White House.

Trude B. Feldman has been a White House correspondent for many years. The above is distributed by the Independent News Alliance.

— New York Times

11/29/83

The father behind the president

By TRUDE B. FELDMAN

George Herbert Walker Bush is known the world over as the president of the United States and the leader of the free world.

His five children know him also as their loving, attentive father — a constant, guiding influence on their lives. In turn, they have proven themselves to be loving, attentive children who did their part to give Dad a lasting Father's Day gift — a place in history as the 41st president.

For more than two years the Bush children dedicated themselves to helping their father win the White House. And last August at the Republican National Convention they proudly cast their votes as delegates for their respective states: George W. Bush for Texas, Neil Bush for Colorado, Jeb Bush for Florida, Marvin Bush for Virginia and Dorothy Bush LeBlond for Maine.

Dorothy, the president's only daughter, and at 29 the youngest of his children, has been the apple of his eye and a continuing source of joy to him. She was born six years after her parents lost their daughter Robin to leukemia at age 3.

At the time of Dorothy's birth in Houston, her father was in the offshore oil drilling business. Since then, Bush has been a two-term congressman from Texas, U.S. ambassador to the United Nations; chairman of the Republican National Committee; chief of the U.S. Liaison Office in the People's Republic of China, director of the CIA and vice president of the United States.

RATHER THAN complain about the demands on her peripatetic father's time over the past 29 years, Dorothy expresses pride in his achievements and reflects on the positive factors in their relationship. She tells of how he enhances her life and gives her a strong sense of security.

Today is Bush's first Father's Day as president. But according to Dorothy — known as Doro to family and friends — he is not one to "make anything special" out of a day honoring him. "Dad has always directed the focus of attention to others," she said. "He is more comfortable that way. But being a father is an important part of his life. He has always been there when we needed him — to love us, to encourage us, even to discipline us."

While the world is becoming better acquainted with the "First Father" in the White House, Bush's daughter gives more intimate glimpses of the father behind the president.

Bright, poised and unpretentious,



Dorothy Bush LeBlond runs with her famous dad

ious, Dorothy — now a mother of two herself — exudes a wholesome persona as she shares her sentiments in tribute to Dad. She makes it clear that Bush has instilled in her the same respect for patriotism and ethical values that motivate him.

IN ADDITION to her father having taught her to live by the Golden Rule and the Ten Commandments, she explained that she also has learned by his example.

"Dad shows me that it is important how we treat others everyday — not what we do on special days like birthdays or Mother's Day or Father's Day. And my dad's kindness extends beyond his family."

Has the presidency changed Bush as a father?

"I don't think so," Dorothy said. "Dad still has his gentle, personal touch and continues to care about what's happening in my life. He still writes me notes, sometimes even from Air Force One . . ."

"His sense of humor and optimistic outlook on life are the same. There is no question that he works hard, but he still takes time for family, friends and small kindnesses, which can really mean so much."

Reminiscing about what she

described as "our special father-daughter relationship," Dorothy added, "One highlight of my life and a time I'll never forget was when my father called me at (boarding) school in Connecticut and asked me to meet him in New York, where he was to give a speech at the Waldorf Astoria. After the speech he took me to the 21 Club. I was only 16 years old and it was really so exciting to stay at the Waldorf and go to the 21 Club — just my dad and me. I remember I was deep into my crepe suzettes when I could tell Dad was so very tired after a long evening. But he was patient and didn't spoil my fun."

"I'll never forget that time we had together. And there have been many other special times. I really cherish those memories more than any gift I could ever receive."

TODAY, DESPITE the monumental pressures of the Oval Office, Bush still is able to make his daughter feel loved and a part of his life. "If I need to talk to Dad, no matter how insignificant the reason may be, he calls me back the first opportunity he gets," she explained.

Dorothy, who is the "spitting image" of her father, was in first grade in Washington, D.C., when he was a freshman in Congress.

Those close to her agree that she embodies the sweet, compassionate and down-to-earth qualities required to build that "kinder, gentler" nation her father often espouses.

Energetic like him, she often runs with him. They also enjoy fishing and boating at the family compound in Kennebunkport, Maine.

For the last three months, Dorothy has been employed in the state of Maine's Division of Tourism as meetings and conference coordinator.

Coincidentally, in line with official duties last month her parents hosted French President and Mrs. Francois Mitterrand at their home in Maine. The Mitterrands were accompanied by an entourage of more than 150 people.

In honor of Mrs. Mitterrand, Dorothy helped arrange a festive luncheon and boat ride. Subsequently, she tossed out the idea to her father of a possible invitation to Maine for the Soviet Union's President Mikhail Gorbachev and his wife. "Dad assured me that he would soon begin to work on a Gorbachev visit to Maine," Dorothy added.

DOROTHY SAID she considered herself "lucky" to have traveled with her father during the final week of the presidential campaign. It was then, she recalled, that she was rewarded with a special compliment.

"A member of the senior staff told me that my dad is really so relaxed when I'm around him," she explained. "That comment meant a lot to me because in a funny way it showed me the love he has for me and the family — that in the heat of the most important days of his career he was able to unwind somewhat . . . and think about the importance of family as a priority in life . . . that he could maybe laugh a little rather than constantly worrying about every dreadful poll."

"And I think he has carried this balancing act with him into the White House."

Dorothy hadn't decided yet what to give him for this special day. In essence, however, George Bush's daughter already has given him the ideal Father's Day present — the satisfaction of knowing that he has her wholehearted affection, admiration and respect.

"By example," Dorothy concluded, "Dad also taught me that the gift of love is precious. And you give love, you are often blessed with love in return."

Feldman, a syndicated feature writer, resides in Washington, D.C.

Jean Kirkpatrick

Transforming totalitarianism

from wit



Her son reminisces about Nelle Reagan

EDITOR'S NOTE: Trude B. Feldman has covered the White House and First Families for the past 19 years. Her feature articles have appeared in McCall's, Ladies Home Journal and Good Housekeeping magazines. The following article was sent special to The Standard-Speaker.

By TRUDE B. FELDMAN
White House correspondent

Area hosts is area

are things we take for granted. A visit to a farm, a swim in a pond, a picnic or a hike through the woods are unforgettable experiences to a city child.

Area people can become part of this worthwhile program by volunteering to have one or more of these houseguests from July 16 to 30, this year. Interested persons are invited to attend an informational coffee at the Hazleton YWCA, May 27 at 10 a.m. Many former hosts will be there to share experiences and a filmstrip about life in the city will be shown.

More information may be obtained by calling any of these committee members: Mary Lou Deisroth, 788-2460; Mary Jane Dunham, 788-1589; Pat Walser, 788-3437; Sandy Snyder, 459-0584; Joanne Marusak, 636-2756; Fran Hill, 384-3578; Linda Mullen, 474-6077; Joyce Bason, 788-5308; Janie VanHorn, 379-3484, or Carolyn Andrews, 636-1217.

essed Virgin

Altar boys were Neil Saullo, Stephen Mocarisky and Robert Mehalick.

The Junior Choir, made up of the fourth and fifth grade students, under the direction of Clarence Kulig, sang appropriate hymns to Mary. The student body participated in the crowning service and benediction.

Birthdays

Mary Beth Tolerico, daughter of Mr. and Mrs. John Tolerico, 333 E. Fourth St., 15th, today. She is a ninth grade student at the D.A. Harman Junior High School.

Ronald John Skasko, third, and Brian Skasko, first, both yesterday. They are the sons of Mr. and Mrs. Ronald Skasko, 350 E. Berner Ave. A party in their honor was held at Big Wrangler Steak House.

Cooking is fun

FOR SUPPER! let soften — about 5 loaf Potatoes minutes. In a small Stewed Tomatoes saucepan heat the remaining grape juice until it boils; pour over the gelatin mixture and stir until gelatin dissolves; cool. Add grapes, chill until partly thickened; stir to distribute

The first time Ronald Reagan's mother spanked him and his brother Neil was in a park in Tampico, Ill. The year was 1916. It was early evening. All afternoon the two boys had been playing ball together with some neighborhood children.

"Ronald was only five and a half years old and I was eight," Neil Reagan told me in an interview. "We had just learned some swear words. We began to practice saying them...when suddenly...Mother came to take us home. She heard us practicing the words."

"Right there in the park, she turned us over on her knee and spanked us with her hand. Aside from the physical discomfort, I think we felt ashamed."

"With each whack, she was telling us we shouldn't be using that language. It was an impressive lesson."

In what way? I asked.

"Well," he grinned in reply. "We haven't made much use of those words..."

J. Neil Reagan, now 72, was reminiscing about his mother, Nelle Wilson Reagan, who died 19 years ago at the age of 79. He doesn't recall many other spankings from her; and that was the one time he remembers being spanked together with his brother, now the President.

Neil Reagan added that his mother was a good disciplinarian; and as a result of her guidance and love, her two children, Neil and Ronald, grew up close to one another as well as to her. At a young age, the two sons began calling their mother by her first name, Nelle, and did so until she died.

In describing his mother, Neil Reagan said that although "we knew she loved us, she wasn't the demonstrative type; she was reserved, serious and dedicated."

"She was also a truly religious woman and full of compassion."

Now a retired advertising executive, Neil Reagan said that his mother had always kept her promises to him—all her promises that is—except one. "When I was two years old," he mused, "my mother promised me a baby sister. When Ronald was born, I was so angry the baby wasn't a 'sister' that I refused to look at him. Ronald was two days old before I did!"

Neil Reagan and Bess, his wife of 45 years, never tire of talking about Nelle Reagan and her good deeds.

"She tried her best to make ours a more caring society," Bess Reagan told me. "She was kind to and generous with friend and stranger alike. She trusted everyone, sometimes to her own disadvantage. To her, no one had a bad side. To her, everyone was a good person."

After the family moved to Los Angeles, Calif., Nelle Reagan made it a practice to visit sick patients in hospitals once or twice a week.

"At Christmas time, Ronald would give her money to buy hard candy," Bess Reagan says. "She'd bag it and give it to the patients in the ward. She knew each one of them and didn't forget anyone."

Bess Reagan also recalls that her mother-in-law had special goals for Ronald and Neil. "She often told me that

about the possibility of one of her sons becoming a president was Mother's way of saying, 'I have two wonderful sons — and either one of them could be President.'"

Although his mother didn't live to see her son, Ronald Wilson, become the 40th President of the United States, Neil Reagan disclosed:

"Many times—after Ronald was elected Governor of California and President of the United States—he would ask, 'What would Nelle think of this, or that...if she were here now?'"

Together with her family, the church was Nelle Reagan's life. She devoted much of her time to the local Church of the Disciples in Dixon, Ill. As a volunteer religious worker, she would go to the jails, both in Dixon—and later in Los Angeles—and talk to the prisoners and try to teach them the meaning of religion.

"My mother would conduct talk sessions with the prisoners," Neil Reagan said. "She called them 'my boys.' She played the mandolin in the jails and would encourage the prisoners to sing religious hymns. That was her way of bringing to them the joy of faith."

By example, Nelle Reagan instilled in her two sons religious faith. Religion and prayer permeated their young lives.

"Mother had Ronald and me baptized in the Church," he relates. "And until we went to college, she took us to church for prayer meetings on Wednesday nights. We also went to church services for one hour every Sunday morning. After Sunday School, we again went to services."

"Then at 6 o'clock Sunday nights, we went to the Young People's Prayer meeting. After that, we went to the evening church service."

"So you see, we had religion up to our ears."

Still a regular church goer near his home in Southern California, Neil Reagan says unabashedly, "Yes, even at my age, I often think about my mother. Her influence is still felt, and I'll say some very special prayers in her memory on Mother's Day."

"My mother meant a lot to me and Ronald," he adds. "She guided us in such a way that we remained loyal to her religious training, and we still believe in prayer."

"If my mother were alive today, she's probably tell you that it was the prayers from all over the world that helped save Ronald from the recent attempt on his life."

Ronald Reagan himself once told me that his mother left him "with an abiding and unshakable faith in God."

Asked how Nelle Reagan's influence manifests itself on her sons, Neil Reagan concludes: "I can't think of one or two specific ways. But in a very real sense, my mother is responsible for what we are today."

Divorces granted

The following have been granted decrees of divorce by the Luzerne County Court:

June Sweet, Freeland Village, Freeland, from Thomas Sweet, Valley Trailer Park, Drums RD 1. Their marriage took place April 17, 1971.

Mary Ann Martini, 547 N. Wyoming St., from John A. Martini, same address. They were married Sept. 22, 1979.

Cynthia M. Demko, 85 Main St., Upper Lehigh, from Robert J. Demko, 679 Manhattan Court. The date of their marriage was Oct. 9, 1957.

Danielle Rick, Route 940, White Haven, from Neil Rick, same address.

President's mother, Dorothy

By Trude B. Feldman
New York Times Features

A woman of valor ... who can find? Her worth is far above rubies. The heart of her husband trusts in her, and nothing shall be lack. She renders him good, and not harm, all the days of her life. A god-revering woman is much to be praised. (Proverbs 31).

KENNEBUNKPORT — Dorothy Walker Bush marks her 90th birthday Monday, and her children — including the president — will celebrate the milestone with a small party Monday night in the house on Walker's Point in which she has summered since 1922.

Her four sons and daughters-

her four sons and daughters-in-law, Prescott and Beth; Jonathan and Jody; William (Bucky) and Patty; and her daughter, Nancy will be on hand in addition to George and Barbara and their five children and their spouses.

Also in attendance will be a number of Dorothy Bush's 16 grandchildren and 22 great-grandchildren, who call her "Ganny."

In an interview, George Herbert Walker Bush, who was named for his mother's father, disclosed that he will surprise his mother with a silver-framed photograph — taken this year in Maine — of her and her five children.

The president also related: "As mother reaches her 90th birthday, I want to tell you how much I and her children love and respect her. I try to telephone her regularly, and I love to talk to my children and grandchildren about her. She is still the moral leader of our family, and all of us — members of whatever generation — know that. She is their idol."

What has the president learned from his mother that is helpful to him as the leader of the free world?

"I often think of her advice on the fundamentals — being tolerant, turning the other cheek, caring about people, standing against discrimination and for fair play," he replies. "As president, mother hasn't given me advice, but I've always had the feeling that she is in my corner supporting me no matter what the decision."

What has his mother meant to him?

"She has meant everything," the president says. "She has enhanced my life by being an example of everything that is good, everything that is for our family the Christian ethic."

"Mother would discipline us and then love us, put her arms around us. She set examples. She tried to teach us to be unselfish

and care about the other person. She did not want us to talk about ourselves, whether it was in sports, or in life generally."

The president recalls that even when his mother would have chosen a different path for her children, she respected their decisions. "For example," he said, "mother would have been delighted if I had not gone into the Navy on my 18th birthday, preferring that I go to college. But she supported me 100 percent once the decision was made."

The day after Dorothy Bush's son was inaugurated as the 41st president, she visited him in the Oval Office, and described that as the "most wonderful day" of her life.

her life.

"Seeing George sitting at his desk in that grand oval room made me proud," she remembers. "But I felt sad that his father wasn't there, too. How I wished he could have lived to see George become president."

George's father, Prescott Sheldon Bush, a U.S. senator from Connecticut from 1953 to 1962, died of lung cancer Oct. 8, 1972, at age 77. He and Dorothy Walker were married for 51 years.

In her eulogy of him she wrote, in part: "My husband gave me the most joyous life that any woman could experience. ... His greatest comfort and joy in life was in his family, all of them. ... The whole Kingdom of Heaven is richer because he passed through the world."

Mrs. Bush, small-boned and slim, still has a crown of wavy gray hair with more than a touch of her own natural blond color. Her blue eyes twinkle when she smiles, which is often. She loves to laugh.

Her 90th birthday finds her quite resilient despite a recent bout with pneumonia which had weakened her. She uses a cane and a walker for support, but prefers to be on the arm of one of her children or grandchildren.

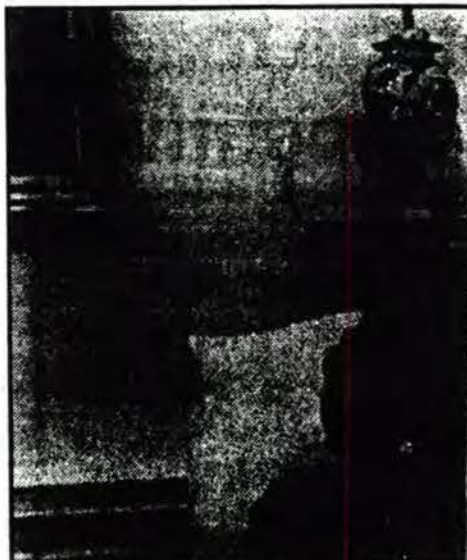
If Dorothy Bush could live her life over, she doesn't think she would do anything differently. "I've been very lucky and blessed with good health and a loving family," she says. "What more could anyone ask?"

Does the matriarch of the Bush-Walker families have any special thoughts on reaching age 90?

She laughs. "No. I'm there."

Mrs. Bush says she feels an "inner peace and much pride" in seeing her children lead happy and successful lives. She has a "close relationship with each one, and no favorites."

What values and ideals did she instill in her son, George, that might have motivated him to aspire to the presidency?



Dorothy Walker Bush talks with h

"I don't think it was my doing at all," she says. "Perhaps it was his father. He always talked with our sons about politics and serving others."

Did he show leadership traits early in life?

"Oh, yes," Dorothy Bush remarks. "At school (Andover), he showed he could lead. But I couldn't imagine then how far he'd go. That was a long time ago."

Was she surprised when he decided to run for the presidency?

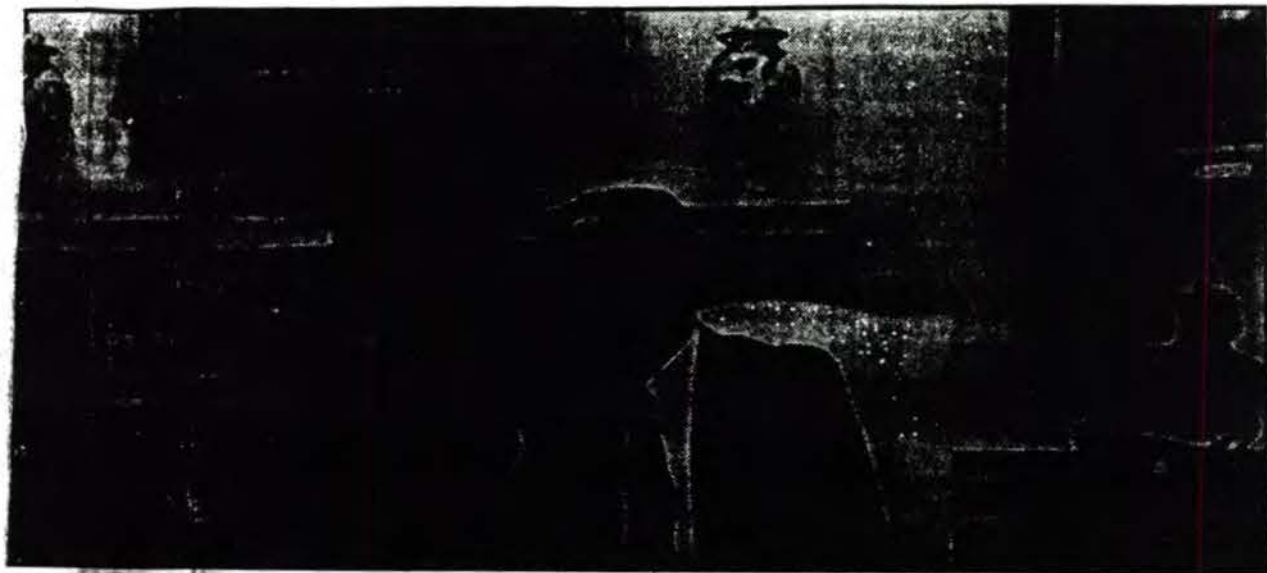
"Oh, mercy, yes. I think it is one of the hardest jobs in the world," she says. "But at the time I said if that's what he wants, I certainly would do what I could to help him."

The White House hasn't changed her son, she says. "At least, he is the same to me. I feel that his life is being fulfilled and that's a blessing for me."

Dorothy Bush adds that his presidency has also not changed her life, but that it "feels very nice to have my son in the White

Day-care center

hy Walker Bush, turns 90



with her son, George, on the morning after he was inaugurated president of the United States David Valdez Photo

ing was with serv- aits re- he it I far time de- cy? it is the t he what isn't "At I feel land t his aged very White

House. I have lots of confidence in him."

The second of six children, Dorothy was born to Lulie Wear and George Herbert Walker on July 1, 1901, in Kennebunkport. She grew up in St. Louis, where she met Prescott Bush, six years her senior. She married him when she was 20 years old.

For a wedding present, her father built for them "The Bungalow" on Walker's Point. She now winters in Hobe Sound, Fla., and spends the rest of the year in her Greenwich, Conn., home.

As the Walker children were growing up, athletics were a good part of their lives. Dorothy was a dynamo in sports, particularly tennis. Her uncle, Joe Wear, was a captain of the Davis Cup tennis team, and her father established the Walker Cup match — the amateur golf competition between the United States and Britain.

To this day, she loves watching the family tennis matches.

Dorothy also loved to play

baseball, which she often did with the boys. Once, when playing while she was nine months pregnant, she began to have contractions. The next morning, she gave birth to her first son, 10-pound Prescott Jr.

That was 69 years ago. Today, Prescott looks back with nostalgia as he describes his mother. "She is one in a billion," he begins. "She was always there when we needed her, but never kept us tied to her. Her wonderful imagination encouraged us to be imaginative, too, and she still has a good sense of humor."

"Mother was, and still is, a fabulous, beautiful woman, who was a role mode for her sons in looking for the women we would marry."

Prescott's wife, Beth, describes her mother-in-law this way: "Mum never gives advice, though I'm sure she must have bitten her tongue a million times to keep from doing it. She never criticizes. If she wants to get a point across, she has a way of

quoting others in a casual way. She is great fun and full of enthusiasm."

Dorothy Bush still reads the Bible every day and says she brought up her children with strong family ties, faith in God and religious values — just as her mother had brought her up, recalling how she "would gather us near her bedside" for daily morning prayers.

Mrs. Bush was extremely close to her brother, Dr. John M. Walker, a surgeon, who recently died. His son, John Jr., a federal judge in New York City, says his aunt has been a strong presence in their lives. "She is full of love, and she leads by the force of her personality," he says. "Also, she still takes pleasure in closely following all of our activities."

Dorothy Bush's greatest joy always has been in having her family around her. Tonight, in Maine, the family will bask in that joy as they gather around her to celebrate her 90th birthday.

Unit commander



6/15

Copy Bruce

May 30, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: The Politics of Welfare Reform



This memo includes an update on the political and legislative landscape for welfare reform, and some thoughts on how to talk about our plan, as you requested. We are also working with Rahm and others on a rollout schedule, and have attached a separate briefing from Stan on his most recent findings.

I. Political and Legislative Update

As we have discussed before, there is a broad and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party. Even on the issues that the Republicans think work for them -- cutting off benefits for legal immigrants and unwed mothers -- people prefer our alternatives by two- and three-to-one margins.

The current lull in the health care debate gives you an opportunity to speak out on these issues, at a time when Americans are united in believing the country has a welfare crisis and Republicans (for a change) are the ones divided over what to do about it. Recent developments in both parties have left you a good opening to dominate the debate.

A. The Republicans

Republicans are now at war with one another over whether to back the original House Republican welfare reform bill or go further, and seek to cut off unwed mothers under 21 altogether. Gingrich and many other Republicans in the House want to stick with their original bill, which has 162 of 175 House Republicans as co-sponsors and would enable them

to share credit for whatever passes, since the biggest differences between our plan and theirs are over how quickly to phase in and how much to cut benefits for immigrants. Bennett and Kemp sent out another William Kristol memo last month arguing the original House bill plays into your hands, and that Republicans should insist instead on a purist, Charles Murray approach that enables them to hang onto the welfare issue. According to Fred Barnes, Kemp thought the new proposal was a bad idea, and only signed on after they promised to include \$75 billion in unpaid-for tax cuts.

Once again, you have put Republicans in an awkward position. Either they push to get something done, help you accomplish what they've spent their careers crying out for, and risk losing a favorite wedge issue, or they change their tune, move to the right, and run the risk that they'll look like obstructionists and box themselves into a position with little popular support. The Kemp-Bennett-Kristol about-face is not only the worst kind of political posturing; it is also bad politics. A recent Los Angeles Times poll found overwhelming support for our approach over Murray's: 70% favored requiring people on welfare to work, versus 25% who favored cutting off benefits for young mothers.

The Republican infighting should help us in several ways. First, it marginalizes conservatives like Bennett and Kemp (who have their own aspirations), and makes them look blatantly political. The same thing happened to Republicans on crime: you said "three strikes," they said "two strikes"; you said "boot camps," they said "stockades" -- and they looked silly in the process. On this issue, they would rather play politics than fix what everyone agrees is a welfare system in crisis.

Second, it takes attention away from the divisions within our own party and pushes moderate Republicans closer to us. Rick Santorum, the lead House sponsor, now spends as much time attacking opponents on the right as he used to spend attacking us. When the House held an Oxford-style debate on welfare reform last month, all the Republicans who spoke distanced themselves from the Charles Murray approach.

Finally, the Republican schism is yet another reason for Republican governors to prefer our plan. Most governors view the Murray approach as a direct cost shift to states and communities, who will still have to provide for young mothers in some way. In addition, they are worried that the House Republican phase-in would impose massive new costs on the states, and do nothing to sweeten their JOBS matching rate. Our plan phases in sensibly and enables states to recoup most or all of their new costs through tougher child support enforcement, caseload savings, and an increased federal match. The House Republican financing scheme also would shift the cost of providing immigrants with health care and other services almost entirely to the states. Pete Wilson has already complained that such provisions would leave California, with 40% of the immigrant population, paying 40% of the tab for welfare reform, even though the state has only 20% of the welfare caseload. Our deeming provision shifts the costs of supporting immigrants to the families who sponsor them to come into this country; it may actually save states a little money in AFDC and food stamps.

None of this means that it will be easy to get Republican votes in the House. In the end, they will have to confront the same choice they have faced on crime and NAFTA. We ought to be able to pick up 60-100 Republican votes for welfare reform, but we will only do so if Mack, David Gergen, Pat Griffin, and others reach out to Gingrich and company to let them know we're genuinely interested in a bipartisan bill. That will become even more important if Congress doesn't finish welfare reform this year.

B. The Democrats

Several Democrats have put forward their own welfare reform bills, some consistent with our approach and others not. The Mainstream Forum introduced legislation that borrows heavily from our plan. Their bill adopts the same phase-in (starting with those born after 1971) and similar provisions on time limits, work requirements, child support, etc. The most significant difference between our bill and theirs is that they propose the same immigrant financing scheme as the Republicans (although McCurdy has said he might be flexible on the Medicaid part of it).

Liberal Democrats have been relatively quiet. Tom Harkin introduced a bill with flexible time limits (6 months for some people; longer than 2 years for others). Eleanor Holmes Norton wrote an outstanding Washington Post op-ed last month on the importance of work as the unifying principle for welfare reform. Bob Matsui and Patsy Mink have each introduced bills which expand the JOBS program but do not include time limits or serious work requirements.

We have met several times with Moynihan, who seems happy with our general direction but has not tipped his hand on many specific details. In the House, Harold Ford is eager to make his mark with this issue, although from time to time he suggests giving everyone on welfare jobs that pay \$9 an hour. If Ways and Means is slow to take up welfare reform, moderate Democrats could join Republicans in a discharge petition, but so far we've persuaded them to keep their powder dry.

There is a chance Ways and Means could take up welfare reform sooner than they might like because Rostenkowski promised them a vote on cutting immigrant benefits. Earlier this month, Santorum tried to attach an amendment to the Social Security bill that would have eliminated all benefits for all non-citizens. It was narrowly defeated by a vote of 20-16, with Harold Ford voting present. The only way we talked Ford and other Democrats out of voting for that amendment was by pleading with them to wait until we introduce our bill, so that at least they could use whatever money they squeeze out of immigrants to pay for welfare reform rather than deficit reduction.

We have been working hard to line up support from outside groups. We hope to get a DGA endorsement, and a strong statement from the NGA is not out of the question. The DLC will say nice things about our bill and the Mainstream Forum's bill; they agree with us

that welfare reform should be paid for through budget cuts, not just cuts in immigrant benefits. We have probably met enough of AFSCME's concerns about displacement to keep them from opposing our plan, but like the advocacy groups, they still wish the issue would just go away.

II. Highlights of Our Welfare Reform Plan

As you well know, the welfare debate is less about policy and politics than it is about values. The trouble with the current welfare system is that it undermines the values that matter most -- work, responsibility, family. The current system makes welfare more attractive than work, and lets too many parents avoid responsibility for supporting their children.

Our welfare reform plan is based on the basic values and principles you outlined in the campaign: No one who works full-time with a child at home should be poor, but no one who can work should stay on welfare forever. We need to make welfare what it used to be -- a second chance, not a way of life. The ones who hate the welfare system most are the people who are trapped by it. Governments don't raise children; people do. People who bring children into this world should take responsibility for them. Government has to do all it can to expand opportunity, but people have a responsibility to make the most of it. We could have all the programs and spend all the money in the world and it won't do a bit of good if people don't do right. And so on.

The attached talking points outline the highlights of our plan. (We will give you complete information on costs and financing when you return from Europe.) There is plenty to talk about in an initiative that costs \$10 billion over 5 years and \$30 billion over 10. But it is easy to get lost in the details. The two values most on people's minds are work and responsibility. As you said to the DLC in Cleveland in 1991, work is the best social program this country has ever devised.

HIGHLIGHTS OF OUR WELFARE REFORM PLAN

I. THE ADMINISTRATION'S RECORD ON WELFARE REFORM

1. EITC: Last year's economic package went a long way toward ending welfare by giving 15 million working families a tax cut through the EITC. The EITC turns a minimum wage, \$4.25 an hour job into a \$6 an hour job. With the EITC and health reform, any job is a good job.

2. Health Reform: Health reform will move an estimated one million women and children off welfare. A recent survey of welfare recipients in Charleston and Nashville found that 83% would take a minimum wage job if it offered health coverage for them and their families. Another study found that only 8% of people who leave welfare for work get jobs that provide health insurance.

3. Waivers: Since January 1993, the Administration has granted waivers to 14 states to try new initiatives on time limits, assistance for two-parent families, limiting additional benefits for additional children, and so on.

II. TIME-LIMITING WELFARE AND REQUIRING WORK

1. Two-Year Time Limit: Everyone who can work will be expected to go to work within two years. To the poor and those outside the economic mainstream, we say two things: No one who works full-time with a child at home should be poor, and no one who can work should stay on welfare forever.

* A new social contract: Everyone will be required to sign a Personal Responsibility Agreement that spells out what they can expect and what is expected of them in return. This agreement will include the two-year time limit as well as other state measures to encourage responsible behavior, such as requiring immunizations, denying benefits for additional children born on welfare, requiring mothers to name and help find the father as a condition of eligibility, etc.

* Fewer exemptions: Our plan cuts the number of exemptions in current law by half. Current law exempts mothers with children under 3; our plan limits that exemption to mothers with children under 1. The exemption for teen mothers and mothers who conceive additional children while on welfare will last only 3 months.

* No more something for nothing: From day one, everyone will be required to do something in return for receiving assistance. Even those who are exempted from JOBS participation will be expected to take part in parenting, community service, or other activities.

* This is not an entitlement to two years of training: Most people will be expected to enter employment well before the two years are up. States can also design shorter time limits for people who are job-ready, and require them to work sooner.

* A lifetime limit: People should have an incentive to leave welfare quickly and not use up their precious months of welfare eligibility. Recipients who use up their 24 months will no longer be eligible unless they enter the work program. The time limit is a lifetime limit: people who have been off welfare for long periods of time will be able to get a few months of assistance to tide them over in emergencies, but they will not be able to start over with a new 2-year clock. This will make welfare what it was meant to be -- a second chance, not a way of life.

2. Work, Not Welfare: We need to change the culture of the welfare office to focus on helping people find and keep jobs, not just writing them checks for life.

* Job search first: Job search will be required immediately of anyone who can work. Anyone offered a private sector job will be required to take it or get thrown off the rolls.

* A clear focus on employment: We will push states to shift their JOBS programs away from classroom training and toward job placement and on-the-job training. Many people on welfare are there because they failed in the classroom; it makes no sense to send them to another classroom when what they really need is help in getting and holding down a job. The best job training program is a job.

3. Requiring and Providing Work: Anyone who can work will have to go to work within 2 years, in the private sector if possible, in community service if necessary.

* Work for wages, not workfare: People will work for a paycheck, not a welfare check. If you don't show up for work, you won't get paid. There will also be strong, escalating sanctions for people who quit or get fired.

* State and local flexibility, with an emphasis on the private sector: States will be able to use the money they would otherwise spend on welfare to create subsidized, non-displacing jobs in the private sector, with non-profits, or in public service employment. Communities will be encouraged to build strong links to the private sector, and can hire placement firms like America Works to help people find and keep jobs. We've worked closely with the business community to design a flexible program without red tape.

* This is a transitional program, designed to constantly push people toward unsubsidized work in the private sector: People will be required to go through extensive job search before entering the work program, and after each work assignment. No work assignment will last more than 12 months. No one will receive the EITC unless they leave the program and take an unsubsidized job. Anyone who turns down a private sector job will be kicked off the program. So will people who refuse to make a good faith effort to find a job when jobs they could get are available.

* No one who can work should stay on welfare forever: This is not a guaranteed-jobs-for-life program. At the end of two years in the WORK program, everyone will go through an intensive assessment. If they're playing by the rules, able to work, and no private jobs are available, they'll get another WORK assignment. If they're unable to work, they can be exempted or reassigned to get more training. If they're not playing by the rules, and if a state determines that they have not made a good faith effort to find available work, the state can opt to remove them from the rolls.

* Real, meaningful work: Communities will have broad flexibility in deciding what kinds of jobs to subsidize or create. We expect these to be non-displacing minimum-wage jobs that represent meaningful work. Business, union, and community leaders will have a say in the process. Many of the most promising entry-level jobs are in growth areas related to welfare reform and other Clinton initiatives. For example, our plan will increase the demand for child care workers in many communities. We expect 10% of the WORK slots to be in child care. Other promising fields include home health aides, teachers aides, child support caseworkers, public housing rehabilitation, and public safety.

* Where the jobs are: You may be asked how we expect to find jobs for people on welfare when millions of Americans are already out of work. First of all, our plan is primarily about job creation -- most of the money goes to create and subsidize jobs, and to make it possible for individuals to take them. Our plan will create 400,000 jobs by the year 2000. Second, there is no shortage of entry-level jobs in this country. McDonald's alone has more job openings every year through normal turnover than will hit the two-year time limit anytime in the next 10 years. Moreover, the Clinton economy is generating 2 million new jobs a year. Third, even under the current system, most welfare recipients are able to *find* jobs; they have trouble *keeping* them. 70% of recipients leave welfare within two years, but most of them come back. That's why it's so important to make work pay better than welfare (EITC, health care, child care, child support enforcement), and to focus the welfare system on helping people make it in the workforce (on-the-job training, job search assistance).

III. PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL RESPONSIBILITY

1. National Campaign Against Teen Pregnancy: The number of births to unwed mothers has quadrupled in the last 30 years from 92,000 in 1960 to 368,000 in 1991. Unwed mothers (teen and older) accounted for 80% of the growth in the welfare caseload over the last decade, when the number of families on welfare rose from 3.9 million in 1983 to 5 million families last year.

- * A national effort in 1,000 schools: We will launch school-based prevention programs in 1,000 schools across the country with the worst teen pregnancy problems. In each of these schools, National Service volunteers will work with community groups, churches, and business leaders to mentor young people on the importance of delaying sexual activity and parenthood.

- * A strong message from the Bully Pulpit that it is wrong to have children outside marriage: Unwed teen mothers who drop out of school are 10 times more likely to raise a child in poverty than young people who finish school, get married, and wait until their twenties to have children. We are planning a broad-based campaign that involves the media, the private sector, churches, schools, and other groups.

- * Every state will set clear goals for reducing unwed teen births: We will set up a national clearinghouse on teen pregnancy to identify successful programs and help replicate them elsewhere. We will also target a handful of at-risk neighborhoods for intensive prevention efforts.

- * Children who have children should live at home and finish school as a condition for benefits: Our plan will require minor mothers under 18 to live with their parents or a responsible adult and finish high school. They will no longer be able to set up a separate household and receive a separate check.

2. The Toughest Child Support Laws Ever Proposed: Our plan includes the toughest, most comprehensive child support enforcement provisions ever proposed. We can move and keep thousands of families off welfare by closing the \$34 billion child support gap between what absent parents should owe and what is actually collected. If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe.

- * Establish paternity for all out-of-wedlock births: Last year's economic plan included measures to expand voluntary paternity establishment in hospitals, when fathers are most likely to be present. Our welfare reform plan will require mothers to

name the father as a condition of receiving welfare, and push states to establish paternity more quickly. We want to make fathers part of the safety net again.

- * **Tracking down deadbeats:** Every state will establish a central state registry to track payments and take prompt action when money isn't paid. A national registry of new hires will use W-4 reporting to track delinquent parents who have switched jobs or crossed state lines.

- * **License suspension:** States will be able to use the threat of revoking driver's, professional, and commercial licenses to make delinquents pay. This threat has been extraordinarily successful in Maine, California, and other states.

- * **Work programs:** States will be able to run programs that require men to do community service to work off the child support they owe. We will also run demonstration programs that require delinquent parents with no skills to get training. These programs should pay for themselves. Wisconsin's work program for fathers has produced a phenomenal smokeout effect: 75% pay their support rather than do court-ordered community service.

- * **Limited demonstration of child support assurance:** The plan allows for 3 states to run demonstrations in providing guaranteed child support to families where the absent parent doesn't pay.

3. State Option to Limit Additional Benefits for Additional Children Conceived on Welfare: States that want to impose family caps will have the option to do so. Some states see this as a way to deter additional pregnancies; others believe the welfare system needs to do everything it can to instill responsibility in parents who already have children they cannot support. Early results from New Jersey show a 9% reduction in additional births to women on welfare, but it is too early to draw many conclusions. We also need to make sure that family planning is available to adults on welfare. Welfare recipients don't have more children on average than other women, but many of those who do consign themselves and their families to lives of poverty and dependency.

4. Keeping People from Going on Welfare in the First Place by Providing Child Care for the Working Poor: In addition to providing child care for people on welfare and in the work program, our plan calls for a substantial increase in child care for the working poor. The Administration's FY95 budget also seeks hefty increases in Head Start (21%) and the Child Care Development Block Grant (22%).

- * Our plan will nearly double the amount of available child care for the working poor: The plan includes \$1.7 billion over 5 years and \$6 billion over 10 to expand the At-Risk program from \$300 million annually to nearly \$1 billion.

* This program preserves flexibility and choice: States can use the money as they choose to provide child care vouchers or pay providers directly.

IV. GIVING STATES FLEXIBILITY TO INNOVATE

1. A Plan That Works for States: To give states a chance to do this right, our plan is phased in beginning with those born after 1971 -- anyone 25 and under by late 1996, when states begin to implement the program. That represents a third of the adult caseload initially, and will grow steadily to include nearly two-thirds by 2004.

* Young people will think twice before coming on welfare: We're ending welfare for the next generation. One problem with the Family Support Act has been that few recipients know whether they will be subject to its requirements or not. Under our plan, anyone born after 1971 will know that the world has changed, and that welfare can no longer be a way of life. Almost any other phase-in would be subject to gaming, but it is hard to change to change your date of birth.

* If we phased in everyone at once, the program would fail: Even if we had the money for it (which we don't, and neither do the states), a rapid phase-in would overwhelm state capacity, and force them to create massive public jobs programs instead of reaching out to the private sector. The best example is CETA, which grew to 750,000 jobs overnight, and was dismantled nearly as quickly as a result.

* This is still a very ambitious phase-in: Under our plan, more than 400,000 people will have hit the time limit and be working in the WORK program by the year 2000. Today, fewer than 15,000 welfare recipients are required to work.

* States can phase in faster if they want: States will have the option of phasing in other cohorts in addition to those born after 1971 (e.g., all new applicants, all out-of-wedlock births, etc.). We will also make funds available so that they can finish serving those currently in their JOBS programs, as well as older recipients who volunteer.

* States prefer our phase-in: The House Republican bill phases in more quickly, starting with all new applicants and reaching 90% of the non-exempt caseload 2002. This would impose billions in new costs on the states. According to a recent NGA survey, most states like our phase-in. This phase-in was first proposed in a New Republic article by Moynihan's chief welfare aide, Paul Offner.

2. States Will Have Unprecedented Flexibility to Design Their Own Approach to Ending Welfare: Our plan gives states broad flexibility to try new things, because one thing

we've learned in the last 30 years is that Washington doesn't have all the answers. Much of what once required waivers will become available to states as state options:

- * Extending assistance to two-parent families: States will be able to waive the 100-hour rule and let two-parent families stay together.

- * Rewards and sanctions to keep teen parents in school: States will be able to design their own monetary incentive programs like the LEAP program in Ohio.

- * No additional benefits for additional children born on welfare: The Administration has already granted waivers to Georgia and Arkansas; this measure will now be a state option.

- * Incentives to work and save: States can encourage work through higher earnings disregards and saving through Individual Development Accounts.

- * Advance payment of the EITC: States will be able to work with the Treasury Department to develop plans to get the EITC out on a monthly basis.

- * Faster phase-in: States that want to do more will be free to phase in other cohorts in addition to recipients born after 1971.

- * Setting shorter time limits, and requiring people to work sooner: States that want to move recipients into work more quickly can do so. The JOBS program allows states to require CWEP or subsidized private sector work at any time.

- * Experiment with a host of demonstration programs: Our plan includes funds for demonstrations of Individual Development Accounts, child support assurance, teen pregnancy prevention, work and training programs for non-custodial parents, and many other ideas worth testing.

- * Continued waiver authority: We will help states with existing waivers to adapt them once the new law passes. The broad waiver authority in current law will continue.

3. No Unfunded Mandates: Our plan will not impose major new costs upon the states. Over time, in fact, they should save money from increased child support collections and reduced welfare caseloads.

- * Enhanced federal match: States have had trouble implementing the Family Support Act because of its relatively low federal match (in general, 60-40 federal). Our plan increases the federal share to around 67% (higher in some states), which means that the federal government is actually picking up 80% of the new spending.

* States can spend at their own pace: Instead of imposing costly new mandates, we give states considerable flexibility in how much to spend beyond the basic plan. States willing to spend more can choose to expand eligibility for two-parent families, offer higher earnings disregards, or phase in more of their caseload.

* Savings through caseload reduction, child support enforcement, and fraud detection: These programs will pay off in considerable savings from increased child support collection, reduced welfare caseloads, and improved detection of welfare fraud. The computer systems needed to keep track of time limits and track deadbeat parents, along with other measures such as Electronic Benefits Transfer and improved monitoring of the EITC, will enable us to wage a national assault on welfare fraud.

4. Demonstrations to See What Works: Many of the reforms in our plan are based on successful experiments pioneered by the states. We want this innovation to continue. In addition to continued broad waiver authority for state demonstrations, our plan authorizes a number of specific demonstrations for states that are eager to try new things:

* Building Assets: As you promised in the campaign, we have taken a number of steps to help people to build assets as one way out of poverty: allowing people to save some money for a home, business or education without losing their eligibility for help; allowing people to own a car of reasonable value so they can find a job and get to work; and giving them the opportunity to become self-employed or start a microenterprise.

* Individual Development Accounts: Current welfare rules force recipients to spend their welfare check, and penalize them for savings. Our plan will waive those rules to allow people to set money aside in Individual Development Accounts to buy a home, start a business, or provide for college. States will also be able to run demonstrations in which the government matches those savings.

* Microenterprise: In some communities, the absence of economic activity makes it difficult to leave welfare. We want to make it easier for people to start small businesses that enable them to become self-sufficient. Our plan provides for a nationwide demonstration of microloans, which will provide small amounts of money for welfare clients to launch small businesses.

* Mandatory Work Programs for Deadbeat Parents: States will be able to use up to 10% of their JOBS and WORK money to run work and training programs for non-custodial parents. We estimate that these programs will recoup 80% of their costs through increased child support collections.

* **Job Placement Bonuses:** We will encourage states to run demonstrations that offer job placement bonuses as an incentive to caseworkers and welfare offices for helping recipients get and keep jobs.

* **Charter Welfare Offices:** States will also be able to encourage competition and accountability by experimenting with chartering job placement firms, such as America Works, to run their JOBS program. (The Reemployment Act has similar provisions for job training.)

V. HOW THIS PLAN "ENDS WELFARE AS WE KNOW IT"

Our plan spends \$10 billion over 5 years and \$30 billion over 10 years, and maps out a rapid revolution in expectations for people on welfare. But because we can't afford and the states couldn't manage ending welfare for everyone at once, Republicans and some in the press will inevitably charge that we have "scaled back" our plan and fallen short of the campaign pledge to end welfare. We need to refute these skeptics by repeatedly stressing how bold our plan really is.

1. The Most Sweeping Work Requirements in the History of Welfare: Our plan will turn a system based on welfare into a system based on work -- because work is the best social program this country has ever devised. Today, fewer than 15,000 welfare recipients in America are required to work. Under our plan, an estimated 400,000 people will be in mandatory work programs by the year 2000. We require people who come on welfare to start looking for work from day one. Everyone who can work will have to do so within two years, or sooner if their state says so. We cut the number of exemptions in half, so that no one who is able to work can avoid it. And we'll move families off welfare by making fathers who are behind in their child support work off what they owe.

2. The Toughest Child Support Crackdown Ever Proposed: The child support enforcement measures in our welfare reform plan are by far the toughest any Administration has ever put forward. For the first time, government will hold both parents responsible for raising their children. Mothers won't be able to get welfare if they refuse to name the father. Absent parents who owe child support will face the most serious penalties ever: wage withholding, credit reporting, the threat of license revocation, a national registry of new hires to track them wherever they go, and mandatory work programs to make them work off what they owe. If this country did a better job of enforcing child support, we wouldn't need a welfare system. Every five deadbeats we catch will mean one fewer family on welfare.

3. A New Social Contract -- No More Something for Nothing: After decades of unchecked growth in government social programs, this is the first Administration in either party to ask something in return. In the campaign, you promised a new social contract of more opportunity in return for more responsibility. As you said at Georgetown, "We must go beyond the competing ideas of the old political establishment -- beyond every man for

himself on the one hand, and the right to something for nothing on the other." National service, the EITC, health reform, and welfare reform are all based on this same principle. Under our welfare reform plan, there will be no more something for nothing. Everyone will be required to work, get training, or finish school -- and even those who are unable to work will be expected to attend parenting classes or give something back through some form of voluntary service.

4. Ending Welfare as a Way of Life: The combined impact of welfare reform, health reform, and the expansion of the EITC will be dramatic and immediate. About half the caseload will be phased in by the year 2000. Reform means that by the year 2000, three quarters of the projected welfare caseload aged 30 or under will either be off welfare, working, or in a program leading to work. Without reform, only a small fraction would be working, and 20% would be in education or training.

5. This Is Everything You Promised in the Campaign -- and Then Some: Nothing about this plan is scaled back from your campaign promises. You've already made good on the EITC pledge that no one who works full-time with a child at home should be poor. This plan includes the two-year time limit as promised, with education, training, and child care -- and no loopholes; a work program that stresses the private sector first and community service as a last resort; dramatically tougher child support enforcement; state flexibility to experiment; etc. (The work-for-wages policy, which says that if you don't show up for work you don't get paid, actually goes a little further than what we discussed in the campaign about sanctioning the adult share of the grant.) It costs around \$4 billion a year when phased in, which is exactly what we said it would cost in the campaign. The plan includes many elements we didn't get into during in the campaign, such as a national campaign against teen pregnancy and a substantial increase in working poor child care (which was not a campaign promise).

6. The First Administration to Try to Keep People from Going on Welfare in the First Place: In addition to your many initiatives designed to empower people to lift themselves out of poverty -- Empowerment Zones, community development banks, enforcement of the Community Reinvestment Act, the EITC, health reform, sweeps in public housing, community policing, etc. -- yours is the first Administration to confront one of the leading causes of poverty, the breakdown of the family. The welfare reform plan includes several tough, smart measures to discourage people from having children outside marriage: the first time limits ever imposed on welfare, coupled with the broadest and most serious work requirements; a nationwide crackdown on child support enforcement, which will give states an arsenal of ways to keep absent parents from getting off the hook; a national campaign against teen pregnancy, targeted to the most troubled schools; and a broad array of incentives the states can use to encourage responsible behavior, from limiting additional benefits for additional children to rewarding teenagers for staying in school. In the long run, the only way to end welfare is to reduce the number of people coming on it.



Date: May 20, 1994
To: The Welfare Reform Group
From: Joe Goode and Stan Greenberg

RE: Welfare Reform – Priorities and Funding

The public is nearly unanimous in their support for a welfare reform program that provides job training and child care, but then requires an individual to go to work after two years. Voters are equally supportive of a variety of ways to pay for these changes, although the most popular funding proposals represent reform themselves, such as enforcement of child support payments and immigrant sponsors taking responsibility for new arrivals. The system is clearly broken and voters are willing to try a variety of measures, both as part of reform and paying for reform, to fix it.

Funding welfare reform by denying benefits to legal immigrants is a popular, but not overpowering, proposal. Almost two-thirds (64 percent) favor this Republican approach. However, when contrasted against Democratic alternatives including cuts in welfare for the wealthy, cuts in other programs, making work pay and especially enforcement of child support payments from deadbeat dads, the Republican funding scheme falls well behind.

There is a definite attraction to the Republican proposal, but most voters are looking for reforms that will reduce the welfare caseload without creating new hungry, homeless and sick people on the streets. Voters are not necessarily sympathetic towards immigrant aliens, but they recognize that cutting them off entirely will just create more problems in the long run. Clear common sense reforms – cracking down on deadbeat dads, identifying welfare cheats, making sponsors take responsibility for new immigrants – all attack the problem without creating additional burdens.

Still, voters are fed up with the current system and are willing to embrace some harsh alternatives. While the "two years and work" proposal is clearly the top priority, near majorities are willing to stop additional benefits to women who have new children while on welfare and to require strict measures like fingerprinting to ensure that people do not get benefits in more than one locality. Almost three-quarters (71 percent) favor limiting benefits to individuals who abuse alcohol or drugs. Voters want policies that focus on the individual and require them to take responsibility for their actions.



African-American and Hispanic voters are no less supportive of welfare reform than white voters. Indeed, Hispanics are nearly identical to whites in their priorities for change. Black voters focus more on policies that would help keep people off welfare in the first place – a campaign against teen pregnancy or day care subsidies for low income working families – but they are also strongly supportive of aggressive child support enforcement and "two years and work."

The major findings are set out below:

- **Unanimous support for two years program.** There is virtually no opposition to a welfare reform program that expands job training and day care, but then cuts off welfare benefits after two years and requires people to work. Regardless of whether the plan is introduced as Congress' or President Clinton's, it garners almost unanimous support – 88 percent in favor. There is little difference between races: blacks (82 percent favor), whites (88 percent), and Hispanics (90 percent) overwhelmingly favor the plan.
- **Democratic funding approach runs ahead of Republican alternative.** Voters are more supportive of Democratic plans to cover reform costs with a combination of reduction in welfare rolls by making work pay more, cuts in welfare for the wealthy, and a crackdown on welfare fraud. When compared to the Democrats, the Republican approach of barring benefits to legal immigrants maintains support only among core Republican constituencies.
- **Child support payments key to reform and financing.** The public's top priority in welfare reform is a program of aggressive child support enforcement (65 percent single highest or top few priorities). They are much more likely to back a Democratic funding proposal that includes "strict enforcement of child support payments" (61 percent) than an alternative without such a program (51 percent). Republican women abandon the Republican financing proposal when the Democratic alternative includes a child support provision.
- **Responsibility, individual accountability important to reform.** There is little about the current system that voters want to maintain, and they are particularly supportive of reforms and funding proposals that promote responsibility and accountability – such as sponsors taking responsibility for new immigrants or limiting benefits to drug and alcohol abusers. Minorities are strongly supportive of a national campaign against teen pregnancy.



- **Perot voters eager for reforms.** Welfare reform is popular with most voters, but Perot supporters are especially enthusiastic. Three quarters place "two years and work" in their top few priorities, compared to 63 percent of Bush voters and 59 percent of Clinton voters. Perot voters are supportive of almost every type of reform, resembling Democrats on day care subsidies but looking like Republicans on denying additional benefits to women who have children while on welfare.

Priorities for Welfare Reform

Voters are clear in their top priorities for welfare reform -- they want fathers to take responsibility for their children and they want people off the welfare rolls and into work. Other components of reform are grouped together, but there is a clear desire to eliminate the fraud voters associate with welfare and a call for individuals to take responsibility for their own lives:

	Percent Top Few
Aggressive child support enforcement	65
Expand job training and day care but cut off benefits after 2 years and require people to go to work	63
Strict measures like fingerprinting to make sure that people don't receive benefits in more than one locality	51
National campaign against teen pregnancy	48
Stop additional benefits to women who have new children while on welfare	48
Day care subsidies for low income working families	48
Require teen-age parents to finish school and live at home with parent or responsible adult	45

Child support enforcement is universally popular. There is almost no gender or partisan variation, although independents (71 percent top few priorities) and Republicans (67 percent) are somewhat more supportive. The two years/ job training initiative is also strong among almost every group. Interestingly, Perot voters place it much higher in their top priorities (75 percent) than either Bush (63 percent) or Clinton voters (59 percent).

Perot voters in general are more supportive of every reform, looking like Clinton supporters on day care subsidies (53 percent each top few priorities, compared to 42 percent of Bush voters), but looking like Bush supporters on denying additional benefits to welfare mothers who have new children (54 percent each, compared to 41 percent of Clinton voters). They are open to almost any type of reform that will change the system, including a program to stop teen pregnancy.



Black and Hispanic voters have different top priorities than whites, but their overall agendas are similar. Blacks place the single highest priority on a campaign to end teen pregnancy (21 percent single highest priority) followed by child support enforcement (18 percent). Hispanics split between two years/ job training (22 percent), a teen pregnancy initiative (20 percent) and fingerprinting (20 percent). Whites place their top initiatives as two years/ job training (20 percent) and child support enforcement (17 percent).

Blacks vary somewhat in their overall rankings of the "two years and work" initiative. Child support enforcement is by far ranked number one (67 percent single highest or top few priorities), with day care subsidies (54 percent), finger printing (52 percent), teen pregnancy (52 percent) and "two years" (51 percent) essentially tied for second.

Funding Alternatives

There is strong support for all funding alternatives tested, including denying benefits to legal immigrants. Tested individually, most of the Democrat alternatives run ahead of the Republican plan -- except the welfare for the wealthy provisions. But eliminating these tax breaks and subsidies is more popular with Democratic voters, and will help to consolidate support for the overall plan. Most of the other proposals are more popular with independent and Republican voters than they are with Democrats, although Democrats provide at least majority support for each one. The proposals rank as follows:

	Percent Favor
Require gamblers to pay withholding tax	83
Require immigrant sponsors to take responsibility for those immigrants for 5 years	77
Deny benefits to new immigrants until they become citizens	73
Limit benefits to drug and alcohol abusers	71
Eliminate benefits to legal immigrants	64
Eliminate tax breaks for annuities	62
Cut farm subsidies for wealthy farmers	61



Eliminating benefits for legal immigrants is an attractive alternative for many swing voters. Indeed, more independents favor the proposal (71 percent) than Republicans (69 percent). Even a majority of Democrats support the idea (56 percent).

While voters find the GOP scheme attractive, they do not stay with it when contrasted with a Democratic alternative. When asked to choose between two approaches, the Democratic approach wins a majority each time. A Democratic alternative that includes aggressive child support enforcement runs far ahead of the Republican plan:

Welfare for Wealthy/ Work Contrast	Fraud/ Deadbeat Dad Contrast
<i>The Democrats pay for their reforms by cutting welfare for the wealthy in the form of tax breaks and subsidies, and reducing the welfare rolls by making work pay with more tax breaks for the working poor.</i> 51 percent	<i>The Democrats pay for their reforms with spending cuts in other programs, by cracking down on welfare fraud and with strict enforcement of child support payments from deadbeat dads.</i> 61 percent
<i>The Republicans pay for their reforms by barring further welfare benefits to legal immigrants who are not American citizens.</i> 34 percent	<i>The Republicans pay for their reforms by barring further welfare benefits to legal immigrants who are not American citizens.</i> 27 percent

The first approach (welfare for wealthy) breaks out largely along partisan lines, although nearly one-third of Republicans back the Democratic alternative. A bare majority of Perot voters also sides with the Democrats. When the Democratic approach includes a crackdown on welfare fraud and deadbeat dads, a plurality of Republicans back the Democratic approach. Most of this movement comes from Republican women -- 53 percent back the Democratic plan (compared to just 27 percent on the first alternative). Perot voters back the deadbeat dad proposal by 62 to 24 percent.

Voters are most concerned about the effects of denying benefits to legal aliens. The strongest arguments against the funding proposal focus on the costs of dealing with these people when they get sick (62 percent serious doubts) and the possibility of more hungry and homeless people in their communities (60 percent). Arguments dealing with constitutionality and the legal status of immigrants are strong but less effective. Groups that are most responsive to the arguments against denying benefits to legal immigrants are mostly non-college (74 percent, 46 percent high school or less) and disproportionately older (47 percent). A plurality (40 percent) are older non-college voters.