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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	J. Veronica Biggins to POTUS re: Board of Governors (2 pages)	02/27/1995	b(6)

COLLECTION:

Clinton Presidential Records
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FOLDER TITLE:

March 19-25, 1995 [2]

2018-0662-S

rs3122

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

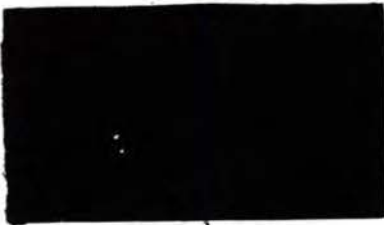
C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



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THE PRESIDENT HAS SEEN

Cohen's statement 3/22

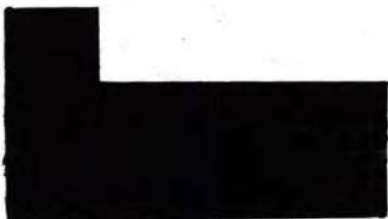
on affidavit 95 MAR 20 1995



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the city
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Bulb to 65

MAR 16 1995





U . S . S e n a t o r

Bill Cohen

THE PRESIDENT HAS SEEN

3/22

(202) 224-2523 FAX (202) 224-2693

Deliver To: Leon Panetta

Office: _____ FAX Number: _____

Date: 3/16/95 Time: _____ Page 1 of 7

Note: _____

_____From: Kathy Gist for Senator Cohen

COMMENTS ON AFFIRMATIVE ACTION

BY SENATOR WILLIAM S. COHEN

MARCH 15, 1995

MR. COHEN. Mr. President, I have been planning to take the floor for some time this week and have not been able to accommodate that, given the Senate's schedule prior to this time. I was not aware that Senator Dole would be taking the floor to talk about affirmative action.

First, let me say that I hold Senator Dole with the very highest regard and respect and I agree completely with respect to what he said earlier that no one -- no one -- can criticize Senator Dole's position on civil rights or on policies that would benefit the handicapped, the disabled or those who suffer from any sort of affliction or disability.

Especially in the field of civil rights, he has been a leader. No one can question his motivations. I think he is correct to start calling attention to some of the review and revisions that may be necessary in dealing with affirmative action.

Having said that, I want to point out that affirmative action has moved apparently to the center stage of this country's political agenda. Critics, who range all the way from Presidential contenders to syndicated columnists, of programs designed to assist centuries old discrimination, plead sometimes as lawyers.

We are watching a lot of legal programs today. Lawyers plead in the alternative. One argument is that our nation is or should be color blind and our laws race and gender neutral. Some have argued -- and I am paraphrasing, but I think correctly -- that reverse discrimination is as bad as slavery. I want to repeat that: reverse discrimination is as bad as slavery. I suggest, perhaps, a reading of Alex Hailey or James Baldwin or Gordon Parks might be more beneficial in dismissing such a preposterous notion.

One writer has written that "Compensatory opportunity is advocated by those who want to remedy the presumed victimization of certain groups in the past." Well, Mr. President, since victimization has been only presumed, apparently like the Holocaust, it has to be proved to the present and to the future time and time again.

It is also said that preferential treatment based on race, gender or ethnicity is inherently anti-American and contributes to

the polarization of the American people. Finally, that 30 years is long enough to compensate for the four centuries of sins of our fathers.

Mr. President, I should point out that these critics of affirmative action are not confined to angry white males. There are a number of prominent blacks, some of whom have no doubt been the beneficiaries of affirmative action programs, who now denounce them because of the so-called Faustian bargain that they had to strike.

They resent the fact that they now have scarlet letters "AA" stamped on their brow, forever identifying them as social and intellectual inferiors who could not make it on their merit.

Let me say, Mr. President, as a strong supporter of programs designed to help women and African Americans and other minorities break through glass ceilings and concrete walls, I believe, as I said earlier, that no program, however well-intentioned, should be excluded from review, revision, even elimination if circumstances warrant it. There is no doubt in my mind that some of the programs have been used and abused in ways that many of us never anticipated, many of us who are the authors and supporters of affirmative action. The Viacom deal, which is about to come before the Senate in the next week or two, is perhaps a classic case of a program that has long since outlived its usefulness. Maybe it needs to be rejected and repealed.

But I would like to say to those who argue that we should not consider any preferential treatment on the basis of group membership, I think we have to look back and look deep into our hearts and history and remind ourselves that we have a great deal to account for and to correct based on discriminatory policies of the past, policies that continue to this very day.

Judgments and jobs are not as we would like to believe, based on the content of our character. They are, in fact, in many, many cases still based on the color of one's skin, gender or ethnic background. I know that affirmative action is said to be a politically defining issue -- a wedge issue -- one that is going to drive the middle class white voters fully into the arms of the Republican Party, leaving the minorities and women and other liberals floating in the backwash of the Democratic Party. The polls actually confirm that this wedge is politically powerful and popular as a force that will, in fact, succeed in dividing segments of our society in clearly defined political camps.

Mr. President, let me say I believe any short-term political success is going to prove to be a long-term policy disaster because what is truly at stake in the coming debate is not wedges but values. There are two values that lie deep within the American hearts and minds.

[One is that every person should be given a fair chance to compete in the classroom, on athletic fields and in the workplace. Every person under our Constitution should enjoy equal privileges and protections of the law. That is one.

[Second, there should be no special privileges, no favoritism, no artificial or arbitrary rules that give something to someone that has not been earned, no quotas, no rules of thumb; we want rules of reason instead.

In an ideal world, these values are not in conflict, they are in complete harmony. But let us suppose the world is less than ideal. Let us suppose that all the people are not treated equally over a long period of time.

Suppose there are laws that are passed that discriminate against people because of their race or sex, and suppose that some people are treated as slaves or pack mules or objects of hatred and violence or as simple reproductive vessels. And suppose that some people cannot buy a home or obtain a mortgage or get a job just because of the color of their skin or break through that so-called glass ceiling or break through concrete walls. Is there anything more un-American than to deny a human being the chance to be the best that he or she can be on equal terms?

Is there anything more un-American than to isolate people in a ghetto, to put up invisible barriers by denying them jobs, opportunity, any hope of breaking through and breaking out of that prison of poverty and then to watch in horror and outrage as their children go fatherless and the streets go white with drugs and then they run red with the blood of the mindless violence that we see there?

Is there anything more un-American than to rob people of their equal opportunity because of the pigment of their skin, the texture of their hair, the composition of their chromosomes, all while we proudly proclaim that our policies are color blind and gender neutral?

And is there anything more hypocritical than to say that racism or sexism is a thing of the past?

Mr. President, a book I read some years ago, Native Sun, written by Richard Wright, told the story of what it means to be black in this country. There are many memorable scenes, but one that has stayed with me over the years is one where there are two young boys, one named Bigger, one named Gus. They look up at a pilot who is skywriting on a lazy summer day. The quote goes:

"Looks like a little bird," Bigger breathed with childlike wonder.

"Them white boys sure can fly," Gus said.

"Yeah," Bigger said wistfully. "They get a chance to do everything. I could fly a plane if I had a chance."

"If you wasn't black and if you had some money and they'd let you go to the aviation school, you could fly a plane," Gus said...

Then he said:

"Every time I think about it, I feel like somebody's poking a red-hot iron down my throat. . . It's just like living in jail. Half the time I feel like I'm on the outside of the world peeping in through the knot-hole in the fence. . ."

Mr. President, that scene was memorable for me not just because it depicts innocence in a novel that is filled with horror, but because it says so much about the human spirit, about the significance of hope, about the utter destructiveness of knowing in advance the hope can never be realized.

Well, Native Son is fiction. It was written more than probably 50 years ago now, and we know that a lot of things have changed since that time. We know that we have Michael Jordan who may be, once again, skywriting in Chicago. We know that there are people like Bryant Gumbel. You can turn on your set in the morning and watch Bryant or Oprah Winfrey. We know we have Justice Thomas on the Supreme Court. We know that we have Colin Powell, who may be the most popular non-Presidential candidate to date on the American political scene. There are powerful women -- Justices Sandra Day O'Connor and Ruth Bader Ginsburg.

Let me just say that for every Michael Jordan, for every Colin Powell, for every athlete, musician, business person that we see who has succeeded, there are millions of people locked away from opportunity to this very day.

One thing struck me several years ago as I watched a program, I think it was on ABC PrimeTime. The producers of that show took two attractive articulate male college graduates, one was white and one was black, and they sent them out into the world followed by a hidden camera.

How was the black man treated? In a store, he was regarded with great suspicion by a salesman who followed him around wherever he went, a security guard. He went to an auto dealership where he was ignored for not just minutes but nearly a half-hour or more. He went out and looked for an apartment and he was told, "Just happened to miss it. The last one went just a few minutes ago."

Then they looked and they followed the white college grad around. Needless to say, he was treated quite differently. When he went to the store, he was welcomed with open arms. When he went to the auto dealership, he was given preferential treatment and terms. When he went to look for an apartment, the same building at

which the black man had just been turned down, they said, "We have an apartment for you."

Well, the camera never blinked, no once, not twice. And not anyone blinked, anyone of those participants in that film blinked either. They either denied they were engaged in acts of racism or discrimination or they reacted with anger at the exposure of their behavior.

So for those today who say that is all a thing of the past, we do not have to worry about that, 30 years has really leveled the playing field, and so now we have affirmative action being used to deny qualified white males their opportunity, we are not discriminating in favor of unqualified blacks and unqualified women -- well, Mr. President, that was never the goal of affirmative action, never the goal of affirmative action to give preference to unqualified people over qualified ones, be it in college, in graduate schools or in the management level of business.

It is really about finding qualified people who are out there in abundance but either through inadvertence or deliberate neglect and rejection have been ignored. The pursuit has not been for mediocrity, it has been for opportunity, to be the best that everyone can be.

Justice Holmes, one of my favorite Justices in the history of this country, said that a tragedy that filled the old world's literature was really about people who were taxed beyond their abilities. We know the story of Sisyphus forever rolling the rock up the hill and it kept rolling back down. We know about those with the water that kept coming up to the neck but could never drink. That was really tied up in the myths and the tragedies of the ancient Greeks.

He said today, however there is a different type of hell, a much deeper abyss, and that is when people who are conscious of their powers are denied their chance. That is what affirmative action really has been all about, when people conscious of their power have been denied their chance. It was an opportunity for the United States Congress and the administration to work together to help bring people who have the talent and the ability, who have been held down over the centuries -- not just 30 years, over the centuries -- to give them a chance to break through the barriers, and now we are suddenly saying it is all level, we are gender neutral, we are race neutral, we do not have to worry about affirmative action anymore.

Well, they have not quite been successful. I am looking at a Time magazine article that came out just recently. They apparently acquired a document showing affirmative action has not been as successful as the critics claim or supporters hope. They cite a Bureau of Labor Statistics study in 1994 where whites held 88.8 percent of managerial professional positions down only slightly from 91.6 percent in 1983. In that same period, blacks increased

their presence in the managerial professional ranks only marginally from 5.6 to 7.1 percent. So there have not been these great strides that the critics of the programs have now cited.

Mr. President, I say it again, I have no doubt that there are some who might use either their race or gender as an excuse for failure, but the vast majority of people have found that others have used their race or gender as a reason to keep them from their success. So let us remove programs that are no longer necessary. Let us revise ones that are not working, but let us not indulge in the delusion that the field of dreams is equal and level for all of our people. We still have a long, long way to go.

3/22
THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

March 21, 1995

MR. PRESIDENT:

The attached memo from Alexis and Flo McAfee seeks your input for the delegation that is expected to travel to Haiti with the Secretary of State. The memo lists 62 people -- 26 Members of Congress and 36 others. The final delegation will be 15 Members and 15 private citizens.

It would be helpful to Alexis and Flo if you could indicate any people you positively want included. Beyond that, they will coordinate choosing the final group.


Todd Stern

-- O'Brien
-- McFinn



3/22
THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

95 MAR 21 P1:47

March 21, 1995

MEMORANDUM TO THE PRESIDENT

FROM: WENDY SMITH

RE: HAITI

Attached please find a list of the requests for the Haiti delegation. This group will not be traveling with you but is, however, tentatively scheduled to travel down to Port-Au-Prince with the Secretary of State.

We need your input on these recommendations before the invitation calls are placed. In addition to picking the priority thirty (30), we would also like you to sort the list in anticipation that not all of the invitations will be accepted.

3/22
THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

March 21, 1995

95 MAR 21 P 1 : 47

MEMORANDUM TO THE PRESIDENT

FROM: Alexis Herman
Flo McAfee

RE: Haiti Delegation

For your review, attached is a preliminary list of 62 names (3 administration officials, 33 private citizens and 26 members of Congress) for the delegation. The names reflect individuals interested or involved in Haiti from the following categories:

- Business
- Veterans
- Religion/Church
- Core Political Supporters
- National Organizations
- Artists
- Members of Congress

This list will be scaled down to a final delegation of 15 private citizens and 15 members of Congress. Due to the limited size of the delegation, the private citizens list consists of a majority of individuals who had not participated on the previous Haiti delegations.

HAITI DELEGATION

PRELIMINARY LIST

NSC (4)

*Taylor Branch, Author

*William H. Gray, Former Special Advisor to the President on Haiti

Jon Plebani, Former Deputy Special Advisor to the President on Haiti

Mrs. Kelly, Wife of former New York City Police Commissioner

Ambassador Swing (18)

Administration Officials:

Ruth Harkin, OPIC

Brian Atwood, Administrator, AID

Joseph Duffey, Director, USIA

Artists:

Harry Belafonte, Artists for Haiti

Sydney Poitier, Artists for Haiti

Danny Glover, Artists for Haiti

Susan Sarandon, Artists for Haiti

Jonathan Demme, Artists for Haiti

Whitney Houston

Anita Baker

Aretha Franklin

Michael Bolton

Paul Simon

Arsenio Hall

Paul Newman

Whoopie Goldberg

Olden Polynce, Haitian-American member fo the Sacramento Kings

(Fnu) Elie, Haitian-American member of the Houston Rockets

Intergovernmental (4)

Governor Pedro Rosello (D-Puerto Rico)

State Representative Alzo Reddick (D-Orlando, FL), Submitted by Lt. Gov. MacKay

State Representative Kendrick Meek (D-Miami, FL), Submitted by Lt. Gov. MacKay

State Representative Beryl Roberts-Burke (D-Miami, FL), Submitted by Lt. Gov.
MacKay

(Note: Gov. Chiles and Lt. Gov. MacKay will be unable to go.)

Public Liaison (10)

*Randall Robinson, President, Transafrica

Steve Harrington, Miami Businessman/DNC Trustee

Cardinal Bernard Law, Archbishop of Boston and Director of the International
Committee of the U.S. Catholic Conference

*Allen "Gunner" Kent, Commander, VFW

Ringo Cayard, Miami Haitian American Foundation; Submitted by
Congresswoman Carrie Meek

*Jesse Jackson, Invited by the President

Dr. Henry Lyons, President, National Baptist Convention

George Soros, Chairman, Soros Foundation---Establishing a million dollar foundation
for open democracy in Haiti

Rosemary Winder Strange, Director Social Services, Catholic Charities USA

Harriet Michel, President, Minority Business Council and Haitian-American

Congress (26)

Senate:

Sen. Graham

Sen. Mack

Sen. Dodd

Sen. Coverdell

Sen. Nunn

Sen. McConnell

Sen. Leahy

Sen. Hollings

Sen. Inouye

Sen. Stevens

Sen. Moseley-Braun

Sen. Harkin

House:

Rep. Meek
Rep. Payne
Rep. Rangel
Rep. Gilman
Rep. Hamilton
Rep. Murtha
Rep. Young
Rep. Wilson
Rep. Callahan
Rep. Rogers
Rep. Mollohan
Rep. Richardson
Rep. Hastings
Rep. Owens

*Participated on previous Haiti delegation.

THE PRESIDENT HAS SEEN 3/22

THE WHITE HOUSE
WASHINGTON

March 21, 1995

95 MAR 21 AM 11:39

MEMORANDUM TO THE PRESIDENT

FROM: Mike McCurry *MMC*

SUBJECT: Article for your information

I'm usually the first to defend the collective tendencies of the press when it comes to the tone of their coverage of Washington, but the attached article is encouraging: journalism's leading professional reviewer, Columbia Journalism Review, takes head on the self-destructive and cynical slant to much of the current reporting on public affairs. At least these guys are talking among themselves about the damage they are doing to the institutions of self government.

*Good
in article & surface
Mike*

THE PRESIDENT HAS SEEN 3/22

THE WHITE HOUSE
WASHINGTON

95 MAR 21 P4:58

21 March 1995

MEMORANDUM TO

THE ~~P~~RESIDENT

CC

LEON PANETTA
ERSKINE BOWLES
BILLY WEBSTER
MARCIA HALE

FROM

HAROLD ICKES (H13)

RE

MAYOR RICHARD DALEY

Mayor Daley will be in Washington, D.C. tomorrow (Wednesday) in connection with the signing of the unfunded mandate bill. Although he has not asked to see you, it might be advisable for you to meet with him for 15 minutes to discuss his race, Illinois generally, and the Democratic National Convention in particular. As I told you the other day, the word is that the Mayor does not want any fundraising conducted in Chicago prior to the Convention, presumably because the Chicago Convention Host Committee is legally obligated to raise some \$30 million in connection with the '96 Convention. It is simply unthinkable that neither your re-elect campaign, the DNC, the DCCC, the DGA nor the DSCC will be permitted to raise money in Chicago for the next year and a half. If you meet with the Mayor, this might be an opportune time to raise this issue with him.

Please let either Leon or Marcia know if you wish to see the Mayor.

1/10/95

THE PRESIDENT HAS SEEN 3/22

THE LAW CENTER
UNIVERSITY OF SOUTHERN CALIFORNIA
UNIVERSITY PARK
LOS ANGELES, CALIFORNIA 90089-0071

SUSAN ESTRICH
Robert Kingsley Professor
of Law and Political Science

Telephone (213) 740-7578
Telecopier (213) 740-5502
Internet sestrich@law.usc.edu

3/21/94
1994

March 64L

Dear Mr. President —

Thank you so much for mentioning
my column at your press conference.
I was honored — — and my mother
was the toast of the condo. The
Journal and the Times should be
ashamed — — but of course they
never are.

I'm delighted to see you
moving on affirmative action.
It always makes me nervous
when you're on my left (as
in Prop. 187) — — there aren't

enough votes there, among other reasons.

If I can help in any way, please let me know.

Keep fighting.

Marty joins in sending our best to you and Hillary.

Love,
Susan

THE WHITE HOUSE
WASHINGTON

Sent
95 MAR 22 PM 2:31

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: *Terry McAuliffe*

Fax Number:

863-7109

Phone Number:

FW

FROM:

Todd Stern (to 456-2702)

SUBJECT:

fundraising etc.

DATE:

3-22

NUMBER OF PAGES (including cover sheet):

3 4

MESSAGE:

*also sent to Kim Cubine
(485-3427)*

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

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

President's edits read --

8th para

Their Contract with America would cut education funding including school lunches, student loans and our national service program, reduce Medicare benefits and enact welfare reforms so irresponsible and underfunded that they could literally leave millions of children destitute and without support. They would legalize assault weapons, break the commitment of our crime bill to hire 100,000 police and end our government's ability to create new regulations needed to protect the environment and the health and safety of American workers.

10th para

Will we continue my efforts to restore the Am Dr, to grow the middle class, shrink the underclass? Or will America pursue a different vision which reduces government to an entity without room for helping children, community responsibility or sensible regulation to protect ordinary Americans?

DATE

Mr. John Q. Donor
123 Any Street
Anytown, USA 00000

THE PRESIDENT HAS SEEN

Dear Mr. Donor:

In a few days, I will formally announce my decision to seek reelection as President of the United States.

Before meeting with the press, I wanted to contact you personally to give you the news. And before beginning this new campaign, I want to invite you to become a member of the National Steering Committee for my reelection effort.

Membership on my National Steering Committee is an honorary position. It is my way of saying thank you for your past friendship. And it is my way of asking you to join me in this new campaign.

All members of the committee will receive periodic briefings on the progress of the campaign. You will have an opportunity to provide my campaign team with written input about the political situation in your area. You will also receive a certificate recognizing your membership. But no meetings or formal duties are required.

I have enclosed a reply card for you to indicate whether or not you accept this invitation. Whatever your answer, please respond soon so that I will know your decision and we can finalize our nationwide membership roster.

And as you consider your decision, I hope you will consider how this campaign will shape our future in America.

Today, the Republican leadership in Congress is claiming a public mandate to enact an agenda of radical and dangerous dimensions.

Their Contract with America would abolish ~~Medicaid~~, cut education funding, reduce Medicare benefits and enact welfare reforms so irresponsible and underfunded that they would literally leave millions of children destitute and without support. They would legalize assault weapons, ~~fire~~ new police hired under our crime bill and end our government's ability to create new regulations needed to protect the environment and the health and safety of American workers.

Americans are understandably frustrated and eager for change. But there are no mandates to support these short-sighted and dangerous measures.

~~Thank you~~
~~for your support~~

To: HII
Fr. Karen Hancock

3/22

I found this transition a bit abrupt. Shouldn't POTUS thank people for past support first - i.e. the ask them to re-join the steering comtee?

a bit abrupt?

mainly school funding

eliminate
[Technically if you cancel the police not likely to be eliminate is it]

break the consistency of your crime bill to him 100,000,000

The 1996 elections will be a referendum on how we want to live together, work together and prosper together in America.

Will we continue my efforts ^{grow} ~~to enact an agenda of responsible change?~~ ^{to grow the MC, mind the underclass?} Or will America pursue a different vision which reduces government to an entity without room for ^{higher education} ~~public service~~, community responsibility or sensible regulation to protect ordinary Americans?

You understand the importance of the task ahead. My message to you is that I need your partnership once again to succeed in the most challenging campaign I will ever face.

I deeply appreciate your past friendship and support and all that you have helped me accomplish. Please let me know that you will be with me again by returning the enclosed card right away.

Sincerely,

Bill Clinton

P.S. One of our important challenges is raising funds for the campaign ahead. Membership on the National Steering Committee does not require a contribution of any kind. However, if you can afford to send a gift to help fund the start-up of our campaign operation, please do so when you return your card. I will greatly appreciate any help you can provide.

THE PRESIDENT HAS SEEN

3 21 5

TO: The Honorable William J. Clinton,
President of the United States

FR: CRS

RE: Affirmative Action/ Memo 2

GS-FYH
R
W
R

Mr. President:

I regret we weren't able to get together last week, while I was in D.C., to discuss the previous memo I sent to you on Affirmative Action. If we had gotten together there were three things I would have emphasized that need to be central to your deliberations and the definitive statement you will be making on this subject.

The first is that despite the pressure, within and outside the Administration, to find the **political center** on this issue you must stake out the **moral center**. Your political and policy position must clearly and unequivocally reflect a moral position on the issue of Affirmative Action. There are those who've tried to frame this debate in political terms; i.e., one's position on Affirmative Action reflects whether you are for or against white males. The heart of this issue is that we must be against discrimination; clearly people of color and women disproportionately bear the burden of discrimination. Again, at stake in this debate is do we return to an era of "separate, but (un)equal" or do we continue to try realize the "dream of blacks and whites together."

Secondly, in emphasizing that this debate is taking place in a context of discrimination and economic dislocation you need to point out that many of those who have now jumped on anti-affirmative action bandwagon have little moral authority to do so. On the one hand, they've tended to provide weak leadership, at best, in enabling the nation to deal with the problem of discrimination. And, on the other hand, they have provided no leadership as it relates to a strategy for economic growth; which would result in Americans having economic opportunities at a living wage.

The third point which you need emphasize is that overagainst acrimony and cacaphony, commonsense and compassion need to rule the day as we work toward a solution to this problem. On the point of commonsense, there are obviously mistakes that have been made in the implementation of affirmative action. In some cases it has been a matter of persons doing the wrong thing for the right reasons; and in some cases it has been some people doing the wrong thing for the wrong reasons. But, in the overwhelming percentage of cases we have had decent and honest Americans, black and white, trying to use an imperfect tool to deal with a horrendous problem. Had we not had this tool we would not have come as far as we've come; eventhough we still have a ways to go before equal opportunity is a reality in America.

As it relates to the issue of compassion, it is important to lift up that as Americans we must never forget "we are our brothers and sisters keeper." Especially when times are tough, we need to turn to each other and not on each other.

There are some additional things that I'd like to talk to you about on this subject (I don't think it would be appropriate to put them in a memo.) I will be in Washington from Monday afternoon, March 20 to Tuesday evening March 21 for a FannieMae Advisory

Board meeting. If you have any time to meet during this period a message can be gotten to me at the Four Seasons Hotel (342-0444) or at Fannie Mae (752-7120).

Obviously, if the above time is inconvenient I would be more than willing to make a special trip down to D.C. to discuss this matter with you further. My continued best wishes to you and the family. Take Care.

TO: The Honorable William J. Clinton
President of the United States

FR: CRS

RE: Affirmative Action

Mr. President:

There are several things you need to consider as you move to provide some leadership on the issue of affirmative action. Before detailing the specific actions you might take let me start by offering a context for framing your position in the present debate about affirmative action.

 First of all, while the debate about affirmative action qua set -asides has always been in the background; what has thrust this issue to the foreground is the present economic climate. This issue has taken on the present sense of urgency because of the downsizing taking place in the private sector and the downsizing taking place in the public sector, and the downsizing of people's paychecks. Because of these phenomena people are rightly concerned, anxious, and fearful about their economic prospects. There are a couple of relevant points that flow from this premise. One is that just as affirmative action did not cause the downsizing problem; ending affirmative action won't end the problem of

downsizing. The second point proceeding from this premise is that the present debate is fueled as much by who gets to keep their job and contract as by who gets the job or contract. If we focus for a minute on the issue of who gets to keep their job or contract, it enables us to zero in on a number of issues critical to coming to a position on the affirmative action question.

If we acknowledge that as a matter of custom and because of the entire complex of "Jim Crow" laws blacks were prevented from entering the mainstream of American economic life before affirmative action; it then requires acknowledging that whites start with the advantage of access. If whites were then the first hired and that becomes the basis for determining who is the last fired; blacks as the last hired are going to be distinctly disadvantaged. Unless some provisions are made to insure that blacks and other minorities do not disproportionately bear the burdens of layoffs we will find ourselves on a slippery slope leading us back to the pre-Civil Rights era when blacks were absent from the workplace and marketplace. Obviously this is not something we want to do. Too many blacks and whites sacrificed that our country would change.

The reason that I started on this point is that it points us to an obvious problem of most of the politicians that have been quick to jump on the "bash affirmative action" bandwagon; and that is, we are where we are on this issue because of the lack of economic growth resulting in fewer economic opportunities. This reflects the failure of leadership on the part of many now knocking affirmative action. If they had offered the kind of leadership that would have resulted in a growing economy we might not be embroiled in the present controversy surrounding affirmative action; or at least, the climate for discussion would be a lot more reasonable.

Having made this point, it is important to address the most obvious point in this discussion around affirmative action and that is, affirmative action is necessary because discrimination is still a reality in America. Because of this reality and the advantage of access that it translates into for whites; unless affirmative action is taken, blacks and other minorities won't have a chance in maintaining our present economic standing much less improving on it. It is also important to appreciate that it is the reality of discrimination and the advantage of access that whites have because of it that make the claim of reverse discrimination untrue. The facts bear it out. (see attachments)

Against this backdrop, I'd recommend several courses of action:

- The first thing you should do is begin trying to impact on the present climate in which this debate is taking place. There is a profound moral and political issue at stake, "a house divided against itself cannot stand." You should schedule an address at a white church and black church in California where you would give the same sermon on the same day. The moral and historical issues relevant to this discussion must get as much attention as the economic issue at stake. Taking such a tract also enables you to talk about and affirm the efforts on the part of whites to make America more just and fair; as well as talk about the progress we've made and the need to not give up in the struggle to finish what we started. (Eventhough you fashion yourself as a "Closet-preacher" - smile, you could probably use a Reverend's touch on such a piece; I'd be willing to help. In addition, I'd be willing to help identify some appropriate churches for such a sermon; and I'd be willing to travel with you.)

These sermons should be scheduled before the release of any specific recommendations on affirmative action laws or regulations.

I would also add that the moral and political principle at stake here is one that you should make reference to in every speech you give on domestic policy. We are venturing very close to a return to the Plessy v. Ferguson "separate but equal" era. We are at what well could be a defining moment in American History. To leave a nation so divided is not the legacy you want to leave; particularly in light of the fact that there is no single politician today that could lay a greater claim than you to being able to occupy the highground of calling this nation together across color and class lines.

• Secondly, as you have your staff doing the inventory of affirmative action programs you should also have them look at how laws, programs, and regulations originally intended to provide greater opportunities for blacks has resulted in greater opportunities for others including working class whites. This is a way of punctuating a fundamental premise of the Civil Rights Movement - the lack of opportunity for anybody means a threat to opportunity for everybody.

• Thirdly, you must be careful that you do not let this debate on affirmative action get defined as simply a matter of economic need. The reality of racial and sexual discrimination, which limits economic options for blacks (other minorities and women), is staggering. The statistical evidence should not (and cannot) be ignored.

The lack of economic opportunity for working class whites and poor blacks is a problem reflecting the lack of economic opportunity because of the lack of economic growth. Having made this point, this leads me to the fourth thing that needs to be on your agenda.

• You need to really take it to the Republicans who have bounced on this issue for political gain. They need to be taken to task; instead of offering real help to those

✓ } concerned about their economic future they are offering a false hope by pitting whites against blacks. The key to a more secure economic future is a growing economy. In a global economy where the rules are defined by GATT and NAFTA our diversity is our strength. It is that which potentially positions us to play and win on this new playing-field. (John Sasso mentioned to me that he has also encouraged you to take the position of the economic populist on this issue. He is right!)

I will be in Washington D.C. on Thursday and Friday, maybe we can get together for a few minutes to talk in more detail on this subject.

CHARLES R. STITH

An assault on fairness

In 1965 President Lyndon Johnson signed Executive Order 11246 mandating "affirmative action" as a way to ensure equal economic opportunity for minorities and women. At no time since then has affirmative action been under greater assault than it is now.

It is under assault philosophically by those who wrongly call it reverse discrimination.

It is under assault politically, with the most organized effort now taking place in California by referendum.

And it is under assault legally and practically. The present Supreme Court has decided to take up the issue soon, and given the court's composition, we should be worried.

The principles and policies of affirmative action are being violated on a daily basis as minorities disproportionately bear the burden of layoffs when companies downsize.

In the face of these assaults, we do not need to turn back the clock to pre-1965. We must protect the principle of affirmative action because it works. While it has not been a panacea, it is clear that without it this nation would not have made the progress it has in becoming more fair and providing greater opportunity for all.

From 1960 to 1990, African-Americans in the work force increased by 35 percent; the number of women increased by 23 percent; the statistics for Hispanics and Asians are even more dramatic.

It can hardly be said that because of affirmative action minorities and women have an unfair advantage in the economy. The reality is staggering: African-Americans and other minorities are still unemployed at almost twice the general rate and are paid a bit more than half as much when we are employed. Whites own 30 times more businesses than blacks. Where is the unfair advantage blacks and other minorities are supposed to hold?

The charge that affirmative action gives minorities and women an unfair



JOHN OVERMYER ILLUSTRATION

advantage is fallacious on another front. It implies that every white in the job market is better qualified than everyone else, that everyone should be able to get the exact job they want and when they want it, and that every minority has the job of their choice.

Obviously this is not true. The legitimate job crunch that whites are feeling is not because of blacks; blacks are feeling it, too. The job crunch is the result of businesses and government downsizing. The issue is what does this nation do about this problem while maintaining a commitment to the principles of fairness and opportunity for all.

In a world marketplace defined by NAFTA and GATT, our diversity is a potential advantage that could clearly establish this nation as the leader in this new global economy. Affirmative action is one strategy to ensure that we harness that potential. The choice seems simple. We can continue to fight over our diminishing share of the global economic pie and watch the world pass us by, or we can utilize all the talent we possess and compete and win. It is this second choice that the nation needs to make.

The assault on affirmative action is not simply an assault on fairness and opportunity for minorities and women; it is an assault on the future. The battle needs to be fought to ensure fairness and opportunity for all Americans — and to save the soul of this nation.

Rev. Charles R. Stith is the president of the Organization for a New Equality.

The Rev. CHARLES R. STITH

Set-aside program can be made to work

Dear Gov. Weld: With the recent Herald expose on fraud in the minority and women business program, I think it is going to be impossible to ignore this problem any longer. I and others have talked to you about this problem previously, and, quite frankly, not much has happened. Thank God, the Herald brought this story to light.

These set-aside programs were developed to give disadvantaged businesses run by minorities and women a fair shot at the American Dream. With the Boston Harbor clean-up and the Central Artery/Third Harbor Tunnel projects totaling billions of dollars, hopes were high that the dream, our dream of economic opportunity, would become real. Instead, it has become a nightmare!

Because of fraud initiated by large white-owned contracting firms, there are fewer minority contractors in business now than before the set-aside program started. The commonwealth has been ripped off for hundreds of millions of dollars, and the legitimate aspirations of genuine minority and female-headed businesses have been frustrated.

Now, there are some who will argue that the quickest and most effective way to end the fraud is to end the program. But that would simply victimize the minorities and women who have been victims of discrimina-

tory treatment which made the set-aside programs necessary in the first place. To end the program would, in effect, reward those large white-owned firms that were so greedy they could not be satisfied with over 80 percent of the business of the commonwealth. They had to have it all.

The fair, decent, and honorable thing to do is to fix the program and respond to the fraud and abuse which has occurred. Here is a 10-point plan to clean up this mess:

1.) Immediately review the policies, procedures, and personnel of the State Office of Minority and Women Business Assistance (SOMBWA). This review process should include minority and women business owners who know what it takes to run the program honestly and effectively.

2.) Institute a better process for monitoring compliance with set-aside goals and enforce penalties against violators. This might require hiring more monitors; it definitely requires better training for those responsible for this area.

3.) There must be criminal prosecution of the general contractors who arrogantly and willfully defrauded the taxpayers of Massachusetts of millions of dollars. (Immunity might have to be given to some subcontractors to build the case; if so, it should be done.) Governor, you've gone on record as being tough on crime in

the streets; you can demonstrate that you're equally committed to being tough on crime in the suites.

4.) General contractors who are found guilty of defrauding the commonwealth and violating state statutes should be fined and permanently barred from bidding for business with the state.

5.) The revenues generated from fines could be used to support programs providing technical assistance to minority and women-owned businesses and expanding the bonding capacity of such businesses. (Whether fines levied can be used for such purposes or not, the state needs to expand its commitment in this area.)

6.) The state should go back and capture penalties that should have been levied against abusers of the system.

7.) Contracts on which the general contractors are suspected of violating the contract and defrauding the state should be reopened to bid.

8.) Minority and women-owned businesses that cannot demonstrate independence should be decertified by SOMBWA. In order to insure that husbands and fathers don't set up their wives and daughters in the business simply to win set-aside contracts, being disadvantaged should be a main consideration for certification.

9.) The process of certification needs to be depoliticized. Politicians should not be able to

call demanding that certain businesses be certified or use their office to intimidate SOMBWA officials. SOMBWA must operate as a semi-autonomous agency if it is to be fair, effective, and fraud free.

10.) Last, but by no means least, you need to put the full weight of your office on the line to make this program work. I am not talking simply about fulfilling your legal obligations as the chief executive officer of the commonwealth, but seeing and seizing the moral imperative to stand up for fairness and opportunity.

It would be ironic if this program continued to limp along or died on your watch. It's about making opportunity real, so folks can pursue the dream of entrepreneurship. It's about creating jobs so that those on welfare roles move onto payrolls. It's an agenda that's as Republican as apple pie is American.

I hope to meet with you in a few days to discuss this matter further.

Sincerely,

Rev. Charles R. Stith

P.S. You might want to give Attorney General Scott Harshbarger a call; he should be very interested in some of this.

Dr. Charles R. Stith is national president of the Organization for a New Equality, an eight-year-old civil rights organization based in Boston which focuses on economic opportunity issues.

Virginia's Wilder says airport guard choked him

By Desda Moss
USA TODAY

A guard at Raleigh-Durham International Airport who former Virginia governor Douglas Wilder says put a choke hold on him is out of a job.

"He was off the premises before lunch," said airport spokesman Rick Martinez.

Wilder complained that he was attacked by the security guard about 7:30 a.m. Tuesday as he was returning to Richmond after giving a speech at Duke University in Durham, N.C.

The guard, who had been on the job less than a year, was employed by Globe Security, a private firm based in Irving, Texas, under contract to USAir, the carrier with the most flights at the airport.

He was not identified. The company issued a statement saying it is investigating, but it did not return phone calls.

The guard was white. Wilder said he did not know whether the incident was racially motivated.

Wilder, the first black elected governor in the USA, told listeners on his weekday radio show on WRVA-AM in Richmond that he was going through a security checkpoint

when metal in his suspenders set off a metal detector. While searching him with a hand-held magnetometer, the guard shoved him, Wilder said.

When Wilder turned to look at the guard's name tag, "he charged me and choked me with both hands around my neck and said, 'I don't like you. Don't try to get my name,'" Wilder said.



Reuters

WILDER: Airport officials apologize

Lisa Thanhauser said she saw the guard come after Wilder twice "to the point where he had to be sort of dragged off out these double doors to get him away from (Wilder)," according to Durham station WTVD-TV.

Martinez also confirmed

Wilder's account.

"When the governor reached for the guard's badge to get his name, the guard grabbed the governor around the neck."

Wilder said he was not injured, but "it was long enough for me to be shocked."

"We're looking into it because we don't tolerate that kind of behavior, whether the customer is Doug Wilder or Doug Smith," Martinez said. He said airport officials had apologized, "just as we would apologize to anybody this happened to."

March 8, 1995

3/21/95
George S. was
sent all the
original Brochures/
Booklets.
—
Sewagner

NATIONAL
AFFIRMATIVE ACTION
SUMMIT

The Statement



In Observance of the 30th Anniversary of
Executive Order No. 11246

January 13, 1995
Georgetown University Law Center
Washington DC

Convened by:



Organization for a New Equality

Rev. Charles R. Stith, National President
364 Boylston Street, Third Floor
Boston, MA 02116
(617) 424-6631

Co-conveners:

Lawyers Committee for Civil Rights

**Georgetown University
Student Bar Association**

The Statement



The Constitutional Scholars Conference on Affirmative Action After Croson

March 30, 1989
African Meeting House
Boston, MA



Convened by:
The Organization for a New Equality
485 Columbus Avenue
Boston, MA 02118
(617) 424-6631

“The Pastoral Epistle on Opportunity in America”



The Religious Leaders'
Conference on Affirmative Action
After Croson

May 3, 1989
African Meeting House
Boston, MA



Convened by:
The Organization for a New Equality
485 Columbus Avenue
Boston, MA 02118
(617) 424-6631



O.N.E. *Outlook*

A Newsletter of The Organization for a New Equality

◆ Vol. 2 No. 1, Spring 1990

The CALL for Racial Harmony, Justice, and Equality



On December 14, 1989 from the west steps of the U.S. Capitol in Washington, D.C., O•N•E launched The CALL for Racial Harmony, Justice, and Equality, a national awareness campaign designed to bring attention to the rise of incidents of racial violence and harassment.

Believing that the nation needed to rededicate itself to the fight against racism, Reverend Charles Stith, President of the Organization for a New Equality, organized The CALL as a series of candlelight vigils in cities and on college campuses across the country.

Racial violence — ranging from anti-semitic graffiti to arson to murder — has been on the rise all over the country. In the past two years, over 250 college campuses have reported such incidents in the press. When 16

— continued on page 3



Washington D.C. Congressman Walter Fauntroy signs The CALL petition as HUD Secretary Jack Kemp and O•N•E President Rev. Charles Stith look on. Also pictured (l to r) are Synagogue Council of America representative Rabbi Richard Yellin, Anti-Defamation League representative Leonard Zakim, A.M.E. Bishop H. H. Brookins, and La Raza representative Lisa Navarrete.

O•N•E KEY TO \$460 MILLION INVESTMENT PACKAGE FOR MINORITY COMMUNITY

*National CRA Summit
Planned for Fall '90*

After seven months of negotiations involving over one hundred banks and community representatives, Reverend Charles R. Stith, President of the Organization for a New Equality, hosted a press conference on January 15th for the Massachusetts Bankers Association at which was announced the Massachusetts Bankers Association Community Investment Program.

The multimillion dollar statewide program will create revolving loan funds to increase affordable housing, improve access to mortgages and banking services, and provide capital to entrepreneurs in low-income and minority neighborhoods that have been historically underserved by the banks.

MBA President Robert K. Sheridan, acknowledged the critical behind-the-scenes role played by Reverend Stith in achieving consensus on the program by saying, "Throughout the process Reverend Stith continued to play the part of the carpenter to help build a permanent structure for community reinvestment and relationships and replace neighborhoods of despair with neighborhoods of dreams."

Reverend Stith emphasized his belief that the agreement reached represented a

— continued on page 4

CRA REGULATORY REFORM:

THE ILLUSION OF INCLUSION

Testimony for the
U.S. House of Representatives
Subcommittee on Consumer Credit
and Insurance
of the Committee on Banking,
Finance and Urban Affairs



By Rev. Charles R. Smith, National President
Organization for a New Equality

February 3, 1994

Affirmative action

Why bosses like it

CORNING, a small town in upstate New York, used to be about as multicultural as an episode of "I Love Lucy". In the past decade, however, it has made enormous efforts to immerse itself in the melting pot, getting hooked up to a black-oriented cable channel, bringing in a black hairdressing business (which has recently decamped) and instituting a "diversity awareness" programme in the local schools.

All this was the work of the town's biggest employer, the eponymously named Corning, a technology company. When James Houghton became chairman in 1983, he made workforce diversity one of the company's top three priorities (the other two were total quality and a higher return on equity). The company has made every effort to recruit people from minority groups, forming close relations with organisations such as the National Black MBA Association and even linking managers' bonuses to diversity targets.

But it has discovered that affirmative action is not enough if the people you have carefully hired and expensively trained decide to leave. So the company has also gone out of its way to make minorities feel at home, providing them with "mentors", putting all managers through "sensitivity training" (one and a half days for gender awareness, two and a half for racial awareness), and celebrating diversity in its in-house newspaper.

Corning is not alone in its enthusiasm for such things. Avon Products, a cosmetics company, has set up a "multicultural participation council" to encourage diversity among employees. Xerox Corporation, an office-equipment maker, regards affirmative action as "a corporate value, a management priority and a formal business objective" (in the words of its former chairman, David Kearns) and has set employment targets for women and minorities throughout the company.

Digital Equipment Corp, a computer company, has established a Valuing Differences programme, which sponsors cultural events, such as Black History Month, and encourages workers to form small discussion groups to help them "confront their prejudices". Many companies send employees to the American Institute for Managing Diversity, based at Morehouse College in Atlanta, to have their consciences raised on matters multicultural.

Even Wall Street is catching political correctness. Firms that win Department of Labour awards for their success in implementing affirmative action are rewarded with a boost in their share price within ten days of the announcement, according to an

article in the current issue of the *Academy of Management Journal**. Press disclosures that firms discriminate against women or minorities soon result in a fall in the share price.

So far as many businesses are concerned, multiculturalism is not just a moral matter. White males already make up a minority of the workforce, and 85% of new recruits between now and 2000 will be women or non-white men. So firms with a good track record of producing non-white managers and managing people from different backgrounds will enjoy a growing advantage in recruiting and motivating workers. They may also be more attuned to an increasingly diverse population of customers. Equally, firms which continue to favour white men will find themselves fishing in a shrinking pool of potential employees.

Most intriguingly, ethnic diversity may help American firms outperform their rivals abroad. In particular, it is becoming an article of faith in American business schools that heterogeneous firms will be better placed to form global alliances and strike international deals than the Japanese, who tend to reserve real power for themselves, or the Europeans, with their history of colonial entanglements.

* Peter Wright and others: "Competitiveness through Management of Diversity: Effects on Stock Price Valuation".

Indian gambling

Biggest and best?

SEATTLE

"IT'S America, the land of opportunity, and we had the idea." So said Mr David Matheson, manager of gaming for the Coeur d'Alene tribe in Idaho. Around him, at a press conference in Washington, DC, native drums pounded and tribespeople danced.

As well they might. Mr Matheson was talking about the tribe's plan, announced on March 6th, to launch a national lottery this autumn. Players in states which allow lotteries will call a toll-free number, tap in their numbers, then pay for their \$1 "tickets" by credit card. The Coeur d'Alene are confident it will work, expecting annual profits of \$200m or more.

The tribe talks of using the money to pay for social and education programmes for its 1,300 members and, perhaps, to buy back land it says was stolen away in the 19th century. Like most American tribes, the Coeur d'Alene are in sad straits. A few years ago the unemployment rate on their 345,000-acre reservation in Idaho's northern panhandle was nearly 60%. A determined development effort—including a popular bingo hall



It could be her

and extensive forestry operations—has brought unemployment down to about 35%, but that is still appalling in a state enjoying one of the highest economic-growth rates in the country.

When its national lottery starts up, the tribe will keep 70% of the profits, with the balance going to a Colorado-based firm that will organise the operation. The Coeur d'Alene are following a path to riches that many tribes have already tried. Of the 330 registered tribes in the United States, about 200 already operate, or hope to operate, some form of gaming. They rake in \$29 billion a year, of which \$2.6 billion is profit. But the Coeur d'Alene's national lottery will leapfrog all these. It will be easily the largest in the country, far surpassing the current champion, the 16-state Powerball lottery, which recently paid out a \$101m jackpot.

The potential size of the Coeur d'Alene jackpot—pegged at \$50m to begin with—and the lottery's ease of access will make it a formidable threat to the 36 states (and the District of Columbia) that now use lotteries as a sort of voluntary tax on their residents, taking in \$12.8 billion on \$30.8 billion-worth of sales last year. Several states quickly threatened to block the Coeur d'Alene, including Arizona and Texas, which say the tribe is breaking the law by organising tribal gambling off tribal lands and usurping the right of states to control gambling.

The Coeur d'Alene scoff at this, saying they have worked to ensure that their lottery meets the legal tests. Tribe members hint that criticism of their plan is mere jealousy. "Every time a good economic development plan comes to Indian country, somebody tries to put it down," says a tribal spokesman. "You can count on it."

THE PRESIDENT HAS SEEN

Leon

3.21.95

Mar 21.95
on Hawaiian
Meeting

MEMORANDUM

DATE: March 20, 1995

TO: NA

FR: Alan

RE: Congressional Delegation meeting w/President Clinton

Pursuant to the discussion of the delegation on March 1 a meeting has been arranged with President Clinton to discuss Hawaii programs included in H.R.1158, Omnibus Rescissions and Supplemental Appropriations, passed by the House on March 16 by a vote of 226-200. In particular, the delegation decided to seek an appointment with President Clinton to stress overriding concerns for the provisions in H.R.1158 affecting Native Hawaiians and the low-income housing preservation and residential homeownership act.

NATIVE HAWAIIANS

H.R.1158 included two programs of vital importance to Native Hawaiian people, i.e. the Native Hawaiian Education Act (\$12 million) and the Native Hawaiian Health Care Act (\$3.3 million). There is no justification for the rescission of funds already appropriated for education and health services to Native Hawaiians. The removal of these funds and proposed termination of both programs constitutes an abrogation of Federal responsibility to the Native Hawaiian people.

Native Hawaiians are Native Americans. They occupied what now constitutes the State of Hawaii for centuries prior to the islands' annexation to the United States. The overthrow of the Hawaii's sovereign government in 1893 was achieved because of the illegal actions of U.S. Government representatives. In 1993, President Clinton signed legislation, Public Law 103-150, introduced by Senator Akaka to acknowledge the 100th anniversary of the Kingdom of Hawaii and to offer an apology to the Native Hawaiians on behalf of the United States.

For over 70 years, with bi-partisan support, the Congress has acknowledged and reaffirmed the Federal Government's legal and moral obligation to Native Hawaiians by providing assistance for the improvement of their social and economic status.

The Native Hawaiian Education Act and the Native Hawaiian Health Care Act are among several programs designed to uphold the United States' trust responsibility to the indigenous people of Hawaii. The termination of these programs will have serious and detrimental consequences for the most vulnerable Native Hawaiians -- the elderly and the children --- and violate the integrity of the United States Government.

In addition, to the specific line items for the Native Hawaiian Education Act and the Native Hawaiian Health Care Act the following programs which have set asides for Native Hawaiians were also affected:

Safe and drug-free schools and communities (DOE)

H.R.1158 rescinded \$481.962 million for the safe and drug free schools and communities programs authorized under title IV of the Elementary and Secondary Education Act. The program funds activities related to safe schools and alcohol and drug abuse education programs at the national, State and local levels. *Approximately \$914,000 will rescinded for Native Hawaiians.*

Summer youth employment and training (DOL)

Authorized under the Job Training Partnership Act (JTPA) the summer youth employment and training programs provides grants to operate programs of employment and technical assistance, as well as academic enrichment, for economically disadvantaged youth during summer months. *Approximately \$15.849 million will be rescinded for Native Americans, a portion of which includes a set aside for Native Hawaiians.*

Native American Job Training (DOL)

Authorized under the JTPA this program provides grants to Indian tribes and other Native American groups to provide training, work experience, and other employment-related services to Native Americans. *\$6.408 was rescinded in H.R.1158, a portion of which includes a set aside for Native Hawaiians.*

HOUSING AND URBAN DEVELOPMENT

H.R.1158 eliminates funding from the Low-Income Housing Preservation and Residential Homeownership Act (LIHPRHA). This rescission would force nearly 2,500 low-income families in Hawaii out of their homes and onto the street.

The LIHPRHA was established to preserve low-income housing projects and encourage low-income ownership of low-income housing through a system of HUD-financial incentives.

One problem faced by low-income housing projects, however, is that landlords may, after a set number of year, pre-pay their mortgage and terminate low-income affordability restrictions. Thus, once they pre-pay, landlords can sell or rent these housing units at market rates, forcing the low-income occupants to find other housing, and in the case of Hawaii earning huge profits.

Until now, the LIHPRHA has allowed residential associations and non-profit organizations to avoid this problem by enabling them to purchase low-income housing projects so that they are preserved and affordable housing is not eliminated.

In Hawaii, there are 2,453 low-income housing units which are eligible for prepayment. Because Hawaii's real estate values have risen dramatically in recent years, there is tremendous pressure on landlords to prepay and cash in on the conversion of low-income housing. For the same reason, most if not all of the low-

income housing communities in Hawaii seek to buy out their landlord through LIHPRHA.

Numerous communities have in fact begun this process, but these HUD-financed purchases are threatened by H.R.1158. Waipahu Tower, which contains 64 units, is only two months away from buying out its landlord. If the LIHPRHA funds are rescinded, this deal will fall through and its residents will have to vacate their homes within months or even weeks. The situation is no different for other low-income housing projects in Hawaii. If this rescission is approved, it is very likely that all of the 2,453 units will be converted to non-low-income housing.

HUD Secretary Henry Cisneros and OMB Director Alice Rivlin have suggested that vouchers be issued to help low-income families pay for housing. This solution is grossly inadequate given Hawaii's real estate market. If the nearly 2,500 low-income housing units are converted, which seems likely given these properties' market values, there will be a tremendous shortage of affordable housing in Hawaii. Yet, even if there were enough low-income housing available, it is unlikely that these vouchers would provide much relief to individuals living in a state where the cost-of-living is at least 30 percent higher than the national average, and the average house costs \$350,000.

In short, the residents of Hawaii's should not be unnecessarily punished by the rescissions process.

NOTE: NEED TO RECORD RADIO SPOT



Neil Abercrombie TODAY
House of Representatives

ALAN

. Tuesday, March 21 1995

- 08:00AM FYI: Federal Mgrs. Assoc.
Congressional Breakfast; B338
RHOB (HI has group of 5
attending)
- 09:15AM Remarks: 1995 Machinists
Legislative Conference; Loew's
L'Enfant Plaza Hotel, Ballroom
AB&C Alan will accompany you;
YOU MUST LEAVE BY 9:30 am TO BE
AT WHITE HOUSE BY 9:40am
- 09:45AM HI Delegation Mtg w/President
Clinton enter through Northwest
Gate; arrive by 9:40am
- 10:30AM Appt.: HI Federal Managers
Assoc. reps (Pearl Harbor
Shipyard) lek
- 11:45AM Appt.: Barry Stokes/Steven
Montgomery re: HI helicopter
tours ay
- 12:30PM House in Session
- 01:30PM Appt.: Dr. Todd Abbey, Dr.
Cheralynn Tanguilig, HI
attending ACOG Leg. Conf. re:
womens' healthcare ke
- 02:00PM Appt.: Skip Kearne, Operations
Mgr HI Diagnostic Lab Services
re: healthcare/Medicare issues
ay
- 03:30PM Appt.: Melvin Yoshimoto, Special
Student Services; UH Manoa lek

Navy to triple its funding for housing here

Advertiser Staff 3-17-95
A10

The Navy will "triple the dollars invested in housing" on Oahu, Navy Secretary John Dalton said yesterday as he launched a \$44 million project to build over 300 new Navy homes here.

Dalton and his wife, Margaret, broke ground yesterday afternoon for 158 homes to be built at Doris Miller Park adjacent to existing military housing near Honolulu Airport.

Another 164 units and a community center will be built near existing Pearl City Peninsula housing.

Dalton said his wife toured Oahu military housing when they were here in January 1994, and told him of the aging homes' poor conditions.

"I said I agree, and we went back to Washington and made the commitment to do whatever we could to enhance this vital quality of life issue," he said.

The new housing will be two-, three- and four-bedroom units for junior enlisted sailors. Construction is scheduled to begin next month, with completion planned by March 1997.

Bill cuts \$73 million in Isle funds

By Kirk Spitzer

Advertiser Washington Bureau

WASHINGTON — Hawaii could lose \$73 million in federal funding for mostly social and educational programs under a "rescissions" bill passed by the House yesterday.

The House voted 227-220 to cut \$17.3 billion nationwide from government programs already approved for this current 1995 federal budget year. The cuts are intended to help make room in next year's budget for Republican-sponsored tax cuts and deficit reduction.

3-17-95
73
The rescissions bill, which would take effect only if the Senate passes a companion measure, would cut more than 20 Hawaii programs. Among the proposed cuts are \$12.6 million for Section 8 low-income housing assistance; \$12 million for native Hawaiian education; \$12 million for construction of a University of Hawaii-Hilo geoscience building; and \$7.41 million for housing modernization.

Both Rep. Patsy Mink and Rep. Neil Abercrombie voted against the rescissions bill.

"The measure stands in stark contrast to our Island

values of caring, compassion and respect," Abercrombie said. "It does not make fair, evenhanded cuts."

The rescissions bill does not include cuts in impact aid for education in Hawaii. But the budget committee bill, which sets broad spending caps for major programs next year, includes \$66 million in cuts for certain types of impact aid for education. It does not affect the category of impact aid — for children of military dependents — which provides most of the \$22 million in impact aid assistance for education in Hawaii.

THE WHITE HOUSE

WASHINGTON

March 21, 1995

MR. PRESIDENT:

The attached memo from Alexis and Flo McAfee seeks your input for the delegation that is expected to travel to Haiti with the Secretary of State. The memo lists 62 people -- 26 Members of Congress and 36 others. The final delegation will be 15 Members and 15 private citizens.

It would be helpful to Alexis and Flo if you could indicate any people you positively want included. Beyond that, they will coordinate choosing the final group.


Todd Stern

CC
Leon +
ERSKINE

THE WHITE HOUSE
WASHINGTON

95 MAR 21 P 1:47

March 21, 1995

MEMORANDUM TO THE PRESIDENT

FROM: WENDY SMITH
RE: HAITI

Attached please find a list of the requests for the Haiti delegation. This group will not be traveling with you but is, however, tentatively scheduled to travel down to Port-Au-Prince with the Secretary of State.

We need your input on these recommendations before the invitation calls are placed. In addition to picking the priority thirty (30), we would also like you to sort the list in anticipation that not all of the invitations will be accepted.

THE WHITE HOUSE
WASHINGTON

March 21, 1995

95 MAR 21 P 1 : 47

MEMORANDUM TO THE PRESIDENT

FROM: Alexis Herman
Flo McAfee

RE: Haiti Delegation

For your review, attached is a preliminary list of 62 names (3 administration officials, 33 private citizens and 26 members of Congress) for the delegation. The names reflect individuals interested or involved in Haiti from the following categories:

- Business
- Veterans
- Religion/Church
- Core Political Supporters
- National Organizations
- Artists
- Members of Congress

This list will be scaled down to a final delegation of 15 private citizens and 15 members of Congress. Due to the limited size of the delegation, the private citizens list consists of a majority of individuals who had not participated on the previous Haiti delegations.

HAITI DELEGATION

PRELIMINARY LIST

NSC (4)

*Taylor Branch, Author

*William H. Gray, Former Special Advisor to the President on Haiti

Jon Plebani, Former Deputy Special Advisor to the President on Haiti

Mrs. Kelly, Wife of former New York City Police Commissioner

Ambassador Swing (18)

Administration Officials:

Ruth Harkin, OPIC

Brian Atwood, Administrator, AID

Joseph Duffey, Director, USIA

Artists:

Harry Belafonte, Artists for Haiti

Sydney Poitier, Artists for Haiti

Danny Glover, Artists for Haiti

Susan Sarandon, Artists for Haiti

Jonathan Demme, Artists for Haiti

Whitney Houston

Anita Baker

Aretha Franklin

Michael Bolton

Paul Simon

Arsenio Hall

Paul Newman

Whoopie Goldberg

Olden Polynce, Haitian-American member fo the Sacramento Kings

(Fnu) Elie, Haitian-American member of the Houston Rockets

Intergovernmental (4)

Governor Pedro Rosello (D-Puerto Rico)

State Representative Alzo Reddick (D-Orlando, FL), Submitted by Lt. Gov. MacKay

State Representative Kendrick Meek (D-Miami, FL), Submitted by Lt. Gov. MacKay

State Representative Beryl Roberts-Burke (D-Miami, FL), Submitted by Lt. Gov.
MacKay

(Note: Gov. Chiles and Lt. Gov. MacKay will be unable to go.)

Public Liaison (10)

*Randall Robinson, President, Transafrica

Steve Harrington, Miami Businessman/DNC Trustee

Cardinal Bernard Law, Archbishop of Boston and Director of the International
Committee of the U.S. Catholic Conference

*Allen "Gunner" Kent, Commander, VFW

Ringo Cayard, Miami Haitian American Foundation; Submitted by
Congresswoman Carrie Meek

*Jesse Jackson, Invited by the President

Dr. Henry Lyons, President, National Baptist Convention

George Soros, Chairman, Soros Foundation---Establishing a million dollar foundation
for open democracy in Haiti

Rosemary Winder Strange, Director Social Services, Catholic Charities USA

Harriet Michel, President, Minority Business Council and Haitian-American

Congress (26)

Senate:

Sen. Graham

Sen. Mack

Sen. Dodd

Sen. Coverdell

Sen. Nunn

Sen. McConnell

Sen. Leahy

Sen. Hollings

Sen. Inouye

Sen. Stevens

Sen. Moseley-Braun

Sen. Harkin

House:

Rep. Meek
Rep. Payne
Rep. Rangel
Rep. Gilman
Rep. Hamilton
Rep. Murtha
Rep. Young
Rep. Wilson
Rep. Callahan
Rep. Rogers
Rep. Mollohan
Rep. Richardson
Rep. Hastings
Rep. Owens

*Participated on previous Haiti delegation.

*This girl even sending
you home, she would fight
to keep*

THE WHITE HOUSE
WASHINGTON

*National Service
In this*

March 20, 1995

95 MAR 21 A9:26

RECOMMENDED TELEPHONE CALL

TO: Senator Barbara Mikulski
DATE: As soon as possible
RECOMMENDED BY: Patrick Griffin
Eli Segal
PURPOSE: To encourage her to work with Senator Bond
to keep AmeriCorps out of the rescissions
package.

224-8862

*Ann
Wentor*

BACKGROUND:

On Friday, March 24 the Senate VA/HUD Subcommittee will mark up its 1995 rescission package. Mikulski is the ranking Democrat on the subcommittee and we believe that she can be persuasive in maintaining full funding for AmeriCorps.

As you know, the House reduced funding for AmeriCorps for 1995 from \$580 million to \$160 million, which would force AmeriCorps to close its doors in a few months. Even if AmeriCorps is funded at \$370 million, it is "on a clear path to incremental phase out", in the words of House VA/HUD subcommittee chairman Jerry Lewis.

Our fear is that Senator Bond, the chairman of the VA/HUD subcommittee, is inclined to feel that \$370 million in funding for AmeriCorps is a compromise between the House position and the Administration's position. However, this level of funding would force thousands of AmeriCorps volunteers to go home immediately.

We believe that Senator Mikulski, who enjoys a good working relationship with Senator Bond, can keep AmeriCorps out of the Senate rescission package altogether, especially since Chairman Hatfield has not put Bond under pressure to make major cuts.

In asking Senator Mikulski for her help on

*What if
Amount do
they send
kids home
at 150,000,000
not 350,000,000
and 15,000,000
500 off*

this matter, it is important to note that she considers herself the "godmother of national service", having shepherded through a demonstration bill in 1990. Mikulski does not feel that the White House has always recognized her efforts on this issue, and may raise this with you.

A call to Senator Mikulski, referencing the mark-up on Friday, reinforcing your commitment to national service as one of your highest personal priorities, along with your recognition of the intellectual and emotional capital that she has invested in this initiative would be extremely helpful. The key message to her how important it is to you that AmeriCorps is not in the VA/HUD subcommittee rescission package, which means full funding for 1995.

- TOPICS OF DISCUSSION:
1. Thank Senator Mikulski for her long-standing leadership on this issue and tell her that you need her help to keep this program alive.
 2. Emphasize that you view national service as "a movement" and a "new paradigm" (her terms) and not just a government program. While we don't have it perfect yet, with her leadership we will.
 3. Ask for her support in working with Senator Bond to spare AmeriCorps from the rescission package.

CONTACT PERSON AND
TELEPHONE NUMBER(S): White House Operator

DATE OF SUBMISSION: March 20, 1995

ACTION: _____

Leon

Think a
non-mommy
woman - Spunk can
do it for themselves
showed and give
them the best
Advice. The

THE PRESIDENT HAS SEEN 3/21

STATEMENT OF SENATOR DANIEL K. AKAKA
REGARDING OFFICE OF MANAGEMENT AND BUDGET

Wison

STATISTICAL POLICY DIRECTIVE NO. 15

Honolulu, Hawaii - July 18, 1994

I would like to commend Office of Management and Budget officials for holding this hearing in Hawaii and for the decision to review Statistical Policy Directive No. 15, an important guideline governing racial and ethnic data collection by federal agencies.

The directive has been unrevised since 1977, and it is clear that a comprehensive review is long-overdue. Indeed, as our country's demographics continue to change, the need for greater statistical accountability of our diverse citizenry increases.

While OMB is soliciting comments on all categories under Directive No. 15, I would like to focus my attention to one specific area which I strongly urge the Clinton Administration to consider modifying.

Since early 1993, when I first contacted then-OMB Director Leon Panetta, I have proposed to reclassify Native Hawaiians in the same category as American Indians and Alaskan Natives rather than the "Asian or Pacific Islander" category.

As you are well aware, during Congressional hearings held last year before the House Subcommittee on Census, Statistics and Postal Personnel, my proposal received support from the entire Hawaii Congressional delegation, Hawaii's Governor John Waihee,

Native Hawaiian organizations, the National Coalition for an Accurate Count of Asians and Pacific Islanders, and the U.S. Commission on Civil Rights.

Today, I would like to clarify my position in light of three related suggestions and critiques published in the Federal Register of June 9, 1994: first, that the current "American Indian or Alaskan Native" category be renamed "Native American"; second, that Native Hawaiians should have a separate category of their own; and third, that there are no proper categories for other indigenous populations such as South American Indians and Australian aborigines.

At the outset, let me reiterate that my proposal for changes under Directive No. 15 remains the same and is as follows:

1. Definitions

The category of "American Indian or Alaskan Native" in paragraph 1 (a) of the directive should be changed to "American Indian, Alaskan Native or Native Hawaiian", and defined as "A person having origins in any of the original peoples of North America or the Hawaiian Islands, and who maintains cultural identification through tribal affiliation or community recognition."

2. Utilization for Recordkeeping and Reporting

The category of "American Indian or Alaskan Native" in paragraph 2 (a) of the directive for minimum designations for race and ethnicity should be changed to "American Indian, Alaskan Native or Native Hawaiian."

Over the past year, there has been much discussion over whether the category of "American Indian or Alaskan Native" should be changed to "Native American." Moreover, there has been

a misperception by some that my proposal requested this change. The Congressional hearing record and correspondence with former OMB Director Panetta show that is definitely not the case.

As we all know, "Native American" is one of the most misapplied and misunderstood terms in usage today. Until the Federal Government establishes a clear policy regarding all of its native peoples, federal officials with responsibility for collecting racial and ethnic data will continue to generically describe the "American Indian or Alaskan Native" category as the "Native American" category.

The change I am seeking -- adding Native Hawaiians to the "American Indian or Alaskan Native" category -- will not magically create a clearer and more comprehensive federal policy in and of itself. Neither will simply changing the category title to "Native American." Nevertheless, I believe my proposal will be a giant step in the right direction.

Therefore, I recommend that the term "Native American" not be used in the directive and that all three native groups - American Indians, Alaskan Natives and Native Hawaiians - be listed in the classification description. In that way, separate statistics for all three groups and aggregate statistics would be readily available. This would ensure that the accountability of statistics for each group will be preserved.

I have even greater concerns over the establishment of a separate category for Native Hawaiians. My concern is that Native Hawaiians would not be perceived as native peoples and

will continue to fall through the cracks. This is due, in large part, to the current classification of Native Hawaiians in the "Asian or Pacific Islander" category. As a result, there is the misperception that Native Hawaiians, who number well over 200,000, somehow "immigrated" to the United States like other Asian or Pacific Island groups.

I fear that a separate category for Native Hawaiians would not resolve this misperception. Federal agencies will continue to fail to recognize us as native peoples and will simply not know what to do with the data.

While we are culturally Polynesian, we are descendants of the aboriginal people who occupied and exercised sovereignty in the area that now constitutes the State of Hawaii. Like the varying cultures among the hundreds of American Indian tribes and Alaskan Native groups, Native Hawaiians also have a unique political and historical relationship with the United States.

Another reason I am concerned over a new category for Native Hawaiians is that my understanding of the Congressional hearing record is that many Federal agencies do not support the establishment of any new category under Directive No. 15. In that respect, I would prefer that we focus our energy on a goal that is achievable and within reach.

Finally, I would like to comment on other indigenous groups. Similar to the term "Native American", the term "indigenous peoples" could also be very confusing. It is essential that the United States differentiate between those who are indigenous to

the geographic areas which are currently under U.S. jurisdiction and indigenous groups like Australian aborigines and South American Indians who have immigrated to the United States.

In closing, I recommend that as OMB continues to review Directive No. 15, particularly in preparation for the 2000 census, that Native Hawaiians and the Hawaii Congressional delegation be invited to participate in any workshop or framework which allows for public or official input. This is of great concern to me since there currently exists no federal agency or department with the expertise to deal with Native Hawaiians. Change and action in federal policy will only occur when disenfranchised people are given an opportunity to affect policies which are critical to their identities, needs and concerns.

Thank you very much for the opportunity to present my comments.

OFFICE OF MANAGEMENT AND BUDGET

Further to the June 9, 1994, Notice Regarding Standards for the Classification of Federal Data on Race and Ethnicity

AGENCY: Executive Office of the President, Office of Management and Budget (OMB), Office of Information and Regulatory Affairs

ACTION: Announcement of an Additional Public Hearing on Directive No. 15., Race and Ethnic Standards for Federal Statistics and Administrative Reporting

SUMMARY: Through Congressional hearings and direct correspondence, OMB has received numerous comments concerning the classification of Native Hawaiians. One of the suggested changes would involve establishing a separate category for Native Hawaiians. Alternatively, it has been proposed that Native Hawaiians should be part of a "Native American" category that would also include American Indians, Aleuts, and Eskimos. Currently, Native Hawaiians are included in the Asian and Pacific Islander category. To facilitate the participation of the Native Hawaiian community in the current review of the racial and ethnic categories, a public hearing will be held in Honolulu.

PUBLIC HEARING: To provide an additional opportunity to hear views from the public, particularly with respect to the classification of race and ethnicity for Native Hawaiians, and more generally on Directive No. 15, OMB has scheduled the following hearing:

Date/Time	Location
July 18, 1994 4:00 p.m.	The Kamehameha Schools Auditorium Kapeelama Heights Honolulu, Hawaii

If you wish to present an oral statement at this hearing, please contact Mike Kitamura, Office of Senator Daniel K. Akaka, telephone 808-522-8970, by Friday, July 15, 1994, and provide your name, address, telephone and fax numbers, and the name of the organization you represent.

Persons testifying are asked to bring three (3) copies of their statement to the hearing. Written statements will also be accepted at the hearing. Depending on the number of persons who request to present their views, the hearing may be extended to the following day.

ADDRESSES: Requests to be placed on the hearing schedule should be directed to Mike Kitamura, Office of Senator Daniel K. Akaka, P.O. Box 50144, Honolulu, Hawaii; telephone 808-522-8970; Fax 808-545-4683.

WRITTEN COMMENTS: Written comments may be addressed to Katherine K. Wallman, Chief, Statistical Policy, Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW., Room 10201 New Executive Office Building, Washington, D.C. 20503.

DATES: To ensure consideration, written comments must be provided to OMB on or before September 1, 1994.

FOR FURTHER INFORMATION CONTACT: Suzann Evinger, Statistical Policy

Office, Office of Information and Regulatory Affairs, Office of Management and Budget, Telephone: (202) 395-3093.

SUPPLEMENTARY INFORMATION:

Background

More detailed information about the review and possible revision of OMB's Statistical Policy Directive No. 15 can be found in the Federal Register, Volume 59, No. 110, June 9, 1994, pp. 29831-29835.

Sally Katzen,

Administrator, Office of Information and Regulatory Affairs

[FR]Doc. 94-17122 Filed 7-13-94; 8:45 am

BILLING CODE 3110-01-F



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 9 1994

OMB ANNOUNCES REVIEW OF FEDERAL RACIAL AND ETHNIC CATEGORIES
AND RELATED PUBLIC HEARINGS

The Office of Information and Regulatory Affairs (OIRA) in the Office of Management and Budget (OMB) is conducting a review of the racial and ethnic categories used by the Federal agencies.

As part of the review, there will be three public hearings: in Boston on July 7; in Denver on July 11; and in San Francisco on July 14.

The racial and ethnic categories are set forth in OMB's Statistical Policy Directive No. 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting. They are used by the Federal Government for recordkeeping, collection, and presentation of data on race and ethnicity in statistical activities and program administrative reporting, including monitoring and enforcement of civil rights.

During the past few years, Directive No. 15 has come under increasing criticism. Some individuals who report data about themselves and various organizations that use the information collected by the Federal agencies have indicated that the categories have become less useful over time in reflecting the diversity of our Nation's population.

Attached is a copy of the Federal Register notice which contains additional information about the review of Directive No. 15, the public comment process, and the public hearings. The current version of Directive No. 15 is included as part of this notice.

Attachment

OFFICE OF MANAGEMENT AND BUDGET

Standards for the Classification of Federal Data on Race and Ethnicity

AGENCY: Executive Office of the President, Office of Management and Budget (OMB), Office of Information and Regulatory Affairs

ACTION: Advance Notice of Proposed Review and Possible Revision of OMB's Statistical Policy Directive No. 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting; and Announcement of Public Hearings on Directive No. 15.

SUMMARY: During the past few years, OMB's Statistical Policy Directive No. 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting, has come under increasing criticism. These standards are used governmentwide for recordkeeping, collection, and presentation of data on race and ethnicity in Federal statistical activities and program administrative reporting. Since the standards were first issued 17 years ago, citizens who report information about themselves and users of the information collected by Federal agencies have indicated that the categories set forth in Directive No. 15 are becoming less useful in reflecting the diversity of our Nation's population. Accordingly, OMB currently is undertaking a review of the racial and ethnic categories in the Directive. (See Appendix for the text of Directive No. 15.)

ISSUES FOR COMMENT: OMB is interested in receiving comments from the public on (1) the adequacy of the current categories, (2) principles that should govern any proposed revisions to the standards, and (3) specific suggestions for changes that have been offered by various individuals and organizations.

ADDRESS: Written comments on these issues may be addressed to Katherine K. Wallman, Chief, Statistical Policy, Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, N.W., Washington, D.C. 20503.

DATE: To ensure consideration, written comments must be provided to OMB on or before September 1, 1994.

PUBLIC HEARINGS: To provide additional opportunities to hear views from the public on Directive No. 15, OMB has

scheduled a series of hearings, as follows:

Date/Time	Location
July 7, 1994 10:00 a.m.	Thomas P. O'Neill, Jr. Federal Building Auditorium 10 Causeway Street Boston, Massachusetts (Local arrangements contact: Harold Wood, Bureau of the Census Regional Office, (617) 424-0500)
July 11, 1994 10:00 a.m.	State Capitol Building Old Supreme Court Chambers 200 East Colfax Street Denver, Colorado (Local arrangements contact: Jerry O'Donnell, Bureau of the Census Regional Office, (303) 969-7750)
July 14, 1994 10:00 a.m.	Federal Reserve Bank of San Francisco Interpretive Center 101 Market Street San Francisco, California (Local arrangements contact: Vicki Cooper-Murphy, Bureau of Labor Statistics Regional Office, (415) 744-7166)

If you wish to present an oral statement at any of these hearings, please contact the Statistical Policy Office (at the address below) by telephone or fax (do not use electronic mail) by July 1, 1994, and provide the following information: your name, address, telephone and fax numbers, and the name of the organization which you represent. After July 1, please call the appropriate local arrangements contact identified above to be placed on the hearing schedule. Persons testifying are asked to bring three (3) copies of their statement to the hearing. Written statements will also be accepted at the hearings. Depending on the number of persons who request to present their views, the hearings in each location may be extended to the following day.

ADDRESS: Requests to be placed on the hearing schedule should be directed to the Statistical Policy Office, Office of Management and Budget, 725 17th Street, N.W., Washington, D.C. 20503. Telephone: (202) 395-3093. Fax number: (202) 395-7245.

ELECTRONIC AVAILABILITY AND COMMENTS: This document is available on the Internet via anonymous File Transfer Protocol (ftp) from [ftp.census.gov](ftp://ftp.census.gov/pub/docs/ombdir15.txt) as [/pub/docs/ombdir15.txt](ftp://ftp.census.gov/pub/docs/ombdir15.txt) in ASCII format (do not use any capital letters in the file name). For those who do not have ftp capability, the document can also be obtained through the gopher ([gopher.gopher.census.gov](gopher://gopher.census.gov)) and HTTP servers (accessible by mosaic, cello, lynx, etc.), or by sending an electronic mail message to ftpmail@census.gov with the following lines in the message area:

```
open
get/pub/docs/ombdir15.txt
quit
```

Comments may be sent via electronic mail to an OMB x.400 mail address, which is /s=ombdir15/c=us/admd=telemail/prmd=gov+eop. The Internet address is ombdir15@eop.sprint.com. Comments sent to this address will be included as part of the official record. Do not use this electronic mail address to have your name included in the hearing schedule.

For assistance using electronic mail, ftp, gopher, or HTTP, please contact your system administrator. You may also want to send an electronic message to access@census.gov with a subject of **HELP** and nothing in the message area. You will receive by return electronic mail "FAQ (Frequently Asked Questions)" and more information on how to access the services on census.gov.

FOR FURTHER INFORMATION CONTACT: Suzann Evinger, Statistical Policy Office, Office of Information and Regulatory Affairs, Office of Management and Budget, Telephone: (202) 395-3093.

SUPPLEMENTARY INFORMATION:

Background

Development of Directive No. 15.—Developmental work on the categories in OMB's Directive No. 15 originated in the activities of the Federal Interagency Committee on Education (FICE), which was created by Executive Order in 1964. More than 30 Federal agencies were members or regular participants in FICE's work to improve coordination of educational activities at the Federal level. The FICE Subcommittee on Minority Education completed a report in April 1973 on higher education for Chicanos, Puerto Ricans, and American Indians and sent it to then Secretary of Health, Education, and Welfare (HEW) Caspar Weinberger for comment. He showed particular interest in the portion of the report that deplored the lack of useful data on racial and ethnic groups. Further, he encouraged the implementation of the report's second recommendation which called for the coordinated development of common definitions for racial and ethnic groups, and the Federal collection of racial and ethnic enrollment and other educational data on a compatible and nonduplicative basis.

In June 1974, FICE created an Ad Hoc Committee on Racial and Ethnic Definitions whose 25 members came from Federal agencies with major responsibilities for the collection or use of racial and ethnic data. This Ad Hoc

Committee was charged with developing terms and definitions for the collection of a broad range of racial and ethnic data by Federal agencies on a compatible and nonduplicative basis. It took on the task of determining and describing the major groups to be identified by Federal agencies when collecting and reporting racial and ethnic data. While the Ad Hoc Committee recognized that there is frequently a relationship between language and ethnicity, it made no attempt to develop a means of identifying persons on the basis of their primary language. The Ad Hoc Committee wanted to ensure that whatever categories the various agencies used could be aggregated, disaggregated, or otherwise combined so that the data developed by one agency could be used in conjunction with the data developed by another agency. In addition, the Ad Hoc Committee thought that the basic categories could be subdivided into more detailed ethnic subgroups to meet users' needs, but that to maintain comparability, data from one major category should never be combined with data from any other major category.

In the spring of 1975, FICE completed its work on a draft set of categories, and an agreement was reached among OMB, the General Accounting Office (GAO), the HEW's Office for Civil Rights, and the Equal Employment Opportunity Commission (EEOC) to adopt these categories for a trial period of at least one year. This trial was undertaken to test the new categories and definitions and to determine what problems, if any, would be encountered in their implementation.

At the end of the test period, OMB and GAO convened an Ad Hoc Committee on Racial/Ethnic Categories to review the experience of the agencies that had implemented the standard categories and definitions and to discuss any potential problems that might be encountered in extending the use of the categories to all Federal agencies. The Committee met in August 1976 and included representatives of OMB; GAO; the Departments of Justice, Labor, HEW, and Housing and Urban Development; the Bureau of the Census; and the EEOC. Based upon the discussion in that meeting, OMB prepared minor revisions to the FICE definitions and circulated the proposed final draft for agency comment. These revised categories and definitions became effective in September 1976 for all compliance recordkeeping and reporting required by the Federal agencies represented on the Ad Hoc Committee.

Based upon this interagency agreement, OMB drafted for agency

comment a proposed revision of the race and ethnic categories contained in its circular on standards and guidelines for Federal statistics. Some agencies published the draft revision for public comment. Following the receipt of comments and incorporation of suggested modifications, OMB on May 12, 1977, promulgated for use by all Federal agencies the racial and ethnic categories now contained in Directive No. 15, the text of which appears in the Appendix. This meant that for the first time, standard categories and definitions would be used at the Federal level in reporting and presentation of data on racial and ethnic groups. While OMB requires the agencies to use these racial and ethnic categories, it should be emphasized that the Directive permits collection of additional detail if the more detailed categories can be aggregated into the basic racial and ethnic classifications set forth in the Directive.

As demonstrated by this brief history, the present categories were developed through a deliberate cooperative process; participation of the agencies that use the categories was an essential element in that process.

1988 Proposed Revision.—The standards promulgated in 1977 have not been revised since that time. OMB did, however, publish in the January 20, 1988, *Federal Register* a draft Statistical Policy Circular soliciting public comment on a comprehensive revision of existing Statistical Policy Directives. Among the proposed changes was a revision of Directive No. 15 that would have added an "Other" racial category and required classification by self-identification. While this proposal was supported by many multi-racial and multi-ethnic groups and some educational institutions, it drew strong opposition from Federal agencies such as the Civil Rights Division of the Department of Justice, the Department of Health and Human Services, the EEOC, and the Office of Personnel Management, and from large corporations.

Respondents who opposed the change asserted that the present system provided adequate data, that any changes would disrupt historical continuity, and that the proposed change would be expensive and potentially divisive. Some members of minority communities interpreted the proposal as an attempt to provoke internal dissension within their communities and to reduce the official counts of minority populations. Because it was evident from all of these comments that this proposal would not

be widely accepted, no changes were made at the time to Directive No. 15.

1993 Hearings.—During 1993, Congressman Thomas C. Sawyer, Chairman of the House Subcommittee on Census, Statistics, and Postal Personnel, held a series of four hearings (April 14, June 30, July 29, and November 3) on the measurement of race and ethnicity in the decennial census. OMB testified at the hearing on July 29. Information on these hearings may be obtained by contacting the Subcommittee at (202) 226-7523.

Workshop.—As a first step in undertaking its review of the racial and ethnic categories, OMB asked the Committee on National Statistics (CNSTAT) of the National Academy of Sciences to convene a workshop to provide an informed discussion of the issues surrounding a review of the categories. Convened on February 17-18, 1994, the workshop included representatives of Federal agencies, academia, social science research, interest groups, private industry, and local school districts. A report on the workshop will be forthcoming from CNSTAT.

Interagency Committee. OMB has established an Interagency Committee for the Review of the Racial and Ethnic Standards, whose members represent the many and diverse Federal needs for racial and ethnic data, including statutory requirements for such data. The Committee will be an integral part of this review process, by assisting OMB in the evaluation and assessment of proposed changes, for example, on the quality of resulting data and costs of implementation.

Suggested Changes and Criticisms

Your comments are invited on any aspect of Directive No. 15; if you are satisfied with the existing racial and ethnic categories, it would be useful for OMB to know that also. You may also wish to comment on the following suggestions and criticisms about the Directive that OMB received during the recent hearings and the CNSTAT workshop:

- adding a "multi-racial" category to the list of racial designations so that respondents would not be forced to deny part of their heritage by having to choose a single category;
- adding an "other" category for individuals of multi-racial backgrounds and those who want the option of specifically stating a unique identification;
- providing an open-ended question to solicit information on race and ethnicity, or combining concepts of

- race, ethnicity, and ancestry;
- changing the name of the "Black" category to "African American";
- changing the name of the "American Indian or Alaskan Native" category to "Native American";
- including Native Hawaiians as a separate category or as part of a "Native American" category (which would also include American Indians, Aleuts, and Eskimos), rather than as part of the "Asian or Pacific Islander" category;
- including Hispanic as a racial designation, rather than as a separate ethnic category; and
- adding a "Middle Easterner" category to the list of ethnic designations.

The critiques of the current standard and the proposals for change include as well a number of other concerns. For example:

- The categories and their definitions have been criticized for failing to be comprehensive and scientific. As cases in point, using the present definitions there are no proper categories for the original Indian population of South America or for Australian aborigines.
- Some have suggested that the geographic orientation of the definitions for the various racial and ethnic categories is not sufficiently definitive. They believe that there is no readily apparent organizing principle for making such distinctions and that definitions for the categories should be eliminated. Others disagree, stating that the current definitions of the racial and ethnic categories have served their uses well and thus should be maintained.
- The identification of an individual's racial and ethnic "category" often is a subjective determination, rather than one that is objective and factual, no matter what the process for arriving at the categories. Consequently, it has been suggested that it may no longer be appropriate to consider the categories as a "statistical standard."
- The issue of self-identification of race and ethnicity versus third party identification also has been raised. This issue will merit increased attention if multi-racial and/or multi-ethnic categories or identification procedures are adopted.
- Some have proposed eliminating

the five-category combined racial and ethnic classification in favor of separate, mutually exclusive, racial and ethnic categories. The combined format now permitted by the Directive is particularly suitable for observer identification, and is used by the Department of Health and Human Service's Office for Civil Rights, the Equal Employment Opportunity Commission, and the Office of Federal Contract Compliance because it facilitates aggregating data on the minority groups with which these agencies are concerned. The use of the Hispanic category in the combined format does not, however, provide information on the race of those selecting it. As a result, the combined format makes it impossible to distribute persons of Hispanic ethnicity by race and, therefore, reduces the utility of the four racial categories by excluding from them persons who would otherwise be included. Thus, the two formats currently permitted by Directive No. 15 for collecting racial and ethnic data do not provide comparable data.

- The perceived importance of historical comparability of racial and ethnic data has been questioned by some. Since the names of the categories have changed in the decennial censuses, and agencies use different methods even internally to collect the data, there is less continuity in racial and ethnic data than many believed. As a result, it has been suggested that this review of Directive No. 15 should have a more forward-looking approach, rather than being bound by past history.
- Some have suggested that consideration be given to collecting racial and ethnic data using "categories for response" that can be decoupled from "categories for reporting data." For example, the response categories could permit responses reflecting multiple origins; later these data would be aggregated into reporting categories following a set of standards and guidelines to make the reported data more useful for various program, administrative, and statistical purposes.
- There have also been suggestions that the classification of persons by race and ethnicity be eliminated entirely. Proponents of this view assert that the categories merely serve to perpetuate an over-

emphasis on race in America and contribute to the fragmentation of our society.

Federal Uses of Racial and Ethnic Data

Given the broad range of suggestions and criticisms, OMB believes that a comprehensive review of all the categories is warranted. It is important to stress comprehensive, because these categories are not used simply for statistical purposes. Thus, while the use of the racial and ethnic categories in the collection of decennial census data is most widely known—and has most often been cited in the 1993 hearings and in the correspondence OMB receives—the categories are also used by Federal agencies for civil rights enforcement and for program administrative reporting. Some important examples of the Federal Government's uses of racial and ethnic data are:

- enforcing the requirements of the Voting Rights Act;
- reviewing State redistricting plans;
- collecting and presenting population and population characteristics data, labor force data, education data, and vital and health statistics;
- establishing and evaluating Federal affirmative action plans and evaluating affirmative action and discrimination in employment in the private sector;
- monitoring the access of minorities to home mortgage loans under the Home Mortgage Disclosure Act;
- enforcing the Equal Credit Opportunity Act;
- monitoring and enforcing desegregation plans in the public schools;
- assisting minority businesses under the minority business development programs; and
- monitoring and enforcing the Fair Housing Act.

These examples of statutory requirements are mentioned to foster public awareness and understanding of the Federal Government's many different needs for racial and ethnic data. Appreciation of the intended uses of the data helps determine what categories make sense. Further, these uses need to be taken into account when changes to the categories are suggested. In any event, OMB believes that it is essential for the Federal agencies to study the possible effects of any proposed changes to the categories on the quality and utility of the resulting data for a multiplicity of purposes.

General Principles for the Review of the Racial and Ethnic Categories

The critiques and suggestions for changing Directive No. 15 have underscored the importance of having a set of general principles to govern the current review process. The following principles were drafted in cooperation with Federal agencies serving on the Interagency Committee. Comments on these principles are welcomed.

1. The racial and ethnic categories set forth in the standard should not be interpreted as being scientific or anthropological in nature.

2. Respect for individual dignity should guide the processes and methods for collecting data on race and ethnicity; respondent self-identification should be facilitated to the greatest extent possible.

3. To the extent practicable, the concepts and terminology should reflect clear and generally understood definitions that can achieve broad public acceptance.

4. The racial and ethnic categories should be comprehensive in coverage and produce compatible, nonduplicated, exchangeable data across Federal agencies.

5. Foremost consideration should be given to data aggregations by race and ethnicity that are useful for statistical analysis, program administration and assessment, and enforcement of existing laws and judicial decisions, bearing in mind that the standards are not intended to be used to establish eligibility for participation in any Federal program.

6. While Federal data needs for racial and ethnic data are of primary importance, consideration should also be given to needs at the State and local government levels, including American Indian tribal and Alaska Native village governments, as well as to general societal needs for these data.

7. The categories should set forth a minimum standard; additional categories should be permitted provided they can be aggregated to the standard categories. The number of standard categories should be kept to a manageable size, as determined by statistical concerns and data needs.

8. A revised set of categories should be operationally feasible in terms of burden placed upon respondents and the cost to agencies and respondents to implement the revisions.

9. Any changes in the categories should be based on sound methodological research and should include evaluations of the impact of any changes not only on the usefulness of the resulting data but also on the

comparability of any new categories with the existing ones.

10. Any revision to the categories should provide for a crosswalk at the time of adoption between the old and the new categories so that historical data series can be statistically adjusted and comparisons can be made.

11. Because of the many and varied needs and strong interdependence of Federal agencies for racial and ethnic data, any changes to the existing categories should be the product of an interagency collaborative effort.

The agencies recognize that these principles may in some cases represent competing goals for the standard. Through the review process, it will be necessary to balance statistical issues, needs for data, and social concerns. The application of these principles to guide the review and possible revision of the standard ultimately should result in consistent, publicly accepted data on race and ethnicity that will meet the needs of the government and the public while recognizing the diversity of the population and respecting the individual's dignity.

Sally Katzen

Administrator, Office of Information and Regulatory Affairs

APPENDIX

DIRECTIVE NO. 15

Race and Ethnic Standards for Federal Statistics and Administrative Reporting (as adopted on May 12, 1977)

This Directive provides standard classifications for recordkeeping, collection, and presentation of data on race and ethnicity in Federal program administrative reporting and statistical activities. These classifications should not be interpreted as being scientific or anthropological in nature, nor should they be viewed as determinants of eligibility for participation in any Federal program. They have been developed in response to needs expressed by both the executive branch and the Congress to provide for the collection and use of compatible, nonduplicated, exchangeable racial and ethnic data by Federal agencies.

1. Definitions

The basic racial and ethnic categories for Federal statistics and program administrative reporting are defined as follows:

a. *American Indian or Alaskan Native.* A person having origins in any of the original peoples of North America, and who maintains cultural identification through tribal affiliations or community recognition.

b. *Asian or Pacific Islander.* A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands. This area includes, for example, China, India, Japan, Korea, the Philippine Islands, and Samoa.

c. *Black.* A person having origins in any of the black racial groups of Africa.

d. *Hispanic.* A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

e. *White.* A person having origins in any of the original peoples of Europe, North Africa, or the Middle East.

2. Utilization for Recordkeeping and Reporting

To provide flexibility, it is preferable to collect data on race and ethnicity separately. If separate race and ethnic categories are used, the minimum designations are:

a. Race:

- American Indian or Alaskan Native
- Asian or Pacific Islander
- Black
- White

b. Ethnicity:

- Hispanic origin
- Not of Hispanic origin

When race and ethnicity are collected separately, the number of White and Black persons who are Hispanic must be identifiable, and capable of being reported in that category.

If a combined format is used to collect racial and ethnic data, the minimum acceptable categories are:

- American Indian or Alaskan Native
- Asian or Pacific Islander
- Black, not of Hispanic origin
- Hispanic
- White, not of Hispanic origin.

The category which most closely reflects the individual's recognition in his community should be used for purposes of reporting on persons who are of mixed racial and/or ethnic origins.

In no case should the provisions of this Directive be construed to limit the collection of data to the categories described above. However, any reporting required which uses more detail shall be organized in such a way that the additional categories can be aggregated into these basic racial/ethnic categories.

The minimum standard collection categories shall be utilized for reporting as follows:

a. Civil rights compliance reporting.

The categories specified above will be used by all agencies in either the separate or combined format for civil rights compliance reporting and equal employment reporting for both the public and private sectors and for all

levels of government. Any variation requiring less detailed data or data which cannot be aggregated into the basic categories will have to be specifically approved by the Office of Management and Budget (OMB) for executive agencies. More detailed reporting which can be aggregated to the basic categories may be used at the agencies' discretion.

b. *General program administrative and grant reporting.* Whenever an agency subject to this Directive issues new or revised administrative reporting or recordkeeping requirements which include racial or ethnic data, the agency will use the race/ethnic categories described above. A variance can be specifically requested from OMB, but such a variance will be granted only if the agency can demonstrate that it is not reasonable for the primary reporter to determine the racial or ethnic background in terms of the specified categories, and that such determination is not critical to the administration of the program in question, or if the specific program is directed to only one or a limited number of race/ethnic groups, e.g., Indian tribal activities.

c. *Statistical reporting.* The categories described in this Directive will be used at a minimum for federally sponsored statistical data collection where race and/or ethnicity is required, except when: the collection involves a sample of such size that the data on the smaller categories would be unreliable, or when the collection effort focuses on a specific racial or ethnic group. A repetitive survey shall be deemed to have an adequate sample size if the racial and ethnic data can be reliably aggregated on a biennial basis. Any other variation will have to be specifically authorized by OMB through the reports clearance process. In those cases where the data collection is not subject to the reports clearance process, a direct request for a variance should be made to OMB.

3. Effective Date

The provisions of this Directive are effective immediately for all new and revised recordkeeping or reporting requirements containing racial and/or ethnic information. All existing recordkeeping or reporting requirements shall be made consistent with this Directive at the time they are submitted for extension, or not later than January 1, 1980.

4. Presentation of Race/Ethnic Data

Displays of racial and ethnic compliance and statistical data will use the category designations listed above. The designation "nonwhite" is not acceptable for use in the presentation of Federal Government data. It is not to be

used in any publication of compliance or statistical data or in the text of any compliance or statistical report.

In cases where the above designations are considered inappropriate for presentation of statistical data on particular programs or for particular regional areas, the sponsoring agency may use:

(1) The designations "Black and Other Races" or "All Other Races," as collective descriptions of minority races when the most summary distinction between the majority and minority races is appropriate;

(2) The designations "White," "Black," and "All Other Races" when the distinction among the majority race, the principal minority race and other races is appropriate; or

(3) The designation of a particular minority race or races, and the inclusion of "Whites" with "All Other Races," if such a collective description is appropriate.

In displaying detailed information which represents a combination of race and ethnicity, the description of the data being displayed must clearly indicate that both bases of classification are being used.

When the primary focus of a statistical report is on two or more specific identifiable groups in the population, one or more of which is racial or ethnic, it is acceptable to display data for each of the particular groups separately and to describe data relating to the remainder of the population by an appropriate collective description.

[FRDoc. ??-???? Filed ?-??-93; 8:45 am]

BILLING DOE 3110-01-F

① - Nat Haw 50 Program
- As spec program for funding ② Designated
- Hawaii - Native Haw

THE PRESIDENT HAS SEEN 3/21

FY 1996 FUNDING REQUEST FOR HAWAII

I. The following programs provide funds specifically for Hawaii:

Interior:

The FY 1996 Interior budget request for Hawaii is maintained at the FY 1995 enacted level of \$3 million. \$250,000 in new funding is provided for endangered species recovery, while funding for the Hawaii Refuge Operation is decreased by \$250,000.

EPA:

The FY 1996 budget requests for EPA State Revolving funds for Clean Water and Drinking Water for Hawaii are \$12.5 million and \$2.5 million respectively. Other EPA State grants for Hawaii for FY 1996 total \$2.4 million. Total EPA funding for Hawaii for FY 1996 is \$17.393, a \$1.913, increase over FY 1995.
million million

USDA:

The FY 1996 budget estimate for USDA, Rural Development Assistance for the State of Hawaii has increased \$2 million over the estimated FY 1995 level to \$18.3 million. A breakdown of Rural Development Assistance follows: \$573,306 for Farm Loans; \$14.5 million for Rural Housing, (a \$1.6 million increase over the estimated FY 1995 level); \$524,366 for Rural Business, (a \$58,474 increase over the estimated FY 1995 level); \$2.8 million for Rural Utilities Service, (a \$.4 million increase over the estimated FY 1995 level). In addition, the FY 1996 request for the Forest Service International Forestry research site is \$300,000.

GSA:

The Federal Buildings Fund FY 1996 budget request includes \$376,000 to design a repair and modernization project for the Jonah Kuhio Kalaniana'ole Federal Building/Courthouse.

II. Hawaii will be eligible to receive funds in the form of formula block grants and competitive grants from the following:

Violent Crime Reduction Trust Fund:

Funds will be distributed to States and localities through both formula and competitive grants.

- \$3,038 million for state and local law enforcement
- \$667 million for crime prevention

HUD:

CDBG:

The FY 1996 Budget proposes a new "Community Opportunity Performance Funds" (COPF) program that consolidated CDBG and other existing community and economic development programs into a single, flexible block grant for States and localities. The proposed FY 1996 funding level for COPF is \$4.85 billion, approximately the FY 1995 level of the consolidated programs. (CDBG was \$4.6 billion in 1995).

HOME Investment Partnerships:

The FY 1996 budget proposes a single "Affordable Housing Performance Funds" (AHPF) program to consolidate HOME and other grants for housing production and rehabilitation. The proposed FY 1996 funding level of the AHPF program is \$3.339 billion, approximately the FY 1995 funding level of the consolidated programs. (HOME was \$1.4 billion in 1995).

Homeless Assistance:

The FY 1996 Budget proposes a single Homeless Assistance Performance Funds (HAPF) program, including activities currently funded under five HUD homeless programs. These activities will be funded under the Affordable Housing Performance Fund starting in 1998. The proposed FY 1996 funding level for the HAPF program is \$1.12 billion, the FY 1995 funding level of the consolidated programs.

HHS:

The treatment of Hansen's Disease, Native Hawaiian Health Care grants, as well as Pacific Basin Initiative grants, and Pacific Medical Officer Training grants are included in a new Public Health Service Performance Partnership proposal which will consolidate 108 programs into 16 categorical grants with larger, flexible pools of funding. At budget levels, Hawaii can expect to receive approximately the same funding, or could receive more, under the consolidated grant program, as the State received in FY 1995.

Hawaii also receives funding through the Maternal and Child Health (MCH) Block Grant, the Preventative Health (PH) Block Grant, Ryan White Title II grants to the States, and the Substance Abuse and Mental Health Block Grants. The MCH and PH Block Grants are essentially funded at FY 1995 levels (less than one percent decreases). The Ryan White,

Substance Abuse and Mental Health grants are either funded at FY 1995 levels or increased.

DOT:

A unified grant for DOT to continue Essential Air Service subsidies. The unified grant will increase flexibility of State and local governments to decide for themselves how funds can best be allocated, consistent with local needs.

III. The following is an item of interest to Hawaii which is not included in the FY 1996 Budget:

Commerce, NOAA:

\$4 million for underwater research. Each year OMB removes the grant from the budget, and each year Congress puts it back.



THE PRESIDENT HAS SEEN ^{3/21}
DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

95 MAR 20 11:13

INFORMATIONAL MEMORANDUM FOR CHIEF OF STAFF PANETTA

FROM: James R. Lyons, Under Secretary
Natural Resources and Environment

SUBJ: Pacific Northwest Timber Sales -- Update, March 16, 1995

Since our conversation on Monday, I have been in contact with the Forest Service's regional office in Portland, Oregon and the White House Office of Forestry and Economic Development. I am presently in Portland, OR working through options for: (1) identifying the package of timber sales that the President could announce; (2) determining what changes in current processes for preparing and offering timber sales might be made to speed up the process; and (3) identifying any limitations and resources -- staffing or funds -- that might be serving as an impediment to a more aggressive timber sale program in the region.

Today, I am meeting with the Regional Forester and the Oregon State Forester on this matter. Later this afternoon, I will be meeting with Governor Kitzhaber to discuss the possibility of a joint federal-state effort to identify and expedite additional timber sales. The Governor has elected to establish a scientific team to help identify options for future timber sales in the state. It is interesting that the team includes many of the same people I used to develop the Agriculture Committee's old-growth option on the Hill. The Governor's team is chaired by Dr. K. Norman Johnson who also chaired the "Gang of Four", as the group I established was called. My point is that this might provide a good opportunity for collaboration. Tomorrow, I will be meeting with the State Forester and Jennifer Belcher, the Public Lands Commissioner for Washington State on the same subject.

From our preliminary review this morning, it would appear that there is approximately 125 mmbf of timber that is currently "held up" by administrative decisions and processes that could be resolved quickly. The key players would be the Department of Justice, the Fish and Wildlife Service (DOI) and the National Marine and Fisheries Service (DOC). I will be meeting with their regional leadership tomorrow morning to determine if these issues can be resolved quickly, so the sales can be packaged for an announcement by the President in May.

I plan to bring back to you a status report on implementation of the timber sales under the President's Forest Plan, recommendations for a timber sale announcement, and options for expediting future sales and for resolving any outstanding issues with the sales that are currently caught up in administrative processes. Some of this information has already been shared with Katie McGinty's office, who I expect will be sharing it with you shortly.

INFORMATIONAL MEMORANDUM FOR CHIEF OF STAFF PANETTA

2

We are making good progress. I would like to meet with you next week to brief you on my findings and to discuss a game plan for getting ahead of this issue.

CC: Acting Secretary Rominger
Secretary-designee Dan Glickman
Kim Schnoor
Charlie Rawls
Greg Frazier
Anne Kennedy

THE WHITE HOUSE
WASHINGTON

DATE: 03/20/95

TO: COUNSEL'S OFFICE

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

For your appropriate handling.

OK to
send

to

Counsel's

ofc
yes

March 16, 1995

Robert Davis M.D.
Reg. No. 04160-081
3600 Grand Road
Lompoc, California 93436
95 MAR 20 4:38

John D. Podesta
Assistant to the President
and Staff Secretary
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Assistant Podesta,

Today I received notification through my counselor at Federal Correctional Institute Lompoc, that my **Application for Executive Clemency** was not timely, and was placed in abeyance until the results of the appeal of my criminal conviction is determined.

This communication was directed to the Warden of FCI Safford and dated February 9, 1995.

I would beg of you to please humbly extract my file from abeyance status and consider my request.

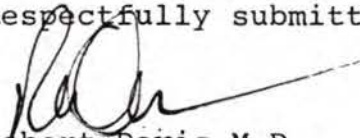
The proposal that I made to the President was unique and is an additional form of restitution where I would be able to save lives, help the needy and still serve the goals of justice, through my incarceration, but in an alternative capacity.

My request is not self motivated, but one to help others.

I would therefore, greatly appreciate your consideration of my **Petition and Amendment to Petition** that I have submitted to your office.

I am looking forward to your response.

Respectfully submitted,


Robert Davis M.D.

RD/rd

cc: Margarat Colgate Love, Pardon Attorney

THE WHITE HOUSE
WASHINGTON

March 15, 1995 95 MAR 15 P6:23

3 Ack to Jim
3-20-94

MEMORANDUM TO JOHN PODESTA

FROM: JIM DORSKIND *Ji*
Special Assistant to the President and Director of
Correspondence and Presidential Messages

SUBJECT: Two Senior Writer/Editor Openings

As you know, Mark Miller and Debbie Hardin, the Co-Directors of Presidential Letters and Messages are leaving the White House, and we are seeking candidates for these important positions. This memo describes what we're looking for, and I appreciate your circulating it among senior staff.

Needed Immediately: Two senior editors, at least one who should have significant management experience

Office: Presidential Letters and Messages, an office within the Department of Correspondence and Presidential Messages, handles VIP Presidential correspondence, form letter responses, proclamations, and Presidential messages, in consultation with other White House offices and federal agencies. There are six writers and three administrative staff who prepare drafts for review by the Co-Directors of Presidential Letters and Messages, who function as both senior editors and managers.

Qualifications:

- o Excellent writing and editorial skills
- o Good political sense and a strong commitment to the President's agenda
- o Management experience
- o Good interpersonal skills

Contact:

Jim Dorskind (6-5460)

Jenny McCarthy (6-6556)

With the Arts
And Entertainment

THE PRESIDENT HAS SEEN

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Science Times

The New York Times

TUESDAY, MARCH 14, 1995

C1

Deadly Nuclear Waste Piles Up With No Clear Solution at Hand

By WILLIAM J. BROAD

INCREASINGLY, the world is awash in plutonium, the deadly gold of the nuclear era, the man-made element that is produced in all nuclear reactors and prized for making atom bombs. And increasingly, no one knows what to do with it, as big nuclear arsenals become passé and as alternative plans for the perilously radioactive stuff lose their luster.

The simplest option is to bury it. But that is now under fire as scientists debate, and Federal agencies study, whether a proposed underground dump in Nevada might eventually blow up in a nuclear explosion fed by waste plutonium. For years the dump has been seen as a crucial solution to the plutonium problem, and its rejection would be an enormous blow to nuclear planning.

And globally, plans to burn plutonium in commercial nuclear reactors are floundering for political and economic reasons.

Scientists are proposing many new methods and machines meant to rid the world of surplus plutonium, including new reactors, annihilators and special ways to discard it. But costliness and political inertia have kept these schemes largely in limbo. Meanwhile, the glut of plutonium is growing, stirring fears that sooner or later some will fall into the hands of nuclear terrorists.

"Plutonium is the bottom-line danger because it's always atom-bomb material, even when it's declared for peaceful purposes,"

The stream of waste from civilian and military programs is now a flood.

said Paul Leventhal, president of the Nuclear Control Institute, a trade group based in Washington.

It takes from 2.2 to 17.6 pounds of plutoni-

um to make a bomb, depending on the skill of the designer and the concentration of the 239 isotope, the preferred kind for weapons. A metric ton (2,205 pounds) can make from 125 to 1,000 warheads.

Of the 270 or so metric tons of weapons plutonium in the world, perhaps as many as 200 tons are slated to become surplus in the next few years as nuclear disarmament moves forward. And on the civil side, the stockpile of plutonium, both in nuclear-react-

Continued on Page C11

Evolution Of Humans May at Last Be Faltering

By WILLIAM K. STEVENS

NATURAL evolutionary forces are losing much of their power to shape the human species, scientists say, and the realization is raising tantalizing questions about where humanity will go from here.



Reconstructed cranium, perhaps 125,000 years old, from Ethiopia; human anatomy has basically not changed since then, a short period in evolution.

Modern Humans Emerge



90,000-100,000 Years Ago

Modern Life Suppresses An Ancient Body Rhythm



No Solution At Hand While Deadly Nuclear Wastes Pile Up

Continued From Page C1

for wastes and isolates from spent fuel, stands at about 930 metric tons and is expected to nearly double in the next decade.

"This is a very serious problem," said Dr. Arjun Makhijani, a nuclear physicist and president of the Institute for Energy and Environmental Research, a private group in Takoma Park, Md. "Every four or five years we're making about as much plutonium in the civil sector as we did during the whole cold war."

Plutonium was discovered in 1940 at the University of California. Made in a cyclotron, the radioactive element was found to be extremely toxic and to have a half-life of 24,360 years. It was soon produced in bulk. Uranium 238, the common isotope of uranium in nature, was bombarded by neutrons in nuclear reactors and almost magically transformed into plutonium 239, which was then extracted to make atomic bombs. In 1945, a plutonium bomb was dropped on the Japanese city of Nagasaki.

The ease of plutonium 239 production made it a bulwark of the cold war. The alternate primary fuel for making nuclear weapons, the rare 235 isotope of uranium, had to be wrung from ore in a costly and laborious process.

As civil reactors for nuclear power multiplied in the 1960's and 1970's, they too began to make large amounts of plutonium, their spent fuel containing up to 1 percent of the element as a byproduct. A civil industry to separate it for powering special reactors quickly rose and fell in the United States, its death prompted by fears that the plutonium would eventually be diverted into making nuclear bombs.

In 1977, President Carter announced an end to the civil separation of plutonium. In its place, spent fuel holding the deadly element was to be buried in underground dumps.

The main proponent of the theory, Dr. Charles D. Bowman, is one of scores of scientists hunting for new ways to rid the world of surplus plutonium. In his plan, big particle accelerators would, by a kind of nuclear alchemy, transmute radioactive wastes and plutonium into more benign elements before they were buried. Waste heat from the process could spin turbines and produce electricity.

"It's a brilliant way of solving the world's most dangerous problem by transforming a liability into an asset," Dr. Carlo Rubbia, the Italian physicist and Nobel laureate, said at a recent meeting. "It means cleaning up at least part of the mess left over from the cold war."

But perfecting the advanced technology might take 15 years and cost \$500 million.

Many other ideas for plutonium disposal involve burning it up in special reactors. General Atomics, a San Diego-based company, has joined with Russia's Ministry of Atomic Energy to design a melt-down-proof, gas-cooled reactor that would turn the deadly material into electricity. The \$535 million reactor would be built in Russia and fueled at least partly by plutonium from Moscow's huge stockpile of scrapped nuclear arms.

The partners recently pledged \$2 million to the project's design, which is expected to employ more than 200 Russian scientists.

"It burns about 12 tons of plutonium in 40 years," Dr. Walter A. Simon, a senior vice president at General Atomics, said in an interview. "Four modules would burn about 50 tons in 40 years."

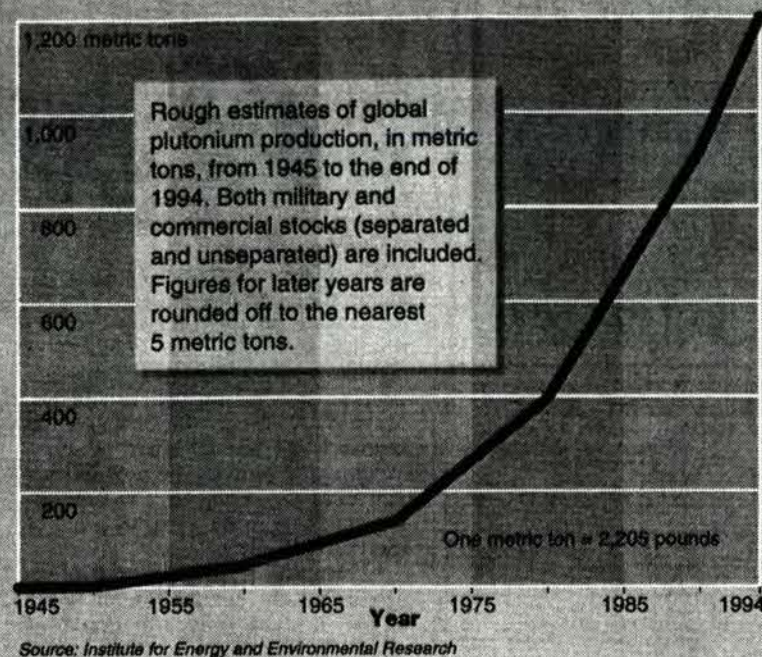
But the plan has no backing from the Clinton Administration, which in a policy move decided to abandon all work on reactors that would burn plutonium out of fear they would foster global trade in the deadly substance. In a similar vein, the Administration stopped work at the Argonne National Laboratory in Illinois on the Integral Fast Reactor, which would have consumed dangerous waste while producing electric power.

Perhaps the least publicly acceptable of all the plutonium proposals is to dump it at sea in missile-like titanium casings that would bury themselves deep into muddy sediments. Although a world moratorium now exists on the ocean dumping of all nuclear waste, the plutonium glut is so great that sub-seabed disposal is again being looked at internationally.

Perhaps the most elegant solution of all would be to pitch excess plutonium into space, firing it into the Sun. But high costs, as well as launching risks, have always conspired to dash such proposals.

Many nuclear experts argue that talk of transmutation and new reactors and exotic solutions only delays

The Worldwide Plutonium Pileup



The New York Times

work on real disposal, which always seems to come back to permanent burial underground. If dangers of plutonium explosion are found to exist, they say, solutions can also be found.

Dr. Bowman of Los Alamos has suggested making steel canisters smaller and spreading them out over

larger areas in underground galleries at Yucca Mountain, expensive steps in a project already expected to cost \$15 billion or more. A different precaution would be to dig the deep repository in granite rather than volcanic tuff, lessening the chance that plutonium might eventually migrate into rock and flare up in

a nuclear chain reaction.

"You need to dispose of it underground in an irretrievable form," said Mr. Leventhal of the Nuclear Control Institute. "Using reactors to burn it up will take hundreds or thousands of years."

The State of Nevada has seized on the explosion argument to fight the repository project, which it has long and bitterly opposed. And the state has vowed to keep battling it, even if the explosion debate proves groundless or if reasonable solutions to the problem arise. Like many other states and localities, Nevada wants no part of any nuclear dump.

Bucking the trend, the Mescalero Apaches in southern New Mexico voted last Thursday to go ahead with a lucrative plan to store high-level nuclear waste from commercial reactors on their reservation. Some 30 utility companies want to put their mounting piles of spent fuel rods there until a permanent repository is found. But the temporary dump is opposed by the New Mexico Legislature and the state's Congressional delegation, which see it as dangerous.

"Every technically good solution has political sides that are horrible, and every politically good solution tends to be technically shabby," remarked Dr. Makhijani of the Institute for Energy and Environmental Research. "Nobody has any good overall solutions to this mess, including us."

Tech Direct

SCIENCE

Congress began a national search for sites in 1982. When this plan collapsed from political opposition, Washington chose a single site in 1987: Yucca Mountain, a heap of volcanic ash in the Nevada desert. If found suitable, it is to open in 2010.

The rest of the world's civil-reactor work tended to press down the separation path, mainly that of recycling the plutonium from spent fuel

If Not Dumps, Then What?

Some alternatives to Yucca Mountain for disposing of high-level nuclear waste:



Turn waste into a glassy compound and bury it deep underground in smaller containers, at other sites.



Burn plutonium in more efficient reactors.



Convert waste into other elements with particle accelerators.



Dump waste at sea in missile-like titanium casings that would bury themselves deep in muddy sediments.



Fire waste into space.

The New York Times

for use in breeder reactors. Less richly endowed with energy resources than the United States, countries like Japan, Britain, Germany and France saw plutonium burning as an economic bonanza.

But recycled plutonium fell out of favor over the years, except in Japan, as uranium fuel became cheaper. Many countries are still separating some plutonium, however, in case uranium one day grows scarce and costly. And leftover plutonium in nuclear waste is to be buried in underground dumps, as in America.

Today 438 nuclear power reactors are on line around the world, all producing plutonium in greater or lesser amounts. The Nuclear Energy Institute, a trade group based in Washington, says the total will grow to about 465 reactors by the end of the century.

The plutonium glut has increased with the end of the cold war and the scrapping of thousands of nuclear weapons. In January 1994, the National Academy of Sciences, which advises the Federal Government, suggested that weapons-grade plutonium be mixed with highly radioactive wastes and buried, or burned in reactors and then buried. In either case, some plutonium would end up going underground.

Debate recently broke out among Federal scientists over whether plutonium beneath Yucca Mountain might eventually erupt in a nuclear explosion, scattering radioactivity into the winds and underground water.

While many experts say the thesis is probably wrong, it is being seriously studied at the Los Alamos National Laboratory in New Mexico, by the Energy Department, and by the Nuclear Regulatory Commission, which has responsibility for licensing the proposed dump.

PHOTOCOPY
PRESERVATION

THE WHITE HOUSE
WASHINGTON

Give
to
the
President

March 17, 1995

H. Brandt Ayers
The Anniston Star
Post Office Box 189
Anniston, Alabama 36202

Dear Brandy:

Thanks for your letter of March 14. It was good to hear from you and to have your perspective on how we're doing. I think things are turning around.

Please give Josie my best. Keep your ideas coming.

Sincerely,

Bill

The Anniston Star

"Alabama's Largest Home-Owned Newspaper"

Office of the Editor and Publisher

March 14, 1995

The President
The White House
Washington, DC 20500-2000

Dear Mr. President:

Thanks for your latest note. I'm glad you liked the picture of the future your policies can build.

18375
You are shrewd to let Newt Gingrich dominate the first two or three quarters of 1995. Toward the end of the year and all of next year you can draw the contrasts dramatically. You're pushing back the margins of poverty, expanding the middleclass and shrinking the underclass, confronting our fears at their source, while the Republicans are comforting the wealthy, increasing poverty and exploiting our fears. These are the people who drove President Eisenhower to distraction and you would be right to invoke his name because the Right Wing extremists in the Republican party never do.

At the risk of being a pest, please don't miss any opportunities towards the end of the year and next year to use your sound byte, "Grow the middleclass and shrink the underclass." That phrase synthesizes all of your programs, tying them neatly together in one sound byte, and also expresses a great national purpose. As you know, you have to repeat something over and over before it makes a picture in the public's mind that defines your larger purposes.

You're doing great. Keep your powder dry and much later this year it'll be time to "give 'em hell, Bill!" Josephine joins in sending fond regards to you and Hillary.

Cordially,


H. Brandt Ayers
HBA: bjh

THE WHITE HOUSE
WASHINGTON

DATE: 3/17/95

TO: HAROLD ICKES

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

Apropos of the Dreyer/Podesta
memo.

FAX TRANSMITTAL

of pages 1

To: David Dreyer

Dept./Agency

From: John Podesta

Phone #

456-2702

Fax #

622-0387

Fax #

NSN 7540-01-317-7368

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GENERAL SERVICES ADMINISTRATION

A fair-minded portrait of Clinton

Judging by newspaper and TV stories, you'd think that David Maraniss' book, "First in His Class," was a muckraking biography that tore the last mask of respectability from Bill Clinton's lying face. Nothing could be further from the truth.

Indeed, given the constraints of time and the White House's refusal to help, Maraniss has written a remarkably fair-minded and compassionate portrait of Clinton's complex character and turbulent times.

It's easy to dismiss politicians as two-dimensional, symbolic figures. Pictures on a TV screen. Projections of our abstract opinions about the "issues" of the day, no matter how shallow our understanding.

"First in His Class," however, succeeds in bringing Clinton to life as a three-dimensional figure shaped by time, place, circumstance and character. The portrait that emerges is of an enormously gifted, complex figure capable of a kind of heroism, certainly capable of failure.

"The very reason I wanted to write this book," Maraniss comments in the preface, "was to get beyond the narrow dimensions of a political world in which, increasingly, superficial judgments are being made about people."

Somewhere during the writing process, he began to see the president less as a politician than a character.

"Whether he was doing something admirable or questionable, I would say the same thing to myself: Well, that's Clinton. In that sense, I came to like him even when I disliked him and dislike him even when I liked him. . . . He is a big character, whether he is acting big-hearted or small."

All but the most partisan readers are apt to emerge from "First in His Class" feeling much the same way. In keeping with its zeal for scandal and puritanical fascination with

Gene Lyons



all things sexual, the media have focused upon the increasingly tedious topics of the draft, "Troopergate" and the Clintons' imperfect marriage. And, as usual, gotten what Maraniss wrote half wrong.

For any man who was of draft age during Vietnam, Maraniss shows, the remarkable thing about Clinton's dealings with the Hot Springs draft board wasn't that he worked the system but that he agonized about it. The vast majority of draft avoiders felt no such compunction. Of 20 million men who reached draft age then, 16 million avoided military service, including all of Clinton's 1996 Republican opponents save Bob Dole, a WWII veteran.

Clinton hated the Vietnam War and worked hard and honorably to oppose it. (In concert with men who later became White House aides under Reagan and Bush, Maraniss points out.) But he never subscribed to the delusion that a communist victory would be a wonderful thing for the Vietnamese, and he never forgot or acted morally superior to those who fought and died there.

It's much the same with the Peeping Tom "issues." A pair of strong-willed, temperamental opposites, Bill and Hillary Clinton apparently can and do get into it from time to time. Why, they've actually been known to shout at each other! Imagine that, a married couple actually having a fight.

What Maraniss makes clear, however, is that "from the opening round of courtship, here was an evenly matched romance and a fair fight." Their intimate friends describe Bill and Hillary Clinton as passionately engaged with each other on every level.

Did the president ask advisers whether or not there was a political "statute of limitations on infidelity"? Apparently so.

Readers who feel qualified to cast the first stone may proceed.

Ditto for the trooper business, already the topic of a previous column. In the context of the entire book, however, the alleged episode appears in a far more ambiguous and uncertain light than news summaries would lead one to believe. If only, to put it as politely as possible, because whatever Betsey Wright told or didn't tell Maraniss, it ain't necessarily so. Hence, I suspect, the author's gingerly handling of Wright's tumultuous relationship with Clinton.

Two things are clear about the extraordinary personal loathing Clinton inspires in some: First, his intellectual brilliance, charm and ambition have long provoked jealous rivals from Cliff Jackson to Sheffield Nelson.

Second, his deepest political instincts can't help but inspire suspicion. As Maraniss shows, Clinton is by nature a peacemaker who's gravitated to the center in every political race dating back to high school. (It has a lot to do with having had an abusive, alcoholic stepfather.)

The center, in turn, is where most of us end up on most issues. But it's not where our strongest feelings lie on those we care about passionately, and it's never where the most powerful rhetoric can be found.

Gene Lyons is a Little Rock author. His column appears every Wednesday.

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THE PRESIDENT HAS SEEN
3/20/95

BATTLING FOR THE NATIONAL PARKS

George B. Hartzog, Jr.



Introduction by Stewart L. Udall

Copyright © 1995 The New York Times

THE PRESIDENT HAS SEEN BUSINESS Digest

Report Says Glass Ceiling Prevalent in U.S. Industry

A Federal commission has found that white men hold about 95 percent of all senior management positions, and although white women have poured into lower management, they often do not advance.

The report is likely to become part of the debate over Republican pressure in Congress to abandon the affirmative action programs created in the 1960's to stop workplace discrimination. A22.



Republicans Drop Fight Over Workers

Senate Democrats blocked a Republican effort to overturn a directive by President Clinton that would ban major Federal contracts to companies that replace striking

workers. Senate Majority Leader Bob Dole called a halt to the effort after it became clear that Democrats had enough votes to maintain a filibuster. A1.

F.C.C. Wireless Auction Blocked

The Federal Court of Appeals barred the F.C.C. from auctioning off nearly 500 licenses this summer for new wireless telephone and data services, de-railing a plan to reserve a valuable swath of the nation's airwaves for small businesses, minorities and women. A22.

AMR annoints Carty as Likely Chief

Donald Carty became the likely successor to longtime AMR chief Robert Crandall yesterday. Mr. Carty was named president of a new airline group within AMR, the parent of American Airlines, which is also cutting 900 management jobs. D4.

Steel Prices Are Going Up

The nation's steelmakers are raising prices for steel used in automobiles, appliances and a variety of consumer and industrial products, and steel stocks rose. D2.

Pessimism on Mexico Hits Peso

The Mexican peso tumbled an additional 5 percent to close at 6.95 per dollar, as investors worried that the country's economic problems would continue to worsen. D8.

Rescue Set for Crédit Lyonnais

Economy Minister Edmond Alphandéry said the Government would soon announce a rescue package for troubled Crédit Lyonnais. D9.

For-Sale Sign at Prudential

Prudential Insurance said it wanted to sell its home mortgage business, one of the largest in the country. The sale would mark the first major change under the new chief executive, Arthur Ryan. D4.

K.K.R. to sell Nabisco Holdings

Kohlberg, Kravis, Roberts filed with the S.E.C. to divest its remaining 8 percent ownership of RJR Nabisco. D3.

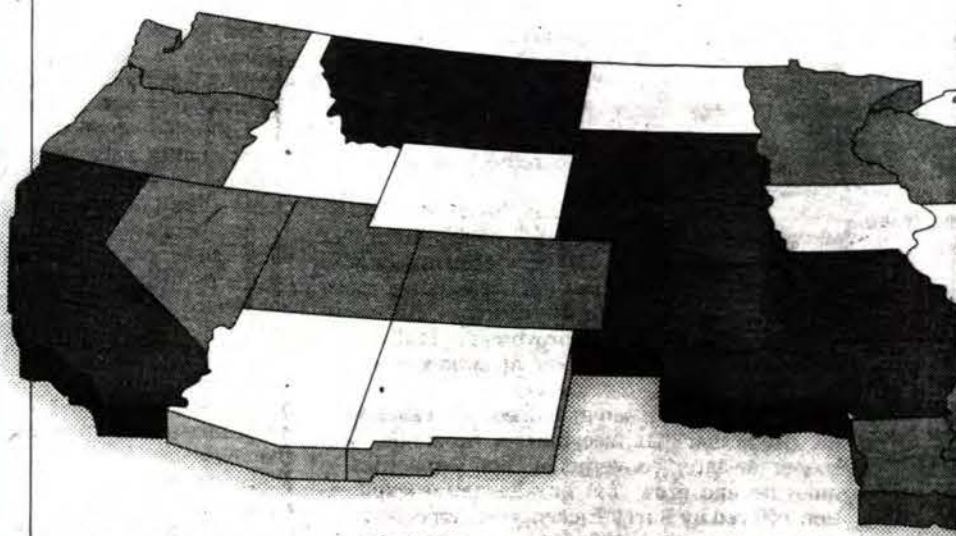
Shutdown at Neon Plant



Chrysler said it had shut its plant in Belvidere, Ill., until it could find what was causing a peculiar noise in

Crackdown on Job-Inju

New Workers' Compensation Rules H



To control costs, 34 states have taken steps ranging from tighter eligibility standards and benefit cuts to campaigns for workplace safety and against fraud:

Major changes since 1991 Some changes since 1991 Few or no changes

By MICHAEL QUINT

Willie Brown, one of the most powerful politicians in California, recently found himself on the other side of the fence from the working people whose causes he likes to champion.

Shortly after Mr. Brown, the Assembly Speaker for California, invested in an Oakland radio station, almost all the employees filed claims seeking workers' compensation for the stress they felt about the changes the owners were making. "At that moment," Mr. Brown told an appreciative

A tighter system saves money, but some say it isn't always fair.

audience of insurance executives in New York late last year, "you could be sure that elimination of stress claims was No. 1 on the agenda."

With the support of Mr. Brown, California overhauled its workers' compensation system in 1993. One change required that the workplace be the predominant cause of the stress cited in a disability claim, not just a contributing factor of 10 percent or more.

Mr. Brown did not return three telephone calls seeking comment, but such a restriction would have

made it much more difficult for the workers at his station to prove that they deserved compensation.

California is not alone. Pushed by businesses and insurers, most state legislatures around the country are reining in growth in the cost of job injuries, now \$70 billion a year. They are tightening the eligibility rules for collecting disability benefits, limiting recourse to the courts, attacking fraud, making the workplace safer and in some states cutting benefits.

The new vigilance in workers' compensation coincides with a broader effort in the country to free businesses from expensive lawsuits through tort reforms.

Some people wonder whether the crackdown on workers' compensation has gone too far by denying benefits on technical grounds to workers with real injuries. Already, horror stories are emerging of disabled workers stuck with huge, unpaid medical bills.

But employers, who pay the bills, and insurers are pleased with the changes. Last year, for the first time since 1970, insurers spent less on claims and other costs for workers' compensation policies than they collected in premiums — 99 cents on the dollar, down from \$1.21 two years earlier. When combined with interest and investment gains, workers' compensation profits have grown enough for insurers to cut prices in many states and

Continued on Page D7

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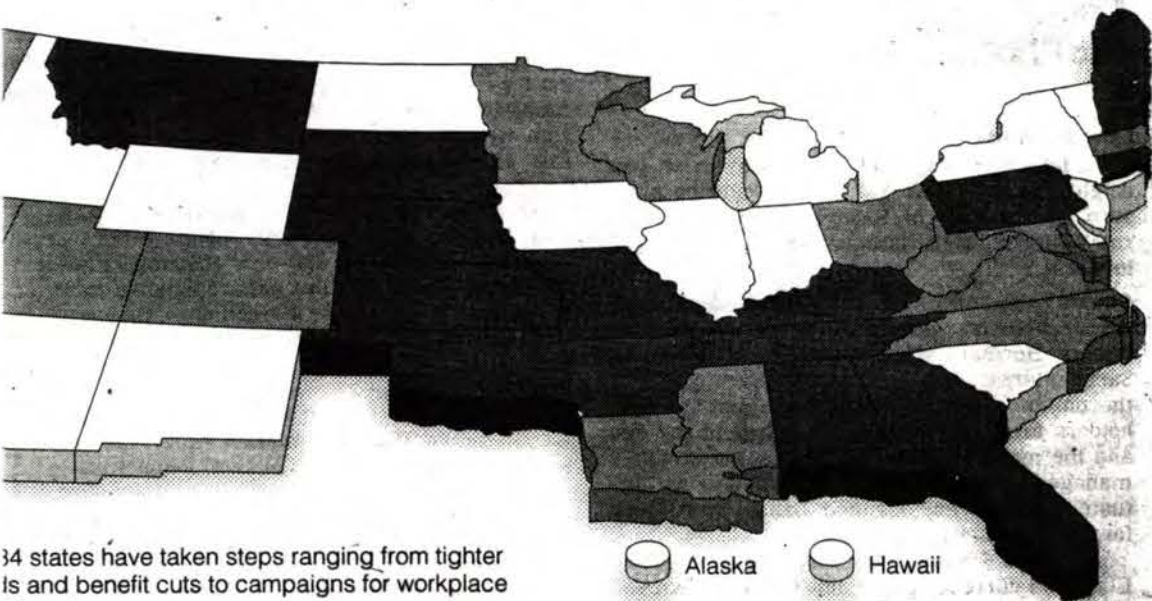
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Texas

Business Day

The New York Times

Crackdown on Job-Injury Costs

Workers' Compensation Rules Have Double Edge



34 states have taken steps ranging from tighter eligibility rules and benefit cuts to campaigns for workplace safety and fraud:

Legend: Some changes since 1991 Few or no changes

QUINT

One of the most significant changes is in California, where the state's compensation system has been reformed to reduce costs and improve the process for workers.

Mr. Brown, the former California governor, said that the new system would reduce the stress on workers and owners, and that it was a positive step.

The new system is a major change, but it isn't perfect. It still has some flaws, and it needs to be improved.

Since executives last year, "you can see the elimination of the No. 1 on the list."

But Mr. Brown, who led the work on the new system in 1993, said that the new system was a major step forward, and that it was a positive step.

Not return three weeks comment, but the new system would have

made it much more difficult for the workers at his station to prove that they deserved compensation.

California is not alone. Pushed by businesses and insurers, most state legislatures around the country are reining in growth in the cost of job injuries, now \$70 billion a year. They are tightening the eligibility rules for collecting disability benefits, limiting recourse to the courts, attacking fraud, making the workplace safer and in some states cutting benefits.

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A CASE STUDY

Texas Simplified Appeals ...

OLD SYSTEM

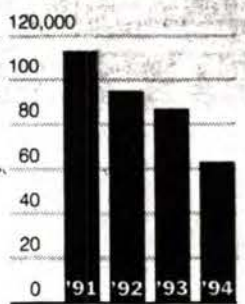
An injured worker dissatisfied with a ruling of the compensation board could appeal in the courts and repeat the process of gathering evidence — witness statements, medical tests — favorable to the worker's claim.

NEW SYSTEM

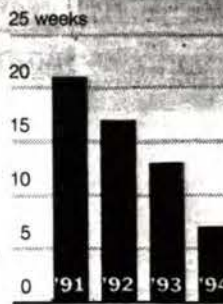
The compensation board makes its rulings within stricter guidelines. Appeals go to a hearing before a judge, not to a full jury trial. The judge reviews the same evidence the board used.

... And Pruned Its Rolls

Average **NUMBER OF PEOPLE** awarded temporary income benefits



Average **NUMBER OF WEEKS** benefits were paid on each claim



Figures are for the most common kind of benefit under the Texas system, the kind paid for work time lost while recovering from a temporary work-related injury. Other categories of benefits, like those for permanent impairment, have also declined since 1991.

Sources: Insurance Information Institute; Texas Workers' Compensation System

Continued on Page D7

As for employers, the growth of workers' compensation costs has slowed, giving them relief from a financial burden that averages 3 percent of wages but can range as high as 20 percent for workers in high-risk occupations.

¶Connecticut no longer awards disability benefits for mental or psychological disorders unless they are the result of an injury. It has eliminated cost-of-living adjustments on disability benefits and has cut some benefits by a third. Insurance premiums in the state have fallen 24 percent in the last two years.

Arkansas required workers to identify the day and time of injuries, a simple measure that state officials say has reduced fraudulent claims. "Before that, workers could just say they got hurt on the job and that was the end of it," said Lee Douglass, the Arkansas insurance commissioner. The state also adopted a medical-fee schedule and mandated a safety program for employers. In January insurance rates fell by more than 12 percent. And 40 insurance companies are doing business in the state, up from six before the reforms.

California set up a fund, financed by employers, that pays for special teams to go after fraud. Job-injury claims declined to 8.4 for every 100 workers last year, from nearly 10 in 1992.

For many business people, the changes legislated by the states could not come too soon. Karen Keiko White, president of Summit Installation in Gardena, Calif., said she "seriously considered leaving the state" a few years ago, when her business got an insurance bill for \$338,000 for 25 workers.

Ms. White had just doubled her work force to install shelves in the Los Angeles library, which had been damaged by fire. But because of a serious injury to one worker a year earlier and a history of other claims she regarded as fraudulent, the insurance cost for each worker had more than doubled.

Her workers' compensation bill, for which she later negotiated a reduction of \$100,000, has come down further — she would not say by how much — since the California over-

haul in 1993, "I haven't seen a fraudulent claim in two years," she said, adding that the company had also hired an adviser to improve safety standards.

But organized labor argues that many of the new state provisions unfairly punish the entire work force for the misdeeds of a few. "The publicity generated by the companies and insurers about fraud has put a stigma on workers' compensation," said James Ellenberger, assistant director for safety and health at the A.F.L.-C.I.O.

Thomas Sheehan, a former administrative law judge in the Texas workers' compensation system and now a lawyer in Amarillo, Tex., said

In a push to control fraud, some workers feel vulnerable.

most cases were settled fairly. "But you still see cases where people are victimized by insurance companies that are too zealous in fighting claims," he said.

Mr. Sheehan cited a client who suffered permanent hearing loss in both ears in an explosion. The client was denied supplemental benefits on a technicality, Mr. Sheehan said: The new Texas standards for measuring a hearing disability compare the hearing in one ear with the hearing in the other. "That case could perhaps be overturned in an appeal," Mr. Sheehan said, "but that costs money."

Another case shows the vulnerability of workers in states in which insurers and employers delay settlements. Loretta C. Shelton, a new worker at a cardboard-cutting factory in Axton, Va., accidentally activated a cutting machine while reaching into it to move a piece of cardboard, amputating her right hand, government records show.

The owner of the plant, Brown Products Inc., a packaging concern in Atlanta, and its insurance company, Zurich Insurance, successfully fought her claims for nearly two years on the ground that Ms. Shelton was guilty of "willful misconduct" for ignoring previous safety warnings, the records show. By the time Zurich agreed to pay the medical bills and disability compensation, Ms. Shelton had to forgo crucial treatment and therapy for her re-attached hand.

Mr. Ellenberger of the A.F.L.-C.I.O. complained that state legislatures and regulators were not showing the same zeal in pursuing "the greatest problems with fraud, which are at the companies and insurers." Companies, for example, might hire workers off the books, with no com-

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You Can't Do That Anymore

States are trying to rein in workers' compensation costs by making it harder to file claims, qualify for benefits or argue when a decision is negative. Here is a sampling of ways some states are shutting off the options for claimants.

IN ARKANSAS

You can't be vague anymore. Previously, all a worker had to do was describe an injury; now the exact time and place of the mishap are required.

You can't complain about pain anymore. An aching back from too much lifting at work? Don't bother citing it in a claim if there is no

y Costs Has Double Edge

compensation insurance, or misclassify them in low-risk occupations that are less expensive to insure, he said.

Richard D. Levy, staff counsel for the Texas branch of the A.F.L.-C.I.O., said the efforts in Texas to reduce the involvement of lawyers in the system, while laudatory on the surface, tipped the balance too much in favor of industry.

"The new system is easy for insurance companies to manipulate," Mr. Levy said. In Texas, insurance companies are more than twice as likely as workers to take lawyers with them to hearings, he said. "It's not fair to have an injured worker go up against insurance company lawyers," he said.

Geoff Smith, a vice president at the insurer ITT Hartford, said he did not buy that argument. He said that reducing the role of lawyers was important to assure fairness; in some cases that have gone to juries, he said, lawyers had pocketed big fees, while "some severely injured people were not getting adequate compensation or care, while many people with injuries of low-severity were getting more than they should have."

Even some people in the insurance industry's camp question some recent changes. John D. Copeland, a lawyer in Fayetteville, Ark., who often represents insurers, wrote in the Arkansas Law Review last year that in reaction to abuses by some workers, "the pendulum has now swung too far in favor of employers."

In an interview, Mr. Copeland warned that employers might have gone so far in curtailing disability benefits that they might be setting themselves up for a new generation

of tort claims through the courts that could be much more expensive than settlements through the workers' compensation system.

But cutting benefits is not the only way to reduce the costs of workers' compensation. Employers are making accident prevention a big part of their efforts to cut costs, often with a push from state legislators. In some states, like Oregon, in which the number of injured workers has declined even as the work force has grown, companies are required to create safety committees. There is also increasing surveillance by the state-run occupational safety boards.

Employers have an interest in keeping injuries to a minimum, because their safety records help to determine the size of their premiums.

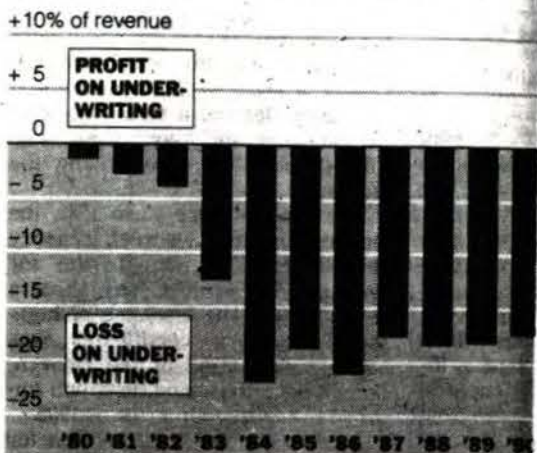
Companies are also reducing costs by getting more involved in the handling of workers after injuries, demanding a say in the medical treatment, rehabilitation and return to work. For example, Ryder System Inc., the truck-leasing company based in Miami, hired nurses to work as case managers and monitor the treatment of injured workers. The claims department at the company is expected to treat injured workers as courteously "as if they were customers," said Tad G. DeOrto, a vice president at Ryder. The hope, he said, is that "workers are not confused and do not feel the need for a lawyer."

Ryder has also worked to promote safety. The upshot: The number of workers' compensation claims at Ryder has fallen by half since 1990.

Despite the big changes in much of the country, many populous states,

At Last, No Losses to Offse

In 1994, premiums from workers' compensation paid their cost to insurers for the first time in decades. Industry estimates, insurers earned a small under add to the profits they make by investing premiums are paid. Here is the difference between revenues expressed as a percentage of premium revenues



Cost figures include benefits paid and insurers' expenses, exclude investment income.

Source: National Council on Compensation Insurance

like New York and New Jersey, have yet to take strong action. In New York, for example, insurers are lobbying for the State Assembly to weaken a law that allows workers to sue the makers of machinery that injures them on the job. Such lawsuits in the last 11 years have accounted for about a half of 1 percent of all workers' compensation cases, but have resulted in more than 11 percent of workers' compensation costs, or \$1.8 billion.

William D. Hager, president of the National Council on Compensation

Insurance in the reforms, reminding of economic development, the work system healthy.

Recently, Alabama, asked his grations. He said the same thives for la standards for of disabilities costs.

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Catch our FREE Microsoft Information Solutions Seminar, and ride the next

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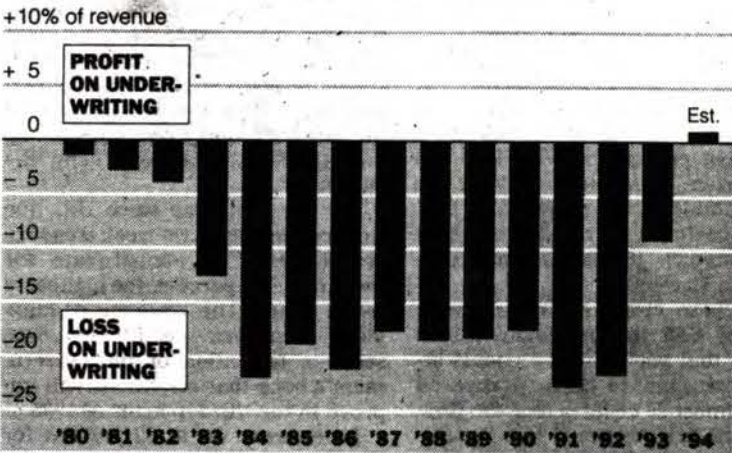
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At Last, No Losses to Offset

In 1994, premiums from workers' compensation policies exceeded their cost to insurers for the first time in decades. According to industry estimates, insurers earned a small underwriting profit to add to the profits they gmake by investing premiums before claims are paid. Here is the difference between revenues and costs, expressed as a percentage of premium revenues.



Cost figures include benefits paid and insurers' expenses; revenue figures exclude investment income.

Source: National Council on Compensation Insurance

The New York Times

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William D. Hager, president of the National Council on Compensation

Insurance in Boca Raton, Fla., said the reforms in some states were reminding others that "their economic development hinges on keeping the workers' compensation system healthy."

Recently, he noted, legislators in Alabama, Georgia and Tennessee asked his group for recommendations. He said he had told them all the same thing: Reduce the incentives for lawsuits, use objective standards for measuring the extent of disabilities and control medical costs.

WHY GET HIT

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Who Should Attend?

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Foreign Affairs

THOMAS L. FRIEDMAN

THE PRESIDENT HAS SEEN 3/20

Yesterday's Man

WASHINGTON

Warren Christopher did yeoman's service last week in cajoling and enticing Syria's president Hafez el-Assad to resume peace talks with Israel. But frankly I'm really tired of watching secretaries of state trudge off to Damascus to beg Mr. Assad to resume negotiations that are in his self-interest. It's time for a new approach. I propose that the next time Mr. Christopher sits down with Mr. Assad, he opens like this:

"Hafez — you don't mind if I call you Hafez? Hafez, you are yesterday's man. You're still living in the cold war. I know you've only traveled outside the Middle East a few times, so let me tell you a little bit about the new world.

"Hafez, Syria today can barely make a light bulb. That's sad. That's also why your per capita income is only \$1,200 a year. Have you ever been to Japan, Hafez? At the Lexus factory in Toyota City, the Japanese produce 300 Lexus sedans each day with 66 human beings and 310 robots. And you can barely make a light bulb. The world is passing you by.

"Now, Hafez, the reason I'm telling you this is because during the cold war, it didn't matter whether Syria made computer chips or potato chips, a Lexus or a light bulb, because you could make a good living just by milking the superpowers for aid and blackmailing your neighbors.

"Yes, I see you smiling, Hafez. You know it's true. You milked the Saudis for billions by letting them know that there could be, as the Mafia would say, 'an unfortunate accident' in the oil fields if they didn't pay. But those days are over. The price of oil is down and the Saudis can't pay their bills anymore. Now Hafez, during the cold war you milked us a little, too. You milked the Europeans even more and the Soviets a lot. They bought your third-rate products and gave you arms and aid in return for your friendship. It was a good living, Hafez — and you played us off against each other brilliantly. Chapeau.

"But, Hafez, the cold war is over. There is a new global architecture. There are no longer two superpowers to play against each other. There is only one and we're broke.

"Instead of superpowers, Hafez, there are super markets. There's the Tokyo bond market and the Frankfurt bond market and the Singapore bond market and the Wall Street bond market. These bond markets

are actually more powerful than many governments today. And let me tell you, Hafez, you don't play the Tokyo bond market off against the Frankfurt bond market. No, no, no. They play you off. That's right, they play Syria off against Mexico off against Brazil off against Thailand.

"Whichever country has the most stable government, the most efficient economy, the most Westernized legal system, the most convertible currency and the most educated labor force, gets rewarded with investment capital from the super markets. Those countries that don't get their house in order are left as roadkill on the global investment highway. And, Hafez, you are destined to be roadkill.

"Now, Hafez, every time I come to Syria the phones don't work in the press room. When we go to Jordan and Egypt, we have touch-tone phones, but here, in your Sheraton

Call Syria's bluff.

Hotel, they have these old rotary dials with these very nice Syrian women who spend all day dialing for our reporters, because it can take hours to get through. It's generous of you, but don't you think those women would be more productive making goods for export?

"Tell you what, I'm going to leave you my cellular, satellite phone. It's the latest model from Motorola. You'll reach me in Washington in seconds. Because, Hafez, I don't intend to make any more trips out here. You bore me, and these nine-hour history lessons on the Crusades that you put me through each visit are not an efficient use of my time. Why don't you put them on a compact disk and just hand them out to every visiting secretary of state?

"You see, Hafez, I've got too many other important places to be: Mexico, Russia, China. Who should rule the Golan Heights is a fascinating question, but it's utterly irrelevant to U.S. interests today. But, hey, we'd still love to hear from you. When you're ready to do business, just dial 001-202-647-4910. Ask for Chris. Otherwise, Hafez, stay out of my life."

(Wednesday: Assad's answer.) □



Also in
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Some Drugs Rise in Price At Fast Pace

Survey Says Top Sellers Exceed Inflation Rate

By MILT FREUDENHEIM

Pharmaceutical companies have increased the pace of price increases on many of their best-selling drugs since the collapse of the Clinton Administration's health care proposal last year.

During the battle over health care, drug companies promised to rein in their price rises, keeping them at or below the increase in the Consumer Price Index. That promise, made in an effort to ward off legislated price controls, has almost been kept over all, with drug prices rising 3 percent last year.

That pledge, however, has not prevented the drug makers from trying to maximize their profits by pushing up the prices of most of their 20 top-selling drugs.

According to health economists who surveyed drug prices for Families USA, a consumer group based in Washington, the prices of the 20 top drugs jumped 3.6 percent in the last 12 months. The price of Zantac, for example, the No. 1 ulcer treatment, rose 3.7 percent.

And this year it appears that the increases might be getting larger. In January, the price of Mevacor, the most commonly used treatment to lower blood cholesterol levels, went up 4.4 percent and Premarin, a big-selling estrogen product used by women after menopause, jumped 6.4 percent.

The Pharmaceutical Research and Manufacturers Association, an industry trade group in Washington, said the list prices that were used in the Families USA survey were misleading because they overstated the price increases by half a percentage point.

Wall Street analysts have welcomed the price breakthroughs as harbingers of higher profits for the companies. But consumer advocates and their allies in Congress say the increases are painful for millions of low-income people, especially those living on Social Security. The Medicare program for the elderly does not cover retail drug purchases.

It is not clear yet what response there will be in Washington if the price increases continue, in part because the rises still seem low compared with those of recent years; just three years ago, the overall annual increase in drug prices was 6.1 percent.

Still, the change in pricing is getting attention. "Although the increases in drug prices have slowed down over the past year, prices on the drugs older Americans use most continue to rise," said Senator William S. Cohen, Republican of Maine, who is chairman of the Senate Special Committee on Aging.

Representative Ron Wyden, Democrat of Oregon, was blunt. "My sense is," he said, "that some of these big drug companies are saying that the heat's off now."

Continued on Page D6

THE PRESIDENT HAS

DO

For Some Drugs, Increases In Prices Outpace Inflation

Continued From First Business Page

They're saying that Congress didn't pass a health care bill last session; they've got a lot of new allies in the Congress, and they can get away with more than they could before."

Joseph P. Riccardo, a drug analyst with Bear, Stearns & Company, said "posted price increases in the U.S. retail market have edged up 4 percent to 5 percent" in the first weeks of 1995. He said worldwide price increases for pharmaceuticals were expected to be at a faster pace this year than in the preceding four years.

Prescription drug prices over all increased 3 percent in 1994, slightly faster than the 2.7 percent general inflation rate, according to the Federal Bureau of Labor Statistics. Through January, the latest available data, overall drug prices and the Consumer Price Index were rising at a 2.8 percent rate.

But prices of the 20 largest-selling drugs, according to economists with Families USA, rose 3.6 percent last year and 3.6 percent during the 12 months that ended on Feb. 28. The Families USA study monitored changes in the manufacturers' list prices to distributors, which reflect changes paid at retail pharmacists by people who do not have drug coverage in their health insurance. Such buying makes up about 44 percent of all drug purchases, according to Stephen W. Schondelmeyer, a University of Minnesota economist who helped prepare the survey. Most of the rest is sold through hospitals, health insurance plans and state

Medicaid programs.

The Pharmaceutical Research and Manufacturers Association said the prices that "pharmacies actually paid" for the 20 top-selling drugs increased only 3.1 percent. That included purchases paid by insurers, which often get discounts from both pharmacies and manufacturers. The Families USA survey was of buyers who do not get discounts.

Max Duink, a retired sheet metal worker in Frewsburg, N.Y., in the western part of the state, said he spent \$385 a month for heart, asthma and diabetes medicines for his wife. "A year ago it was about \$320," he said. "It's going up faster than our Social Security."

A spokesman for Merck & Company, which makes Mevacor, said the price increase when averaged for all of Merck's products was 1 percent, well under the inflation rate. Gary Lachow, the spokesman, said prices of some individual products had been raised by the projected inflation rate plus 1 percent. In raising Mevacor by 4.4 percent, Merck projected that the Consumer Price Index would rise 3.4 percent in 1995.

While the prices of most of the top-selling drugs rose faster than general inflation, prices of many others did not, which kept the overall increase at 3 percent last year. And in the face of market competition, some prices were lowered. For example, the price of Prilosec, an ulcer treatment made by AstraZeneca, a joint venture company with the Swedish company Astra A.B., recently went down 21 percent.

Audrey Ashby, a spokeswoman for Wyeth-Ayerst Laboratories, which makes Premarin, said it was still a low-cost drug, only about 40 cents a day. She said the company's division of the American Home Products Corporation, raised the price after Premarin received Federal approval for use as a treatment for osteoporosis as well as the menopause symptoms. She added that the company had committed \$100 million to research on possible new uses of Premarin.

Nancy Petroski, a spokeswoman for Glaxo P.L.C., which makes Zantac, said its overall price increases were also no greater than the Consumer Price Index.

John Carter, an economist who worked on the President's task force at the University of Minnesota, said some drug makers were raising retail prices of brand-name drugs to make up for discounts they were giving on the big purchases made by providers of managed care plans.

Swatchmobile in U.S.

DETROIT, March 15 (AP) — The German auto maker Mercedes-Benz A.G. plans to sell its compact Swatchmobile in the United States. Mercedes has said the tiny two-seat car, to be produced jointly with the Swiss fashion watch maker SMH, will be built in France starting in 1997. "We will bring it to North America," said Michael Bassermann, president of Mercedes-Benz North America Inc., in an interview with Automotive News at the International Motor Show in Geneva.

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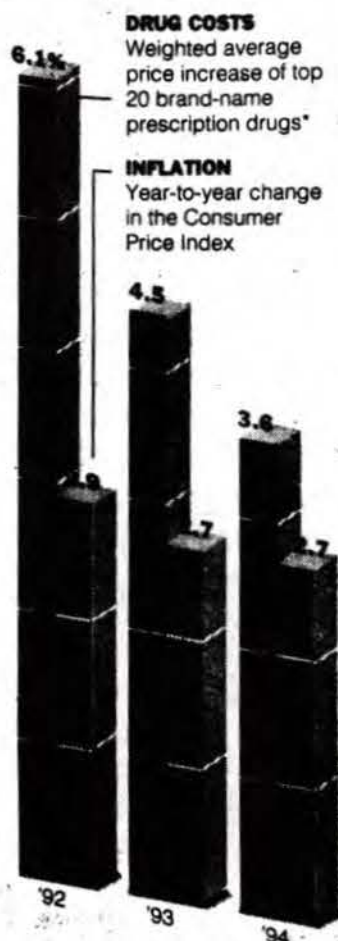
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No Price Relief

While the average price increases of the most popular brand-name prescription drugs are not as great as they were two years ago, they continue to outstrip the rate of inflation.



*Based on 1993 sales.

Source: Medi-Span/Prime Institute

Price change of the top 10 brand-name prescription drugs* between March 1, 1994, and March 1, 1995, and their manufacturer

Zantac	3.7%
Glaxo	
Procardia	4.0
Pfizer	
Mevacor	4.4
Merck	
Vasotec	3.4
Merck	
Prozac	3.5
Lilly	
Cardizem	4.0
MM Dow	
Tagamet	4.0
Smithkline Beecham	
Premarin	6.4
Wyeth-Ayrest	
Cipro	3.5
Miles	
Prilosec	
Merck	



The New York Times

Economy Shows Producer Price

Continued From First Business Page

wondering for months when at least part of this pressure would begin to emerge from the end of the pipeline and affect finished goods — those ready for sale to the final business or individual user.

Today, Janet L. Yellen, a Federal Reserve governor, said she was still somewhat surprised that "we have thus far seen so little pass-through of higher raw and intermediate materials prices into the Consumer Price Index."

The report on consumer prices for February is to be issued on Thursday.

Early in the day, the tentative evidence in the Labor Department report that the pass-through process may be under way unnerved the bond market and pushed interest rates up. But that move was largely offset later by a contradictory assessment in the Fed's periodic survey of business conditions throughout the country.

"Although commodity prices continued to rise, several districts note that the rate of increase has decelerated," the survey, known as the beige book, stated in its summary of the national findings from its 12 districts. "There is little evidence of strength in labor markets or increases in commodity prices have pushed up wages or prices of finished goods."

But all the report — compiled by the Federal Reserve Bank of New York based on information collected through March 3 — suggested that

Can It Be? Disney Builds Resort Without Mickey

By EDWIN McDOWELL

The Walt Disney Company announced yesterday that it was building its first resort exclusively for adults and families with older children. When the Disney Institute, as the resort is called, opens next February on the grounds of the Disney World Resort near Orlando, Fla., such familiar Disney characters as Mickey, Minnie and Donald Duck will be conspicuous by their absence.

Instead, the 58-acre Disney Institute will allow guests to fashion individual vacations from more than 80 programs as diverse as rock climbing, cooking, animation workshops or golf for hackers and advanced players.

"It is a synthesis of many ideas," said Richard Hutton, the Disney vice president in charge of the institute, "and by offering new ways for families to get together, we're hoping to change the way the world goes on vacation."

It will provide a sharp contrast to Disney's nearby Magic Kingdom, which was visited by an average of 30,000 people a day last year, according to Amusement Business magazine. The Disney Institute, with 400 rooms, will be able to accommodate only about 800 visitors initially and 1,400 in three years.

Rates for three nights, the minimum stay, will range from \$581 a person, double occupancy without meals (\$698 with meals), to \$708 (\$853 with meals). Rates will vary with the type of accommodation, from one-room bungalows to two-room town houses.

At a news conference in New York, announcing the Disney Institute, Michael D. Eisner, the company's chief executive, said it was intended to entertain, enlighten and provide guests an intellectual challenge, while adding to Disney's bottom line.

In the 1994 fiscal year ended Sept. 30, theme parks and resorts accounted for almost \$3.5 billion of Disney's

\$1.6 billion revenue. Mr. Eisner declined to disclose the overall cost of the institute, which is not yet completed, beyond saying that construction would cost about \$35 million. Built near a lake and central green, the Disney Institute was designed by Tom Beeby, a former dean of the Yale University School of Architecture.

Features will include a restaurant and lounge, a broad-quality performance center, an outdoor amphitheater, a closed-circuit television and radio station, a 30,000-square-foot sports and fitness center, five swimming pools, clay tennis courts and an 18-hole championship golf course.

The institute, employing Disney's vast contacts, has already signed dozens of artists and guest speakers to mingle with guests and perform. They include the composers John Williams and Elton Bernstein, the jazz pianist Billy Taylor, the athlete Franco Harris and Bruce Jenner, at least seven architects, and an assortment of computer whizzes, financial advisers, choreographers and animators. The National Shakespeare Guild and the New England Culinary Institute will also be represented.

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THE PRESIDENT HAS SEEN
3/20

Do Fickle Markets Now Make Policy?

By DAVID E. SANGER

WASHINGTON

THE domino theory is alive and worried about in Washington.

A generation ago, the fear was over Vietnam and whether its fall to Communism would inevitably take Thailand or Malaysia or Indonesia with it. The Vietnam of the economic age is Mexico, and the insurgents are brandishing not AK-47's and ideology but "hot money." That is what Wall Street calls the billions of dollars that investors move in and out of countries in minutes. And suddenly the task of trying to direct or at least contain that flow before it topples the next domino is remaking the conduct of American foreign policy.

To a degree rarely seen before, bond traders and the currency markets are driving policy, rather than reacting to it. For the evidence, just look at the faxes that have been exchanged in recent weeks between officials at the Treasury Department and the leaders of Mexico, Argentina and Brazil. In Mexico's case, Treasury officials led President Ernesto Zedillo to the unhappy conclusion that he had to spark a deep recession — sending interest rates on credit cards to upwards of 100 percent, bringing imports to a near halt — if he had any hope

Mexico is the Vietnam of the economic domino theory.

of luring scared investors back into the country. Drastic measures have also been prescribed in Argentina, which just swallowed hard, accepted a \$7 billion bailout package from the International Monetary Fund, and prayed that investors would stop fleeing the country in herds.

In short, these days countries are often finding that they have to destroy prosperity in order to save it. In Mexico, that means laying off hundreds of thousands of people in

the name of paying off the short-term bonds that the country sold with abandon last year. "It is a whole new set of priorities," said a Clinton Administration official. "Forget everything you learned about how to help developing nations. Now it's money first."

Can We Talk?

Is this really the message America wants to send around the world? "It's a good question, and one we discuss a lot," said Treasury Secretary Robert R. Rubin, the onetime co-chairman of Citicorp, who has played this game since the 1970s. "It is tempting to say that we don't care about the world. But I think the world is a lot more important than we think it is."

Don't get me wrong, we're not going to get our money back, so we're interested in all the financial problems that will do to the world's financial stability. And in the end, the world's priorities are so different.

Whether Mr. Rubin is right or not, since the Mexico debate was heated through Wall Street with its focus on Latin American leaders trying to lure investors to bring their money back, at least not suck away what little is left. President Alberto Fujimori, came out to make the case that his country is not the Mexico.

But the fact that they come at all reveals how much has changed. When the Latin debt crisis struck a decade ago, the lenders, representing the world's banks, came into a room, negotiated the measures, and reluctantly granted the governments to work things out.

In the '80's, bankers don't want to do this. "This isn't a situation where you can sit down and reason with someone, because there is no one to talk to," said Jose Spero, the Under Secretary of State for Economic Affairs. "Have you ever tried to get a market into a hotel room?"

But the harsh truth, as the Mexicans are learning, is that almost no amount of austerity will convince most investors to return. What fund manager will risk his job on the bet that Mexico is getting its act together —



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Investors are driving U.S. foreign policy. Austerity measures backed by Washington make it hard for these Mexicans to find work.

especially when Indonesia is hot, India looks like a cheap Silicon Valley and Germany has become a safe haven of strong currency? As one fund manager said, "No one is going to get fired for staying out of Mexico." That is the price the country is paying for decisions made in the last days of President Carlos Salinas de Gortari. He bet that he could keep the peso artificially high by hiding bad but complex news about the economy. He is now in self-imposed exile in the United States, sounding defensive. His biggest mistake was relying on hot money rather than following the example set by countries like China, Malaysia and Thailand — who have urged foreign investors to invest in factories and other assets that cannot be swept out the country with a few strokes of the keyboard. A senior European finance official, however, blames not only the Mexicans but the industrialized nations that bailed the country out in the 1980's. "It is like being a doctor, and giving

the patient a heart transplant, which is what we did a decade ago," he said. "You would expect that the doctor should be checking things out every year or so. But we were all so enthralled by the success of the operation that no one did a check-up."

Keeping Secrets

Even when the doctors dropped by, Mexico set the rules: no X-rays, no blood tests. The Salinas Government carefully kept key statistics out of the public domain — how much its foreign reserves had been depleted to prop up the peso, how dependent it had become on short-term money from abroad. The shell game deceived even the I.M.F. "The whole surveillance process did not work the way it should have," Karin Lisakers, the chief United States representative to the I.M.F., said last week. "We were too tolerant" of Mexico's reluctance to turn over vital numbers.

Someone did see and understand many of the warning signs — the United States Treasury. It has poured over hundreds of pages of documents to Congress, detailing warning after warning to the Salinas Government. Yet no one dared utter a word in public. In fact, President Clinton lauded Mexico's economic advances at the Latin summit meeting in November. The case for Mexico is simple: Public warnings may trigger the rush for this exotic that everyone is trying to prevent. But by keeping Mexico's secrets, the United States likely contributed to the severity of the ensuing panic. Mr. Rubin hopes that Mexico's extraordinary pain is sending a message. "I think there is no question that people who govern other countries, when they see what Mexico is having to do, are going to feel an enormous incentive to maintain sound policies," he said. Otherwise, he will be left to pick up the dominoes.

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CRITIC'S NOTEBOOK

Champion of Elitism: PBS's Best Defense?

By WALTER GOODMAN

To judge by the defenses being mounted by PBS executives and Clinton Administration officials, their strategy in the Congressional fight over public television is to celebrate "Sesame Street," "Mister Rogers' Neighborhood" and other wholesome treats for the young while playing down more problematic prime-time features like "Frontline" and even "Masterpiece Theater." That should make for an attractive case, but it might also provide an invitation to the antis to amputate the adult limbs of public television.

PBS haters tend to go easy on children's programs, in acknowledgment that commercial television, with a few exceptions, does little for minors except excite them to badger their parents for the latest toys. It would take a market-intoxicated critic to assert that the networks and cable channels were likely to pay the sort of respectful and sustained attention to the young evidenced for so many years by the Children's Televi-

such be returned to PBS, and that seems to be happening. But the more important lesson is that it was a subsidy that started it all; that the market cannot be relied on to take chances that do not promise a quick profit. The danger for "Sesame Street" is that it will settle too comfortably into success and stop innovating.

As a political weapon, then, there is nothing like a child. But the opposition knows that, too, and if the crusade to privatize or lobotomize public broadcasting seems to be going against them, the Newtonians may settle for restricting PBS to its strictly educational component, which would include the children's favorites. "See," they could then purr, "we're as soft on kids as the next parent. Let's keep the classroom shows. Let's keep 'Sesame Street.' Hurray for Family Values. But let's stop shelling out for all that fancy, left-wing stuff for a well-to-do and overeducated minority."

Having spared the children, the antis can then take aim at the prime-time programs they are really out to get. And then the statistics that public-television advocates selectively cite as evidence of democratic reach would be no shield. Mr. Gore used one in his speech: "Sixty percent of public television viewers live in families that have as the total family income less than \$40,000 a year." He added, "That's not elitist." But what would the figure be if viewers under the age of consent and people who take telecourses (Mr. Gore's examples) were not counted?

It would be refreshing if, as the argument is joined, the defenders of subsidies



Children's Television Workshop

sion Workshop. Sure, one good book may be worth 100 episodes of "Sesame Street" or 1,000 episodes of "Barney," but if more youngsters were reading books we could stop worrying about television.

Nor, when it comes to children's fare, does the charge of elitism have much force. Both in classrooms and at home, public broadcasting finds audiences among poor and rich, and there are not many complaints about the diversity displayed on the nation's most famous Street and in its nicest Neighborhood. As Vice President Al Gore put it in a speech this

for public broadcasting (and for the arts) would declare right out that of course they are elitist. Left to itself, the market will not provide programs that reviewers, at least, judge to have merit as art, entertainment or information yet fail to attract audiences big enough or concentrated enough to please advertisers. What is popular among the millions at any moment is closely and constantly monitored by networks and cable operators; if they are wrong, they lose money. That is the market's prime and unchangeable measure of value and the reason for the existence of the Corporation for Pub-

Newly renovated interior

Old-Line

By ROBERTA SMITH

PHILADELPHIA — For yetter its founding in 1805, the Pennsylvania Academy of the Fine Arts is at the center of the art movement in America. It can among its founders the painter Benjamin West and Charles Peale and the gifted sculptor William Rush, and, among its painters Thomas Eakins as Anshutz, Robert Henri and Davis. In 1906, the academy ed an exhibition of the known as the Eight, organ

CRITIC'S NOTEBOOK

Champion of Elitism: PBS's Best Defense?

By WALTER GOODMAN

To judge by the defenses being mounted by PBS executives and Clinton Administration officials, their strategy in the Congressional fight over public television is to celebrate "Sesame Street," "Mister Rogers' Neighborhood" and other wholesome shows for the young while playing down more problematic prime-time features like "Frontline" and even "Masterpiece Theater." That should make for an attractive case, but it might also provide an invitation to the public to negotiate the same old public television.

PBS takes a lot of pride in its children's programs, and it is true that, with a few exceptions, does little for viewers except excite them to hug their parents for the best toys. It would be a shame for market-oriented critics to suggest that the networks and cable channels were likely to pay the sort of respectful and sustained attention to the young evidenced for so many years by the Children's Televisi-

such be returned to PBS, and that seems to be happening. But the more important lesson is that it was a subsidy that started it all, that the market cannot be relied on to take chances that do not promise a quick profit. The danger for "Sesame Street" is that it will settle too comfortably into success and stop innovating.

As a political weapon, then, there is nothing like a child. But the opposition knows that, too, and if the crusade to privatize or lobotomize public broadcasting seems to be going against them, the Newtonians may settle for restricting PBS to its strictly educational component, which would exclude the children's favorites. "See," they could then surr, "we're as soft on kids as the next parent. Let's keep the classroom shows. Let's keep 'Sesame Street.' Hurray for Family Values. But let's stop shelling out for all that fancy, left-wing stuff for a well-to-do and overeducated minority."

Having spared the children, the antis can then take aim at the prime-time programs they are really out to get. And then the statistics that public-television advocates selectively cite as evidence of democratic reach would be no shield. Mr. Gore used one in his speech: "Sixty percent of public television viewers live in families that have as the total family income less than \$40,000 a year." He added, "That's not elitist."

But what would the figure be if viewers under the age of consent and people who take telecourses (Mr. Gore's examples) were not counted? It would be refreshing if, as the argument is joined, the defenders of subsidies for public broadcasting (and for the arts) would declare right out that of course they are elitist. Left to itself, the market will not provide programs that reviewers, at least, judge to have merit as art, entertainment or information yet fail to attract audiences big enough or concentrated enough to please advertisers. What is popular among the millions at any moment is closely and constantly monitored by networks and cable operators; if they are wrong, they lose money. That is the market's prime and unchangeable measure of value and the reason for the existence of the Corporation for Public Broadcasting.

One of the happy side effects of the decades of public broadcasting has been the development of enthusiastic support across political lines for the proposition that spending tax money on programs based on quality rather than on popularity can be a worthy, honorable and even necessary endeavor. And many of the supporters are high achievers who



Children's Television Workshop

sign Workshop. Sure, one good book may be worth 100 episodes of "Sesame Street" or 1,000 episodes of "Barney," but if more youngsters were reading books we could stop worrying about television.

Now, when it comes to children's fare, does the charge of elitism have much force. Both in classrooms and at home, public broadcasting finds audiences among poor and rich, and there are not many complaints about the diversity displayed on the nation's most famous Street and in its nicest Neighborhood. As Vice President Al Gore put it in a speech this month: "Ask the parents and teachers of our young children if Mr. Rogers is elitist or if 'Sesame Street' is elitist. Their kids will tell you right quick they don't want any epithets applied to Mr. Rogers."

A fair point about the children's shows is that having achieved success, the most popular of them can now make it on their own, without subsidy. Fine. To a large extent, they already do. Critics are also right to demand that more of the income from "Barney" merchandise and



Newly renovated interior of the Pennsylvania A

Old-Line Muse

By ROBERTA SMITH

PHILADELPHIA — For years after its founding in 1805, the Pennsylvania Academy of the Fine Arts was at the center of the art establishment in America. It can count among its founders the painters Benjamin West and Charles Wilson Peale and the gifted sculptor William Rush, and, among its alumni the painters Thomas Eakins, Thomas Anshutz, Robert Henri and Stuart Davis. In 1908, the academy mounted an exhibition of the Realists known as the Eight, organized by Henri, after their paintings had been rejected by the National Academy of Art in New York. And even as late as the mid-1960's, when the Pennsylvania Academy was relatively moribund, its annual exhibitions were routinely reviewed in tandem with those of the Whitney Museum of American Art.

At the moment, the academy may be edging toward the center again. For one thing, the body — or the figure, as academicians would say —

has been ubiquitous, and ever more adherent to its principles and relevance it has since the advent of modernism. More than its profile, a round of recent exhibition dramatic collection.

As is well known, the academic tradition for Victorian but Frank Furness' and inaugurated by a styles, it is a single greatest thing within it is tested by its obvious drive something new. The building ever. In Dec

The Champion of Elitism: Public TV's Best Defense?

Continued From Page C13

political contributions. An
this week's New Republic,
Bauer kicks around PBS
based on a day's watching, sparing
even "Sesame Street." Although
political jaundice shows through, his
examples of sappy, soppy program-
ing done to the specifications of
political correctness do invite kick-
ing. Now, in the interests of per-
spective or just for penance, let him
subject himself to a day of watching
his favorite network or cable sta-

tion. No, television is not a highbrow
medium. It covers a vast range, with
commercial stations operating
largely at its lower to middle levels
and public stations filling a sizable
gap somewhat higher up, or perhaps
off to the side. There is nothing like
American commercial television for
satisfying big audiences. Where pub-
lic stations fail and undermine their
own argument for Government sup-
port is when they try to compete in
serving pop pap: when they are not

elitist enough. "Live From Lincoln
Center" is not for everybody, but
anybody can tune in.

So let's hope public broadcasting's
champions will make their best case
and not just take refuge behind chil-
dren. With cultural populism ramp-
ant and Newt Gingrich parading as
an intellectual, with knowledge and
taste no-sells on the commercial
channels, what the country and pub-
lic broadcasting needs is more eli-
tism, not less.

Original Brahms Requiem

Brahms's "German Requiem" is
to be presented in the composer's
rarely performed original version
for piano four hands on March 24
P.M. at Central Presbyterian
Church, 593 Park Avenue, 22nd
Street. Deborah Stephens (soprano),
Jack Eppler (baritone), Alfred
Heidi Kanwischer (pianists), and
Central City Chorus will be under the
direction of Charles Pilling. Admis-
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elderly. Information: (212) 355-1111.

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—VINCENT CANBY, NEW YORK TIMES

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THE NEW YORK TIMES

Ideas & Trends

THE PRESIDENT HAS SEEN

3/20

If Gingrich Only Knew About Victoria's Secret

By MICHIKO KAKUTANI

It wasn't so long ago that the term "Victorian" was a pejorative one, conjuring up images of Dickensian slums, uptight moralists, pompous prigs, paternalistic moralizers, fussy architecture and overstuffed furniture. Taking our cue from Lytton Strachey — whose classic book "Eminent Victorians" (1918) lanced that era's pretensions with malicious wit — we tended to shrug off the Victorians as sanctimonious imperialists or faintly ridiculous prudes.

All this is changing now, and it's not just the current vogue in Pre-Raphaelite paintings, Laura Ashley furnishings, Gothic revival architecture and neo-Victorian novels. Victorianism has suddenly become a social model — for both the left and right.

The Speaker of the House, Newt Gingrich, has not only praised that most Dickensian of institutions, the orphanage, but last week he also hailed the Victorians' "moral leadership," their willingness "to look at people in the face and say, 'You should be ashamed when you get drunk in public; you ought to be ashamed if you're a drug addict.'"

His remarks, as he acknowledged, owe a decided debt to the arguments laid out by the historian Gertrude Himmelfarb in her new book "The De-Moralization of Society: From Victorian Virtues to Modern Values" (Alfred A. Knopf). Ms. Himmelfarb's arguments, in turn, recall those of former British Prime Minister Margaret Thatcher during the 1980's, hailing the "Victorian values" of hard work, self-reliance, thrift, self-respect, neighborliness and national pride.

Women on a Pedestal

But Victorian values, or, at least our perception of them, belong not just to the right wing. On the left, radical feminists like Catherine MacKinnon, Andrea Dworkin and Robin Morgan are promoting views of women that consciously or unconsciously recall Victorian sexual stereotypes. Not only do many of these feminists want to ban pornography and curtail free speech in the name of protecting women, but they also promulgate a kind of sexual paranoia, suggesting that men are beasts and women are in constant danger of physical or emotional rape.

As Katie Roiphe pointed out in "The Morning After: Sex, Fear, and Feminism on Campus" (Little, Brown), some of the current pamphlets warning college women of date rape are reminiscent of those Victorian

guides to conduct that used to teach young women how to avoid "vulgar familiarity." Rene Denfeld goes even further. In her new book "The New Victorians" (Warner Books), she writes that "the women's movement has come to duplicate Victorianism in all its repressive glory: the woman revered on the pedestal, charged with keeping society's moral order yet politically powerless and perpetually martyred."

What's behind this Victorian revival? In part, of course, it's simple nostalgia for a seemingly simpler, more innocent age — a time when the notions of progress and technology could still summon hope instead of anxiety, the last era before the terrors of the 20th century were brought home by two World Wars. The Victorian era seems, at once, close enough to embody recognizable problems, and yet distant enough to elicit more than just the sort of knee-jerk, filial rebellion purveyed by members of Bloomsbury.

But is it Victorianism that we are reviving or a caricature? As A.N. Wilson noted in his recent book "Eminent Victorians" (W.W. Norton & Company), a kind of response to Lytton Strachey's book of the same title, popular attitudes toward the Victorian age have been strongly shaped (until recently at least) by the savagely satirical portraits drawn by Strachey, Virginia Woolf and their peers. The problem with much of the current commentary on the Victorians, both pro and con, is that it tends to be similarly arbitrary, selective and in some cases, downright cartoon-like.

In "The Rise of Selfishness in America" (Oxford University Press), the jazz historian and social critic James Lincoln Collier attributes most of our current social ills to the demise of the Victorian belief system and its replacement by "the new ethic of the self," but he virtually ignores such 19th-century realities as child labor, debilitating poverty and high unemployment, noting simply that the Victorians prided themselves on "a willingness to protect the weak."

Cleanliness Without Sanitation

As for Ms. Himmelfarb, she has written with great subtlety and insight about the Victorians in the past, but in her new book and recent essays, she seriously downplays the era's gross social inequities and the often yawning gap between its professed values and its day-to-day realities.

She writes in one op-ed piece, for instance, that "we might rediscover the ideas of cleanliness and orderliness, which Victorians elevated to the level of virtues," and yet she overlooks the fact that for most of the poor,

How to Influence a University



Queen Victoria, in a photograph from 1882.

simple sanitation was often an unaffordable luxury.

She also asserts that the Victorians managed to achieve "a substantial decline" in illegitimacy rates, neglecting to deal with the findings presented by Michael Mason in his new book "The Making of Victorian Sexuality" (Oxford University Press): during the first half of the 19th century, he writes, prenuptial pregnancy was prevalent; 40 percent of the brides in many small English towns were pregnant before they were married, and "in some areas the rate pushed up past the half-way point as the century advanced."

In fact the work of such scholars as Peter Gay, Steven Marcus and Thomas Boyle has revealed that

Beneath the prim surface of Victorian life were deep currents of sensuality.

beneath the prim, respectable surface of Victorian life were deep currents of sensuality and even violence — currents that have been glossed over by many recent commentators on Victorian values. Rene Denfeld's attack on what she calls neo-Victorian feminists, for instance, revolves around the Victorian ideal of feminine purity; she never really comes to terms with the fact that that clichéd image of frigid frailty often belied a spirited interest in sex.

In calling for a revival of Victorian values, does Mr. Gingrich realize everything that his support may embrace? What would he think of Mr. Wilson's observation that in England, divorces could not be obtained through the law courts until 1857 or his finding that women were not given equal guardianship of their children until 1925? What would he make of Mr. Marcus's assertion that pornographic writings were "produced and published in unprecedented volume" during the middle and latter decades of the 19th century? Or of his finding that "there grew up in the latter part of the Victorian period a veritable and unique cult of homosexuality" whose "influence in the society at large was in disproportion to the number of its members"?

Diversity and Perversity

No doubt a measure of reductionism and over-generalization adheres to any historical inquiry, but Victorian England seems particularly resistant to easy characterization, for it was a culture in flux, a culture that changed fundamentally between the beginning and end of Victoria's long reign from 1837 to 1901. As Ms. Himmelfarb herself has pointed out in an earlier book called "Victorian Minds," "it managed, at different times and in different degrees, to absorb quite distinct and even contrary ideas, ideologies, sentiments, and policies." Indeed, "the Victorian age exhibited, and not at its periphery but at its very center, all the diversity, and much of the perversity, of which the human mind is capable."

While the Victorians were grappling with problems that may appear to be familiar to us (growing urbanization, accelerating social changes, concerns about education and health) they also inhabited a vastly different world, a world that was far less heterogeneous, far less egalitarian than our own. Analogies between that age and our own can, therefore, be highly deceptive.

In fact the more one thinks about the Victorians, the more one is inclined to agree with the British novelist L.P. Hartley, who once declared: "the past is a foreign country; they do things differently there."

Fixing a Point in Time

THE PRESIDENT HAS SEEN 3/20

THE WHITE HOUSE
WASHINGTON

March 17, 1995 95 MAR 17 P5:02

RECOMMENDED TELEPHONE CALL

TO:

Senator Bob Kerrey (D-NE)
Contact: Cindy Dwyer (202)224-4425 or Mary Sherman (202)224-3393
(Kerrey is traveling in Nebraska today. They will be able to locate him.)

DATE:

As soon as possible.

RECOMMENDED BY:

Doug Sosnik and Linda Moore

PURPOSE:

To discuss options for the 1996 Nebraska Senate race.

BACKGROUND:

As you may know, Senator Jim Exon (D-NE) announced today that he will not seek re-election next year.

Speculation on the Democratic side is now focused on Governor Ben Nelson, who won a second term last year in a landslide. Nelson is widely viewed as the strongest candidate the Democrats could field. Kerrey, however, has encouraged the DSCC not to publicly pin the hopes of winning this race on Nelson's entry, but instead to point out that Nelson leads a strong field of contenders. Other possible Democratic candidates are: Lt. Gov. Kim Robak, businessman Mike Fahey and Speaker Ron Withem. Governor Nelson's entry in the race is a strong possibility and he would almost certainly clear the field.

It is rumored that Kerrey and Nelson do not have a good relationship which could make it difficult for Kerrey to recruit Nelson for the seat. Kerrey may opt instead to wait and see what the Governor decides to do.

There is a large field of Republicans eyeing the race including State Auditor John Breslow who recently switched to the Republican party after running unopposed as a Democrat in the November election. Other possible Republican candidates are: Reps. Doug Bereuter and Bill Barrett, Jan Stoney, who challenged Senator Kerrey in November, Omaha Mayor Hal Daub and investment banker Chuck Hagel.

TOPICS OF
DISCUSSION:

You may simply wish to ask Kerrey for his advice and offer to help in any way you can.

He doesn't want us to call Nelson yet - I called him

Kerrey may suggest that you call Nelson. If he does, we think such a call would be a good idea.

DATE OF
SUBMISSION:

March 17, 1995

ACTION:

THE PRESIDENT HAS SEEN 3/20

MEMORANDUM

TO: John Podesta

95 MAR 17 08:33

FROM: BOB NASH, Assistant to the President and
Director, Office of Presidential Personnel

DATE: 3-17-95 - 7:45 P.m.

SUBJECT: Elizabeth Dole + Red Cross chairmanship

John, The Attached memo is very general + NOT in the regular format because I do NOT want some of what I have to say about this issue addressed to the POTUS or on our system.

I think this will provide enough information if he wants to return her call tonight.

In addition to the very general memo, I have attached other information which he may want to read prior to returning her call. The information is as follows:

- 1). Current Red Cross Board members
- 2). Letter From Mrs. Dole to me.
- 3). Decision-memo Re: Jim Hamilton
- 4). Memo regarding Mrs. Dole + her position

I am preparing a more detailed memo over the weekend.

Home: 202-529-4779

Pager: 1-800-SKY PAGE
Dir # 188-4224

*Examine
we need to see
then*

THE WHITE HOUSE

WASHINGTON

THE RED CROSS CHAIRMANSHIP

ISSUE

The chairmanship of the 50 member Red Cross Board expires on May 30, 1995. The current chairman, Norm Augustine, of Maryland would like to be reappointed for a second three-year term. He was appointed by President Bush 2 years and 10 months ago. This is not a Senate confirmed position.

DISCUSSION

The POTUS has the authority to designate the chairman of the board and seven (7) other members who shall be officials of departments and agencies of the federal government. Thirty members are chosen by state Red Cross affiliates at their convention. The remaining twelve are chosen as at-large members by the Board.

The board voted on Monday to recommend that the POTUS reappoint Norm Augustine to a second three-year term. Their by-laws require them to make a recommendation. This is not in the law which set up the Red Cross.

Mrs. Dole visited Bob Nash's office on Tuesday, March 14 and recommended that the POTUS reappoint Norm Augustine because:

1. The Board wants him to continue.
2. The Potus has always accepted the recommendation of the Board.
3. The chairman has always been a board member at some time in the past.
4. This is not a regular appointment.
5. A change would make the organization look political.
6. The chairman has always served two terms.

In fact, the past three Principals have all served two three-year terms and the Principal before those three served eight three-year terms.

The former Principals have been:

Norman Augustine - Chair of Martin Marietta Corp. (Bush)

George Moody - former Director and Chair of Security Pacific Corp. (Reagan)

Jerome Holland - former US Ambassador to Sweden, former President of Hampton Institute and Delaware State College (Carter)

Frank Stanton - former President, CBS (Ford)

E. Rolland Harriman - former Chairman of the Board of Directors of Union Pacific Railroad (Nixon)

Mrs. Dole also indicated that she plans to remain as Executive Director and work about four (4) days a week. She plans to resign if her husband's campaign schedule requires more of her time. The Board selects the Executive Director. The Board has decided to allow her to do this until they think it is a problem.

Mrs. Dole was told that we are looking at the possibility of naming a new chairman but no final decision has been made. (See Attachment #3 RE: this point).

Mrs. Dole called Bob Nash on Friday, March 17, 1995 at approximately 6:00 P.M. and indicated that she planned to call POTUS and indicate her strong preference that Mr. Augustine be reappointed. The call came in to the President's office at approximately 6:30 P.M. the same day.

RECOMMENDATION

1. Indicate that staff is reviewing whether a change should be made but no final decisions have been made.
2. Her point of view will be taken into consideration before a final decision is made.
3. Commend her for doing a great job as Executive Director.

A more specific strategy and response to this issue will be developed over the weekend.

①

Name	Title	Membership Status
Mr. Norman R. Augustine	Chairman American Red Cross, Washington, D.C.	One of eight members appointed by the President
Mr. Kenneth D. Brody	President & Chairman Export-Import Bank	One of eight members appointed by the President
Hon. Warren M. Christopher	Secretary of State	One of eight members appointed by the President
Hon. William J. Perry	Secretary of Defense	One of eight members appointed by the President
Hon. Richard W. Riley	Secretary of Education	One of eight members appointed by the President
Hon. Donna E. Shalala	Secretary of Health & Human Services	One of eight members appointed by the President
Gen. John Shalikashvili	Chairman Joint Chiefs of Staff	One of eight members appointed by the President
Mr. James L. Witt	Director Federal Emergency Management Agency	One of eight members appointed by the President
Mrs. D. Inez Andreas	From Decatur, Illinois	One of twelve members-at- large elected by the Board
Mr. M. Anthony Burns	Chairman, President, CEO Ryder System, Inc. Miami, Florida	One of twelve members-at- large elected by the Board
Mr. John L. Clendenin	Chairman of the Board & CEO, BellSouth Corp. Atlanta, Georgia	One of twelve members-at- large elected by the Board
Mr. Robert L. Dilenschneider	The Dilenschneider Group Inc., New York, New York	One of twelve members-at- large elected by the Board
Mr. Charles A. Helmbold, Jr.	President & CEO, Bristol- Myers Squibb Company New York, New York	One of twelve members-at- large elected by the Board
Mr. Michael A. Leven	President & COO Holiday Inn Worldwide Atlanta, Georgia	One of twelve members-at- large elected by the Board

Dr. Marshall A. Lichtman	Dean, University of Rochester School of Medicine & Dentistry Rochester, New York	One of twelve members-at-large elected by the Board
Mr. Jonathan S. Linen	Vice Chairman American Express Company New York, New York	One of twelve members-at-large elected by the Board
Mr. D. Richard McFerson	President & CEO Nationwide Insurance Columbus, Ohio	One of twelve members-at-large elected by the Board
Mr. Emilio R. Nicolas, Jr.	President Heart of Texas Pizza, Ltd. San Antonio, Texas	One of twelve members-at-large elected by the Board
Mr. James J. Norton	President, Graphic Communications International Union Washington, D.C.	One of twelve members-at-large elected by the Board
Mr. Edward H. Rensi	President & CEO McDonald's Corp. Oak Brook, Illinois	One of twelve members-at-large elected by the Board
Mr. Hugh J. Baker, III	President, Midwest Entrepreneurial Education Center Indianapolis, Indiana	One of thirty members elected by the National Convention
Mr. Carlton K. Brownell	Attorney, McGowan and Brownell Geneva, New York	One of thirty members elected by the National Convention
Mrs. Deborah D. Carman	Registered Nurse North Little Rock, Arkansas	One of thirty members elected by the National Convention
Mr. Pete Chavez	District Coordinator, Finance Department Albuquerque Public Schools, Albuquerque, New Mexico	One of thirty members elected by the National Convention
Mr. William M. Darr	Assistant Secretary/Assistant General Counsel Rochester & Pittsburgh Coal Co., Indiana, Pennsylvania	One of thirty members elected by the National Convention

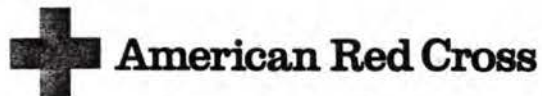
Mrs. Mary H. DeKuyper	Consultant Baltimore, Maryland	One of thirty members elected by the National Convention
Mr. Frank S. Dickerson, III	Senior VP, CFO, Controller & Treasurer, MAPCO Inc. Tulsa, Oklahoma	One of thirty members elected by the National Convention
Mr. F. Joe Falk, Jr.	Partner in law firm of Walters, Whitaker, Finney & Falk, Yakima, Washington	One of thirty members elected by the National Convention
Mr. Russell R. Gifford	President & CEO East Ohio Gas Cleveland, Ohio	One of thirty members elected by the National Convention
Mr. William E. Green	Partner, William Green & Associates Palo Alto, California	One of thirty members elected by the National Convention
Mrs. Valerie Gwyn	Registered Nurse Tulsa, Oklahoma	One of thirty members elected by the National Convention
Mr. Ronald W. Holt	Director Community Services & Sales, KGE, Wichita, Kansas	One of thirty members elected by the National Convention
Mrs. Gwen T. Jackson	From Milwaukee, Wisconsin	One of thirty members elected by the National Convention
Mrs. Deborah K. King	From Phoenix, Arizona	One of thirty members elected by the National Convention
Mr. W. Walter Liang	Vice President & Manager Community Development First Commercial Bank Sacramento, California	One of thirty members elected by the National Convention
Mrs. Charlotte Lunsford- Berry	From Columbia, South Carolina	One of thirty members elected by the National Convention
Mr. George A. Nicholson, III	CPA and Consultant Grosse Pointe Shores Michigan	One of thirty members elected by the National Convention

Mr. Miguel A. Nieves	From Doraville, Georgia	One of thirty members elected by the National Convention
Mrs. Anita L. Rankin	From Dayton, Ohio	One of thirty members elected by the National Convention
Mr. Philip J. Sadler	Facility Manager Western Publishing Co. Crawfordsville, Indiana	One of thirty members elected by the National Convention
Mrs. Sarah A. Schwarz	Certified Financial Planner Lafayette, Indiana	One of thirty members elected by the National Convention
Mr. Jerome M. Selby	Mayor, Kodiak Island Borough, Alaska	One of thirty members elected by the National Convention
Mr. Gerald A. Sumida	Partner in law firm of Carlsmith ball Wichman Murray Case & Ichiki, Honolulu, Hawaii	One of thirty members elected by the National Convention
Mrs. Lynn R. Swon	Vice President, Dain Bosworth Inc. Minneapolis, Minnesota	One of thirty members elected by the National Convention
Mr. Lowell S. Thomas, Jr.	Partner, Saul, Ewing, Remick & Saul Law Offices, Philadelphia, Pennsylvania	One of thirty members elected by the National Convention
Maj. Gen. William R. Usher	USAF (Ret.), Reston, Virginia	One of thirty members elected by the National Convention
Mr. Thomas G. Yamada	President Mountainfield Communication, Inc. Highland, Indiana	One of thirty members elected by the National Convention

Profile on Norman R. Augustine

- Chairman of the American Red Cross
- Graduated with B.S. and M.S. from Princeton University, magna cum laude, Phi Beta Kappa
- Vice president of aerospace and technical operations of Martin Marietta (1977).
- Corporate vice president and president of Martin Marietta Denver Aerospace (1982)
- Senior vice president of Martin Marietta with primary responsibility for Martin Marietta Information & Communications Systems and Martin Marietta Data Systems (1985)
- Chairman and CEO of Martin Marietta (1988)
- Under Secretary of the Army (1975-1977)
- Assistant Secretary of the Army for research & development (1973-1974)
- Served as Executive Vice President of the Boy Scouts of America
- Member of the Board of Directors of Phillips Petroleum, Procter & Gamble, Riggs National (Bank) Corp., the Planetary Society, the Atlantic Council and the New American Schools Development Corp.
- Served on advisory boards to the White House, U.S. Senate, NASA, Federal Aviation Administration, General Accounting Office, NATO, Departments of Defense, Energy and Transportation, and the Army, Navy, and the Air Force
- Served as chairman of the advisory committee on the Future of the U.S. Space Program, organized by NASA and the National Space Council
- Chaired the research and development plan review council for the FAA's Research, Engineering and Development Advisory Committee
- Past chairman of the NASA Space Systems and Technology Advisory Committee and of the Defense Science Board

②



National Headquarters
Washington, DC 20006

Elizabeth Dole
President

March 14, 1995

Dear Bob:

I have been told that there is some misunderstanding about the process by which the Chairman of the American National Red Cross is selected and appointed, as well as the nature of this appointment. As you know, the American Red Cross Board of Governors unanimously voted to recommend to President Clinton that Norman R. Augustine be reappointed to a second term as Chairman of the American Red Cross.

The American Red Cross was first Chartered by Congress in 1905 as the nation's official Red Cross society, responsible for discharging the obligations of the United States under the Geneva Conventions. The American Red Cross is not a part of the government and is not controlled by the government. Under our Charter and Bylaws, the President of the United States appoints the chairman of the American Red Cross, pursuant to the recommendation of the Executive Committee of the Red Cross Board of Governors and the endorsement of the full Board. The appointment is not subject to Senate confirmation.

The Chairmanship of the American Red Cross has been and must continue to be non-partisan and independent of the U.S. government in order for the American Red Cross to qualify for the rights, privileges, and immunities which are essential to accomplish its mission under the Geneva Conventions. To illustrate the importance of this independence, consider that it was the Red Cross that was able to visit prisoner of war Cpl. Michael Durant to assure his safety and improve the conditions under which he was held. Even the perception that the Red Cross is subject to government control, could jeopardize its ability to act in this humanitarian capacity.

I also fear that this step could subject the President to potential criticism in the international humanitarian community. Never before has a President of the United States rejected the recommendation of the American Red Cross Board of Governors with respect to its Chairman. In fact, every past chairman, including Norm Augustine, has served as a member of the Board prior to his appointment as chairman, giving the individual legitimacy in the eyes of his fellow Board members, as well as the thousands of volunteers who serve on local Red Cross Boards of Directors.

Lest this appointment be perceived as an "honorary" post, you should also be aware that this is an unpaid position that requires a substantial commitment of time and effort. The Red Cross is a \$1.8 billion corporation, larger than half of the Fortune 500

Mr. Robert Nash
March 14, 1995
Page 2

companies, with 1.5 million volunteers and 30,000 paid staff. A number of changes have been initiated at Red Cross over recent years which involve enormous challenges, not the least of which is the fact that Red Cross Biomedical Services is operating under a Consent Decree initiated by the Food and Drug Administration.

The 50-person volunteer Board greatly respects and values Norm's leadership, and it is particularly vital that the organization have the benefit of his continued service during this difficult period. He is extremely knowledgeable about the Red Cross, and the structural and operational changes it has undertaken. In addition, he brings a wealth of business expertise to Red Cross, as the Chairman and CEO of Martin Marietta.

I trust that this information will be helpful to you as you develop your recommendation to the President regarding Mr. Augustine's appointment. Please feel free to call me if I can be of further assistance.

With all best wishes,

Sincerely,


Elizabeth Dole

Mr. Robert Nash
Director of Presidential Personnel
153 Old Executive Office Building
Washington, D.C. 20500

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P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

4

THE PRESIDENT HAS SEEN
2/27/95

THE WHITE HOUSE
WASHINGTON

95 FEB 21 P 6: 46

February 22, 1995

←

MEMORANDUM FOR THE PRESIDENT OF THE UNITED STATES

FROM: Craig T. Smith *CS*
RE: THE PRESIDENCY OF THE RED CROSS

It is expected that Elizabeth Dole will resign shortly as President of the American Red Cross.

This Red Cross is a federally chartered organization. Under its charter, it is controlled by a 50 member board. Thirty of the members are chosen by the state affiliates. Eight additional positions are filled by the President (seven are cabinet members, the eighth serves as chairman of the board). The remaining twelve spots are chosen by the previously listed thirty-eight. This board will choose Elizabeth Dole's replacement.

The current Chairman of the Board is Norm Augustine of Maryland, who was appointed by President Bush. His term expires in May and he is interested in being reappointed.

If you have a strong preference for who is going to replace Elizabeth Dole, we need to know that now. While the Board members will be deferential to the President, without a strongly stated opinion, they will make their own choice. Additionally, Elizabeth Dole is very popular among this group and is in a much stronger position to name the new President.

The bottom line is that if you want this, we will probably need to fight for it and it may be a fight that we cannot win.

James Lee Witt is interested in this position.

James Lee Witt is interested in this position.

6 pages

The Birth of Common Sense

Bill Clinton outflanks the Republicans on regulatory reform

BY JOE KLEIN

NOT A BAD WEEK FOR PHILIP K. HOWARD. HIS BOOK about regulatory reform, "The Death of Common Sense," was a runaway best seller. The governor of Florida had bought 200 copies and sent them to all his agency directors. Better still, Bill Clinton and Bob Dole were embarked upon intense competitive groveling, vying for his blessing. "We have to prevent the Republicans from capturing Phil Howard," a White House aide worried early in the week. Dole was flacking the book in speeches and op-ed pieces. He had invited Howard to testify before the Senate Judiciary Committee. "I think we've convinced him to support us on cost-benefit analysis," said a Dole aide, nervously. "At least I hope we have." (They hadn't.) The White House fought back by arranging a private meeting for the author with Al Gore. And then a personal endorsement from Bill Clinton at a "reinventing regulatory reform" event. And then a ride in the presidential limousine. "I think the president really gets it," Howard said afterward, dazed in the sunlight of Lafayette Park, waiting for his picture to be taken across from the White House.

Ahh, the folk rituals of Washington. In this case, though, a ritual with results. "The Death of Common Sense" has proved the catalyst for a rare convergence of Republican and Democratic thinking in this year of the Contract. It may even lead to a practical reform of some use to civilians: an alleviation of the gazillion stupid, petty regulations, and accompanying paperwork, that plague American businesses—and a shift in the poisonous bureaucratic presumption that a business is guilty until proven innocent.

The road to enlightenment may have begun for Bill Clinton with a visit from Newt Gingrich in early January. Gingrich asked if the president would support the House's rather extreme notion of a one-year moratorium on all new government regulations. The president mulled, wriggled, then allowed that it might be too blunt an instrument. "Great!" Gingrich replied. "If you're not going to be for it and veto it, that's even better." Gingrich was probably overplaying his hand. The moratorium isn't likely to pass the Senate. But no matter: the president careened into action, searching for a more reasonable alternative.

He did not have to search far. Al Gore's "reinventing government" team had already found a Regulatory Reform Poster Child—D. Lynn Gordon, the U.S. Customs director in Miami. She had brought joy to businessmen in South Florida by insisting that her inspectors help companies figure out ways to comply with regulations, rather than prosecuting first and answering questions later. "We decided to get away from the great regula-

tory sport," Gordon says, "which was seizing goods and issuing penalties just to keep our numbers up." Gordon is a cheerful, compelling figure with a stock of wild stories—like the company that had to fill out 700,000 forms per year (she reduced it to one a month)—and Gore began sending her around to educate the heathen at various federal regulatory agencies, preaching a doctrine of reason and flexibility. But nothing much was changing.

Gingrich's threat added some urgency, as did the publication of "The Death of Common Sense," which took a unique,

radical-middle path toward reform. "I wanted to figure out why everyone who deals with the government has the same basic reaction—anger, frustration," Philip Howard says. "I decided that it's because we've banned judgment." The theory was: if the government could stipulate every possible regulatory circumstance, a robotic army of inspectors could go out and enforce the rules. The trouble is, all circumstances are different. No one rule fits all. Howard believes there have to be standards—for clean air and water, safe food and drugs. But the numbing effort to specify precisely what constitutes safety, or how standards should be met, is an exercise in litigious lunacy. If the critique was familiar to conservatives, Howard's solution wasn't: a counterintuitive plea for more power for bureaucrats—they should be able to use their discretion, as Lynn Gordon's inspectors did in



LARRY DOWNING—NEWSWEEK

Presidential plug: Touting Howard's book

Businesses will no longer be presumed guilty until proven innocent

Miami, to help businesses comply with the law.

Bill Clinton moved to enshrine this principle last week, announcing a package of regulatory reforms that removed the presumption of guilt from small businesses, reduced their paperwork, abolished a scud of regulations—and, in a touch that Phil Howard particularly liked, set up a pilot program in the Environmental Protection Agency that would allow companies to "toss out the rule book" and negotiate their own paths to clean air and water compliance. More

reforms are promised soon. "Hey, this sounds pretty good," said Rep. Dave McIntosh, the Republican leading Gingrich's regulatory-reform gang. "I take it as a compliment that the administration has chosen to move in our direction." And he should: Clinton would've never found the will to challenge the bureaucracy if Gingrich hadn't challenged him first. But the president's move may also marginalize the congressional Republicans, who are now fomenting intricate ways to impede the passage of new regulations—a form of vengeance that will be less satisfying if the bureaucratic heathen are successfully re-educated (maybe even—heaven forbid—made user-friendly). That won't happen overnight, but Philip K. Howard could take credit for a freak fortuity in Washington last week: for once, common sense was selling.