[redacted]

95 FEB 6 P4:10

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
2-6-95

Mike McCurry

Meg Greenfield
said she wanted
to come see me -
set it up —
B.

[redacted]

2/6
J.
Do you want
Billy W.
also copied?

[redacted]

yes
S

Craig Smith — call him re: Tulsa BC

(703) 841-0321 (718) 884-6239

worked on NE finan '92

DR. HOWARD CHARLES YOUROW

CTS - per. ((check + see Hum. Rts.)

896 NORTH KENTUCKY STREET
ARLINGTON, VIRGINIA 22205

3824 WALDO AVENUE
RIVERDALE-ON-HUDSON, NEW YORK 10463

THE PRESIDENT HAS SEEN

2-6-95 THE PRESIDENT HAS SEEN

THE PRESIDENT HAS SEEN 2-6-95 File: Baseball

Bill's Squeeze

The prez steps up to save baseball

'I'm the president, and I ought to do something," President Bill Clinton said Friday night. "But it's more than that. I'm a baseball fan, and this thing just isn't right."

It had been a good day for baseball at the end of a good week. A system for a cap on players' salaries, imposed by the owners in December, was gone. The National Labor Relations Board was threatening to come down very hard on the owners for declaring an impasse in their negotiations with the players when there wasn't one. The owners and players were together in a room, negotiating with real urgency at last, apparently making real progress toward a settlement. While they did, Clinton talked about baseball by telephone from the White House.

Mike Lupica

He is a good one to talk. If there is about to be an ending to this bitter dispute that has lasted since Aug. 12 when the players went out on strike, that ending began last week with Bill Clinton. He finally got as mad as every other baseball fan in America, and tried to step up for all of them.

"It was time to turn the spotlight up," the president said.

He sent his handpicked mediator William Usery back into the room with the owners and players and Usery brought plain talk from the White House with him: Wrap this up, or else.

Both sides have been told that if they cannot reach an agreement by tomorrow, Usery will come up with a plan of his own to settle the baseball strike.

And if that does not get the job done, Clinton has made veiled threats of legislation aimed at binding arbitration, which frankly scares both sides to death, because then the matter is out of their hands once and for all.

The president did not say what plan of action he will pursue if the two sides, with Usery's help, cannot reach a settlement. He did not say whether he would join the baseball talks himself. There is no need for him to say anything yet. Fear of the unknown is what seems to be driving both the owners and the players right now.

This is not Bill Clinton stepping up for Mexico, getting over the top with universal health care. It is baseball. The president did not say Friday night that baseball was more important than life-and-death matters in this country. He just said baseball was too important to too many people in this country to become a national joke instead of the national pastime.

Whatever your political affiliation, you have to see that the [illegible] he got in it. It was mentioned to him Friday night that someone was finally acting like a baseball commissioner.

"Maybe that's a positive impact," he said, "somebody acting like the commissioner." It was not meant as a slap at Bud Selig, the acting commissioner. But Selig is not the commissioner, he is just chairman of the board for the owners these days. The president spoke of someone who could bang heads together on both sides. He was not rooting for either side, just rooting for baseball.

There were other angry political voices in Washington this week. Sen. Robert Dole, the biggest Republican in the Senate, was one of them. There was more unity from Democrats and Republicans on baseball than the owners and players had ever shown. But this was the week when the president of the United States acted like the real commissioner of baseball, a job effectively vacant since the owners forced Fay Vincent out of office.

"I can't tell you how frustrated I'd become about

NOW PITCHING, THE PRESIDENT

THE PRESIDENT HAS SEEN 2-6-95

To Mike McCurry

fyi —

looks good

BC

AP Photo

ARKANSAS SOUTHPAW. President Bill Clinton wants the major-league strike settled.

NEW YORK NEWSDAY, SUNDAY, FEBRUARY 5, 1995

Play

'It was really horrible, really horrible. They'd call up on a weekend when the appropriate person wouldn't be here, trying to trick you to get some

Play

this," Clinton said, when asked what drove him to bang the heads together and throw a scare into all the negotiators who were no closer to bringing baseball back than they had been six months ago.

He said: "A significant amount of Americans care very deeply about this . . . There's the economic interests of the communities involved in spring training, and the cities with teams. But you know what? It's even more than that. It's a metaphor for what's wrong with this country sometimes: A lot of money controlled by a few people who can't decide how to divide it up."

Finally the president said this: "We were in danger of having a relatively small group of people . . . take the season away."

He talked again about the impact in the spring training states of Florida and Arizona without the revenue generated by real spring training, which means real baseball players. "It's a huge deal for those states," he said. Then he talked about the sense of loss he felt last season, one of the great seasons, when it was cut short by the strike in August. In September, the game was disgraced by the cancellation of the playoffs and World Series.

"The way last season was taken away upset me the way it upset all baseball fans," Clinton said. "There were so many records that stood to be broken, records that had stood for 30 and 40 years. Guys were hitting the ball the way they hadn't in a long time. Then it was all taken away because of a contract dispute . . .

"Then I started to hear people say, well, it's a write-off if there's no season. I couldn't stand that. I thought: But what about baseball? What about the people?"

Clinton comes up looking like a champion if the strike is settled now. So there is political hay to be made. He has a right, and so do the people from the Republican side who got fed up watching the two sides bicker and get nowhere for months.

Of course there is no threat to national security here if baseball is not played. This is not a strike by air traffic controllers, or the railroads. It is a sport run by some of the wealthiest people in this country, played by some of the wealthiest athletes we have. This strike has inflicted lasting damage on baseball. But it is still the national pastime, and part of our cultural heritage, as hokey as that sounds. The president says that baseball matters. Fans have been shouting that for months. No one heard them.

The owners and the players heard Clinton, loud and clear, on the week when he stood up and spoke for all of us. He sounded more like a fan than anything else Friday night, talking about doing homework as a boy and listening to St. Louis Cardinals games on the radio, and about a train ride from Arkansas with his stepfather to watch the Cardinals play in person.

"It was one of the memorable events of my youth," Clinton said.

He was president when the World Series was cancelled. He had seen this baseball strike last so long that the start of a new season was in jeopardy. Usery, his mediator, could not make progress. No one could make a deal. "Intransigent" is the word Clinton used. By last week, he'd had enough. The owners and players could see him winding up.

"It was time for me to throw something in there," Bill Clinton said.

He is a famous lefthander out of Hope, Ark. His arm still seems to have some pop in it.

IN SPORTS

Complete Coverage
Of Developments
Toward an End
To the Baseball Strike

wouldn't be here, trying to ... kind of information from you so they'd be covered.'

Laureen Baron, telecommunications manager at the Hotel Plaza Athenee

Careful! They've Got Your Number

By Michael Moss
STAFF WRITER

The Transit Authority's trouble began with $5 checks.

For the posh Hotel Plaza Athenee, it was a weekend manager reciting lobby pay phone numbers to an anonymous caller.

And hundreds of other New Yorkers are falling victim when they sign up for chances to win a trip to Hawaii or drive a Jeep Cherokee.

The bad news: finding their long-distance telephone service switched to unheard-of companies that specialize in very high bills.

Those are just some of the come-ons companies are using to lure new customers in the take-no-prisoners war for your long-distance telephone trade.

At issue is "slamming" — industry jargon for switching a phone's long-distance service without the owner's consent. An estimated 2 million people nationwide were slammed last year, one survey shows. Most of the switches are done by upstart companies trying to muscle in on the $60-billion-a-year long-distance phone industry.

Sonic Communications, New York Newsday reported last week, allegedly slammed thousands of home phones in California and New York, prompting an investigation in Georgia, where the company is based. The owners have not returned calls for comment.

While some companies slam without any authorization whatsoever, authorities are now focusing on the ways companies lure their victims through deceit and treading the fine line of the law.

For example, innocent-looking checks arrive in your mailbox worth $5 or more. But if you cash them, you are switching phone service, a fact mentioned in small type, often under the sender's name, but often not on the back where people sign to endorse them.

Other companies are mailing truckloads of coupons for big cash contests, giveaways and, in one case, $200,000 in groceries.

It's hardly safer to visit the mall, where hawkers entice people to sign up for similar prizes, but only a mass of small print or footnotes reveal the real purpose: phone service.

A whole genre of come-ons pulls heartstrings. "HELP FIND MISSING CHILDREN," blares one contest entry form that promises $45 in cash, a chance to win $25,000, and donations to a missing children group. Only the ultrafine print mentions that by returning the coupon you'll find a new phone company on your bill as well.

New York Newsday reported Jan. 20 on phone scams.

"Instead of competing on price or quality of service, these marketing ploys take advantage of consumers' wishes to be 'lucky winners' or on their good faith responses to a charitable appeal," wrote the National Association of Attorneys General Telecommunications Subcommittee on Jan. 6. The comments were on a proposal by the Federal Communications Commission to crack down on deceit.

State officials are urging the FCC to go further by requiring that customers be notified when they're switched, making phone switch coupons more uniform, and limiting coupons to one language.

"We've seen contest entry forms printed in Spanish except for the disclosure that you're switching your phone service, which is in English," said Shirley Rooker of Call for Action, a Washington, D.C.-based consumer advocacy group.

Indeed, there's widespread agreement that non-English-speaking people are the primary and most vulnerable targets.

As evidence, AT&T in its comments to the FCC last month cited its survey of customers it recently lost to competitors. Seven percent overall indicated they had been slammed, but that figure soars to 18 percent for the non-English speaking customers.

Complaints on file with the

Please see PHONE on Page A12

The most effective defense against slamming: asking NYNEX to 'freeze' your long-distance phone service to your current carrier. Only at your request can any future change occur after that. To do this, call the NYNEX office number listed on your bill.

A Brooklyn Grandmother Finds an Unpleasant Surprise on Her Phone Bill, Page A42

NEW YORK NEWSDAY, SUNDAY, FEBRUARY 5, 1995

THE PRESIDENT HAS SEEN
2-6-95

THE WHITE HOUSE

WASHINGTON

95 FEB 1 P3:15

January 24, 1995

MEMORANDUM FOR THE PRESIDENT
LEON PANETTA
ERSKINE ~~BOWLES~~

Ickes + Bowles
we need to discuss
'95 requirements

FROM: Harold Ickes HB

SUBJECT: "White House budget" - Democratic National Committee for calendar 1994

Attached is the Democratic National Committee's "White House budget summary" for calendar 1994. It shows a total of $12,457,881 budgeted for White House support for 1994 compared to $11,493,955 actually spent.

Of the $12,457,881, over $3.6 million was for the health care field operations and media expenditures.

Of "direct White House support" of $1,067,685 the largest components were $222,000 for Presidential trinkets, $146,000 for meetings, receptions, and events (for which $300,000 was budgeted), $87,000 for Presidential advance, airfare, and $188,000 for personnel costs (people who work at or in connection with the White House).

1/18/95

Democratic National Committee
White House Budget Summary
1994

Cost Center:		1994 Budget		1994 Actual		Difference
Consultants-White House	$	1,191,000	$	1,039,682	$	151,318
Polling		1,700,000		1,686,985		13,015
Direct White House Support		1,067,685		756,215		311,470
Arkansas Office		278,231		272,052		6,179
VP Liaison		526,039		486,072		39,967
? Special Advisor		305,200		299,445		5,755
Health Care Campaign-Field and Core		1,039,726		1,105,301		-65,575
NHCC-Media and Other		2,650,000		2,604,780		45,220
Campaign Media and Travel		3,700,000		3,243,423		456,577
Total	$	12,457,881	$	11,493,955	$	963,926

THE PRESIDENT HAS SEEN
2-6-95

The Bible says

A prophet is without honor in his own country.
As ever,
Mary Ellen

DAMN GOOD BATTING AVERAGE!
Mike

YES 46✓ NO -13 ✗ -16 PENDING

Here's how President Clinton performed on some major campaign promises at the mid-point of his term. He ...) if the promise clearly has been fulfilled. He gets a **no (✗)** when he has taken no action or where ... ave fallen short. He gets a **pending** ( ) if Congress is considering a proposal to fulfill a promise.

THE PRESIDENT HAS SEEN
2-6-95

Erskine
see me re: this other article
lots of other promises kept could be added GATT etc — but format good —
BC

CLINTON'S PROMISES

prohibiting federally funded clinics from offering abortion counseling.

AIDS patient and activist Mary Fisher

✗ Freeze spending on federal consultants.

BUSINESSES

✗ Offer business a targeted tax credit designed to encourage investment in new plants and equipment.

✗ Make permanent the research and development tax credit.

✔ Cut in half the capital gains tax on new small business investments, provided the stock is held for five years.

✔ Create a civilian research agency to serve as an

ENVIRONMENT

✗ Increase average fuel economy standards from 27.5 mpg to 40 mpg by the year 2000 and to 45 mpg by 2015.

Increase energy efficiency in every federal agency and convert the federal vehicle fleet to natural gas.

✔ Prohibit drilling in the Arctic National Wildlife Refuge.

FOREIGN POLICY

IMMIGRATION

✔ Reverse the Bush administration's policy of forcefully repatriating Haitian refugees.

Require greater disclosure of contacts between lobbyists and lawmakers, including campaign contributions.

✔ Prohibit high-level administration officials from lobbying in their area of work for five years after leaving their government jobs.

THE PRESIDENT HAS SEEN
2-6-95

Sandy
Pls review & advise
if there's anything
(we know —
Bruck is questionable
journalist

BC

Stanley K. Sheinbaum

MEMO TO: President Bill Clinton

SUBJECT: George Soros Re Macedonia--And Papandreou

DATE: February 1, 1995

My friend, Andreas Papandreou, sometimes has a knack for getting into situations that are then difficult to extract himself from. His closing of the border to Skopje/Macedonia is a major case in point. He was reacting against the use by this "young nation" of their symbols which were threatening to the Greeks generally. The major political parties, left and right, concurred with his action at the time. I have seen him in the past few weeks and even before that I knew that he was anxious to find a way out of this new box he had gotten himself into. I have spoken to several of your NSC colleagues and they seem to concur that that is so.

I then ran into the enclosed January 23, 1995 *New Yorker* piece by Connie Bruck about George Soros, and it provides interesting background to what had occurred. George Soros, whom you probably know, was once Mr. Altruism himself. If Connie Bruck is to be believed the article seems to suggest that he has gone off the deep end in a sudden thirst for publicity and political influence in the Balkans.

Bruck relates how in the recent Macedonian history Soros played a significant role in exacerbating the already alarming tinderbox conditions which could explode into conflagration among Greece, Skopje/Macedonia, Turkey, Bulgaria, Albania and Serbia. Apparently, it was under Soros' influence--based on q quick two hour lunch and little prior knowledge--that President Gligorov of Skopje/Macedonia refused to dilute those three symbolic elements that were so offensive to Greeks of all stripes.

This is a volatile matter, more so now that Papandreou was quick to blockade Macedonia/Skopje. There is no doubt that Papandreou made an already bad situation worse with the blockade.

As for Connie Bruck, she had earlier established herself as a good reporter with her pieces on Michael Milken and Steve Ross of Warners. On the other hand you should know that she also wrote the most negative piece yet about Hillary.

So read pages 65, 66 and 67 for an immediate overview of the Soros intercession into the Greek-Macedonian tension and then the rest of the article for what seems to have been a personality change in Soros from Mr. Altruism.

345 North Rockingham Avenue Los Angeles California 90049 Telephone (310) 472-9541 FAX (310) 476-9853

The issue has a personal component for me in that as you know I have known Papandreou since the early Sixties when he was Chairman of the Economics Department of UC Berkeley. I have also known Soros a little bit in recent years, but more difficult for me is that his right hand man, Aryeh Neier, with whom I worked closely when he was National Director of the ACLU is one of my best friends and I consider him among the finest people I know. In fact Neier pointed out that it was Bruck who had written that bad article on Hillary.

I thought I should bring all this to your attention.

Stanley

cc: Secretary of State Warren Christopher
Ambassador Thomas Niles

SKS/kc
clinton.50

PROFILE

THE WORLD ACCORDING TO SOROS

Why did the speculator George Soros suddenly decide to take his life public? It's a move that puzzles observers, who are also wondering if Soros's expanded role as a global trouble-shooter makes him an invaluable one-man foreign-policy machine, as his supporters in the State Department contend, or an unregulated billionaire with a messiah complex.

BY CONNIE BRUCK

On a recent visit to Budapest, George Soros stood across the street from the apartment building where he had lived until he was fourteen, when, during the Nazi occupation, he and other members of his family assumed false identities and went into hiding. The stately building overlooked a small square, full of foliage, and the Danube, just beyond. Soros pointed to a large casement window with a view high enough to clear the trees, and, turning to his twenty-three-year-old son, Jonathan, who was standing beside him, told him that he used to sit there for hours at a time, watching the river flow by. It made a nice tableau—and a cameraman from a British television crew that was working on a documentary about Soros, the multibillionaire speculator and philanthropist, captured it. It has become something of a ritual for Soros, accompanied by camera crews, to visit this site, or the cellar where he hid, or the apartment building where his father constructed another hideout. Just then, a tour bus rolled slowly by. Soros glanced at it, and suddenly burst out laughing, exclaiming to his son, "I can just *hear* the tour director saying, 'And there is Soros, explaining his life.' "

It was not always thus. Soros made his fortune as a speculator in the financial markets, and since 1969 has operated a hedge fund—a little-regulated private investment partnership, geared to wealthy individuals, which typically attempts to achieve quick, outsized returns by making huge, highly leveraged bets. For many years, he, like his colleagues in this secretive, arcane world, treasured anonymity. In philanthropy, too, which Soros began in earnest about ten years ago—when he started a foundation in Budapest which aimed to foster the democratic values of an "open society" as defined by the philosopher Sir Karl Popper, and which supported dissidents living under the Communist regime—he kept a relatively low profile. After the fall of the Berlin Wall, in 1989, however, he began to reposition himself. He turned over the day-to-day management of the fund to an exemplary trader, Stanley Druckenmiller, and he immersed himself in the world of his foundations—by then, there were four—multiplying their number in Central and Eastern Europe and the former Soviet Union and dramatically accelerating the level of his giving. At the same time, he began to advocate that the West follow his lead, providing aid, in what he often referred to as an updated Marshall Plan, to the countries of the former Communist bloc. "I wanted to get my views across," Soros told me, in a recent interview. "But it was really hard going, because there wasn't a lot of interest in listening. Then came the sterling crisis, and that was the turning point—because suddenly I became a celebrity."

Soros actually made a decision to transform himself into a celebrity—a decision that was as strategic, in its way, as his having positioned himself (much earlier than most people, according to some of his colleagues) to take maximum advantage of the increasingly vulnerable pound sterling. In mid-September of 1992, there was a massive speculators' raid on the pound. The British government sought to defend its level in the European Exchange Rate Mechanism but ultimately surrendered and allowed the currency to be devalued. The defense of the pound had cost the government (and thus British taxpayers) some six billion dollars. Among the biggest winners were commercial banks; investment banks; pension funds; and hedge funds, which had bet large amounts of their capital against the pound. The hedge-fund investors were, however, very quiet, private winners—who saw no advantage in being identified as actors in the drama.

Several weeks after the crisis, though, Soros, an inveterate iconoclast, called an old friend, Anatole Kaletsky, a financial journalist for the London *Times*, and arranged an interview. In Kaletsky's article, Soros stated that, as the press had conjectured, his fund, Quantum, and several of its offshoots had bet roughly ten billion dollars against the pound (about nine billion of which was borrowed, in Soros's customary leveraging). He also said that Quantum's combined speculation, mainly against the pound, had garnered a profit of about two billion dollars. Soros became even more expansive, declaring that in the days before the pound's collapse "we must have been the biggest single factor in the market." Soros's colleagues in the financial community—including some of Quantum's directors and shareholders—were stunned at his public revelations; to this day, many express bewilderment at his action. One person in the hedge-fund community said to me, "Why bring light to this subject? Why bring attention to yourself?"

But where others saw only a downside Soros saw opportunity. Edgar Astaire, who has been friendly with Soros for close to thirty years, told me, "George *never* wanted publicity, but he feels he's past that—he feels he's impregnable now." What Soros wanted, more than anything, was to be heard. He was gambling that he would be able to translate celebrity status in one field (finance) into another (public policy); that celebrityhood was, essentially, generic.

There has been some backlash. Soros funds are involved as co-investors in certain projects in developing countries with the International Finance Corporation, the private-sector arm of the World Bank

Group. Gerard Steeghs, at the World Bank, told me that whenever one of these investments has taken place "someone on the board will say, 'Should this multilateral institution be doing business with Soros?' There is a feeling, among some people, that he did something *indecent* with the pound."

Soros's subsequent philanthropic actions, however, have helped to soften the early negatives. In December, 1992, just three months after Soros made his killing on the pound, he announced in London that he would donate fifty million dollars in humanitarian aid to Bosnia. In addition to that fifty-million-dollar donation, Soros made others of huge proportions: he committed two hundred and thirty million dollars to the Central European University, an English-language graduate school headquartered in Budapest, which he established in 1990; a hundred million dollars to establish a grant-giving program for scientists in the former Soviet Union; and a two-hundred-and-fifty-million-dollar pledge to aid humanities education in Russia.

Soros declares that he is well satisfied with his gamble. "People like the dictator in Romania, Iliescu, suddenly became very interested in meeting me. Before, he considered me beyond the pale," he says. "So in Eastern Europe my influence increased." He adds, "In America, I'm taken more seriously. Also in Europe. So I was able to speak out on issues like Bosnia, for instance, which is what I wanted to do."

He has continued to nurture his celebrityhood, regarding his reputation as "an asset, in a way, that has to be managed." Sensitive to his image as someone who is able to move markets, Soros has done what he can to diminish his aura of financial invincibility. When Quantum, betting on the dollar against the yen, lost six hundred million dollars in one day, in February, 1994, Soros seized the opportunity to publicize that loss (despite the fact that much of it was recovered, because the yen weakened). According to Gary Gladstein, the chief administrator and managing director of Soros Fund Management, Soros said to him at the time, "Let's show people that we're human."

Several years ago, Soros hired a full-time public-relations assistant, who works primarily on the foundation side of his bifurcated life. Soros began to publish pamphlets of all his policy speeches, and he mailed them to hundreds of people worldwide in the business communities, government, academia, and the press. He appears often on TV talk shows. In the summer, Soros invites a crowd of different guests on weekends to his estate in Southampton. Several years ago, the scene there tended to include former dissidents, some dishevelled-looking, sitting around in their bathrobes playing chess with Soros; these days, the group is more polished and increasingly influential, and is marked by a growing Washington contingent.

With the Clinton Administration, Soros, a newly turned Democrat, has made the kind of inroads that he was unable to make before. He still tends to be most valued as a financial guru (one of his Quantum directors told me, "George got in to see Clinton, to talk to him about Bosnia—and all Clinton wanted to talk about was the market"), while his views on foreign policy are often seen as relatively unsophisticated. A high-ranking official in the Administration says, "Sometimes his speeches and articles are overly idealistic. In that sense, people take him with a grain of salt." But he has cultivated excellent relationships with high-ranking officials in the State Department and at Treasury. He has opened a Washington office, which, as one Soros associate told me, will function as "his State Department." While intense lobbying efforts he has made on behalf of Macedonia over the past year or so have not really succeeded, in the last several months he has thrown the weight of his influence and his resources behind achieving Western aid for Ukraine, and there he has won at least a preliminary victory. Recently, too, he said that he intends to focus increasingly on the West, concentrating on finding ways of making "our own open society more viable." He has started programs in the United States devoted to drug policy and to dying, and, as he announced shortly after the November elections, he wants to deal with "the distortion of our electoral process by the excessive use of TV advertising."

FAIRY TALE

and smoke too many cigarettes
and love you so much
—*Frank O'Hara*

It was blowing hot and cold as I sat in the window seat
in a northern town, the heating on in June,
the window sash propped open on a splint of wood
like a tired eye on a matchstick . . .

There was a sign, Thank you for not smoking,
but I didn't want thanks, I wanted to smoke.
I was living on air, cigarettes, pull-ups, and kisses—
puffing away in a daze of longing.

Outside was the delicate viaduct, a redoubt,
a pair of magpies mating. The sun shone,
and there was such a fine rain falling
no rainbow was required.

It struck me I was exactly the person
to write the life of the pink shopping bag
hovering irresolutely
on the triangular intersection below.

It's puzzling how things happen. For years,
the princess lies in the glass coffin of her life,
then fruit on her tongue, and beer,
and salt, your salt.

—MICHAEL HOFMANN

DAVID LEVINE

"George never wanted publicity," an old friend says, "but he feels he's past that—he feels he's impregnable now."

"People in government used to sort of dismiss George—this crazy guy interested in Hungary," said Morton Abramowitz, the former United States Ambassador to Turkey, who is now the president of the Carnegie Endowment for International Peace, and has participated in a Soros-funded advocacy group on the Balkans. "He's now become a player—but it's very recent, a new phenomenon." Abramowitz went on, "He's untrained, idiosyncratic—he gets in there and *does* it, and he has no patience with government. As I frequently say about George, he's the only man in the U.S. who has his own foreign policy—and can implement it."

When I told Strobe Talbott, the Deputy Secretary of State, about Abramowitz's remark, Talbott, referring to Soros's foreign policy, responded, "I would say that it is not identical to the foreign policy of the U.S. government—but it's compatible with it. It's like working with a friendly, allied, independent entity, if not a government. We try to synchronize our approach to the former Communist countries with Germany, France, Great Britain—*and* with George Soros," he added with a grin.

Talbott also articulated a notion that seems to be popular in some parts of the foreign-policy community these days: since governments have neither the will nor the resources to lead the kinds of initiatives they once did, that vacuum should be filled by the private sector. To Talbott, Soros represents a paradigm of such activity; he even went so far as to say that he considers Soros "a national resource—indeed, a national treasure."

Others, however, describe aspects of Soros that—combined in an individual who possesses a personal war chest of billions of dollars—seem more threatening than venerable. He is portrayed as someone who has always tended to live by his own rules, and will change those when it suits him; who can be offended if a leader of a country where he is involved philanthropically is insufficiently subservient; who will consort with an autocratic regime in order to see his programs carried out; and who is intent on imposing his influence generally on an ever-expanding area of the world. As one person who has had considerable experience in government and is familiar with some of Soros's foreign-policy activities commented, Soros manifests a classic form of hubris. "You go into situations, you have money, you think you can manipulate things," this person said. And even some who count themselves Soros fans take note of a kind of messianism: there is "something pretty megalomaniacal about him," Thomas Simons, Jr., the coördinator of United States assistance to the New Independent States (of the former Soviet Union), said—a tendency, as one supporter put it, "to see himself as the sun, with other planets revolving around him."

Whether national treasure or messianic manipulator, this much is plain: Soros, the archetypal outsider all his life, has finally found a club to which he wants to belong. "George wants very much to be part of the international-policy world," says Aryeh Neier, the longtime executive director of Human Rights Watch, who, in late 1993, became Soros's second-in-command, as president of the Soros foundations. And Soros—who has tested himself against the market and won so many times that it must have come to feel not like testing at all, and winning not like winning—is frank about the pleasure he takes in his new avocation. "There is a certain thrill in dealing with affairs of state," he told me.

FROM this new plateau, Soros, who is sixty-four, surveys his past and, mainly, devises strategies for the future. He is a man who draws the eye in any group: dressed in exquisitely tailored clothes, he is fit and vigorous, with a somewhat avian cast to his features, and a piercing gaze. What most distinguishes him, though, is a consummate sureness, resonant in every syllable of his speech (he has a distinct Hungarian accent), every aspect of his bearing. He has reached a point in his life where he seems to feel that he can move forward quite unencumbered, having resolved many of his personal conflicts, to which he refers quite openly—his unusual preoccupation with

"You can keep the broccoli pin."

his mortality, for example, or his feeling that he has been a "bad father" to his three grown children, or his feelings about being a Jew.

What has probably been Soros's most intractable problem is the pattern of duality and detachment which has been, in effect, the leitmotiv of his life. And now that he has succeeded in creating such a highly visible persona, he says, that duality has become even more troublesome. He traces its origins to 1944—a year that he has said he recalls more vividly than any other in his life—when, aged fourteen, he posed as the son of a Hungarian government official, sometimes accompanying the official as he delivered deportation notices to Jews, or took possession of property owned by them. Self-control and detachment were the keys to survival. Soros recalled that when his mother was questioned at the police station by the local sheriffs, she convinced her interrogators that she was indeed the person her false papers stated she was by an exercise of detachment so extreme that she felt herself to be hovering near the ceiling, observing her bravura performance from above. He added, however, that after she was released she collapsed, suffering what was "kind of a nervous breakdown"—and he was furious at her for showing such weakness.

Sometimes it seems that even today Soros dares not let that control slip; when he was questioned by an interviewer for British TV about that year's experience, Soros rejected the suggestion that it had been traumatic, insisting, rather, that it was "an adventure." But, as his older brother, Paul, told me, they lived with the knowledge that if they were stopped on the street by the police or the military and their false identities exposed, they would at the very least face imprisonment, and they might well be shot; and they saw that happen to others—often at the very edge of the Danube, so the bodies would fall into the river.

That experience notwithstanding, Soros has chosen to exclude Israel and Jewish causes, by and large, from his massive philanthropy—a decision that has caused comment among some of his colleagues in the financial community, particularly those who are strong supporters of Israel. In Hungary, Soros has been subject to anti-Semitic attacks. Referring to being a target, Soros, in his book "Underwriting Democracy," wrote, "I am ready to stand up and be counted." When I mentioned that rather suggestive line to Soros during one of several extended interviews with him, he responded quickly, "Right. It took me a long time."

He continued, "My mother was quite anti-Semitic, and ashamed of being Jewish. Given the culture in which one lived, being Jewish was a clear-cut stigma, a disadvantage, a handicap—and, therefore, there was always the desire to transcend it, to escape it." He confirmed what someone had told me—that his family name had long ago been changed from Schwartz. "So the assimilationist Jews of

"I hate you! You don't understand me and you don't understand my software!"

Hungary had a deep sense of inferiority, and it took me a long time to work through that," he said, adding, however, that he succeeded in doing so many years ago.

He remarked, with a dry chuckle, "Of course, this whole interest in universal ideas is a typical means to escape from the particular."

Was he not, then, still seeking that escape?

"I *am* escaping the particular. I think I am doing exactly that by espousing this universal concept"—of open society. "In other words, I don't think that you can ever overcome anti-Semitism if you behave as a tribe. . . . The only way you can overcome it is if you give up the tribalness."

Soros knows the rebuttal to this argument—indeed, he *lived* it, as one of the assimilationist Jews whom Hitler found so undefended. But he is immovable, riveted in place, and less—his demeanor, at least, suggests—by philosophical conviction than by some psychological imperative. In response to my suggesting that he has a fundamental philosophical difference with Israel, Soros replied, testily, "I don't deny the Jews their right to a national existence—but I don't want to be part of it."

That early experience in Nazi-occupied Hungary, in any event, appears to have been formative, instilling in Soros the impulse to perpetually distance himself—not only from the experience itself and from his Jewishness but from other people and, indeed, much of life. This inner detachment, moreover, came to be outwardly reflected in a strikingly dual existence. He always thought of himself as a philosopher (when he was young, he expected that he would become another John Maynard Keynes or Albert Einstein), and he labored over drafts of theoretical treatises for many years; but at the same time he was notorious in financial markets as a singularly hard-edged, aggressive, and ruthless operator. Considering how he made his fortune—in the amoral realm of the speculator, pushing free-market principles to new limits (in his attack on the pound, for example)—it may strike some people as strange, he knows, to hear him inveigh against the laissez-faire policies of Margaret Thatcher and Ronald Reagan. (Indeed, his fondness for what some in the Czech Republic view as excessive social engineering has led them to bandy it about that he is "a closet Communist.") He is a philanthropist of historic proportions and, now, a statesman in the making, but he is also a consummate gamesman, adept at finding tax loopholes and operating in gray areas where oversight is scant and maneuverability wide. Indeed, the sums that he managed *not* to pay the I.R.S. for many years put his present giving in a slightly different light. And the fact that he is perceived by many who have dealt with him as an autocratic master manipulator does, of course, make his spending many hundreds of millions of dollars to promote the cultivation of open society a heady paradox.

That such contrapuntal impulses and actions have been able to coexist within this larger-than-life individual is probably due, at least in part, to a well-developed talent for compartmentalization. Now, however, comes the rub. "See, as long as I was just a more or less anonymous player, certainly in the markets and also to a large extent in these countries, I could really do both things at the same time and they didn't connect," Soros told me. "They were in separate compartments. But now that I've gained such a high profile it becomes impossible to keep them separate."

Thus, his persona needs to embody the powerfully diverse elements of his life. Nearly lifelong duality, then, is to give way to integration?

"That's right. Because there can't be two George Soroses, right?" he exclaimed, with some merriment. "There can only be one, right?"

MOST of the instincts that Soros brings to his current incarnation—one in which he sometimes refers to himself as "a stateless statesman"—were developed in the course of his nearly forty-year career in the financial markets. If one looks back at that span, it seems evident that Soros is one of those people fortunate enough to have found a customized niche in life—a place so tailored to their proportions that their strengths are exploited to the fullest, their weaknesses matter little, and their idiosyncrasies seem to conspire for their success. In Soros's case, however, the niche was never wholly satisfying. He always considered his vocation somewhat beneath him, and he behaved in a way that suggested that he was cut from finer cloth than his fellows in the financial markets; indeed, when he opened his own offices, he chose Columbus Circle, as far from Wall Street as he could get. Byron Wien, an investment strategist who has known Soros since the sixties, told me, "George was an aggressive money manager, but he had a certain European elegance. He was *very* hungry and *very* aggressive—but he didn't *seem* it. He seemed classier than that."

Perhaps it was his ambivalence that prevented him from becoming an immediate success. After graduating from the London School of Economics, in 1952, he got off to an indifferent start. He arrived in this country in 1956, and, working as a stockbroker, moved from one Wall Street firm to another over the next decade. During this period, he was also writing—and endlessly rewriting—a philosophical essay, entitled "The Burden of Consciousness," that dealt with open and closed societies. "I was living in this other place, so those were kind of lost years, in a way, because very little happened that registered," Soros told me. But by the time he started Quantum, in 1969—having raised four million dollars from wealthy private investors—he was fully engaged, and he set about creating what would become the most aggressive, high-profile, and successful hedge fund in the world.

Although hedge funds became a fad in the nineties, in the seventies Quantum was a rare breed. At a time when most of Wall Street was focussed on the domestic market, Soros was investing globally. Leverage was always his enhancer. And eventually he began using the exotic combinations of maneuvers—trading futures and options, or derivatives—which many years later would become popularized as the "macro" approach to investing. Quantum was from the start an offshore fund (based in the Netherlands Antilles), and therefore open only to non-United States citizens and residents (Soros managed to make himself an exception), and investors' profits were not taxed until the money was repatriated. These tax-free profits were allowed to compound, year after year, and, as the fund manager, Soros claimed an annual fee of fifteen per cent of profits. In the early years, he took much of his fee in shares in the fund, and he and his family came to own about a third of it. (Today, the fund and its diversified offshoots have assets of roughly eleven billion dollars.)

Thus his stake was always the biggest,

and his attitude, by and large, was that of an owner, not a manager. He did as he pleased; his control was unquestioned. Quantum did have a board of directors, which Soros could not join, because he was an American citizen, but it did not matter. "The directors have no authority; they're there as a formality," says Edgar Astaire, who, after many years as a director, recently resigned to join the Quantum operation. "All the authority is George's." A current member of the board offered a similar assessment, commenting, "Under Netherlands law, the directors have less authority than the doorman."

Regulatory oversight was also scant. As an offshore fund, Quantum was free of virtually all the regulations that apply to a United States public investment company, although it was still subject to certain United States laws with respect to trading activities. It operated in an extremely unregulated environment, and within that environment, many former employees say, Soros gravitated to areas—like currency trading—where oversight was even more minimal. As one expressed it, "George has his own rules—they're different, larger. He is unencumbered."

In 1986, Soros was fined seventy-five thousand dollars by the Commodity Futures Trading Commission, for having held positions in excess of speculative limits. (He had distributed them among various private accounts.) And in 1979 Soros had signed a consent decree (in which one neither admits nor denies guilt) in United States District Court, in a Securities and Exchange Commission case involving stock manipulation. The complaint charged that Soros had accumulated more than fifty-four thousand shares of stock in a company called Computer Sciences Corporation in the month before a planned public offering; and, in the days just prior to the offering, sold the stock aggressively. The complaint stated that Soros's actions, which induced others to sell as well and drove the price down, caused the offering price of the shares to be lowered; and he had then proceeded to buy shares, at the artificially low price.

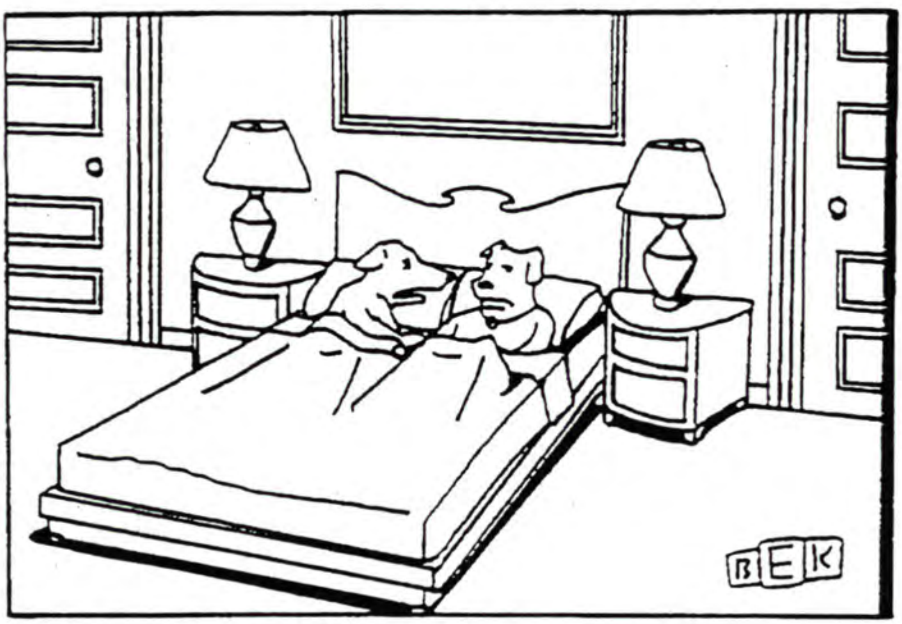
Markets did not always move at Soros's behest. In 1981, he suffered a major loss in the British gilt, or long-term government-bond, market. (That is the only year so far in which Quantum has had a negative return.) One friend, recalling Soros's description of the episode, told me, "He had cornered the market for British gilts. He was betting on the bonds' rising, and he was coining money. He was buying bigger at each step up. It kept going up. But then it started to turn. So, George told me, 'I took a big breath and went into the market and bought *really* big.' But it didn't work. He had a huge loss." This person added that, in his view, Soros's remarkable career in the financial markets has not sated his "long quest for legitimacy . . . because George knows that in the financial world many will say that his success is due more to his aggressive positioning and muscling of markets than to any thoughtful insights."

Soros's voraciousness in the market is triggered by what others see as an almost preternatural conviction. And it seems odd, at first, that this certainty should be the hallmark of someone whose investing is, he insists, guided by a theory based on the inherent imperfection of human perception. Soros calls his theory "reflexivity" ("It sounds like relativity," he once said), and he wrote an abstruse book about its relationship to his investing, "The Alchemy of Finance," published in 1987. He confesses, however, to being "hung up" about the fact that reflexivity has not received a serious reception, and he now maintains that he failed to articulate it properly. "I wrote a book about it, and it was basically just one idea—I mean, one sentence: 'Our inherently imperfect understanding helps shape the reality in which we live.' "

Soros believes that the error inherent in human perception affects events, which in turn affect perception (establishing, therefore, a circle of causation, or reflexivity), and so he subjects his own reasoning to a relentless critical process. And he believes that his greatest strength—what truly sets him apart from others—"is that I recognize my mistakes more quickly." Others may cling to their convictions, even as the market flouts them; but Soros, many attest, will turn on a dime. Jack Moorman, a trader who worked for Soros for a couple of years, told me, "No one can size up a situation as quickly as George. It's breathtaking. He has such certainty—not that he's right but that he knows what to look for to see if he's wrong."

"George believes that his gift on this earth is that he can take very complex situations and reduce them to their simplest form," said another person who worked for Soros for a couple of years. As for Soros's strength of conviction, his theory notwithstanding, this person said, "He does have this idea that we are all part of this imperfect circle. But he thinks he can take himself *outside*—that he can come closer to that perfect condition."

The investment process, of course, involves information as well as analysis; and Soros's access to information has long been the talk—and the envy—of many of his fellow-traders. A former associate re-



"Since we're both being honest, I should tell you I have fleas."

called an episode in the early seventies which involved Quantum's portfolio of Japanese stocks. "I used to trade it at home, until about 2 A.M.," the associate said. "One night, at midnight, George called me and said, 'Sell the Japanese portfolio.' I said, 'There are only two hours of trading left—sell the whole portfolio?' 'The whole portfolio.'"

Soros was in Washington, D.C., when he called, this person continued, and in the next two days the United States government put restrictions on trading with Japan. "George is a terrific intelligence officer," this person added.

Over the past thirty years, Soros has developed a worldwide network of contacts, one that he is in a unique position to harvest today. "His network *is* amazing," Astaire asserts, adding that it includes a host of foreign ministers and central bankers. "And he works at it all the time." Soros further expanded his access to information by farming out money, to be handled by promising fund managers all over the world, who then became his sources. And he made the discovery of "emerging markets" a staple of his investing before the term had even been coined. Upon learning from his sources that liberalizing measures to open a country to foreign investment were being planned, Soros would set up a joint venture with a native there which could trade in the local market; when the market opened, his investments would increase dramatically in value.

"Paloma designed these especially for me."

What Soros excelled at, essentially, was identifying those lacunae where perception lagged behind reality, leaving room for exploitation. "A lot of people who invest get terribly excited," he once told me. "I was always detached—and that enabled me . . . to study the game as a game. I was particularly focussing on changes in the rules of the game, not in playing by one particular set of rules but understanding when new rules came into being—and learning that before others did."

For nearly thirty years, Soros's investing—both in form and in content—was ahead of the game. It depended on information but also, to a great degree, on a certain mind-set (powered by both intuition and a superlative analytical capacity) and on a process of trial and error—a continuous playing out of his preoccupation with the relationship between participant and observer. It was a way of life that was, by all accounts, consuming, largely devoid of emotion, and almost completely self-enclosed. But Soros thrived. And the areas in which he had long been lacking—personal and professional relationships, judgments about character and motivation, all that derived from instinctual life experience—did not interfere with his success. Peter Rona, who is the head of the First Hungary investment fund, in which a Quantum fund owns a stake, and who has known Soros for about fifteen years, told me, "George has a very abstract mind—to the point that he is almost dehumanized. The higher the level of abstraction you're dealing with, the better George gets; the more you're dealing with something about which no scientific hypothesis can be formed, no general laws applied, the worse he gets."

Rona continued, "The excellence of his judgments about markets exceeds by a comfortable margin his judgments about people." And he added that this was part of the reason that Soros "has never made money by discovering the company that became a great success but, rather, by discovering markets—which are not personal."

Byron Wien told me that Soros "tends to think of himself in the third person," and went on to say, "He wants to achieve certain objectives—he gets his satisfaction from that, not from human relationships." He added, "George has transactional relationships. People get something from him, he from them."

Nowhere was this rather mechanistic approach more vivid than in Soros's relationships with his employees. Legions of traders passed through the revolving door of Quantum; some are said to have lasted only a day, others a week. Some who weren't fired quit, because, although they were well compensated, they decided that the experience was too punishing. Soros was expert at targeting people's weaknesses—scathing in his sarcasm and eager to stir internecine rivalries as a means of augmenting his control. (Once, when he had just hired a group of six money managers, he is said to have summoned them all into his office and announced, "Gentlemen, in one year there will be five of you. Now leave.") A former employee told me that he has concluded that Soros has "a horror of intimacy." He said, "George spends most of his energy with other people pushing them away, including insultingly. . . . You'd put your heart into something and George, in front of everybody, would say, 'I'm shorting it.' It was rude, brutal—he was in your face all the time."

In conversations with me, Soros alluded to his relationships at Quantum as another illustration of the detachment that has so dominated his life. "There was always a considerable distance between me and my being a fund manager," he told me. "And, for instance, I just didn't mix my personal life with my business life. Even people that I would have liked as people, I did *not* enjoy in private life, because I had a business relationship, and because interests would then come in. I would have to watch what I say, I would have to censor myself, so it interfered with my freedom."

He went on to say that he realized this was "very different from how most people do business," because "they build it on relationships. I had relationships which were correct—but not invested with emotion."

Even for those who feel they have positive relationships with Soros, the limitations on those relationships—what Wien referred to as their "transactional" nature—are always evident. Peter Rona emphasized that Soros has always treated him as a friend, and yet "it is hard to consider myself a 'friend,'" he said, echoing what various other Soros associates had told me. "If you're with him, you're under considerable pressure to perform. You have to come up with great ideas, have to say interesting things, have to be functioning at such a high level, in a way not congenial to ninety-nine per cent of humanity. He is racing along, he knows what your next sentence is, and he doesn't want to hear it." (Rona, moreover, is hardly possessed of a pedestrian intellect himself; a Hungarian refugee who knew no English when he arrived in this country, at fifteen, he went on to take high academic honors at Oxford.)

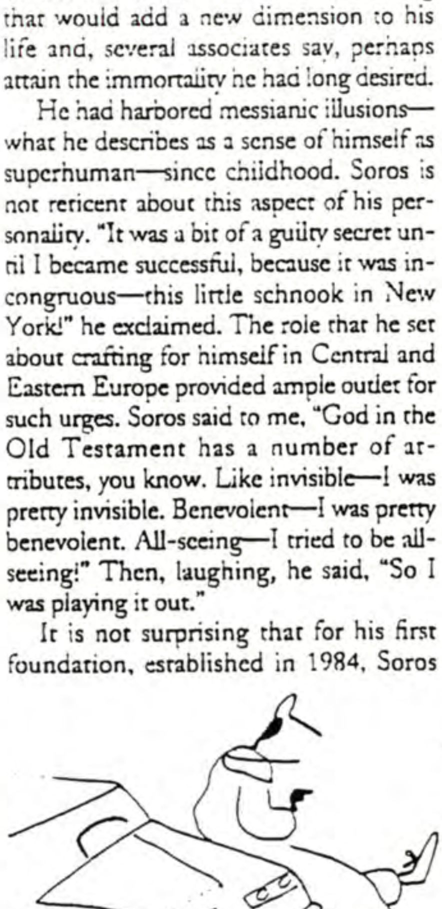
In conducting these fast-paced information-gathering exercises, Soros misses more than just the ordinary human pleasure derived from a genuine exchange. "He is not a person of balanced skepticism, who wants to hear all points of view and wants to ponder what is being said," Rona said. "He wants to get to a point: relevant or not relevant. You're O.K. or you're not."

IN the early eighties, Soros paused. Events had occurred that were profoundly unsettling to him: his junior partner at Quantum, Jim Rogers, left amid fierce acrimony; Soros's marriage, to Annaliese Witschak, broke up; he was having problems with his three children; and his fund was down 22.9 per cent for 1981. His experience with the gilt market, moreover, had been traumatic. (Soros told me that he felt "very exposed," and added, "There was a particular moment when I was under tremendous pressure, and I thought I would have a heart attack—and I thought, This isn't worth it!") Two of his friends told me that this was the only period when they had ever seen Soros decidedly not in control, and quite vulnerable. Many of his longtime investors, worried about his emotional state, were considering withdrawing their funds from Quantum. Soros went to several of them and told them that he might in fact *not* be in a condition to be managing their money, and perhaps they should withdraw; some did, and this caused the situation at the fund to deteriorate further. One investor who attended the 1982 Quantum shareholders' meeting recalled, "He was tarnished goods. People were saying he'd lost it."

But Soros is nothing if not resilient. He hired some new traders for Quantum. He was seeing Susan Weber, an art historian twenty-five years his junior, whom he subsequently married. Furthermore, he decided at that time to do something that would add a new dimension to his life and, several associates say, perhaps attain the immortality he had long desired.

He had harbored messianic illusions—what he describes as a sense of himself as superhuman—since childhood. Soros is not reticent about this aspect of his personality. "It was a bit of a guilty secret until I became successful, because it was incongruous—this little schnook in New York!" he exclaimed. The role that he set about crafting for himself in Central and Eastern Europe provided ample outlet for such urges. Soros said to me, "God in the Old Testament has a number of attributes, you know. Like invisible—I was pretty invisible. Benevolent—I was pretty benevolent. All-seeing—I tried to be all-seeing!" Then, laughing, he said, "So I was playing it out."

It is not surprising that for his first foundation, established in 1984, Soros



chose his native Hungary—the setting for halcyon childhood memories, violently truncated. Whatever the emotional content of his decision, however, it also reflected an attitude carried over from his business life, regarding leverage and identifying vacuums—places where he could get in early, before everyone else. His brother, Paul, who arrived in this country several years before George, and built a successful engineering firm, recalls their conversations about this new endeavor: "Up until that point, George wanted to be financially successful. But then it was 'O.K., you have made a hundred million dollars in one year, now what do you do?' And instead of donating five million dollars to a hospital, five million dollars to a university—the conventional way—he felt you could get much more bang for the buck by trying to do things to foster an open society in these countries. To try to do things here takes much more money, and the possibility of having an impact is much more limited. But there it was a vacuum. He could have so much more impact. Five or ten million dollars in Hungary under the Communists meant a lifeline for many people."

The appeal of starting these "open society" foundations (Hungary was followed by China, in 1986; the Soviet Union, in 1987; and Poland, in 1988) seems plain. But even here, creating a role that finally corresponded more closely with his self-image, Soros was not unconflicted. Over the years, starting with his experience in wartime Hungary, he had developed all the instincts of an outsider; he was distrustful of government, disdainful of the establishment, allergic to institutions generally. Traditional foundations did not escape his contempt. He saw them as too bureaucratic to respond in a timely way to real need; laden with overhead, which benefitted the givers instead of the recipients; and inherently corrupting, almost *demanding* to be exploited. ("They go against human nature," Soros says, "which is to take and not to give.") This last point was particularly nettlesome for him, inasmuch as he is a singularly untrusting person, intent on not allowing others to take advantage of him. (Indeed, Soros is said to have presented his wife, Susan, with a prenuptial agreement. And, according to one longtime friend, the investment adviser Victor Niederhoffer, when, at Soros's wedding, the minister recited the traditional vow for Soros to repeat—"For better or worse, I do endow thee with all my worldly goods"—Soros turned to his personal attorney, William Zabel, and asked, wryly, whether he could state this without being bound, and, upon being told that he could, nonetheless muttered in Hungarian, "Subject to any prior agreements with my heirs.")

In an attempt to cure the flaws that he considered intrinsic to foundations, Soros made a number of decisions. His foundations would be short-lived, and thus deprived of the chance to spawn layers of bureaucracy. They would be operated with minimal overhead. Whereas the Ford Foundation might typically devote three to five years to spadework, along with grant-making, before opening a local office in a country, Soros foundations would open virtually overnight. And while Ford, again, would send its own people to run the office along with local people, a Soros foundation would be run only by local people—who would be given a considerable amount of autonomy, and who would, Soros reasoned, come to feel that it was *their* foundation, and so be disinclined to exploit it. He felt that it was critical for him to maintain a low profile, and keep his ego out of it—and, he says, he resolved to do so.

Between 1984 and the fall of the Berlin Wall, the Soros foundations hit their stride. The money spent was modest by the standards that Soros has set for himself more recently; in those years, he spent less than thirty million dollars. But his foundations did help to drive wedges into closed societies. In Hungary, for example, the foundation provided photocopy machines to public libraries and institutions, established scholarships and travel grants for writers and social scientists, and funded myriad projects that were not state-controlled—theatres, filmmaking, sociological research, newspapers, and magazines. Referring to this broad range of activities, György Jaksity, an analyst at Concorde Securities, in Budapest, told me, "It's a phenomenon; it has an impact on everyday living. . . . The first book on business that I read that was written not from a Marxist but from a free-market standpoint said, 'Sponsored by the Soros Foundation.' . . . People like me know that the book they are reading, the teacher who teaches them, were sponsored by Soros. It's a very cultured way of influencing people. You can say, 'I'm Napoleon Bonaparte—I will kill thousands of people unless you give me Moscow.' Or there's the other way: the Soros way."

In this early period, especially, Soros was heavily involved in the work of the foundations. Colleagues recall the evident pleasure he took in reviewing hundreds of grant applications and, when he visited a region, in sitting around kitchen tables with local dissidents, discussing politics far into the night. While it was true that the foundations' directors had a great deal of latitude and that each foundation had its own board of directors, ultimate control resided with Soros. (For many years, the board of the Open Society Fund—an umbrella organization—consisted only of Soros, his wife, and Bill Zabel.) He was a benevolent autocrat, however, and he stuck to his resolution to maintain a low profile.

It was not really feasible to do otherwise. As Soros pointed out to me, the foundations were subversive, and their real motivation had to be "under wraps"—particularly since the different countries in which they existed were in different stages of political evolution. Recalling that an article that appeared about him in the late eighties referred to him as an "anti-Communist," Soros said, "It was highly embarrassing and damaging to me, because I had a foundation in China, where I said I was a supporter of the Open Door policy. 'I'm not an anti-Communist,' I said to them. So you would have to say different things in different countries." As a result, he went on, "all communications had to be private—I would talk to the government officials, and say one thing in one country, and another thing in another country!" He laughed heartily.

With the collapse of Communism, everything changed. In his life as a speculator, times of crisis—which Soros refers to in his theory of reflexivity as "far from equilibrium conditions" (borrowing the term from chaos theory)—have generally afforded him his greatest opportunities and rewards. Soros believes that, in part because of his early "far from equilibrium" experience under the Nazis, he has an edge at such times. Now, applying his theoretical perspective to events in Central and Eastern Europe and the former Soviet Union, he saw another such crisis unfolding, and he was convinced that he had a superior grasp of what needed to be done. He would assume the role of deus ex

"I'd like to be respected for my mind, but I'll settle for clothes."

machina, as he said, and begin providing the kind of assistance necessary to these countries to counter a rising nationalism; he thought that he would be a market leader, in effect, as he had been so many times in the financial markets; the West would follow him. This was when he began his quest for public attention. He also began establishing new foundations at a furious pace in the formerly Communist countries—sixteen between 1990 and 1992. The regimes in some of these countries were still blatantly repressive, and the foundations' role was not very different from that of the earlier, pre-1989 foundations. But in other places the difference was night and day. Whereas in the past Soros's strategy in these closed societies had been to nurture the weak and subvert the powerful, now everything was up for grabs. Soros could, in some instances, perhaps help decide who would *be* the powerful—and he could shape these emerging societies not from the bottom but from the top.

"Whatever you do, please don't edit yourself."

NOWHERE has Soros put more energy and money into bolstering a government than in Macedonia. "George is the savior of Macedonia," his friend Morton Abramowitz declared. And the Macedonian representative in Washington, Ljubica Acevska, says of two separate Soros loans of twenty-five million dollars, "People have found it difficult to believe. The opposition said, 'A *country* does not help you—why would an individual help you?' Remember, twenty-five million dollars in Macedonia is like billions here. . . . The fact that Soros did it helped the government a great deal."

By betting aggressively on Macedonia, Soros plunged into one of those simmering Balkan disputes whose apparent simplicities mask lethal complexities. The Macedonia that excited Soros was a province of Yugoslavia once known as Vardar Banovina; it was renamed the Republic of Macedonia in 1945 by Marshal Tito. Its populace was varied, the largest portion being Slavs, whose ancestors had arrived in the region nearly a thousand years after the most famous Macedonians of all, Philip II and his son, Alexander the Great. However, Tito—coveting the large Greek region of Macedonia—encouraged the irredentist idea of all Macedonians' sharing a distinct ethnic identity. He then supported the Communist-led Democratic Army in the Greek Civil War, a brutal conflict that tore the country from 1946 to 1949.

Greece's fears were reawakened in 1991, when the fragment of Yugoslavia declared its independence as the nation of Macedonia; its newly elected President, Kiro Gligorov, was one of Tito's Communist bosses, and had helped propagate the idea of a separate ethnic identity for Macedonians. Gligorov says that his Macedonia has no territorial ambitions, but the Greeks have not been comforted. In 1992 and 1993, Gligorov's government issued new school textbooks that showed "geographical ethnic boundaries" encompassing the whole of Greek Macedonia; the country's flag carries the symbol of the empire of Alexander the Great; and a preamble to its 1991 Constitution pledges it to protect Macedonians everywhere. The Greeks do not pretend that the Lilliputian Macedonia, with its two million people, poses any threat to them at the moment, but history has taught them to take a long view. In a scenario that some Greeks project, for example, Macedonians might someday attempt a hostile incursion, in concert with their fellow-Slavs in Bulgaria, which occupied part of Greece during the Second World War.

This was the situation when Soros arrived in Skopje, the Macedonian capital, in September, 1992, during a whirlwind tour through his proliferating foundation network. He had come directly from Bulgaria, where a member of the board of his foundation in Sofia had given him the prevailing Bulgarian view: that there is no such thing as an ethnic Macedonian, and that Macedonia's fervent attempts to establish this identity cloaked irredentist aspirations bequeathed by Tito. "Soros knew nothing about Macedonia," Acevska said. "When he arrived, his head was filled with propaganda from Bulgaria—he was probably sorry that he was here. Then he had a meeting with the Prime Minister, whom Soros really likes, and the President had a lunch for him—and he changed his mind."

That afternoon, Soros held a press conference at which he announced that he was committing an additional million dollars to the budget of his foundation in

Macedonia, and, furthermore—and this carried as much weight—he was changing its name from the Open Society Foundation of Skopje to the Open Society Foundation of Macedonia.

When I described Soros's overnight conversion to the Macedonian cause to someone who used to work for Soros in the financial markets, this person asserted that it was "pure Soros." He said, "As a fund manager, you're looking at life and then simplifying it in order to find predictive qualities. So he gets the 'broker's recommendation'—that is, the consensus view—from Bulgaria. Then he gets to Macedonia, and, instead of getting corroboration, he decides that the reality is totally different. And he thinks, If I *hit* the reality hard, the illusion will give way. It's his *perfect* market position!" This person noted that Soros is always happiest going against the herd: "That's when the wind's in your hair."

He pointed out, however, that in the market "you see if you're right or wrong; the market tells you. Now George is in an area where there is no real right or wrong, where it's more nuanced. He says, 'If I spend enough, I will make it right.' "

In the good-guy, bad-guy formulation to which Soros is so partial, the Greeks became the bad guys. He did not go to Greece to get the Greek view. In his few hours with Gligorov, he became persuaded, as he has often insisted since, that Macedonia is the only multi-ethnic state left in the Balkans with a government devoted to pluralism and democratic principles—a view contested by many ethnic Albanians, Macedonia's largest minority, who charge that Gligorov's actions belie his words, and that they are discriminated against in schooling, employment, and political representation.

The executive director of the Soros foundation in Skopje, Vladimir Milčin, maintains that he, too, is committed to the principles of an open society. But it is difficult to reconcile a dedication to pluralism with the demagogic passion that Milčin exhibits on the question of Macedonian ethnic identity. He gave me propagandist literature on Macedonia and Greece (including a pamphlet of excerpted texts entitled "Modern Greeks Are Not Descended from the Ancient Hellenes"). Efforts to resolve the ongoing dispute with Greece have included discussions about changing the name of Macedonia to something like Vardar Macedonia or Nova Macedonia. But in an interview I had with the Prime Minister, Branko Crvenovski, which Milčin attended, the two men insisted that the name is not negotiable. Milčin declared, "If they change the name, I will go to the mountains and fight with the guerrillas!"

Such strong partisanship is not the normal language of foundations. As tax-exempt organizations that receive tax-deductible contributions (from Soros), the Soros foundations, according to I.R.S. rules, are not supposed to engage in most forms of political activity. They may not lend support to a particular party or a campaign, for example, and they may not lobby (though "lobbying" is rather loosely defined). Soros, as he has done often in his financial life, is moving aggressively in a gray area—in both his personal lobbying and the work of his foundations. Soros has made no secret of his willingness to lend support to Gligorov, even in the context of an election campaign. In November, Gligorov and his coalition won an ample majority (in an election that the two main opposition parties have charged was rigged). About a month before the election, Soros told me that he would have gone to Macedonia to help Gligorov if the election had seemed in doubt. Ljupčo Georgievski, the right-wing head of the opposition V.M.R.O. (International Macedonian Revolutionary Organization) Party, charges that the Soros foundation is "a support machine to the government." Virtually all foundation grants, he says, go to those associated in some way with the ruling party. Referring to a television station, A1, that receives Soros support, Georgievski said, "It is truly an alternative in its cultural programming; however, in politics . . . you see ministers of the present Macedonian government more often than on state TV." Marshall Harris, who was formerly in the State Department and is now the executive director of the Action Council for Peace in the Balkans (an organization started in 1993 with Soros's funding), told me, "The complaints I've heard a lot—that the [Gligorov] government freezes out all other parties, even those in its own coalition, that information about negotiations [in the dispute with Greece] is kept under *very* tight control—are not suggestive of a new system."

Since the fall of 1992, Soros has been lobbying aggressively for United States recognition of Macedonia, while Greece has been making the case that recognition should not come before Macedonian concessions on its name, its flag, and its Constitution. Last February, President Clinton did agree to recognize Macedonia under the name of the Former Yugoslav Republic of Macedonia—an attempt not to show prejudice to either side. Greece retaliated with an embargo, and Clinton, after meeting with representatives of a Greek-American lobby, essentially froze the recognition.

At this point, one well-placed person in the Clinton Administration told me, Soros moved into high gear. "He wrote a sharp letter to the President, raising parallels with 1938 and appeasement," this person said. Soros also wrote a somewhat more moderate piece for the Op-Ed page of the *Times*. In public appearances, he denounced Greece and the Greek-American lobby. He has lobbied Strobe Talbott and others in the State Department and the National Security Council. And at the Bretton Woods Conference in Washington last July, Soros worked the corridors assiduously, attempting to persuade members of the European Union to help Macedonia. (Greece, which then held the chairmanship of the E.U., has vetoed any aid.)

Nor were all Soros's efforts so overt. The Soros-funded Action Council for Peace in the Balkans launched a major effort on Macedonia. In February, 1994, it issued a "Macedonian White Paper," highly supportive of Macedonia's position vis-à-vis Greece, and this was circulated to the White House, Cabinet offices, Congress, and hundreds of media people. Several months later, in May, it issued another report, which also supported Macedonia. The report had been produced, according to its cover letter, by "a bipartisan, independent delegation."

The Action Council letterhead lists fifty people—including members of its steering committee and its executive director and its program director—but not Soros. (According to Aryeh Neier, Soros wants to "foster the debate" rather than "be identified with detailed positions.") Nor, for that matter, does it list John Fox, who is the head of Soros's Washington office, and who, according to Marshall Harris, "was director of the policy group . . . the behind-the-scenes group at the working level of the council," and was involved in the preparation of both reports.

Few would disagree with the high premium Soros has placed on achieving a stable Macedonia. For if tensions were to ignite between its Slav majority and its large Albanian minority, that conflict might well precipitate a wider Balkan war—one that could involve Albania, Serbia, Bulgaria, Turkey, and Greece. And his denunciations of the Greek embargo are not so off the mark, either; even many who understand Greece's sensitivity on the Macedonian issue acknowledge that Greece, in imposing the embargo, has handled the situation in an unjustifiable as well as a self-damaging way.

But the problem with Soros is the extremity of his views—his tendency to beatify one side and demonize the other—and the way in which that is reflected in his activism. If Soros had pursued a more moderate, conventionally diplomatic course at the start, listening to both sides, it is just conceivable that he—with his influence and resources—might have been able to mediate a settlement before the issue became so enmeshed in the politics of both countries. In the event, however, Soros's intervention—as self-styled deus ex machina—has done nothing to move the conflict toward resolution; if anything, one might argue that his zealousness (and funds) has contributed to Macedonia's intractability. According to one person familiar with the situation, the Greeks have become somewhat more flexible, while Gligorov—after his recent electoral victory—has stiffened. It bears noting, too, that Soros's strength has always been abstraction, while his weakness has been judgments about character, motivation, the more nuanced stuff of life—and, for that matter, of politics. As one person with considerable diplomatic experience told me, "Gligorov is very smart, but he did spend thirty-five years in the Tito government—and to have survived in that system you have to be a tough bastard. We should not have illusions about him. Soros does romanticize Gligorov.

"Soros sees this situation in black-and-white," this person continued. "But in my view, no. In this region, there is no black-and-white, and it is a mistake to view it that way."

To Soros fans like Strobe Talbott; Leslie Gelb, the president of the Council on Foreign Relations; and Mark Malloch Brown, the head of public affairs at the World Bank, Soros is the trailblazer they hope other businesspeople will follow, moving to fill the vacuum left by an over-extended and inadequate government. But Soros's Macedonian expedition seems to be almost a parable about the pitfalls of that idea. Soros, unsurprisingly, is to a considerable degree a creature of his experience in the markets: idiosyncratic, intuitive, prone to quick judgments often based on scanty information, aggressive, manipulative, so self-reliant that he trusts no one's judgment but his own—a profile, in sum, hardly suggestive of a diplomat. And, unlike the governmental bodies he has long disdained, Soros is a free agent, accountable to no one, subject to no checks and balances of countervailing opinion—whose power is rooted, in the end, not in a consensus on the wisdom and sophistication of his world view but in his money.

OF all the countries where Soros has placed his philanthropic bets since the fall of the Berlin Wall, Ukraine seems on the verge of producing the greatest payoff. There, more than anywhere else, Soros has been able to exert influence at the highest levels of the government to see his ideas implemented. Indeed, if President Leonid Kuchma succeeds in bringing about the economic reforms he has recently promised, that over-all scenario will have been scripted, to a notable degree, by Soros.

It began back in the fall of 1991, when Ukraine declared its independence, and Soros had what he calls a "seminal meeting" with Dr. Bohdan Hawrylyshyn, an internationally known Ukrainian economist, who, after living abroad for many

"I'm his biological lawyer."

years, had decided to return to Ukraine in 1988, to help steer its course, and in 1990 had become chairman of the new Soros foundation there. The foundation started out with the usual Soros mandate, to foster civil society mainly through the support of cultural and educational activities. But, with Ukraine's declaration of independence, Soros recalls, he and Hawrylyshyn decided on a far more ambitious role for the foundation: it would build the institutions that would enable Ukraine to function as an independent and democratic state. Because of its years as part of the U.S.S.R., Ukraine had none of those institutions in place. "It was a vacuum," Soros told me, and so "there was a great willingness to accept this kind of support, which would in normal times be rather intrusive." He added, laughing, "I mean, I can't try to do that in America. They would tell me where to get off!"

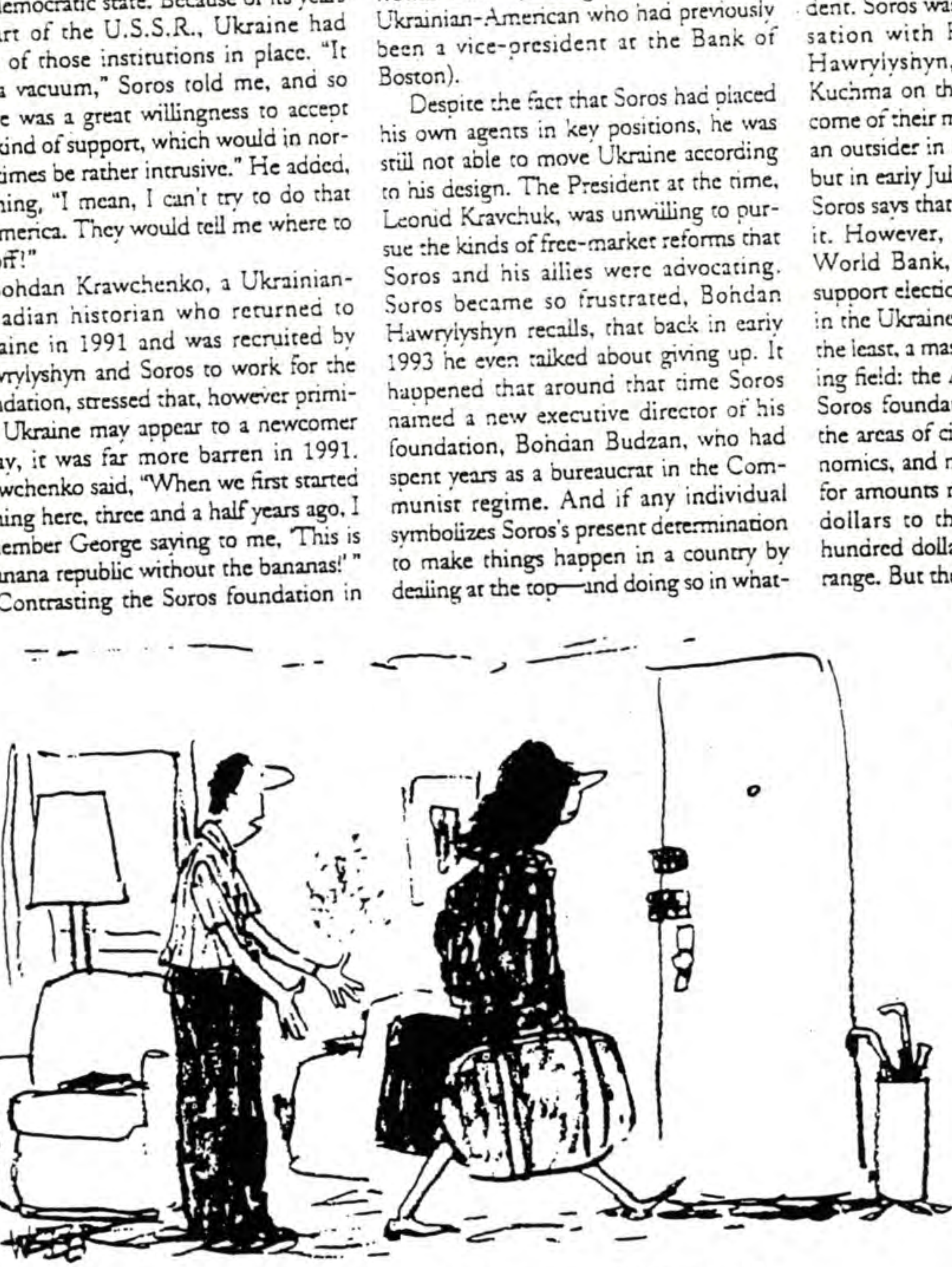
Bohdan Krawchenko, a Ukrainian-Canadian historian who returned to Ukraine in 1991 and was recruited by Hawrylyshyn and Soros to work for the foundation, stressed that, however primitive Ukraine may appear to a newcomer today, it was far more barren in 1991. Krawchenko said, "When we first started coming here, three and a half years ago, I remember George saying to me, 'This is a banana republic without the bananas!' "

Contrasting the Soros foundation in Ukraine with its counterparts in other countries, Krawchenko told me, "There is no other place where the Soros foundation is so plugged in at the top. We were here when there was *nothing*. . . . The deputy minister of finance sat with George and me in a basement almost four years ago and we tried to figure out what to do about monetary reform." That deputy minister of finance, Olech Havrylyshyn (a nephew of Bohdan), was on the payroll of the Soros foundation—as was the deputy governor of the National Bank (George Yurchyshyn, a Ukrainian-American who had previously been a vice-president at the Bank of Boston).

Despite the fact that Soros had placed his own agents in key positions, he was still not able to move Ukraine according to his design. The President at the time, Leonid Kravchuk, was unwilling to pursue the kinds of free-market reforms that Soros and his allies were advocating. Soros became so frustrated, Bohdan Hawrylyshyn recalls, that back in early 1993 he even talked about giving up. It happened that around that time Soros named a new executive director of his foundation, Bohdan Budzan, who had spent years as a bureaucrat in the Communist regime. And if any individual symbolizes Soros's present determination to make things happen in a country by dealing at the top—and doing so in whatever ways are most effective—it is Budzan, who is so much the stereotype of a Party commissar that he seems a caricature. One person who has dealt extensively with Budzan and the foundation told me, "George saw him as a guy who could get things done, a guy from the old regime—who but an old Party hack, in this society, at this time? Budzan is a press-down, chain-of-command kind of guy."

Last May, Leonid Kuchma came to the United States and paid Soros a visit. He was at that time a candidate for President. Soros was so excited by his conversation with Kuchma that he called Hawrylyshyn, in Bucharest, and put Kuchma on the phone to relay the outcome of their meeting. Kuchma was rated an outsider in a large field of candidates, but in early July he won an upset victory. Soros says that he had nothing to do with it. However, Evelyn Herfkens, of the World Bank, says, "The Bank cannot support election campaigns of reformers; in the Ukraine, Soros did." There was, at the least, a massive effort to level the playing field: the April, 1994, bulletin of the Soros foundation lists twelve grants, in the areas of civil society, education, economics, and mass media, eleven of them for amounts ranging from five thousand dollars to thirty-one thousand eight hundred dollars, with most in the lower range. But the twelfth—to support independent television stations' coverage of the Ukrainian elections—was for $363,100, an extraordinary infusion of capital in Ukraine, and one that would be spent in a three-month period.

What Soros undoubtedly did do was enable the successful Kuchma to win for Ukraine a commitment for a crucial, I.M.F.-administered loan program of nearly four billion dollars. The loan had been strongly recommended by the United States at a Group of Seven economics meeting just before Kuchma's victory, but it was contingent on Ukraine's instituting economic reforms. An economic observer sent by



"You can't leave. Your role in this relationship is pivotal."

the United States, Professor Rudiger Dornbusch, of M.I.T., returned with a report that said, in Soros's words, "This was not the moment, and this was not the group."

Soros was galvanized. He got in touch with Anders Åslund, of the Carnegie Institute, who has worked on economic reform in Russia, and asked him to come with him and John Fox to Ukraine. They arrived about ten days after Dornbusch had returned to the United States. After meeting with President Kuchma, Soros directed Åslund to organize a team to work with the Ukrainians on their negotiations with the I.M.F. And he fired off a memo, distributed to the White House, the Treasury, the State Department, the I.M.F., and the World Bank, in which he argued that this *was* the moment, and this *was* the group. He and Dornbusch agreed on the bleak economic realities of Ukraine, but they differed, essentially, on their reading of Kuchma. Soros asserted that Kuchma did indeed intend to pursue those reforms necessary to get the aid.

On September 24th, about six weeks after Soros mobilized his forces, it was reported in the Ukrainian press that Ukraine and the I.M.F. had reached agreement to begin implementing the first stages of the four-billion-dollar program. (And by the end of the year roughly seven hundred million dollars had been received.) It was a considerable triumph; in the view of Thomas Simons, the New Independent States coördinator, that agreement would not have been reached if Soros had not intervened and provided Kuchma with the Åslund team—a team unaffiliated with any government or institution. "They were not World Bank, not I.M.F., not these financial institutions," Simons said. "They were from George Soros, and they were working for *him*"—that is, for Kuchma. "They were absolutely indispensable." Since then, a great deal has happened to ratify and extend that agreement, with the United States taking the lead, and in these activities Soros has played no substantive part. But, as Simons said, "he was the trigger."

The day the agreement was announced, Soros was attending a conference in Kiev sponsored by the American-Ukrainian Advisory Committee, a group organized by Zbigniew Brzezinski; Henry Kissinger was there as well. Soros, in brief remarks to the group, evinced no lack of certainty. Noting that Dornbusch, a "highly respected economist," had returned to the United States with an extremely negative report, Soros declared, "I contradicted him firmly. I was right, and he was wrong."

That may prove to be true if Ukraine continues to pursue its reformist course. By late November, however, President Kuchma had begun to encounter stiffening opposition. Moreover, in fairness to Dornbusch, it seems virtually impossible that, in a short visit to Ukraine, he could possibly have appreciated the extent of the infrastructure that Soros had built, and the degree to which all these organizational investments now seemed to be maturing.

Roman Shpek, the Minister of the Economy, who is leading the reforms, is a graduate of Soros's Management Training Institute. The Institute for Public Administration, which Krawchenko heads, has also produced significant players; as Krawchenko told me, "of the four hundred or so in the Cabinet apparatus, about thirty have been through our program—and they are quite an activist group." Soros's Center for Privatization and Private Investments has taken many members of Parliament on trips abroad, to see economic reforms at work in formerly Communist countries; most recently, a group of very conservative members went to Prague—shortly before the confirmation vote on the proposed head of the State Property Fund (in charge of privatization), Yuri Yehanurov, a reformer favored by Soros and his allies. At least half the people in the delegation changed their minds, according to Krawchenko, and Yehanurov was confirmed. And during Soros's late-September visit a task force—including people from the World Bank, the Ukrainian government, and the Soros foundation—was created to wage a media campaign for the reforms. One person who attended this task-force meeting said that Soros's message was "Work together! Move! Economic education is the thing to do until you hear from me again!"

Against the profound bleakness of the Ukrainian backdrop—markets offering fresh fruit, vegetables, and meat where, by and large, only foreigners can afford to shop; professional people holding menial

PSALM 103 & VANITY

"The LORD is full of compassion
and mercy, long suffering
and of great goodness."
Why aren't YOU?

The littlest thing overthrows you
into bad feeling in the
worst way. In THE worst way,
or one of them,

as in a dream
a black-brown cancer became
a 3-inch block, without *your*
having noticed, until too late.

Why won't you take steps to guard
the lightness of heart
that comes from trying to SEE straight;
or to make amends, even late.

The railroad bridges' stone
is ALLOWED to be overgrown.
Is clearing away the ivy
(maintenance!) vanity?

—ELIZABETH MACKLIN

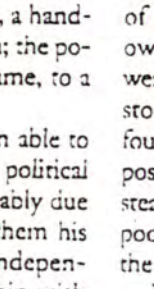
jobs and living in painfully reduced circumstances; the decrepit nature of state-owned office buildings, with dimly lit warrens of corridors and stinking lavatories; the prevalence of the Mafia in everyday life (the best hotel in Kiev, the National, where Soros always stays, is under heavy guard)—Soros seems to radiate plenitude and power. And, as he swept through Ukraine during his September visit, which lasted five days, his persona appeared to take on new dimensions by the moment. He was the general marshalling his troops; the benefactor dispensing largesse; the proud paterfamilias surveying his foundation ("This is a prototype of an open society!"); the celebrity surrounded by the awestruck seeking a smile, a handshake, a few words of recognition; the political boss before whom all became, to a greater or lesser degree, abject.

That he, a foreigner, has been able to stride so purposefully across the political landscape of this country is probably due to a number of factors, among them his having arrived so early in its independence, and stayed; his partnership with Hawrylyshyn, who is widely admired, and trusted for his patriotism; and the good will generated by the many programs that the foundation supports in the areas of education, culture, and health (as well as its more politically charged agendas). Still, it was not until *his* man became President that Soros was able to begin effectively mobilizing for the kind of change that he and others in the West had long envisioned. Dr. Viktor Pynzenyk, the Deputy Prime Minister, told me, regarding the team of foreign advisers led by Anders Aslund, "We know very well what needs to be done. But Kuchma respects Soros, and Kuchma needs to be convinced by memos prepared by Soros."

Soros makes no bones about the interventionist nature of his role in Ukraine. At one point, he remarked, jocularly, "If this isn't meddling in the affairs of a foreign nation, I don't know what is!" And he told me that he saw an exact parallel between the "self-fulfilling prophecies" of his financial life and those of this political realm. Describing an episode in the seventies, when he wrote a report on real-estate-investment trusts (REITs), in which he predicted their rise and subsequent fall in the market, and went on to fuel both that rise and that fall with his aggressive buying and selling, Soros commented, "I look at Ukraine with the same frame of mind as I look at REITs. . . . By my intervention, I make it happen!"

SOROS'S determination when he created his foundations to keep his ego out of them has now changed. As he has transformed himself into a celebrity, his foundations have become his personal platform and vehicle—and at least one of the foundations, in Moscow, has been plagued by corruption. In the most recent imbroglio at the Moscow foundation, last spring, it emerged that employees had lent foundation monies to a car dealership in exchange for more than sixty cars, several of which the employees took for their own; computers and other goods that were supposed to be distributed had been stockpiled in a warehouse; and roughly fourteen million dollars, which was supposed to have been spent on programs, instead had been deposited in banks of such poor reputation that those deposits raised the question, at least, of kickbacks.

While the abuse in Moscow is probably the most egregious, some Soros-foundation employees worry about what they see as a more general loss of innocence—one that reflects Soros's own metamorphosis, and his liaisons with those in power. A longtime Soros associate told me, "When we had to deal with dictatorships, we were very pure and straightforward. But when dealing with nice guys you make a deal. George believes that if you want to change a country that's what you do."



The critical question, this person said, is "what it means to be an independent foundation when our work depends so much on whether George sleeps or doesn't sleep with the President of a country." Because Soros "sleeps with Gligorov, my colleagues in Skopje have a completely different working style than Sonja Licht's, in Belgrade." Licht is the president of the board of the Belgrade foundation, which is repeatedly threatened with being closed down by the government of Slobodan Milošević. By contrast, this person said, the Macedonian foundation is widely reputed within the foundation network to receive special treatment, "because it is really a government office."

In this person's view, the case of Albania nicely poses the dilemma about the foundations' proper role. Soros has cultivated a relationship with Albania's President, Sali Berisha. When the director of Soros's foundation in Tirana began to challenge some of Berisha's policies, Soros fired him. But Soros has been disappointed with Berisha, who has displayed the very totalitarian tendencies that Soros, as a champion of an open society, should most condemn; during Berisha's Presidency, a severely restrictive press law has been passed, journalists who have written stories critical of the government have been jailed, and members of the country's Greek minority have been discriminated against. Most recently, five leaders of Albania's ethnic-Greek community were convicted on espionage charges in a political show trial—a trial that was condemned by observers from several foreign human-rights groups for its flagrant violations of due process.

Regarding his experience in Albania, Soros comments, "We helped him"—Berisha—"in the elections, we were quite active in that . . . and then partly, of course, Berisha was not what he was cracked up to be, and partly my man didn't build the foundation right." Given Soros's instinct for personal detraction, his statements about Berisha have been oddly muted. But one may attribute that to his interest in continuing the collaboration; for, while the Soros foundation in Albania has accomplished little, it is at present embarking on an ambitious project to rebuild schools and reform the educational system.

The longtime Soros associate said, "You can make a very clean Albanian institution, with Albanian people . . . avoid corruption, and have it support civil society. And you will have a nice, clean institution, but nothing moves. Or, you make believe you are the same, and you corrupt everybody. You get things moving, schools will be rebuilt, you will have curriculum reform." Corruption, this person said, would likely include everything from the most blatant (kickbacks from those who are given a deal) to the somewhat more subtle (demands for perks, such as trips to the West, from government officials whose approval is required for the reforms). "For me, it is very difficult to run foundations with links to the government. But maybe I am too conservative and slow, still following old recipes. He"—Soros—"feels it's a way of buying the government."

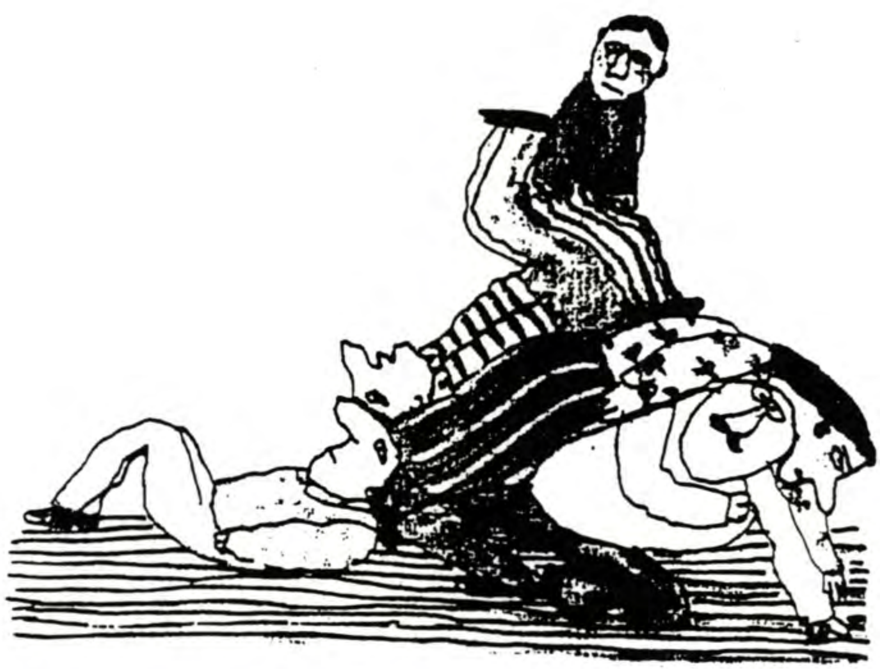
This changed role of the foundations is most troubling, of course, to those old-timers who remember what it was like before. But other issues, too—all related to Soros's ever-expanding ambit—have contributed to increasing anxiety among the people who work for the foundations. The broadcast stations of Radio Free Europe / Radio Liberty continue to be funded by the United States government, but in early 1994 Soros entered a joint venture to acquire the organization's research institute and, under a fifty-year lease, its archives. Both operations are now subsumed under a new entity, the Open Media Research Institute (OMRI). Based in Prague, it has a seven-member board: Soros and two others from his staff; two people from the Board for International Broadcasting (the government agency that oversees Radio Free Europe); and two "independents" (one chosen by Soros and one by the B.I.B.). It should be noted that if the independents were to side with their selectors, the lineup would, predictably, be 4–3, Soros.

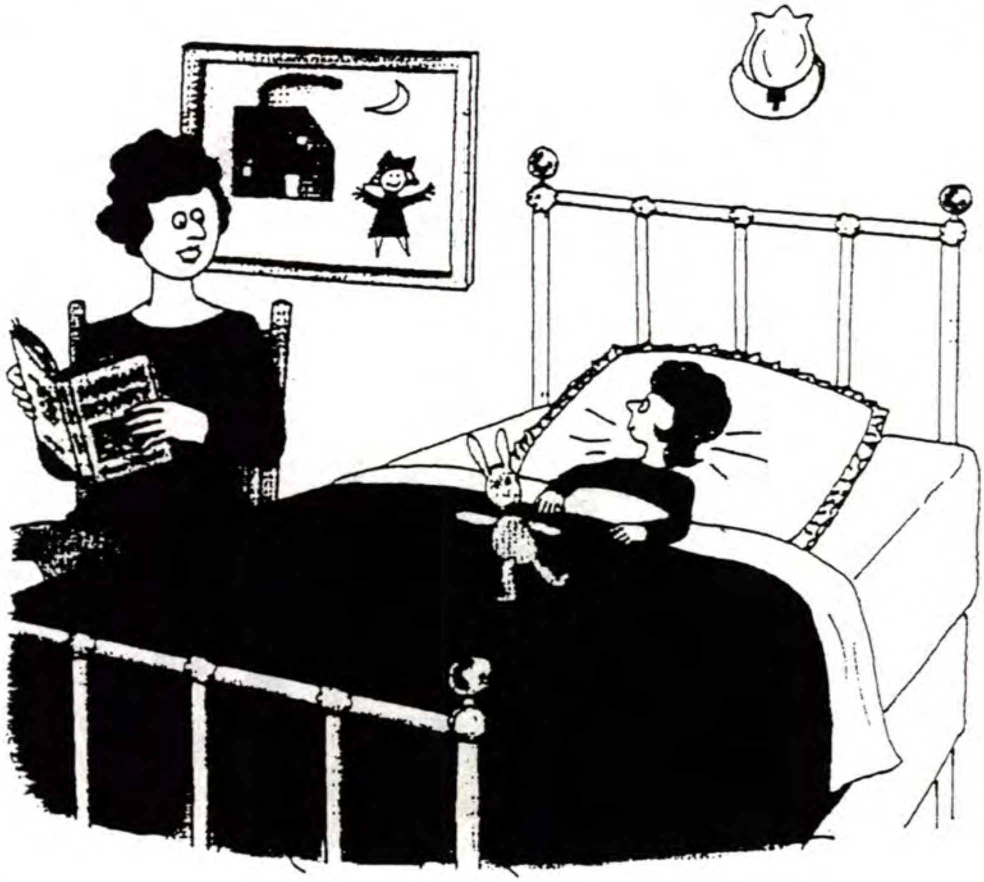
At first, Soros was attracted primarily by the archives—a vast repository of information on the history of Central and Eastern Europe and the former Soviet Union during the Communist epoch—as a valuable asset for his Central European University (C.E.U.). According to Alfred Stepan, the president of the C.E.U., however, it was when Soros realized that he could also acquire an information network—the institute, whose daily and weekly news analyses of the region are extremely influential and are currently distributed mainly to government officials and academics—that he became really excited. The institute is being reorganized, Stepan says, with a large-scale change in staff, and the plan is to increase the publications' circulation—for the weekly newsletter, a hundredfold. One way of achieving that will be to disseminate the publications through the foundation network, in twenty-four countries.

When Soros's deal with Radio Free Europe was announced to dozens of foundation employees, at a meeting in Budapest in the spring of 1994, many were dismayed. "What we essentially said was 'You do what you want, but don't involve us!' " one employee recalled. Even in countries where the governments are friendly, the foundations have to contend with opposition parties decrying Soros as a greedy capitalist bent on expanding his

ACCOMMODATIONS

BY WILLIAM STEIG





"The surprising thing is that Flaubert, who was a man, actually got it."

dations—that "we will no longer be what we are."

It is difficult to generalize about what they are, now that there are so many of them, operating under diverse conditions. But it is true that when Soros conceived of them they were to be anti-foundations: lean, unbureaucratic, ad-hoc, entrepreneurial—even, as Soros said to me approvingly, "chaotic." And, whatever the shortcomings of this system, it suited Soros perfectly. Here, as in his financial life, he ruled in a state of utter hegemony for years—with no independent board, and virtually no experienced professionals. One person who has worked for Soros's foundations told me, "George always wants personal control. We'd start a board meeting, George would walk in, give his latest agenda, sometimes contradicting, and leave—and then we'd have to try to pick up."

The unstructured nature of authority spawned constant maneuvering to bring decisions to Soros. "The name of the game in the foundation is access to George," this person continued. "I was often reminded of the Russian czars before the Revolution—all the rules in the empire didn't mean anything if you could get the czar to sign a decree." The competition for Soros's attention led to a great deal of rivalry, which (as had been true at Quantum for many years) must have pleased Soros at some level, because it enhanced his control; this person recalled Soros's having commented, regarding his encouragement of rivalry between two fairly close associates, "I never stand on one leg."

But with the proliferation of foundations in the last few years and the huge sums of money being funnelled through them (roughly three hundred million dollars a year), Soros came to feel that he had created a monster, one that was in fact not within his control. "I made all the decisions, and nobody knew what the decisions were," he told me. "People turned up and claimed that I'd authorized this or that, and for all I knew, I did!" It also seems plain, however, that the haphazard, crazy-quilt system suited him when he

empire—and, employees point out, his control of a vast information network would lend credence to that image. Several told me they find it particularly ironic that they should have spent most of their lives under Communist regimes and have finally emerged as open-society partisans—only to be confronted with such a directive. "If this media program has to distribute someone else's truth, it will be a disaster," one employee commented.

At the Budapest meeting, Soros also said that he was renouncing his much trumpeted policy of not investing in countries where he had foundations. In the past, he had said that he was abstaining from such investments because of the inherent conflict of interest; as a large-scale philanthropist and, in some places, an adviser to the government, he would be in a position to exploit a host of opportunities. Now, in Budapest, he explained that these countries needed foreign investment, and that other investors would follow his lead. Many in the audience felt that this sudden reversal would, like the Radio Free Europe deal, make their tasks on the ground more difficult; when critics charged that Soros's philanthropy was merely a smoke screen for empire-building, there had been an effective rebuttal. Disapproval was not unanimous, however; Budzan, of the Ukrainian foundation, for one, applauded Soros's decision, saying he hoped that Soros would invest in Ukraine. (Soros recently decided to make Ukraine an exception and not to invest there, because of the intensity of his high-level involvement.)

What people who work for Soros plainly find most unsettling is the fact that he has decided to distance himself from his foundations—to turn them over, in large part, to a group of managers so bureaucratic in their approach that one foundation employee likened the process to "a corporate takeover." Miklós Vásárhelyi, the director of the Hungarian foundation since its inception, said to me, "I am anguished by this creation of bureaucracy." Sonja Licht, too, said many fear that their foundations will lose the spontaneity and responsiveness that distinguish them from more traditional founwanted to spend all his time enmeshed in it, working its many threads. But he has done that—and for Soros that which has been done soon loses its charge. With statesmanship beckoning, the foundations' demands have become burdensome. Finally, Soros had intended his foundations to be short-lived connectives between closed and open societies, but these transitions, he acknowledges, have turned out to be much slower and more uncertain than he anticipated.

Thus Soros—the iconoclast who so abhors institutions that he often seems bent on subverting his own—has decreed that his foundation network be thoroughly institutionalized. Under the aegis of Aryeh Neier, the staff at the foundation headquarters, in New York, has grown from thirty-five to a hundred and ten, with an influx of new administrative executives, financial people, and a general counsel. At a meeting in Budapest in October, Soros told a distraught group of foundation officers from the former Yugoslavia, "I still don't have consolidated accounts of what I am spending, where—so I am still groping in the dark. But I feel I am going to get this figure soon. I know that there is a lot of worry in the foundations about loss of autonomy, and centralization." Then he added, "The foundations have to change their way of operations. Each one will be different. We are not running McDonald's. Open Society is a different story."

Soros continued, "I will not be as involved as I've been. I think I peaked, I went over the top—and there are only twenty-four hours in the day. I want to push myself up, so I deal only at the highest level of abstraction."

Vladimir Milčin, from Macedonia, spoke up. "How much of your personal presence can we hope for?"

"I just answered that," Soros responded, sharply. "I have to husband my energies."

SOROS, it is plain, is moving on. His life has been an arduous process of extension and reëxtension, of goals attained and surpassed, his efforts fuelled by a titanic will to win but also by an insatiable appetite for new territory to conquer—and at the moment there is no end in sight. While the foundations have been concentrated in Central and Eastern Europe and the former Soviet Union, there is now a foundation in South Africa, yet another in Haiti, a project in Burma, and several programs in the United States, where he now intends to focus more of his energies and funds. He recently sought to acquire a major stake in the largest retail bank in Hungary, on behalf of his foundation and university there, but negotiations were halted, partly because of public protest over his proposition: an initial investment of fifty million dollars (scaling up to two hundred million), which would have made indomitable a bank that already controls two-thirds of the retail market. ("It *is* the market," the analyst György Jaksity commented.) Soros has been a big believer in the Internet; and, as the C.E.U.'s Stepan explained to me, the OMRI news reports will eventually be distributed on the Internet, thus establishing an information system that will probably be impregnable. "In the hypothesis that things got very bad in Russia and TASS controlled everything," Stepan said, "we could get information to a thousand people in a way that would be difficult to block."

What makes Soros's relentless expansionism appear so unthreatening, especially in the West, is that it appears so benevolent. It seems almost silly, if not wrongheaded, to worry about abuse of power by the self-proclaimed avatar of open society. That he is creating an information network that will reach not only the hundreds of foreign-policy experts who currently depend upon it but thousands of people in Central and Eastern Europe and the former Soviet Union hardly seems a concern—despite Soros's proved tendency to support various governments in ways that are not always overt—because it is being done in the name of keeping access to information open to all. That he has used his money to set up an organization that does not bear his name on its letterhead, and that produces a purportedly "independent" report on the dispute between Macedonia and Greece, might not be viewed negatively in Washington these days—where Macedonia is generally seen as the underdog, and Soros as its well-meaning champion. That he has installed his own paid representatives in the government of Ukraine—and, in the words of a longtime associate, believes that you "buy" governments to get things done—might also, conceivably, be viewed as the minor indiscretion of an idiosyncratic but beneficent individual. Ambassador Simons said to me, in regard to Soros's unique brand of entrepreneurial diplomacy, "Of course he meddles—but he's a free citizen! It's not a problem—unless he did something diametrically opposed to our view, like supporting a Zhirinovsky. But he never would."

That Soros's intentions are good and his views simpatico, however, should not obscure the issue; just as we uphold the rights of those whose values we condemn, so, of course, should we scrutinize the exercise of power by one whose values we share. Scrutiny of Soros, however, is wanting. In his political activities, he does not really come under the direct purview

COASTAL

Cold April and the neighbor girl
—our plumber's daughter—
comes up the wet street

from the harbor carrying,
in a nest she's made
of her pink parka,

a loon. *It's so sick,*
she says when I ask.
Foolish kid.

does she think she can keep
this emissary of air?
Is it trust or illness

that allows the head
—sleek tulip—to bow
on its bent stem

across her arm?
Look at the steady,
quiet eye. She is carrying

the bird back from indifference,
from the coast
of whatever rearrangement

the elements intend,
and the loon allows her.
She is going to call

the Center for Coastal Studies,
and will swaddle the bird
in her petal-bright coat

until they come.
She cradles the wild form.
Stubborn girl.

—MARK DOTY

of anyone; as usual, he is moving unconstrainedly in a gray area where rules are uncertain and shaded boundaries easily bypassed. His philanthropy, moreover, serves as a kind of amulet to ward off criticism; many who know him, particularly those in government, seem so mesmerized by the scope of his giving that they tend to put in abeyance the kinds of judgments that they might otherwise make.

As Soros seeks to enter the foreign-policy community, his largesse continues to pave the way. If history is any guide, however, these contributions will be strategic, with many strings attached; Stepan told me that when he was dean of the School of International and Public Affairs at Columbia University, he could not accept a million dollars that Soros had offered, because he could not meet the conditions that Soros was imposing. Soros has for many years been a major contributor to Helsinki Watch; and that, too, has been strategic, for by directing his monies toward designated projects he has been able to influence which situations receive attention (and, perhaps, which ones do not). According to one person, he recently made a long-term commitment to the Council on Foreign Relations—under the condition, however, that he be an anonymous donor. With the council, he co-sponsored a conference on NATO, held at the C.E.U. in Budapest in November of 1993, and delivered a paper he had written. Commenting on Soros's talk, one person told me, "A lot of people were sitting there shaking their heads—but he was paying the bills."

That these people may be more interested in his money than in his world view does not escape Soros, who has long accustomed himself to such "transactional relationships." Still, during one of our interviews, when we were flying from Kiev to Budapest in a small plane that he had chartered, he sounded almost wistful as he told me that he had congratulated Henry Kissinger on his recently published book, "Diplomacy," at a meeting of the American-Ukrainian Advisory Committee, and that he would have liked to engage Kissinger in a debate about Ukraine, because he considers him "really a worthy opponent." Soros then added, "But he doesn't want to fight with me."

Why was that?

"There is no payoff," Soros said, chuckling, "and there may be a payoff the other way! I would like a little debate, but he doesn't—so we are friends."

Of the scores of people I talked to, the only one who seemed to have any perspective on the issue of his philanthropy was Soros himself. "I know I'm not what I'm cracked up to be," he told me. "I'm not really as much of a philanthropist as the amount of money would suggest." He added, "It's only because I don't care about money that I give it away!" (Indeed, he often complains that he will not be able to give it all away before he dies, although he would like to—trusting no one else, naturally, to spend it as well as he would.)

Soros seems to enjoy making such frank self-evaluations, and he insists that he subjects himself to the same relentless, unforgiving process that he does the rest of the world. Certainly it was true that in his years as a fund manager illusion was his prey, and he was an extraordinarily disciplined, indefatigable hunter. But Soros himself says that he spends as much as ninety per cent of his time away from the fund these days, and in doing so has surrendered the discipline that it demanded; thus it seems possible, at least, that he might fall prey to illusion himself. It is some misjudgment born of hubris—rather than any external force—that might halt his trajectory.

Some people in the financial world who have known Soros for many years observe his continuing political climb with misgivings. And they note, too, that Quantum is not flourishing. It had the second-worst year in its history in 1994, with a return of 2.9 per cent. (Of course, in the current financial environment that was something of an achievement.) The year 1994 was so punishing that several hedge funds were driven out of business, and there is increasing speculation that—as inevitably happens with financial fads and the glut of players they attract—such funds have run their course. This may well be why in the last couple of years Soros has been charting new directions for Quantum. For example, several offshoot funds are investing in real estate, and also in power plants and other infrastructure projects in developing countries. Some of Soros's longtime investors are skeptical about these new ventures, however, and Soros seems to share at least some of their doubts; last November, it turned out that he had terminated Quantum's participation in a United Kingdom realty fund.

Gilbert de Botton, the chairman of Global Asset Management (GAM), in London, who was one of Soros's earliest investors, decided not to invest in the new breed of funds. "It's not the name of his game, clearly," de Botton said. "It's as though you're running a candy store for years and then suddenly you're investing in government bonds."

But de Botton said that he remains confident in the main Quantum fund, in which GAM has a stake. When I asked him what he thought of Soros's public metamorphosis, de Botton replied, "If he were a chum, I'd have twenty-six opinions. But he's too precious a financial asset—so I deliberately avert my gaze." Pressed, he said, "There is a subtext here—the unspoken word in the room. Is this an incipient megalomania? And is it affecting his ability to make business decisions? And my answer to the second part of that question is no."

As for the political role that Soros has created for himself in countries like Ukraine, de Botton continued, "There is such a vacuum, isn't there? And in a time of crisis someone can emerge. As when a family is in crisis, and suddenly the chauffeur takes charge! But then the crisis passes, things go back to normal. I would expect that in some of these countries they will eventually say, 'We don't care how many billions this guy has, we don't want him telling us what to do.'"

"Yes, Doreen, I think I am capable of unconditional love."

Ultimately, what is so striking about Soros is the degree to which—no matter how one tries to focus one's lens—the twin images persist, resisting alignment, irreducible: the two George Soroses. It is not uncommon to find individuals who have constructed a persona at odds with who they really are, as evidenced by their actions; and it is even less uncommon to find individuals with markedly conflicting impulses, in whom, nonetheless, one side predominates. It is rare, however, to find someone in whom contradictory impulses are so extreme and so strong that the principle of cognitive dissonance seems not to apply—and who seems as a consequence to be pushed and pulled in restless, frenetic motion between these polar zones.

A person who has known Soros for many years says, "Messianic zeal often works as concealment for what one really craves—and it strikes me that the more George covets control the more hysterical he becomes about open society. But I don't think he recognizes this in himself. He is not a knowing charlatan. He is sincere."

If Soros were not sincere, surely he would seek to mask himself, cultivating a type of guardedness common among those far less powerful than he. But probably his most appealing—and disarming—trait is his unguardedness, manifested sometimes in a tendency to think aloud, as if he were trying ideas on for size, and sometimes in surprising (and even, on occasion, self-damaging) revelations. Soros is well aware of this trait, which he refers to as "this urge to reveal myself"; he told me that his brother first called it to his attention back in 1982, when Soros began telling his investors that he was in a state of some turmoil and that they ought to think twice about leaving their money with him. "My brother said, 'You are really stupid! Why are you doing this?'"

Why, indeed?

"Well, partly, of course, I think it's my self-involvement, because I do find myself rather fascinating. So there is a certain wanton element, and it is an indulgence." He went on, "And the other thing is that in my previous lives I always had to keep things secret, starting with having to live with a false identity. So to me it's the reward for success—that I don't need to hide."

Before I could ask for a further illustration, Soros said, "My lawyer, for instance, who set up the tax structure which effectively protected me from taxation for many years—until the loophole was finally plugged, and I became a fully taxpaying citizen—just couldn't understand why I should ever allow myself to be seen!"

The loophole to which Soros referred was closed with the passage of the Tax Reform Act of 1986. The act created something called a "passive foreign-investment company" (PFIC), and a new taxation regime, which took effect in 1987. When I asked Gary Gladstein, of Soros Fund Management, about what Soros had told me, he confirmed that taxes on his Quantum profits had been deferred until Soros sold his shares in the fund, which he rarely did. "So he had no taxes—he had a free ride," Gladstein said.

What was critical to the fact that Soros did not pay taxes on his income before PFIC was that he did not have a controlling interest in the fund—that is, he did not own more than fifty per cent. That is why the period in 1982, when shareholders were redeeming their shares in the fund and his ownership was therefore increasing (approaching the fifty-per-cent mark, according to one friend), was a truly perilous time for him, and why it was all the more remarkable that he should have

"New York is a place of free spirits."

gone to some shareholders and urged them to carefully consider whether or not to leave their funds with him. The law in those pre-PFIC years also attempted to penetrate arrangements designed to circumvent that voting-control test, and find those situations where an American shareholder might—despite not owning fifty per cent—be in control. Presumably, the fact that Soros was not even a director of Quantum would have helped his claim to the I.R.S. that Quantum was not "controlled" by him.

As it was, Soros's profits were compounded year after year, tax-free, from 1969 through 1986, and in those years the fund, of which Soros came to own roughly a third, grew from four million dollars to more than a billion and a half. Without what Soros refers to as "a clever tax thing," he would probably have had to pay at least a couple of hundred million dollars to the I.R.S.

And, as Gladstein also noted, the first years that Soros had to pay taxes, 1987 and 1988, were not very good years at Quantum. (The returns were 14.1 per cent and 10.1 per cent, respectively.) "It was in '89"—when the fund achieved a return of 31.6 per cent—"that his taxable income went up so much," Gladstein said. And it was also then that Soros's massive giving began. Soros now says that his aim is to give away fifty per cent of his income each year—the maximum amount that he is allowed to deduct.

Whether or not Soros has been able to bring a similar ingenuity to his nonprofit empire is an interesting question. Certainly in a country like Ukraine, his foundation is engaging in plainly political activities, although a reading of the foundation's annual report—which lists, as its major areas of support, education and research; civil-society programs; and culture, environment, and health—gives no such suggestion. In addition to political activity, another I.R.S. issue is control. An operating (as distinct from a grant-giving) foundation that conducts its own programs cannot be directly controlled by the donor; some of Soros's offshore foundations, therefore—such as the one in Ukraine—are constituted as legally noncontrolled entities, each with its own board of directors. But the idea that it is these local boards which have control—and not Soros—is as much a chimera as any notion that the Quantum board has control. Doubtless, the foundation boards have made decisions; but, as many people within the organization told me, there was no decision that Soros could not overturn, and in many instances the decisions emanated solely from him. Soros himself had told me, "I made all the decisions."

While Soros's more stunning revelations tend to be self-generated, there are few subjects from which, upon being questioned, he will shy away. The corruption in the Moscow-foundation office, for example, had been distressing to him, but he was not reticent when I asked about it. Discussing the deposit of fourteen million dollars in unreliable banks, he quickly assumed some responsibility, deriding "our stupidity in sending them five million dollars a month for a program without looking at how they were spending it." The foundation in Moscow had had a checkered history, Soros continued, "and finally we hit on this transformation program, which is a great success." The program, which was aimed at transforming the education system, was so successful, Soros said, that "I wanted to make it bigger. I threw a lot of money at it—and, in doing that, I destroyed it, effectively. Because it was too much money." This was a criticism I had often heard of the mega-grants that were made in the wake of the pound-sterling bonanza, but it was surprising to hear it as self-criticism. Those administering the funds apparently found themselves struggling to push vast sums of money through a hastily constructed, haphazard system, which could not possibly maximize the benefit. And in the one instance that came to light, of course—the fourteen million dollars in Moscow—the money was not being spent on the program at all.

The Moscow foundation is being reconstituted, with a new board and new executives. The search for board members has been launched in typical Soros fashion: twenty or so prospective candidates were taken on a quick tour, by chartered plane, of Soros foundations in Poland, Hungary, Lithuania, and Ukraine; they were in Kiev and Budapest during Soros's visits there, in September. Although nearly all the candidates appeared to be in their fifties and sixties, one Soros associate told me that it was like shepherding a group of schoolchildren; they seemed more interested in the next snack period than in the endless round of meetings arranged for them. A Russian candidate told me at the end of the trip, "There was too much information to absorb. But travelling around in our own plane—now, that was interesting!"

I told Soros that this did not seem like money well spent. He responded, rather sharply, "Look, how do you mobilize people? You ask for recommendations, and you look at them. . . . So I asked for recommendations, and I invited people, took them on the trip, and it turned out that they were all too old and too Jewish!" He chuckled. "And not acceptable. I mean, you can't be that Jewish in Russia. So I told them, 'You can't have more than one-third Jews on the board.' "

Soros does and says whatever he pleases; that license, in a life filled with the more prosaic trappings of wealth, has been perhaps his most prized luxury. He is notorious for making commitments and suddenly retreating, or forming relationships and then breaking them off—in a pattern that seems, in a way, to mimic his to-and-fro in the markets. In 1986, he joined the board of trustees for Columbia's School for International and Public Affairs and, almost immediately, resigned. (Stepan recalls that Soros told him after the first board meeting, "That was the most boring meeting I ever attended. I don't sit still for six hours for anything!") He founded the main campus of the C.E.U. in Prague, and then—in part after a new Czech government did not fulfill its predecessor's commitment about a building—he decided to house most of the university in Budapest. ("Who has ever heard of it, someone setting up an institution and then pulling out?" Soros demanded, seeming to relish his own temerity.) He cultivated a positive relationship with Václav Havel, the President of the Czech Republic and a former dissident whom he admired; but then, according to a person close to Havel, Soros became offended by what he felt to be a lack of attention, and their relations at present are "not cordial." ("From what I do know of Soros, it seems very difficult for him to recognize people as his equal—or even superior," this person commented. "He is so competitive. And when he is dealing with the President of a country there is the question of who matters more.")

He forswore investing as a matter of principle in countries where he was involved philanthropically, but now—abjuring prior declarations about principle which were, in fact, sound—he will invest. Soros has recently staked a claim of principle in another investment area, however. He says that he has withdrawn Quantum's funds from Peregrine Investments, a controversial Hong Kong merchant bank with large investments in Burma, a country ruled by one of the world's most repressive regimes (for which, in fact, Peregrine manages pension-fund monies)—and one where a Soros foundation is active. Quantum has had an equity holding in Peregrine for years; its chairman, Philip Tose, is a director of one Quantum fund and the manager of another. According to Gary Gladstein, it was only in September, 1994, when a highly critical article about Peregrine appeared in *The Economist*—which mentioned Soros's stake in Peregrine, and sent shock waves through the foundation—that Soros moved to distance himself from it.

In the world that Soros has created for himself, there is no one to call him to account. The unpredictability of his public statements is the bane of some of his associates; he is an almost reflexive provocateur, always needing to make an impact—with his words as well as with his money—and he gets involved in some very volatile situations. On occasion, his refusal to censor himself on matters involving Serbia, for example—he has made strong denunciations of Serbian leaders—has threatened the existence of his foundation in Belgrade, and even jeopardized its employees. Some members of the Soros foundations have been hoping that Aryeh Neier might exert a countervailing force. But it seems evident that if Neier—a sober and clearly dedicated man whose cubicle of an office at the Soros-foundations headquarters is dominated by a large portrait of Hannah Arendt—were to try to become the conscience of the foundations, his tenure would be short-lived. (Of the situation in Moscow, in which Neier enforced sterner disciplinary measures than Soros believed were necessary, Soros said to me, "I think it involved relatively minor infractions due to the lack of controls, as distinct from malfeasance, or criminal activities. But Aryeh is a very pure person," he continued, with a hint of acid, "so he can't stand a little bit of infraction, you see.")

For Soros, self-exposure is tantamount to sovereign privilege. "Publicity has become food and drink to him," one old friend remarked. That is perhaps not surprising, inasmuch as the publicity has been overwhelmingly positive, at least in the West. Soros has had only one damaging brush with the press—a trivial one, but one that he abhorred for that very reason. In 1990, Soros moved to London with his wife and two babies, in order to commute more easily to his foundations in Eastern Europe. About a year later, Susan Soros fired the butler for drinking the Soroses' champagne, and the incident was widely reported in the tabloids. (The butler subsequently sued for damages, and won.) According to Edgar Astaire, Susan Soros was so upset by the coverage, which she deemed unfair, that she wanted to move back to New York (they soon did); Soros is said to remain prickly on the subject to this day. Neier told me, in a more general context, "There are rich people who would like their luxurious life styles to be written about—but I can't imagine anything that George would loathe more."

Soros's appetite for more serious-minded exposure is probably not without its risks. In any event, he told me that he considers it quite dangerous, particularly now, as he stands on the threshold of the political world. Still, he yields to temptation. Pondering this, he offered yet another explanation. "I think the reason I am so interested in revealing myself is that I am trying to find out who I am," he said. "It's a process of self-*creation*, not just self-revelation." Soros repeated that, seeming to savor it, as he often does when an idea is especially pleasing to him. "I don't *know* who I am, and I am finding it out."

That desire for public display of the intensely personal was evident again in a speech that Soros made at Columbia University's College of Physicians & Surgeons, in late November. The occasion marked the inauguration of his newest project, Death in America, whose aim is to promote a better understanding of the experiences of dying and grief, and to transform the culture surrounding death. Soros said in the speech, "In America, the land of the perpetually young, growing older is an embarrassment, and dying is a failure." He has made an initial commitment of five million dollars a year for three years.

Addressing an audience of a couple of hundred people, mainly physicians, Soros began by saying there were two reasons that he had decided to sponsor this project, one abstract and the other very personal. The abstract, he said, derived from "a basic insight which has been at the root of both my money-making and my philanthropic activities, and which I have elaborated into a not yet properly understood philosophical theory"—reflexivity. In the case of dealing with death, he continued, our imperfect understanding (full of distortions and misconceptions) transforms the experience itself into something more negative than it need be, both for the dying and for those around them.

The personal motivation sprang from the deaths of his parents; indeed, he determined to fund such a project after his mother died, in 1989. Not long before she lost consciousness, Soros said, she had described to him how she was approaching the gates of Heaven—something reminiscent of the experiences of the dying that he had read about in books by Elisabeth Kübler-Ross. "And she was concerned, because I was holding her hand, and she was afraid she was taking me with her," Soros said, smiling. "But I assured her no, that I was very firmly grounded." That, he said, had been a very positive experience, one in which his children, too, had participated—and one that, after years of preoccupation, made him fear his own death less.

But he also described the death of his father, in 1963. Soros had talked to me about his father, and about their similarities and—even more—their differences. He had emphasized the contrast between his father and him, as fathers; when Soros was a youth, he had judged his father harshly for being so devoted and attentive to him that, in his view, his father was living vicariously through him. "And at that time I decided that the buck stops with me. I will not be like that, I will not be a doting father who will build his own, let us say, fantasies through his children," he said. "Now, the unfortunate result of that was that I was actually quite a bad father with my first group of children." Moreover, while Soros's philanthropy has led some people to view him as an altruist or a Robin Hood (characterizations that he says are off the mark), he seems to feel that his father was more the genuine article: someone who was truly nonmaterialistic, charging those who could pay for his services—he was a lawyer—and working free for those who could not; who was outgoing and focussed on others; who derived his greatest pleasure from helping people directly (and, in fact, saved many lives during the Nazi occupation).

Now, however, Soros told this audience that his father, terminally ill, had agreed to an operation, "but he didn't want to live after the operation if his personal integrity was invaded. And, unfortunately, that was what happened. But then he wanted to live."

Speaking haltingly, Soros said, "I was kind of disappointed in him. I wrote him off." A few weeks later, he added, his father died. "I was there when he died, yet I let him die alone. I saw him, but I didn't touch him. The next day, I went to the office, but I didn't tell people he had died. I was, in a way, denying his dying." Later, when he read Kübler-Ross, Soros said, he realized that it might have made a difference if he had held his father's hand—but, he said, "I have since forgiven myself, because I did not know any better."

In a sense, Soros at such moments is once again venturing into a gray area—this time, where the lines between public and private blur, and the rules for human exchange are uncertain, and Soros does whatever he is impelled to do. One person who has known him for many years told me that he marvels at what seems, at times, "exhibitionism"; and he conjectures that Soros, an extremely undemonstrative person, who appears cold, detached, and insular, is, through these personal displays, attempting to forge some human connection—not with any one person but, rather, with many people. As, of course, his philanthropy also does.

Soros seems to suggest as much when he speaks of resolving the duality of his life and giving up the detachment it expressed. In one of our conversations, he did acknowledge that the reason he has decided to invest in countries that he had previously avoided is that opportunities have only now become attractive. Soros told me, "People who moved in six months ago have actually made ten times on their money." When I asked what had kept him from doing that himself, he responded, "I wasn't looking." And when I pressed him about what, exactly, had made him change his mind, he quickly replied, "The fact that people who invested six months ago made ten times on their money!"

But in another conversation he proposed a further, personal motivation—though, given Soros's instincts, this surely must have *followed*, not preceded, the business judgment. "By having these foundations, I was sort of able to play God, right?" Soros began, in his didactic way. "I was something above it, outside it, benevolent, farsighted, godlike—O.K.? If I become an investor, I come down to earth, you know? I'm just a player.

"So in some ways it may be the final coming to terms with being a human being, after all," he continued, with a trace of a smile. "In that way, I feel it's a little bit painful, quite tricky—but, in a way, it's the ultimate challenge: to accept the human condition." ♦

THE PRESIDENT HAS SEEN
2-6-95

Carolyn
Interesting - 180x!
at H's college reunion
Need to write the project
leader Carla
B.

TO: PRESIDENT & MRS. CLINTON

FROM: PROJECT L.E.A.P.
BREWSTER, MA

THE PRESIDENT HAS SEEN
2-6-95

2/3/95.

Dear Mr. President:

This is briefly a letter to introduce the enclosed letters written by several incarcerated juvenile offenders at Project L.E.A.P., Brewster, MA. When they learned I was coming to Washington they were also invited to send you one concern they hoped you would address during your Presidency. I think you will notice in what they write their support for and hope in you that you can effect change ~~that they~~ on a national level that they are struggling with on a personal level.

Yours truly,

Garland S. Alcock MD.

GARLAND S. ALCOCK, M.D. ('69)
CLINICAL DIRECTOR
PROJECT LEAP
C/O ACCEPT, Inc.
HARWICH, MA 02645

I would like for you [illegible] not to cancel welfare because [illegible] a lot of people can't live without it, Especially people [illegible] [illegible] and [illegible] can't find jobs because we are immigrants and [illegible] [illegible] out [illegible] [illegible] stamps. [illegible] food it will be hard for [illegible] not to commit crimes. So please think about all the people who will get kicked out on the street, Mothers [illegible] their kids taken away because [illegible] find a job. I think it's [illegible].

So please Mr. President don't eliminate the [illegible]

Igor Katz.

Dear, Mr. Bill Clinton;

I would like for you to lower tapes, that way my family will be able to do more things needful with that money.

Sincerely

Carlos Barrett

To The President: Bill Clinton

I wish you would look at the welfare law you just passed. I live in Massachusetts and they have just cut off welfare for basically everybody. I am not saying that this is right and I am not saying its wrong. What I am saying is look at things from a different point of view. for example, my mother is in a drug rehabititation center and when she gets out, my brothers, sister, and I want to move with her, but how would she support all of us kids? She will not be able to just come out and get a job. She will need welfare until she gets settled and is able to find a job. What I think you should do at least is to phase out welfare, not just cut it off.

Thankyou for taking the time to read this letter.

Sincerely,
Jeremy Thompson

Nick Sullivan

①Give more money to the country. Not to others we need it.

I would like you to get the guns of the Street and also help our people in ~~ar~~ our country not no where ~~es~~ else.

[illegible]

2-2-95

I would like the President to help the homeless people in our country first. instead of worring about other countrys. and try to get the guns and law breakers off the streets. and try to get some programs for the kids that are trying to do good.

Sincerely,

Damon L. Alexander

Shawn Swett

I would like the President to do away with wars and fighting my reasons for this is because both are inhumane and injust and can emotionally destroy a family. From the above stated events I personally experienced one of my greatest loss so, the loss of my uncle.

2/2/95

TO: MR. BILL Clinton

visit
I would Like you to come US
YOUNG MEN ABout the troubles that
ARE Goin on in the world AND also
to ACKNOWLEDGE EVRYONE that NEEDS
Help EVRYWHERE Especially the Boston
AREA. WELL I'm GONNA Go I Hope
that YOU, Hillary and Chelsea
ARE Doin Real Good AND in the
Best of HEAlth God CAN provide

Singed

Chris Smith

Dear President Clinton,
I would like you to talk with your people about dramaticly changing almost everyone's life. There are alot of younger and older ladies out there who need welfare to put food on the table. Eliminating welfare will cause alot of conflict for alot of people. Don't get me wrong, I agree that people should get jobs instead of depending on welfare all their life, but alot of people go for jobs but don't get them. I think more jobs need to be open minded and try to understand when a person is struggling and need a job. More jobs need to be put out there in the the world for more opportunity. I hate to say but alot of teenagers will see that theres no food in the house, their mother is always down, and things just isn't going right. So they figure they will help mother by doing somethin legal or illegal for money. Some mothers are strong and will not take the money if she doesn't know where her son or daughter is getting it from.
tell them to stop doing what there're doing for the money if its illegal, But some mothers are not strong and will take the money even though she knows her son or daughter is doing something wrong to get the money. Mr. Clinton I would not speak if I'm not speaking from experiment that have happened to m.

cc: VP, Leon, [illegible] Erskine, Ickes
we need to discuss this ASAP
—B.

Return to POTUS

To: Hillary Rodham Clinton
From: Jock Gill
Date: 21 December 1994

Jock

95 JAN 20 8:04 THE PRESIDENT HAS SEEN 2/6

Re: The White House ~~and In~~teractive Communications

Overview

There is a fundamental difference between the 'old media' and the new. The old media is top down, the means of production are impossibly costly, the user has no control over the timing, content, or amount nor is she ever likely to be included. The message to the user is: you do not count. They create a passive, frustrated, hostile, and in the end, aggressive audience. They empower the owners but disempower the user. They are the basic tools of mass marketing in an industrial era.

The 'new media' are radically different in that they reintegrate the act of creating with the act of using. They allow many to many communications with a cost many can afford. They empower the user who can now control both what she broadcasts and what she receives. They enable mass customization and support a bottom-up point of view. They are the tools on the new worker in the new economy. They enable a more efficient market where brand is rapidly becoming the relationship between buyer and seller. In the end, they will allow a government of size 1: I will interact with a single government worker to solve my problem.

Computers, then, are for thinking, playing, learning, modelling, simulating and interactive communications. They have enabled the emergence of the science of complexity and allowed us to see that dis-equilibrium and change are the norm, not the exception. They are not, as commonly thought, simply faster adding machines or typewriters. As communications tools, they have far greater power than the telephone. The new interactive communications media will enable us to:

1. Better coordinate and utilize our current resources;
   For example: The groupware project started by Christine Varney to allow the Cabinet offices to work together collaboratively. Other examples: the OVP and GSA are both using groupware.

2. Win in 1996.
   There will 4 times as many people on line in 1996 as there were in 1992. In 1992 there were perhaps 14 million on line. In 1996 we expect there will be 60 million Americans online. We can use the new media for collaborative planning as a major strategic tool to help us win.

   In 2,000 we expect there will even more Americans online than there will be in '96. This makes it imperative that we start now to learn to use these tool to our advantage. If we wait, we give the leadership position away.

Desert Storm was the first "information war." How was the Pentagon able to coordinate and organize forces and material from around the world to win in 100 hours? The military calls it "collaborative planning." We need to learn how to do this. For example, the National Performance Review is using new software to run the Vice President's first ever Open Meeting. How could this be used to 're-invent' the regulatory process and allow all Americans to participate in a consensus process based upon collaborative planning?

Another question: why does the senior staff not use email? Is this the best way to maximize our assets? Are we using the best organizational and planning tools as we compete in the market place of ideas and votes? Or are we operating in a closed, self-referential world?

Finally, what happened in 1992? I recommend a meeting with: Paul Begala, Jeff Eller, Bill Krause, Eric Berman and myself to make sure that we maximize the benefits of 1992 for 1996 and beyond. These new media will be integrated into our political process. The question is how? Will they strengthen our traditions of self governance or not? The Clinton administration is in very strong position to shape the answer to this question.

Introduction

Our new Internet service "Welcome to the White House" has generated a large and positive response. A half million people will have visited our pages well before the service is three months old. It provides a glimpse of the potential there is to use new media to improve how we communicate and work with the American people. Yet, we have only begun to exploit the power of interactive media. Since you have seen the service and appreciate the possibilities inherent in these new tools of communication, I want to review for you how far we have come since the 1992 campaign and enlist your help in moving us forward.

Lessons from the 1992 campaign

Computers were used in two different ways in 1992: as traditional computing resources and as a new communications tool. They were, of course, used for basic word processing and the management of mailing and contributor lists. Importantly, they were also used to empower the campaign staff with information and the ability to respond rapidly. We learned that rapid response with better information confounded conventional attack strategies.

We had a good computer operation in Little Rock and had success installing computers in fifty campaign field offices and linking them together to aid campaign management. But the ad hoc nature of the campaign organization and conflicts over the allocation of campaign resources made this difficult. Our other major obstacle to better computer utilization within the campaign was the uncoordinated and under-developed use of computers at the DNC, state party, and House and Senate campaign committees. These became our problems when we won the nomination.

We also had success using computer communications as a new medium. Eller, and then I, began communicating with voters via online services and generated an enthusiastic response. The campaign had guest accounts on all the major commercial services (Prodigy, CompuServe, America Online), which in 1992 had about 3.5M subscribers. We also made extensive use of the Internet and computer bulletin boards, which at the time were used by about another ten million Americans. We began to see that people with home computers were a potent political force. Studies show that they read more, follow the news more, are far better informed politically than the population at large and vote about 75% of the time. Many of them read the news releases we distributed and responded to us via electronic mail. Some even copied our releases and redistributed them on their campuses. Moreover, our innovative use of the online medium was perceived favorably by the media.

Our first year in the White House

From the first day we moved into the White House, we continued publishing all press releases and Administration documents electronically. At first, this meant simply sending the documents out via electronic mail to many different places (the commercial services and different sites on the Internet) where they were catalogued and made available. To date we have published over 3,400 public documents.

We got a publicity boost in our first summer when we created electronic mail addresses for the President and Vice President. Since June 1, 1993 we have received over 400,000 e-mails.

Still do better

Our White House operations and policy initiatives were very much in sync. We greatly boosted the Internet through our National Information Infrastructure initiative, and most of the many of stories included a paragraph citing our advanced use of the Internet. We created an e-mail office in Correspondence, which is staffed mostly by volunteers. Because of our limited resources we sorted messages into those containing a postal address and those without. We only answered those for which we had a postal address. The others receive an automatically generated thank you.

Computer use at the White House for basic office tasks was a far more difficult problem to solve. We formed a "tiger team" of people from different agencies to help us upgrade intelligently. Many obsolete computers were replaced, but the basic infrastructure for computer use by the White House and EOP agencies was only changed in minor ways. The Information Systems and Technology (IS&T) division of the Office of Administration was forced ~~to take a 25% staff reduction while~~ serving a clientele that was far more demanding than the previous Administration. The equipment necessary to a secure connection of our internal computer network with the Internet was acquired and placed in service. Basic electronic mail connectivity to the Internet was established, although it was still very difficult to use. The offices that were most successful at technology adoption were those that had computer technicians on their staff who managed smaller networks, for example OVP and OSTP.

The party organizations' internal use of computers went essentially unaddressed in 1993. Few new systems were acquired. The financial problems of the DNC as well as the instability of the personnel roster militated against making a long term investment in information management tools. We began to be more aware of the urgency of this problem when we came upon partisan limitations to our use of government computers in the context of the health care and NAFTA campaigns. An account was established for the DNC on Compuserve and an attempt to get state party organizations to get Compuserve accounts was also undertaken. Currently, approximately 28 state organizations are making at least some use of this opportunity.

Our second year

Once again our most notable achievements were in the area of online services for the public. A very significant new technology platform began its take off phase at the end of 1993 when a research center funded by the High Performance Computing and Communications program released a new piece of software called Mosaic. It provided access to services on the Internet in the point-and-click mode that is familiar to most users of personal computers as well as making it possible to display images and distribute small audio segments.

In under eight months we built and released Welcome to the White House: An Interactive Citizens' Handbook. We did this as a way both of improving the services we offered the citizens and of continuing the good press we were getting as innovative users of interactive media. Welcome to the White House made it easier to handle our incoming electronic mail, provided a powerful index to White House publications, and, for the first time, created a single point of access for information resources from all Federal government agencies with internet connections. The most popular parts of the service were entirely new--materials about the First Family and virtual tours of the White House and OEOB. Also, we were the first Administration to ever release the Federal budget on CD-ROM, which generated a good deal of positive coverage. In fact, the story ran for three days!

are we doing it again?

Note: About 700 copies of the CD-ROM were sold, which recovered all costs. There were also around 3,000 down loads of the budget from a bulletin board and over 15,000 accessions from the internet. This was a very popular Clinton Administration information product. I even got email from Republicans congratulating the team.

Despite IS&T's difficulties, its performance administering the computers in use at the White House and EOP improved this year. More of the latest generation of PCs were put into service. Users of the internal electronic mail system were provided the ability to send and receive messages on the Internet (although they have to learn about it themselves). The Demonstration Room that you visited was opened so people could explore more advanced services on the Internet like Welcome to the White House. Contractors have been secured to supplement IS&T's in-house expertise. And efforts were begun to improve the computer network within the complex. Finally, the computer that receives the President's e-mail was taken over by EOP personnel.

The party and campaign committees did not receive similar attention, although they did benefit from volunteers in the technology community who created some partisan services on the Internet in the last days before the election. In particular, the DSCC worked with a volunteer to create an attractive online service for voters to visit.

What we need to do now

The online community is far larger now than it was two years ago. About 10M people subscribe to commercial online services now and as many as 20M Americans use the Internet and free computer bulletin boards. Not only is it growing more than 20% a year but the Republican party is making a major initiative to win over this demographically attractive community and to claim leadership in this area.

1. Institutionalize and improve our current online services

We are in serious danger of losing our leadership in this area. Speaker Gingrich has already seized the rhetorical leadership and will open a service in early January that will, in part, compete with Welcome to the White House. He is also planning to make good use of the new media to coordinate the activities of his members. As you know, two of the four key White House staff who have managed the Welcome to the White House project are leaving (myself included) just when the Republican leadership are putting substantial resources into this.

Action--Underscore the importance of this effort with senior staff:
Patsy Thomasson and her staff know how important the "whois database" of the President's contacts is to you. They need to hear that our online public services are very visible and just as important. Our online public services must be institutionalized--as was electronic mail--or they will not survive. Only if an

appropriate number of staff are assigned the responsibilities of those leaving will our services continue to function.

Action--Improve the content of our public online services:
There are many ways we can improve the services we offer on our current technology platform. Some examples are: more photo essays, including a "Yesterday at the White House" feature; more audio such as selections from Presidential addresses; a virtual briefing room with the latest government statistics; a map showing state-by-state what the administration has done; and interactive forms from government agencies that people may fill out online. We also must provide high level encouragement for the online services run by the individual agencies so they are constantly updated and improved.

Action--Answer more of the President's electronic mail:
The most frequent complaint we receive from citizens is that their e-mail got no reply. We still do not answer e-mail that does not contain a postal address nor do we answer e-mail with e-mail. IS&T plans the acquisition of software in 1995 that will improve the ability of the Secret Service to scan incoming mail for threats. The same software will allow the automatic sorting of e-mail so that it more of it may be answered. The clear objective of answering Presidential e-mail with e-mail messages by April 1st or another appropriate deadline must be set.

agree *

Action--Be more present on commercial online services and online newsgroups:
One senior Administration official a week could put an hour into answering some questions online. This would significantly increase the amount of attention we receive on the large commercial services. Note: Michael Waldman, David Dreyer and John Podesta have volunteered to give this a try in 1995.

Action--Upgrade access to our public online services:
We are vulnerable to charges of elitism by the Republicans. We built a highly graphical service on the Internet to attract attention. However, the population of people with modems is larger than those with access to the Internet. The best way for us to reach a broader audience is to urge the National Technical Information Service (NTIS) to upgrade its gateway service called FedWorld. FedWorld can provide a local dial-up number nationwide for its services and allow callers to use a text-based browser to access all Internet-accessible information resources of government agencies, including ours. Communicating the importance of this to Undersecretary of Commerce Mary Good could be crucial as they assess how to best spend the $8M appropriated in FY95 for upgrading FedWorld.

Action--Produce a multimedia CD for the President's FY96 budget:
We have the opportunity to use this product to show that we have been responsive and responsible in our budget decisions. OMB should be urged to produce a genuine multimedia CD rather than just another CD with just text. It would be interesting to

create a CD-ROM which integrated the President's State of the Union speech with the budget. The speech might even form an entry point, or table of contents, via hyper-text links, for the budget.

Action--Build a mechanism for the creation of more capable interactive services: We can facilitate the creation of more capable information services than those we can produce ourselves. Our proposed mechanism for doing this would be a "Multimedia Press Pool" for developers of interactive media. Each participant would take part of the responsibility for the collection of content (for example, video interviews with top Administration officials) and contribute those materials to a collective archive from which all participants could draw. This is the best way we can see that interactive services are created that place the Administration on the interactive television and advanced cable systems now being created. We would not exercise any editorial control over the final products.

2. More aggressively improve computing at the White House and EOP to support collaborative planning and other resource management tools.

The proper foundation has been put in place now for improved access to the Internet by White House and EOP staff. For most users, it is now only a matter of proper authorization so they may at least use the Internet for electronic mail.

Action--Announce the ability to send and receive electronic mail with the outside world: Today users must ask one at a time for this capability. There are no technological obstacles to everyone using the Internet for electronic mail. A document on electronic mail guidance for employees has been drafted but never released. We might consider publishing an email address book for key White House workers.

Action--Formally open the Internet Demonstration Room and announce a training schedule: The demonstration room is also being discovered quietly since it has never been announced. Despite this its staff has developed training materials and is teaching people more advanced use of the Internet on a one-at-a-time basis. EOP personnel can be taught not just how to use the Internet for research and communications needs but also taught how to easily provide materials for electronic publishing on Welcome to the White House.

Action--Increase the number of people at the White House with full access to the Internet: Only the Office of Science and Technology Policy provides full access to the Internet, and it cannot yet do so for more than a quarter of its staff. IS&T is currently undergoing a major needs assessment so it can build a five year plan. It should make a commitment to providing full Internet access to at least 100 EOP employees in 1995.

Action--Upgrade the EOP connection to the Internet:
The physical connection to the Internet must evolve with our usage. It is adequate today for electronic mail but not for more advanced uses such as access to services like Welcome to the White House.

Action--Move Welcome to the White House into the complex:
Our premier service is still operated on a computer owned by NASA. It must be taken over by EOP personnel, just as the e-mail and publications computers have been developed outside of the complex and moved inside.

3. Build up the technological capability of the party and campaign organizations

Computers are part of the basic organizational infrastructure of an efficient political enterprise. Our computing has to be improved if we are to be successful in 1996. While we cannot use Welcome to the White House as a technology platform in the campaign, we can use what we have learned from the experience.

Action--Authorize the creation of a new Democratic organization to campaign online: The Internet presents a major new opportunity for the Democratic Party to communicate with voters, to influence the policy debate, to raise money, to effectively manage national and regional campaign operations, and to provide a new suite of important services to Democratic candidates. The party that learns to use this technology most effectively in the near term will have a significant advantage in the 1996 cycle and beyond.

However, cash coming into the DNC is very likely to be used to make payments on its debt. Because of this, it is not likely that it will be able to finance an online service whose payoff in new contributors is unknown. There are, however, technology-minded Democrats who are likely to be willing to make an in-kind contribution of services as a way to build a service provisionally titled Democrats Online. It should be thought of as equivalent to a state party organization that is responsible for organizing Democrats and raising funds in its territory. It can do such things as publish an electronic newsletter for Democrats, including reports, documents, and position papers that support Democratic positions on the major issues of the day. It can also sell campaign paraphernalia and create forums for Democrats to communicate in advance of the Convention. A special section of the service could be targeted to editorial boards and the media so they can have inexpensive, immediate access to the facts that support Democratic initiatives.

Action--Dedicate a major fundraiser to the party's technology base:
Democrats Online will be a young organization likely to raise far less than a million dollars in its first year. We need you, the President, or the Vice President to participate in a fundraiser specifically organized to address the party's computer capability. This will have to be a priority of the incoming party chair. Greater

coordination on the operational level among the party and campaign committees will be essential to improving our fundraising performance. For example, we should set a goal that the top 500 campaigns be online and sharing common resources.

Action--Build and test remote access for field offices and state parties:
We can provide campaigns and state headquarters on a very controlled basis with access to the votes database, polling data, contributor data, campaign software, FEC reports, targeting information, and other campaign management tools. It is less expensive to distribute information this way than via the mail or fax machine, and in addition allows us to more easily keep it updated and gives campaign and party staff the means to search quickly for exactly what they need. This suite of services would be particularly valuable for challengers doing opposition research.

Action--Build collaborative planning into the DNC's 1995 plans and operations:
Our strength as Democrats has always been our interest and skill at coalition-building among disparate constituencies. To ensure that we reach out to the organizations with whom we share a common agenda that are already online we must include this activity in the campaign budget. This would include staff, training, and support.

If we undertake a rigorous program to improve our use of computers and new media I believe we can be very effective at influencing the course of the 1996 campaign. In 1992 we were cited for our rapid response operation and coordinated message-of-the-day effort. Better communications among our activists and operatives in 1996 will depend upon decisions made to allocate attention and resources in 1995. If it is not ready and in place by January 1996, it is unlikely to be of use in the campaign.

A Word about the 2000 campaign

It is estimated that 100 million Americans will be online in 2000. This would put the US on par with France, where, thanks to an aggressive program to provide free terminals, more than a third of the nation has used a keyboard in the last month. The new medium *may* influence the outcome in 1996, but it *will* be crucial in 2000, by which time the "new politics," driven by the "new worker" in the "new economy" will have emerged as a powerful force. Our choice is to ride atop this wave or be pulled underneath it.

My best wishes to you and the President for the new year. Although I am leaving, I will be, as always, ready to help you when and where you need me.

Léon

Which is our lead authority
person on staff — time
to document this

BC

THE PRESIDENT HAS SEEN
2-6-95

Position Paper of The National Cotton Council On 1995 Farm Legislation

National Cotton Council OF AMERICA

Prepared January, 1995

Leon/Gentkin/Hickes

you have to get on this

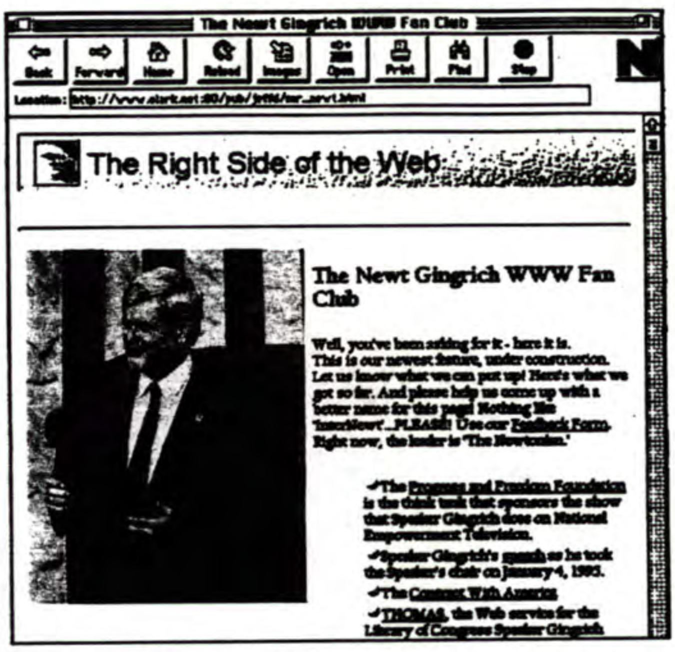
ON WASHINGTON

THE PRESIDENT HAS SEEN
2-6-95

MAUREEN

DOWD

Virtual Democracy



I LOOKED IN THE MIRror one morning and could no longer avoid the hard truth: I was a second-wave woman in a third-wave town.

I had never downloaded. I had never demassified. I had never even massified. I had refused to get interactive. I shuddered at the thought of gigabytes. The last thing I wanted was a personal information manager, much less an E-mail address where a lot of digit-heads could flame me.

Personally, I had not a shred of curiosity about Mary E. Boone's "Leadership and the Computer," one of the books on Newt Gingrich's reading list for Congress, in which "top executives reveal how they personally use computers to communicate, coach, convince, and compete."

But then I woke up one day and realized I was virtually alone out here in the real democracy. Everyone else had disappeared into the virtual democracy, following the virtual Speaker — that pudgy, white-haired Pied Piper of cyberspace. Even President Clinton, who usually favors metaphors about fat wood ticks and lusty country chickens. booted up a computer metaphor in his State of the Union address.

As scary as it seemed to join Gingrich and his gurus, the Tofflers, in what they call the Great Transformation, New Civilization and the Altered Consciousness, maybe it would be worse to be left behind.

So I venture gingerly onto the Internet, looking for some high-toned political discourse. I do not linger at such enticing headings as "O.J. Central," "Backrubs.lower ... to the right ... aaah!," "Fetish.hair.It worked for Rapunzel" or "Cyrano's Valentine Server," which offers to E-mail a "steamy, poetic or intellectual" love letter to your sweetheart if you provide the adjectives, adverbs and nouns.

Within the Net there is a Web, whatever that means. In the Web, I hit political pay dirt, "The Right Side of the Web," and access it: out scrolls a smiling photo of Ronald Reagan and a promise to give conservatives "equal time to make up for all the socialism and moral anarchy (God bless 'em) you find on the Net."

Here is the "Newt Gingrich World Wide Web Fan Club," with a picture of the new Speaker wagging his big wooden gavel. "Please help us come up with a better name for this page!" reads the copy. "Nothing like 'InterNewt'... PLEASE! Right now, the leader is 'The Newtonian.'"

The Gingrich fan club page does not have much to offer, except a checklist for passing the Contract With America — with nothing checked off yet — and reprints of articles about "the Fibersphere" and "Ethersphere" by George Gilder, "one of the first 'cyber-conservatives' and someone who has given ideas to the Speaker."

I see that you can also read in its entirety that lecture Gingrich gave to his college class in Atlanta recently that got some of his female colleagues stirred up — the one in which he said: "If combat means living in a ditch, females have biological problems staying in a ditch for 30 days because they get infections, and they don't have upper-body strength. I mean, some do, but they're relatively rare. On the other hand, men are basically little piglets — you drop them in the ditch, they roll around in it, doesn't matter, you know." It's comforting to know that the speech is so readily accessible.

The Speaker also offers some advice on listening more closely, which presumably we need in this chatty age of Newt and Bill: "All of you

PHOTOGRAPH OF NEWT GINGRICH BY WIN MCNAMEE/REUTERS/BETTMANN have been to a cocktail party or to events where you listen transactionally, right? You're standing there, pretending to listen while thinking, 'How do I get away from this idiot?' That doesn't count. That's not listening. I mean, you try to understand: Why do they say what they're saying? What do they mean? If they said pizza then they really don't mean fettuccine. . . ."

I move on to the "Rush Limbaugh Information Page," which features pictures of The Great One smiling and smoking a cigar, and lists his 14 commandments of the Religious Left. (No. 5: Honor thy mother. If she is dysfunctional, it is thy father's fault. No. 7: Thou shalt not commit adultery. Unless thou aspirest to high political office, useth a condom or cannot help it.)

And Limbaugh's Original 35 Undeniable Truths. (No. 33: There will always be poor people. No. 34: This is not the fault of the rich.)

I click past a picture of Hillary Rodham Clinton dressed as Marie Antoinette, a page called "Scandals of the Clinton Administration," a page for the National Rifle Association and the "Prolife News," with pictures of a fetus and the message, "Hey, hey, Billy J., how many kids did you kill today?"

My head is starting to hurt.

The mastermind of the Right Side of the Web turns out to be a guy named Jeff Donels, who has his own "Home Page," featuring pictures of himself with Limbaugh and with his "beautiful wife, Jen," and photos of his "little buddies," his cats, Scooter and Sophie. Sophie is wearing a tiny Santa suit and Scooter can meow, if your computer has audio.

For my first cyber-interview, I E-mail Donels and ask him why he created the Right Side of the Web. He E-mails back, explaining that he was inspired when he "discovered that the left already had a bunch of places on the Web, like Mother Jones magazine, environmentalist pages, radical feminist pages and pages that ridiculed Ollie North."

He says he enjoys the competition from the left side of the Web. I check it out. The White House has an "Interactive Citizens' Handbook," which features Hillary Clinton's health care speeches, a pictorial tour of the First Lady's sculpture garden and Al Gore's favorite political cartoons. There is also a list of bureaucratic acronyms, from A.T.M. (Asynchronous Transfer Mode) to T.I.I.A.P. (Telecommunications Information Infrastructure Assistance Program).

There are many pretty pictures, including President Clinton on a horse ("Here, he is on vacation at Martha's Vineyard") and with Socks ("He likes to play with the family cat"). The First Feline, as she is called here, can say "Meow, meow, meow" on the audio portion — two more meows than Scooter.

"I kind of like Socks myself," Donels confesses.

I try to interface with Speaker Gingrich, hoping he will bless my maiden voyage into the electronic infrastructure, but he does not reply. I also attempt to interface with Al Gore, but get only a robot response to "Dear Friend": "Although the volume of mail prevents the Vice President from personally reviewing each message, be assured that your concerns, ideas, and suggestions have been read carefully, and a detailed report of the mail is provided to the Vice President on a regular basis."

After a couple of hours of listening to electronic cats caterwauling and being virtually snubbed by cyber-crats, I decide to leave the political-sphere and head off to "Backrubs.lower . . . to the right . . . aaah!" Now that's something even a second-wave woman can appreciate. ■

THE PRESIDENT HAS SEEN
2. 6. 95

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

Kathleen A. McGinty
Chair

FEBRUARY 2, 1995

95 FEB 3 A10 : 45

MEMORANDUM TO THE PRESIDENT

FROM: KATIE MCGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

ACTIVITY ON THE CONTRACT WITH AMERICA

Risk: Two House committees with jurisdiction over risk legislation (Commerce and Science) held hearings this week and plan to markup bills next week. Agencies broadly believe that this legislation as drafted is costly, burdensome to industry, and would increase the risk to the public's health and safety. Accordingly, there is an effort underway to widely communicate problems with the bill and to provide assistance where appropriate to members who want to improve the bill.

Citizens Bill of Rights: On Friday, Feb. 3, Jamie Gorelick of DOJ will testify before the a House Judiciary Subcommittee on this provision in HR 9. As you may recall that this provision is the one that, among other things, forces the government to provide notice to a suspect once an investigation begins. Ms. Gorelick will tell the subcommittee that this provision would cripple law enforcement. She will list a string of activities from around the government that this bill would impair or make impossible, such as investigations of health care institutions (nursing homes), sweat shops, food stamp fraud, S&Ls, money laundering, organized crime, drug smuggling, meat inspections, toxic dumping and so on. This is one of the more outrageous provisions in the bill, and we hope to make it a permanent part of the discussion.

Takings: The first hearings to focus on takings are likely to be Friday, Feb. 10 in the Judiciary Committee and Feb. 15 in the Agriculture Committee. The testimony, and our strategy in general, will reenforce the message outlined by the Vice President last Friday at the Conference of Mayors: *We're for private property and middle-class Americans. Unfortunately, in its present form the takings legislation before Congress would hurt homeowners and cost taxpayers billions of dollars.* The Vice President's remarks were very well received. In addition, Mayor Chavez of Albuquerque circulated a letter opposing federal takings legislation and collected about 40 signatures from mayors around the country. At the NGA meeting over the weekend, an effort to eliminate the current NGA resolution opposing takings legislation or replace it with one supporting takings legislation was defeated.

Need to discuss

[illegible]

Regulatory Moratorium: The effort to impose a moratorium on federal regulations gained momentum in the House this week despite concerns expressed by Thomas Bliley (R-Va.) and Collin Peterson (D-Minn.). The Regulatory Transition Act of 1995, H.R. 450, would impose a seven-month retroactive freeze on federal regulations without clearly delineating exclusions in cases of "imminent threat to health or safety." The House Government Reform and Oversight subcommittee will likely mark up the bill early this month which is predicted to sail through full committee in the House. The Senate Government Affairs Committee is set to have a hearing on an identical bill Wednesday, February 8.

WESTERN DEMOCRATS URGE WESTERN ENVIRONMENTAL STRATEGY

"Harry Truman had what Bill Clinton should adopt today, a Western strategy," said Rep. Pat Williams (D-Mont.) in a recent article that appeared in the Seattle Post-Intelligencer. Williams and others (Murray, McDermott, Furse, & Dicks) go on to suggest a strategy focused on the environment and quality of life issues (clean air, water, and green space). I remain convinced, as this article purports, that these issues and mining reform are good issues for us in the West. Grazing is not a good issue for us, but it should not scare us from emphasizing other environmental issues. I believe that the conclusions of this article are consistent with what we have recommended for a Western strategy which consists of the following: 1) focusing on the Administration's strongest areas of support which are on the West Coast; 2) in the West as a whole, it is best to focus on areas experiencing significant urbanization; and 3) concentrating on the issues of greatest importance which tend to be quality of life issues. I have attached a copy for your perusal.

On a related issue, CBS's Dan Rather did a report on Colorado's growing concern regarding tremendous population influx. Coloradans are increasingly concerned that the state's population growth rate, which is two times the national average, will have dramatic adverse effects on the environment and quality of life. Governor Romer said, "If I could seal Colorado off and just have three-and-a-half million people forever, I'd love it." Romer has launched an intensive "sustainable living" initiative to respond to citizens' concerns.

In California, too, this is an emerging issue. Governor Wilson joined forces with the Bank of America, the Low Income Housing Fund, the California Resources Agency, and Greenbelt Alliance in a report released this week that says urban sprawl harms the California economy and environment. The report, "Beyond Sprawl" highlights that 95% of the state's wetlands loss and one-third of air pollution from longer commutes is a result of suburban sprawl. The report is intended to be used as a foundation for a study that could lead to land-use legislation in California.

CLIMATE CHANGE

Next week representatives of more than 100 countries will meet in New York for the Eleventh Session of the Intergovernmental Negotiating Committee on Climate Change. This is the final preparatory session before the first Conference of the Parties of the Climate Change Convention, to be held in Berlin in late March and early April of this year.

Administration officials are holding two press conferences today to highlight the success of our climate change programs. At the first of these, Hazel O'Leary will announce voluntary commitments by more than three dozen utilities to reduce their emissions of greenhouse gases. At the second, officials from State, Energy and EPA will announce seven "joint implementation" projects that encourage wind energy, fuel switching, energy efficiency and improved forest management in developing countries.

[redacted]

THE PRESIDENT HAS SEEN
2-6-95

Leon | cc Craig ~~[illegible]~~ | Attale
We need to consider
this —

B —

[redacted]

[redacted]

THE PRESIDENT HAS SEEN
2-6-95

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

95 FEB

Mr. President! These are the ideas you asked me to put in writing.

January 31, 1995

MEMORANDUM FOR: President Clinton
Vice President Gore

FROM: Henry G. Cisneros

Henry Cisneros

SUBJECT: Presidential Forum to Sort Out Federal, State and Local Responsibilities

At the White House meeting with the Governors, on Monday, January 30th, I noted the number of times that Governors' concerns were tied to larger issues of Federalism and the sorting of responsibilities between the federal, state and local levels of government. For example, Governor Roemer talked about the danger that the balanced budget amendment debate will separate deliberations about Social Security, Medicare, Defense and domestic discretionary programs. Governor Carlson articulated a variation on that theme, commenting that the financial dilemmas surrounding health care, welfare reform and the balanced budget amendment are never considered together. He said that what is really needed is a new understanding of what the responsibilities of the various levels of government should be. Leon Panetta warned the governors that the balanced budget amendment, complicated by further tax cuts, will shift more responsibility to the States. Other speakers among the governors touched on the same themes:

- Gov. Howard Dean - Expressed concern about the balanced budget amendment for state budgets.
- Gov. Tommy Thompson - Urged bi-partisan cooperation in "seizing the opportunity for devolution".
- Gov. Michael Lowry - Asked that states be given more flexibility to do health care reform.
- Gov. James Hunt - Urged putting more emphasis on education.

It is clear that present initiatives on the balanced budget, welfare reform and reinvention of government are converging in such a way that they make a larger national dialogue urgent: a dialogue about 21st Century Federalism. It is also true that the Republicans are expected to dominate the dialogue because they control both Houses of the Congress and have 30 governorships. But it occurred to me while listening at the meeting that their current disjointed and disunified approach may present a way for you to exert Presidential influence on these critical questions. The challenge is to convene a national leadership forum on the subject of the proper roles and functions of the different levels of government. The benefits of putting a Presidential stamp on this subject would be the following:

- It would place the current disjointed approaches in the appropriate historical and even constitutional context. Mr. President, you have noted that one of the tactics the Republicans seem to be using is to harken back to "original principles" and larger concepts of American history and civics. You can set the debate at the right level by doing the same, thereby forcing the balanced budget amendment to meet a higher historical test as the American people pay serious attention to it for the first time.

- It would assert a role that is properly Presidential and pro-active as opposed to responding against individual Republican initiatives. It would also allow you to draw forth "truth tellers" about the costs and distorting effects of their rushed proposals.

- It would raise before the American people the question of how traditional national objectives - such as civil rights, environmental clean-up and consumer safety - can be attained in the context of devolution.

- It would buy time so that the American people can consider the rush to the balanced budget amendment and the full implications of the other initiatives being discussed.

The President could organize a process that had multiple lead-up sessions or could organize a summit modeled on the Little Rock Economic Summit spread over several days, to encompass all the disparate elements now under discussion. It could be held away from Washington in a heartland site. Ideally, it would include bi-partisan Congressional leaders, all the Governors, and representative leaders from the mayors and state legislators. It should be done even if, perhaps especially if, the Republican Congressional leadership chooses not to attend. It could be followed by a series of townhall meetings or speeches to communicate directly with the American people as befits these historic and constitutional themes. What should emerge would be an outline of Clinton Federalism.

Some will suggest that this is a bad time given the numerical dominance of the Republicans in the Congress and in the state houses, but that numerical dominance will be a reality for at least two years and in that time could result in irreversible actions that could do damage for many years. They may believe they are able to pass what they want, but engaging them in the full light of public scrutiny could have a valuable chastening effect on the irrationality of the present juggernaut.

THE PRESIDENT HAS SEEN
2-6-95

Department of Energy
Washington, DC 20585

Mack
What follow ons
follow up
we must have
meetings — says
B.

January 26, 1995

Thomas F. McLarty
Senior Counselor to the President
The White House
Washington, DC 20500

Dear Mack:

I thought you would want to see the press on the President's meeting with the Colorado gas producers.

Best regards.

Sincerely,

Kyle Simpson

Enclosures

Mr. President
FYI - Positive
M.F.

Clinton talks with energy execs

Oil-gas officials optimistic after airport meeting

By Janet Day
Denver Post Business Writer

President Clinton yesterday used Martin Luther King's message of conciliation to reach out to the Rocky Mountain region's energy industry, which his administration repeatedly has rebuffed in the past over access limits to public lands.

Clinton spent an hour yesterday morning with 15 top energy executives, discussing problems and potential for the administration's year-old natural gas and oil initiative.

The gathering — at AMC Combs Gates plane terminal — talked about access to federal lands, environmental regulation, depressed natural gas prices, marketing restrictions and dependence on imported oil. But mainly it focused on natural gas as the environmentally sound fuel of the future, and the Rocky Mountain region as the cornerstone of that development.

In December 1993, Clinton released his Domestic Natural Gas and Oil Initiative, which concentrates on finding, developing and marketing natural gas for power generation, home heating and automotive fuels. Yesterday's discussion furthered that discussion.

"It was a good exchange of information on the tremendous natural-gas resource here in the Rockies and what we need to do to get wells drilled, especially on federal land," said Michael Smith, president of Basin Exploration Inc. of Denver.

"The president acknowledged that natural gas was the environmentally correct solution for the country's energy needs. We reminded him that if we don't have access to the lands to drill our wells, there won't be any natural gas to burn.

"To that extent, he seemed very understanding. It was a very positive exchange."

Others in attendance yesterday included executives of Barrett Resources, Prima Energy and St. Mary Land & Exploration Co., all of Denver, and Apache Corp. and Snyder Oil Co., both of Texas — all publicly held, mid-sized independent exploration and development companies.

"We hope that this administration sees that the independent producer drills 80 percent of the wells these days," Smith said. "It isn't the Texacos and Amocos doing most of the development in the United States any longer, and they need to look at policies that are protective, that encourage the independents to continue developing the reserves."

K N Energy Inc. of Lakewood and Colorado Interstate Gas Co. of Colorado Springs also were represented at the meeting, as well as the president and the executive director of the Colorado Oil and Gas Association. Privately held Axom Resources of Denver was represented by Merle Chambers, who, along with Swanee Hunt, raised more than $1 million in a 1992 fund-raiser for Clinton.

Clinton arranged for the meeting on Friday, calling Denver to do so. The session was coordinated by Michael Beatty, Gov. Roy Romer's former chief of staff and now a candidate for state Democratic chairman. Also in attendance were Clinton counsel Mike McClarty and presidential chief of staff Leon Panetta.

"We felt it was a very strong meeting," said Greg Schnake, executive director of the oil and gas association. "We pledged to try to be helpful and find ways to make things work."

Many of those meeting with the president were impressed with his knowledge of oil-and-gas issues and his commitment to strengthening the domestic oil-and-gas industry while protecting the environment.

Denver Post file photo

MICHAEL SMITH: President of Basin Exploration Inc. of Denver.

Denver Post file photo

TOM CONGDON: Chairman, St. Mary Land & Exploration.

Among their reactions to the meeting:

■ "The president is very conversant with the energy industry and the future role natural gas has. He wanted to talk about reconciling energy and environmental issues, particularly in a regulatory format."
— **Fred Julander, president, Julander Energy Co.**

■ "Clinton's awareness of the issues facing the industry is encouraging. He's focusing on the merits and benefits of natural gas and recognizes that the Rockies represent the foundation of drilling and production."
— **Bob Clark, vice president, Snyder Oil Co.**

■ "I think it was exceptional that he took the time to discuss the issues and potential opportunities with leaders of the oil-and-gas industry. His administration has been one that established natural gas as a cornerstone of energy policy."
— **Larry Hall, president and chief executive, K N Energy.**

■ "He's a good listener and remarkably well informed on the industry. The Rocky Mountain states hold the largest proportion of gas reserves in the country. He knows we not only have to find those reserves, but produce them and market them to the nation's economic advantage."
— **Tom Congdon, chairman, St. Mary Land & Exploration.**

Tues., Jan. 17, 1995 Rocky Mountain News

Business Tuesday

Don Knox, Business Editor -- 892-5242

Clinton meets with area oil, gas officials

News Staff and Wire Reports

President Clinton told Rocky Mountain oil and gas industry representatives Monday he hoped to make natural gas a key factor in his national energy policy.

During his visit to celebrate Martin Luther King Day, Clinton and 15 producers and pipeliners discussed industry problems in a private, hour-long meeting.

"He's trying to develop a national energy policy that would help encourage natural gas production in the United States, which he feels is the environmental fuel of choice," said John Longwell, president of the Colorado Oil and Gas Association. "But we also need to streamline processes and policies to help."

The meeting, requested by Clinton, came as natural gas prices have dropped 52% in the past 12 months while supplies have increased.

"Obviously, the industry has suffered a lot, not only from the collapse in oil prices 10 years ago, but recent price drops caused by degregulation," said Longwell, a senior vice president at Prima Energy Corp.

Clinton's encouraging words to the industry insiders follows a forecast that predicts Colorado's natural gas production will increase 9.8% during 1995.

Production along the western part of the Rocky Mountains is recognized as the second largest potential reserve behind off-shore Gulf Coast sites. The opening of the Kern River Pipeline has put Rocky Mountain supplies into East and West Coast markets.

Denver-area industry representatives first met with Clinton before his election, when he pledged to promote natural gas production.

For Monday's meeting, the representatives were asked to compile a list of issues and possible actions the federal government could take to help them.

They thanked the president for promoting natural gas, especially as an alternative fuel for vehicles, said Steve Coffin, vice president of Colorado Interstate Gas. And they pleaded for a lessening of environmental regulations, which cut too deeply into profit margins when prices are relatively low.

[illegible], Jan. 17, 1995 Rocky Mountain News

Clinton meets with area oil, gas officials

News Staff and Wire Reports

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HOWELL HEFLIN
ALABAMA

COMMITTEE ON AGRICULTURE NUTRITION, AND FORESTRY
COMMITTEE ON THE JUDICIARY
COMMITTEE ON SMALL BUSINESS

☐ 728 SENATE HART BUILDING
WASHINGTON, DC 20510-0101
(202) 224-4124

THE PRESIDENT HAS SEEN
2-6-95

United States Senate

WASHINGTON, DC 20510-0101

STATE OFFICES:
☐ 341 FEDERAL BUILDING
1800 FIFTH AVENUE NORTH
BIRMINGHAM, AL 35203
(205) 731-1500

☐ 437 U.S. COURTHOUSE
MOBILE, AL 36602
(205) 690-3167

☐ FEDERAL COURTHOUSE, B-29
15 LEE STREET
MONTGOMERY, AL 36104
(205) 265-9507

☐ 104 WEST 5TH STREET
P.O. BOX 228
TUSCUMBIA, AL 35674
(205) 381-7060

January 26, 1995

The Honorable William J. Clinton
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I would like to urge you to accept the invitation from Dr. Neal R. Berte, President of Birmingham-Southern College, Birmingham, Alabama, to be the Commencement Speaker on Saturday, May 27, 1995.

I am a graduate of Birmingham-Southern College and a member of its Board of Trustees. Birmingham-Southern is one of the outstanding liberal arts colleges of the nation and has been so recognized by numerous publications.

You have not been to Alabama in recent years. You did not go there during the campaign and you have not been there since you became President. I think it would be very fitting for you to accept this invitation to make the Commencement Speech at my Alma Mater.

With kindest regards, I am

Respectfully,

Howell

Howell Heflin

HH/ms

<u>[illegible]</u>

This merits <u>serious</u> consideration

B

95 FEB 6 P4:10

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
2-6-95

Mike McCurry

Meg Greenfield
said she wanted
to come see me -
Set it up —

B.

[redacted]

THE PRESIDENT HAS SEEN
2-6-95

THE WHITE HOUSE

2/04

MR. PRESIDENT —

Speech I gave this week on progress in Haiti. Am turning it into op ed.

Sandy

Sandy this is very good — thanks — get the op ed out! BC

[redacted]

[redacted]

THE PRESIDENT HAS SEEN
2-6-95

As Prepared for Delivery

REMARKS OF SAMUEL BERGER
DEPUTY NATIONAL SECURITY ADVISOR TO THE PRESIDENT
OPERATION UPHOLD DEMOCRACY: A PROGRESS REPORT ON HAITI
GEORGE WASHINGTON UNIVERSITY
JANUARY 31, 1995

[Acknowledgments]

Today I want to give you a progress report on Operation Uphold Democracy -- the U.S.-led mission that restored Haiti's democratically elected government. Last night's vote by the United Nations Security Council to authorize the March 31 transfer from the U.S.-led multinational force to a U.N. force makes this the right moment to look back at what has happened and examine what lies ahead.

Four months after our troops were sent there, Haiti is a nation where democracy has been rekindled and hope reborn. Haiti is a nation where, today, people are building roads to advance commerce, rather than boats to escape terror.

Make no mistake: there are plenty of uncertainties about the future. Haiti is a nation struggling to banish the ghosts of its past....a nation where undercurrents of violence still run strong... where democracy is struggling to plant roots that will last.... where the people are emerging from economic ruin.

But today we can look with pride on what the United States, working with the people of Haiti and the international community, has accomplished. And we can say: our mission is succeeding.

But today we can look with pride on what the United States, working with the people of Haiti and the international community, has accomplished. And we can say: our mission is succeeding.

Let me remind you how far we've come.

Four years ago, a military coup transformed Haiti's newborn democracy into a nightmare of bloodshed. A violent regime took hold, one that crushed its opponents and caused thousands of Haitians to flee for our shores. With the consent of the ruling generals, paramilitary gangs assassinated opposition leaders and priests who spoke out against the dictators. Murder, mutilation and rape became common tools for dealing with citizens suspected of supporting democracy. The economic situation worsened and the violence grew.

For three years, the United States and countries around the world tried everything short of force to remove Haiti's illegal military regime and restore its democratically elected government. Persuasion, negotiation, mediation, condemnation -- all to no avail. It wasn't until last September, when the generals knew that the President had ordered U.S. armed forces into action, that the dictators agreed to give up power peacefully.

Think for a moment where we would be today if we had not acted:

- The dictators would be in power, and their campaign of murder and terror would continue to threaten the Haitian people.

- Tens of thousands of refugees would be attempting to flee their nation, posing a threat to America's borders and regional stability.

- The generals would have reversed with impunity the wave of democracy that has swept our hemisphere for the last two decades, emboldening democracy's enemies elsewhere.

- And, finally, the United States and the international community would have failed to fulfill our commitments. We would be seen as impotent in the face of a coup that both President Bush and President Clinton described as an extraordinary threat to our national security and that the United Nations and the Organization of American States said should not stand.

But, as you know, things didn't turn out that way. President Clinton kept his word. The United States kept its commitment. President Aristide, Haiti's first democratically elected leader, was returned to office. And today the Haitian people are trying to make their new democracy function and pump life into their shattered economy.

Let's not forget that when Operation Uphold Democracy began, the skeptics were everywhere: Haitians would fight each other in a bloodbath of vengeance, they claimed; no other nation would support us; and efforts to rebuild Haiti's democracy and economy would never get off the ground.

Events have proved them wrong. To date, each phase of the Operation -- from planning to intervention to our work today -- has achieved its major objectives. The primary reason, of course, is the will, energy and drive of the Haitian people. In overwhelming numbers, they have heeded President Aristide's unrelenting call for reconciliation and are joining together to begin building a new society. And they have demonstrated immense strength in the face of enormous challenges.

Great credit is also due to the American military. From the moment the services began planning, they demonstrated an extraordinary capacity to adapt to change, understand the problem, and solve it effectively. When the Haitian generals agreed to step down, within minutes we were able to recall our assault forces, and within hours we transformed them into a peaceful force. In the weeks and months that have passed, our military's performance -- from reducing the violence to turning the lights back on in Haitian cities -- has been truly outstanding.

From the very beginning of the Operation, President Clinton instructed the military commanders on the ground that their first responsibility was to protect our men and women in uniform. In the five months since our troops entered Haiti, we have lost one brave American soldier to hostile fire. Our troops have almost uniformly been welcomed by the Haitian people. From the neighborhoods of Port-au-Prince to isolated villages in the countryside, they have been embraced by signs bearing three simple words: "Thank you, America."

None of this would have happened without the leadershipof the President. Acting on his conviction that the situation in Haiti posed dangers to the United States and the hemisphere, he pursued his goal in the face of tremendous political opposition. The President never gave up on a peaceful solution. Even as our paratroopers were packing their equipment and boarding the transports, he dispatched the Carter/Nunn/Powell mission to try one last time to convince the generals to step down. When they did, it was the President's use of diplomacy backed by force that saved lives and achieved our objectives. His courage and determination paid off.

Today, five months later, as we review our operation, we must be clear-eyed about the obstacles that still block Haiti's path. Haiti's turbulent history is not easily escaped.... there remain brutal enemies of democracy.... its political institutions are as fragile as its electrical generators... and Haiti begins its struggle as the poorest nation in our hemisphere.

But we must also place these problems in the context of the extraordinary progress that the Haitian people have made in just four months. No one put that journey in better perspective than President Aristide. Haitians, he has said, are moving along the path that leads "from misery to poverty with dignity."

The evidence of progress is strong. Today the Haitian people live in an environment that is -- in relative terms -- safe, secure and free of political violence. They have made progress in breathing life back into the political institutions of their fragile democracy. And they have begun to jump start their dead economy, while seeking expertise and the investments they need for long term growth.

Let me examine each of these topics -- security, democracy and economics -- in turn.

When the United States sent its troops to Haiti, our first and foremost mission was to create a secure and safe environment. Thanks to the Haitian people's desire to end the violence that had plagued their nation and the cooperation of our allies in the multinational force, we have been largely successful. A few statistics illustrate this point. When our troops arrived in Haiti, there were an average of 10 to 15 serious incidents of organized political violence reported each week. Those have virtually disappeared. Incidents of common criminal violence continue, of course, but since our troops arrived in Port-au-Prince, 11 violent crimes have been reported every week -- a figure far below American cities with similar populations.

To decrease the violence and the prospect that it will reappear when the international forces depart, the multinational force -- using a buyback program, seizing weapons caches, setting up roadblocks -- has recovered more than 21,000 individual weapons and explosive devices. There is no doubt that many weapons are still in the wrong hands. But the multinational force made the right decision not to go door to door to try to root out every criminal, gun or thug. That was not our mission, and it would have been impossible. Our goals, instead, were to create a generally secure environment in which the democratic government could take hold and to establish new civilian-controlled security forces as the first line of protection for the Haitian people.

In this task, we have made good progress. Aided by our training and monitoring assistance, the Haitian government has established a newly organized Interim Public Safety Force of 3,500 to take over from its Army. More than 700 international police monitors from 20 countries, led by former New York Police Commissioner Ray Kelley, have helped train the members of the interim force and worked side by side with them on the streets of Port-au-Prince and in the rural villages.

We are helping the Haitian government reduce and reorganize the military, weeding out known human rights abusers and corrupt officers, while establishing a program to help them train for civilian jobs. To replace the interim force and remaining army units, recruits for a permanent civilian Police Force are now being trained by our Justice Department at the new Haitian Police Academy, where human rights is an essential part of the curriculum. The first class of Civilian Haitian Police will graduate in May and more than 300 will be deployed each month until a force of 4,000 is ready to take over from the interim force and United Nations military and police personnel. This transition will not be easy, but we are convinced that the new, accountable professional security forces can replace the violence and corruption of the police forces of the past.

Indeed, life in Haiti is generally secure today. The simple activities of everyday life -- street vendors hawking food, children going to school, and families attending church services -- have come alive again. Thousands of men, women and children who were in hiding or in exile during the dark days of military rule -- from members of Parliament to clergy to entrepreneurs -- have resumed their normal lives.

The once massive outflow of refugees from Haiti -- which hit a high of 16,000 in July of last year -- has virtually stopped. The Coast Guard has helped more than 20,000 migrants and refugees held at U.S. facilities -- in Guantanamo and elsewhere -- to return home.

Our success in creating a secure and safe environment in Haiti did not come about by accident. It has been the result of a carefully planned, well-executed strategy led by the American military. Initially, the massive presence of the 28-nation multinational force served as the guarantor of peace. U.S. forces reached a peak of 21,000 in early October. Together with their colleagues from the multinational force, they established 27 bases and made their presence felt throughout the country. As the situation began to stabilize in November, we started to draw down our troops. Today there are fewer than 6,000 American soldiers in Haiti, and that number will be cut in half when the United Nations mission begins.

Our success at helping the Haitian people create a secure environment has also helped Haitians to restore their democracy and strengthen their fragile political institutions. Let me turn to that subject.

Much of the credit for the progress in restoring democracy must go to President Aristide, who brought back with him a climate of tolerance and reconciliation that has thus far endured.

Immediately upon his return, President Aristide met with parliamentary leaders from all sides of the political spectrum to set a common, cooperative agenda. On crucial matters -- appointing a Supreme Court.... writing a new police law and amnesty legislation.... establishing an electoral planning commission.... and drafting a budget -- President Aristide has worked with parliament, not around them. And he is building bridges to all sectors of society, from the elite families that have long controlled Haiti's wealth to the resident of the slums of the Cite de Soleil.

Faced with high expectations and the prospect of building a fledgling democracy, the Aristide government confronts daunting challenges. Its Cabinet Ministers took over ministries that the dictators had stripped of basic supplies -- even plumbing. There are few professionals below the ministerial level to implement decisions. Haiti's judicial system, which collapsed under the Cedras regime, must be completely renovated.

But debate, however fractious, has replaced dictatorship and the government is seeking to serve all the citizens, not just the elites who have dominated Haiti for so long. Although it is still critical that a formal date be set, parliamentary elections will be held this spring. As President Clinton said long before our troops landed in Haiti, our goal is to promote the process of democracy, not any single person or political party. We will work with the United Nations and the Organization of American States to ensure that the spring elections, as well as the Presidential elections in December, are as open and fair as possible.

No matter how successful the Haitian people are at establishing a secure environment or sinking roots for democratic institutions, stability will elude them without strong, steady economic growth. Haiti's per capita income is about $200 a year, one of the lowest in the world. Rebuilding the economy is Haiti's most difficult task, for no amount of good will can undo decades of damage to natural resources, and no amount of hard work can replace the national treasures that past despots have carted away.

In the five months since the dictators gave up power, the United States has joined other nations and international institutions to supply aid and technical support. At the outset, the international community committed $80 million to cover Haiti's external debt, so that the international financial institutions could engage. Taken together, the international community already has pledged more than $600 million for the first year. For our part, the United States is contributing approximately $100 million for fiscal year 1995 -- funds that are being used to provide critical health care for two million Haitians, increase daily feeding programs to sustain 1.3 million people, provide 50,000 short term jobs, and help the Haitian Ministries get off the ground.

Haiti's real economic future lies, of course, in the private sector. To encourage private investment, AID is working closely with the Overseas Private Investment Corporation to help businesses get back to business. They have facilitated a $50 million development fund that has been tentatively approved by the Bank of Boston to help business in Haiti get started. In March, Secretary of State Talbott will lead a delegation of corporate CEOs to Haiti to explore ways to spur private investments. Our nations are discussing ventures from tourism to telecommunications, and the Commerce Department is preparing for the March inaugural meeting of the U.S.-Haiti Business Development Council, a group that will help companies in both nations do business with the other.

There is already evidence that the Haitian private sector is getting back on its feet:

- Thirty-two companies that make finished products for export have reopened their doors, providing jobs for 5,000 Haitians. Twenty more will be up and running by the end of February.

- Three American agribusiness companies have resumed imports of mangos and papaya.

- And a Vermont-based company will place more than $2 million of Haitian handicrafts in upscale retail outlets in the United States this year.

Over the long run, the Haitian leaders and their people will have to take on some enormously difficult economic tasks. The electrical power company must be modernized and, perhaps, privatized. Government institutions which a modern economy requires -- like a central bank -- must have the expertise and equipment they need to do their jobs. And Haiti must work continuously to attract investment, which will create job opportunities for its people.

None of these tasks, nor the others I have mentioned, is small or easy. But President Aristide and the Haitian people realize they must tackle them if they are to maintain civility, restore democracy and eventually prosper. They know, too, that these are tasks that only the Haitians themselves can accomplish.

From the beginning of our planning for Operation Uphold Democracy, President Clinton made clear that any intervention by the United States would be aimed at helping give the Haitian people another chance. Our mission would be limited and have a clear exit strategy. Our goals were straightforward: restore democracy to Haiti, help President Aristide return and reclaim his office, establish a secure and stable environment and then turn over responsibility to a United Nations peacekeeping force.

At the end of March, we will turn over that responsibility as authorized under the original UN mandate. A U.S.-led multinational force will become an international force with U.S. support -- in recognition that the entire international community has a stake in Haiti's future. To ensure that the new force is just as effective as the American-led multinational force has been, the United Nations force will be commanded by an American, Army Major General Joseph Kinzer, and include about 2,500 American troops.

American troops will remain in Haiti to help provide the government and the people with the seamless transition and the continued security they need. The UN force will help see Haiti through the parliamentary elections this spring the presidential election in December, and finish the job of training and deploying Haiti's civilian police. With democracy twice validated through elections and a new security force in place, the UN mandate will be complete and American troops will leave Haiti by February of next year.

As I have said, Operation Uphold Democracy's success to date in Haiti does not mean the sailing ahead will always be smooth. Our mission remains dangerous. Haiti's future remains uncertain.

But we have learned much in the months since President Clinton directed us to begin planning our effort to help the Haitian people. Operation Uphold Democracy has demonstrated the power of the combination of force and diplomacy, and the value of persistence. It has reminded the world that the United States keeps its commitments and that our military is second to none, not only in strength but in its creativity and effectiveness.

Most important, Operation Uphold Democracy testifies to the power of ideas and the power of people. When we launched our effort, our critics said that we could not and should not help the Haitian people recover their democracy and find their hard-won freedoms, that violence and repression were their fate. But President Clinton believed otherwise.

In the five months since the President launched Operation Uphold Democracy, the Haitian people have -- by force of will and hard work -- earned a new day of promise. They face a long and difficult road ahead. But today democracy's star shines as bright in Port-au-Prince as it does in

Pretoria and Peoria. Haiti's progress reminds us, once again, that liberty is the property of no nation, and that freedom is the province of all people.

THE WHITE HOUSE

WASHINGTON

CC: LEON

February 6, 1995

Carol L. Schwartz
I-402
241 Perkins Street
Jamaica Plain, Massachusetts 02130

[redacted]

Dear Carol:

Thanks for your letter recommending Dr. David Jackson for Surgeon General. I appreciate having the benefit of your insight.

As you know, I have announced my intention to nominate Dr. Henry Foster for U.S. Surgeon General. He is a top-flight medical professional, a strong leader and an effective communicator who will do an outstanding job.

Thanks for writing and thanks for your ongoing support. I really appreciate it.

Sincerely,

Bill Clinton

Dave is great

Carol L. Schwartz
241 Perkins Street, I-402
Jamaica Plain, MA 02130

26 January 1995

Mr. President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500-2000

Dear Mr. President/Bill,

I would like to recommend most enthusiastically Dr. David Jackson for the position of Surgeon General to succeed Dr. Jocelyn Elders.

I came to know David at the Renaissance Weekend in Hilton Head, South Carolina, nine years ago. I heard him speak and was immediately impressed by his knowledge and with his breadth of medical and human capacities. I am the daughter, ex-wife and sister of three extraordinary medical luminaries, and heard and saw in David many of those same qualities.

It is rare that one finds a doctor who is a consummate clinician, NIH-backed researcher, inspiring teacher, informed educator, fine administrator, and political activist who ran for Congress. He was on the Task Force for Health Care Reform, Health Commissioner, and someone whose range of interests ran from geriatric health to maternal and child health issues. While he was Director of Health, Ohio was awarded one of ten International UNICEF Awards for maternal and child health programming.

To be more specific: his NIH-supported research was in understanding the physiology of what happens to the brain during and after cardiac arrest. He took clinical issues and asked the right scientific questions, thereby changing clinical practices. His Ph.D. thesis earned a distinction from Hopkins Medical Center. He demonstrated the location of the fever center of the brain. This was published in the *Journal of Neurophysiology*.

He was elected Teacher of the Year during the first year he was on the faculty. His teaching has continued to be an integral part of his life, and will continue to be while at Hopkins now.

He has a sense of personal and professional integrity at the bedside or in the lab, knows the importance of being accountable at all times, values hard work and doing it at his ultimate best - whether it be a differential diagnosis or giving a talk. All this involves long hours; but his driven work-ethic is balanced with family; and family and work times are always joined. He has clinical compassion and an ability to empathize with others.

In the Public Health arena he developed the first state-wide solid-organ transplant consortium (heart and liver).

In sum, his writings, research and record therefore reveal a passionate dedication to the noblest of all professions. He genuinely cares about and has spent a lifetime devoted to the larger issues of health care reform. However, what impresses me even more is his sensitivity and listening heart to the pain and suffering of one human being and his commitment, therefore, to make sure these needs are addressed, heard and executed into legislation. That is what I feel is unique and special about Dr. David Jackson. Ben Rose, the assistant minority leader of the House in Ohio, said that David was "the best Director of Health that Ohio will ever have!"

With all of this I do hope you will consider Dr. David Jackson most seriously and enthusiastically for Surgeon General of the United States.

With loyal affection and the deepest of pride and respect,

Carol L. Schwartz

Carol L. Schwartz

cc: JACKSON

P.S. It was so good to get a glimpse of you at Renaissance. Your talk re-ignited all the juices of the early days of the campaign! You have the enduring support, devotion and unflagging commitment of a legion of people wherever I go. I promised I would carry that message to you.

CLS

THE WHITE HOUSE

WASHINGTON

February 6, 1995

Johnetta B. Cole
Spelman College
350 Spelman Lane
Atlanta, Georgia 30314-4399

[redacted]

Dear Johnetta:

I received your letter of January 23 recommending Mrs. Ella Gaines Yates to the U.S. National Commission on Libraries and Information Science.

I appreciate your insight on her qualifications, and I've shared your letter with Bob Nash, my Director of Personnel.

Many thanks.

Sincerely,

Bill Clinton

Thanks

Veronica Biggins

Spelman
College
Johnnetta B. Cole, President

January 23, 1995

President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-2000

Dear President Clinton:

I write to add my support of the appointment of Mrs. Ella Gaines Yates to the United States National Commission on Libraries and Information Science (NCLIS). As a professional of 40 years, Mrs. Yates would bring to the Commission a vast range of knowledge in the field of library science.

Mrs. Yates is a widely recognized professional. To highlight just a few of her experiences: She established the archives for the Martin Luther King, Jr. Center for Social Change; served as Building Consultant for Atlanta's main library, The Atlanta-Fulton Public Library; and established a vocational educational training resource library collection for the Seattle Opportunities Industrialization Center. Not limited to library-affiliated positions, Mrs. Yates served as Assistant Director of Administration of The Friendship Force, an international organization for fostering a cultural, language, political and religious exchange in Atlanta, and as a research writer for the U.S. Commission on Civil Rights. More recently, Mrs. Yates served as State Librarian and Archivist for the Virginia State Library and Archives.

Mrs. Yates is a 1949 graduate of Spelman College. She holds both a Juris Doctor in law, and a Master's degree in Library Science. A member of numerous professional and civic organizations, Mrs. Yates is also an awardee of many honors including a Mayoral proclamation of "Ella Gaines Yates Day In Atlanta" in 1981.

Ella Gaines Yates remains a highly-skilled librarian. She is current in the new technology for meeting current and future demands, proficient in research, experienced in setting policy and program development, and continues to author articles for professional publications.

Spelman College • 350 Spelman Lane • Atlanta, Georgia 30314-4399
Phone-404-681-3643 Fax-404-223-1428

Proudly, I recommend Ella Gaines Yates, one of Spelman College's most outstanding alumnae, for appointment to the United States National Commission on Libraries and Information Science.

Sincerely yours,

Johnnetta B. Cole

Johnnetta B. Cole

JBC/nt

To WPC

To Galston ?

original bklt went to Bill Galston

THE PRESIDENT HAS SEEN
2/6

Position Paper of The National Cotton Council On 1995 Farm Legislation

National Cotton Council OF AMERICA

Prepared January, 1995

DEC 21 RECD

Bank of America

cc Frenkel letter
to Dr Baer
& Bowles

Emanuel A. Frenkel
Senior Vice President and Director
of International Economics

December 12, 1994

M. Larry Lawrence
Ambassador of the United States of America
American Embassy
Jubilaeumsstrasse 93
3005 Bern
Switzerland

Dear Larry,

I have been meaning to take the time to truly thank you for the generosity of your remarks at our Thanksgiving dinner in Basle. It was indeed a pleasure for me to be so honored before such a gathering, and it is now a wonderful memory that shall remain very present.

Since then, I have given thoughts to some of the things we discussed at dinner, in particular the fortunes of the President. Some of these, I would like briefly to share with you.

You mentioned toward the end of our gathering that it would be Republican missteps and disarray that would, in the end, propel Mr. Clinton to a second term. This may indeed play out. But I believe that our President is of such personage that he should stake his fortune not on serendipitous events that benefit him, but from inner strengths, even inner greatness. By this, I mean he should chart a new course for himself by which he bonds to the American people in a very personal and sincere way.

I believe I mentioned to you that while Mr. Clinton's positions on social issues, minorities, and women were sensible, his apparent and repeated favoritism to these groups slid him out of the mainstream and into defeat. I believe I also commented to you on the President's uniqueness as described in news coverage early on emphasizing his devotion to regular readings of Marcus Aurelius. I forgot to mention that a difference between the Roman Emperor and our President is that when Marcus Aurelius read Plato and Aristotle, he probably kept this action secret so that he could use the weapons learnt therein in subtle fashion.

Back to exposing inner strength. I do honestly believe that the President should consider the impact to his political stature when he is always seen talking to small groups whose interests in many cases are quite arcane to most Americans. The president is constantly seen at ease speaking about GATT, about Mid-East peace, about Ukraine, about AIDS, or about drugs and guns, to interested groups or to reporters. He comes across informed. He is detailed. He has an opinion, and he appears in his element. But he is always talking to the groups. Not to the nation.

Furthermore, ever since the economic summit, the President is forcefully seen receiving many opinions and views from advisors, most of whom for the most human of reasons are putting their best foot forward in an effort to be heard. The upshot is that the president is seen in the thrall of experts and the college seminar. Again, the nation is left out.

The President has pure feelings about the issues facing the nation and the world, and he does have the capacity to lead. But, now he has to realize that he must lead the nation directly. His shot at being a great president will not be in trying to placate erstwhile democratic supporters who have now turned against him. His shot at being a great president will not be in suddenly joining the Republicans in their camp.

Mr. Clinton's shot at being a great president lies in him always seeing himself in front of the American people. Not in front of advisors. Not in front of the interested groups. In front of the people, the President must be seen to think for himself. He must be perceived as allowing his heart-felt opinions about domestic and international issues crystallize as he broods over them.

The American people don't really want go to the mat over school prayer. They are not even that concerned about a balanced budget. But they are concerned about leadership, about America's role on the world scene, and it is here where Mr. Clinton can still make his mark. He must be perceived as distancing himself from the ever-more refined arguments of advisors. He must be perceived as a man somewhat alone, who is thinking. And when the people see the President of the United States alone and thinking, with tolerance and without malice, in line with the nation's desire for social peace and global respect, they will more likely bond with him.

Thus Mr. Clinton must learn to address the nation. He must do this on television, and his must do it often. While allowing congress to hoist the Republican agenda, he should publicly ask the questions that he feels are important to the nation, and then state his solutions unmindful of political expediency.

Questions such as: "Have we lost our belief in the future?" Or, "Have we forgotten what it means to be a rich and tolerant nation?" Then, in answering these questions on presidential turf and away from the Congress, he can mold in such issues as crime, drugs, immigration, national prosperity, national unity, work, Bosnia, free trade, and military preparedness. Why not. The President has nothing to lose.

All this I believe. Once again, thanks for a wonderful and uplifting evening.

Sincerely,

THE PRESIDENT HAS SEEN 2/6/95

To Don Baer
Fyi — a good writer!
BC

THIS PURPORTS TO BE AN ACTUAL ESSAY WRITTEN BY A COLLEGE APPLICANT. THE AUTHOR, HUGH GALLAGHER, IS ATTENDING NYU.

3a. Essay: In order for the admissions staff of our college to get to know you, the applicant, better, we ask that you answer the following question: Are there any significant experiences you have had, or accomplishments you have realized, that have helped to define you as a person?

I am a dynamic figure, often seen scaling walls and crushing ice. I have been known to remodel train stations on my lunch breaks, making them more efficient in the area of heat retention. I translate ethnic slurs for Cuban refugees. I write award-winning operas. I manage time efficiently. Occasionally, I tread water for three days in a row.

I woo women with my sensuous and godlike trombone playing. I can pilot bicycles up severe inclines with unflagging speed, and I can cook thirty-minute brownies in twenty minutes. I am an expert in stucco, a veteran in love, and an outlaw in Peru.

Using only a hoe and a large glass of water, I once single-handedly defended a small village in the Amazon Basin from a horde of ferocious army ants. I play bluegrass cello. I was scouted by the Mets. I am the subject of numerous documentaries. When I'm bored, I build large suspension bridges in my yard. I enjoy urban hang gliding. On Wednesdays, after school, I repair electrical applicances free of charge.

I am an abstract artist, a concrete analyst, and a ruthless bookie. Critics worldwide swoon over my original line of corduroy evening wear. I don't perspire. I am a private citizen, yet I receive fan mail. I have been 'caller number nine' and have won the weekend passes. Last summer I toured New Jersey with a traveling centrifugal-force demonstration. I bat .400. My deft floral arrangements have earned me fame in international botany circles. Children trust me.

I can hurl tennis rackets at small moving objects with deadly accuracy. I once read Paradise Lost, Moby Dick, and David Copperfield in one day and still had time to refurbish an entire dining room that evening. I know the exact location of every food item in the supermarket. I have performed several covert operations for the CIA. I sleep once a week; when I do sleep, I sleep in a chair. While on vacation in Canada, I successfully negotiated with a group of terrorists who had seized a small bakery. The laws of physics do not apply to me.

I balance, I weave, I dodge, I frolic, and my bills are all paid. On weekends, to let off steam, I participate in full-contact origami. Years ago, I discovered the meaning of life but forgot to write it down. I have made extraordinary four-course meals using only a mouli and a toaster oven. I breed prizewinning clams. I have won bullfights in San Juan, cliff-diving competitions in Sri Lanka, and spelling bees at the Kremlin. I have played Hamlet; I have performed open-heart surgery, and I have spoken with Elvis.

But I have not yet gone to college.

ERSKINE
Jodie
fyi
Obviously, we'll continue to cope, but with some costs. Can we recruit the NARA person/people discussed below.
John
2/6/95

February 6, 1995

95 FEB 6 P5:21

MEMORANDUM FOR: JOHN D.PODESTA
STAFF SECRETARY

FROM: TERRY W. GOOD TWGood
DIRECTOR, ORM

SUBJECT: STAFFING PROBLEMS AND POTENTIAL SOLUTIONS

Last week during our telephone conversation, you asked me to provide you with a report on the effect of staff reductions in ORM. What follows is a brief, and hardly comprehensive, synopsis of shortcuts we are now taking:

1) Placing more documents into our manually maintained alphabetical file, less into our computerized, optically scanned subject file.
2) Minimal processing of files of several senior staff.
3) Batch processing of many Presidential and other letters rather than classifying them individually.
4) Focusing attention on records that are subject to constant requests rather than on those of more long-term historical value.
5) Relying almost exclusively on volunteers for the scanning of documents into our optical disc system.

All of this has contributed to delays in responding to reference requests. And, in the long run, will lead to processing delays at the Clinton Presidential Library. Perhaps most discouraging is that at a time when we have the technology to do rapid retrieval on the valuable documents coming to us, the lack of staff prevents us from adequately preparing and processing these documents to make use of the existing technology. This, in turn, has made us reluctant to pursue an aggressive outreach program--we don't want to promise what we can't deliver, and, obviously our first priority will always be the documentation coming from the Oval Office/Staff Secretary's Office.

Turning to what can be done, we are realistic enough to know that we are not going to return to prior staffing levels. But certain steps will help. Assigning one or perhaps two National Archives people to the White House ORM makes good sense and will benefit both institutions. We would be able to effectively use both a high ranking and a technician level staffer, as you mentioned. We would prefer that these assignments begin as soon as possible and that they continue for the duration of the Administration. *

We are very pleased with the quality of the candidates we have interviewed for our open position. (We are talking with six people.) We expect to make a choice in a day or two. At that point we will ask for permission to begin paperwork to bring this person aboard and to initiate the promotions and step increases we discussed earlier. (Clearly the ability to reward a few of our staff members with promotions and step increases is imperative for morale--our staff will not be moving on at the end of the Administration; what they do here is their career.)

The Economist's offer for The Journal of Commerce was said to be

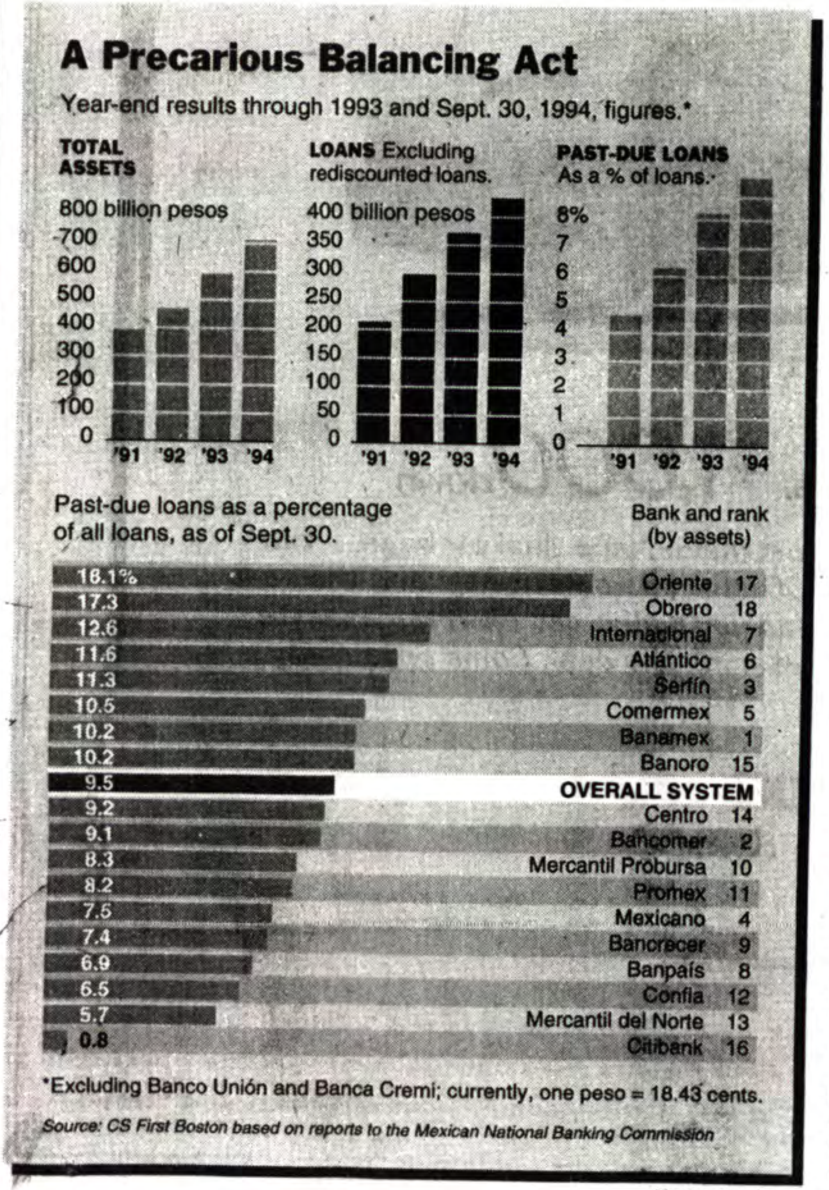
also represent a significant expansion for Pearson P.L.C., which owns

Continued on Page D19

Continued on Page D19

THE PRESIDENT HAS SEEN 2/10/95

Mexico's Banks: A Weak Link in the Rescue Plan



The New York Times

By ANTHONY DePALMA

Special to The New York Times

MEXICO CITY, Feb. 8 — Even with an international rescue plan worth about $50 billion in place, the Mexican Government's efforts to revive the economy appear threatened by the nation's weakened banking system.

Before the peso was devalued on Dec. 20, Mexican banks were already burdened with too many bad loans and too little in capital reserves. Now with the peso worth 36 percent less against the dollar than it was seven weeks ago, many Mexican companies are faced with loan payments they cannot meet.

If they were to default on their loans, Mexican banks would not have enough money left to help the nation's industries expand exports and help generate sufficient economic growth to sustain a recovery.

And if weaker banks went under, the Government would have to prop up the banking system. The result, some analysts say, is that Mexico's recession could worsen and the current account deficit could increase, despite the financial assistance package announced last week in Washington.

"The weak links in this whole chain of support for the economy are the Mexican banks," said Chip Brown, an analyst with Morgan Stanley in New York. "We just don't know how capable they are of meeting their obligations."

The decline of the Mexican peso from 28.9 cents on Dec. 20 to a little over 18.4 cents today has made it harder for businesses, homeowners and farmers to make loan payments. And the bank portfolios of overdue loans have expanded ominously, according to Government reports and analysts' studies.

Another problem looming for the banks involves $8 billion in certificates of deposit, redeemable in dollars, that are about to fall due. Analysts think that many of the investors — including Americans — who hold the certificates will pull their money out of this country, leaving the banks even shorter on funds.

With some frightened investors already putting their money elsewhere, financial analysts fear that the banks will have increasing trouble retaining enough funds to meet

Ordinary people will be poorer, and risks greater.

the Government's minimum requirement that capital equal 8 percent of assets. And, in a country where the rate of savings is even lower than in the United States, a recession from the peso's devaluation would leave many Mexicans with even less to save.

Industrial and other companies serving a shrinking domestic market would not give banks much new loan business, and some banks would struggle just to stay solvent. A number of banks already hard pressed to meet the capital-to-assets requirement have been so weakened by the peso crisis that banking analysts and Government officials doubt that they

Continued on Page D6

To Erskine
Summarize This
BC

THE PRESIDENT HAS SEEN
2-9-95

THE WHITE HOUSE

WASHINGTON

February 8, 1995 95 FEB 8 P5:17

MEMORANDUM FOR THE PRESIDENT

FROM: DON BAER DAB

SUBJECT: American Council of Education Speech

As you know, on February 14, you are scheduled to speak to the American Council on Education convention in San Francisco. Bill Galston and I have talked to various people here and throughout the administration about making this a major speech in which you will do three things: 1) Assert your commitment to a national role in public education, including higher education (contrasted with Republican position that would gut that role); 2) Draw the line against rolling back the agenda you have already put in place and reassert your support for the Middle Class Bill of Rights education and training elements and other aspects of your agenda, and 3) Challenge higher education to meet its responsibilities, especially given the opportunities this administration has provided.

We want to get you a draft of the speech by Saturday, after the Radio Address. That way, we can refine the speech Monday to have it ready for the convention. To help move ahead, I have attached a brief outline that I will try to talk with you about in the next day.

Is the Dept of Ed involved?
Have you read Sec Riley's St of Ed Address?

Look at the beginning 2 or 3 sentences of the press conference on ~~[illegible]~~ Pell (Aug yesterday for good opening to frame all this stuff—)

ACE Draft Outline

I. Statement of Principle. Education is classic example of the New Covenant: Education and training provide opportunity. But they only work if individuals take responsibility.

II. The Case for National Role in Education (in contrast to others who desire to gut that role)

Hist of Fed Role

Decades of Nat'l Concern
84 Nation At Risk
89 Nat'l Goals
94 G2000
→ Ed Agenda
How it fits w/ st, loc, private institutions

   A. Some reasons from past no longer apply
   B. But other reasons for renewed national role do apply: Unprecedented demands for education and training to compete in the New Economy. Worldwide competition requires national role. Compare with other reasons from past that still apply:
      1. Education premium for middle class income growth (Compare with GI Bill)
      2. Lifelong learning needed to compete (Compare with Cold War science education when competition was with Soviets. Now competition is worldwide and economic.)

III. Standing firm on the President's agenda for this new role (Drawing the line with Republicans)

Dept of Ed, Labor as partner

   A. Accomplishments from first two years
   B. No rollback:
      1. Lifelong learning agenda [details?; Headstart?]
      2. College loans
         *Direct lending
         *In-school interest subsidy
      3. Americorps

IV. Building on this start
   A. Middle Class Bill of Rights: How it advances this agenda
   B. Investment agenda [what is that?]
   C. Higher education assistance: Pell; accelerate [?]

V. Challenge to higher education: Given all this opportunity, what is their responsibility?
   A. Holding down costs to inflation (given Middle Class Bill of Rights advantages for higher education)
   B. Using new technology to serve education and training to fullest extent possible [Initiative?]
   C. National service as part of mission of higher education

VI. Conclusion