

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Harold Ickes to POTUS et al. re: Direct Mail Program (6 pages)	04/26/1995	Personal Misfile

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 5953

FOLDER TITLE:

May 14-20, 1995 [1]

2018-0662-S

rs3125

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]

COPY

EXECUTIVE OFFICE OF THE PRESIDENT

18-May-1995 02:49pm

TO: Andrea S. Rutledge

FROM: Frances R. Wessel
Office of the Staff Secretary

SUBJECT: West Wing Copiers

Andrea:

My days are few here at the White House (after 20 years, and six Presidents) but I feel I should do this last good service for the West Wing Messengers --

In past years, the West Wing copying machines were used for West Wing use exclusively. During this Administration, a lot of employees from the EOB have also used them. However, in the last few months the copiers are habitually being used by interns from the EOB to copy HUGE jobs (50 or more pages and making 50 or more copies). Often they will run all three machines at one time and sometimes spend 45 mins to one hour of continuous copying. These jobs are not always "rush jobs" which is understandable if the Press Office needs to get something out.

The Staff Secretary's Office often needs to deliver items to the President's Office at a moment's notice and we need to keep a copy for our files. We spend a lot of time copying Presidential notes that need to be distributed in a timely manner. I almost never have a machine readily available, but have to bump an intern off by giving them this long spiel about a Presidential item. I'm exhausted from telling them that the Print Shop is available for this sort of copying.

I've also noticed an increase in copier breakdowns. The technician told me yesterday that two of the machines are over ten years old and are incapable of handling huge print jobs. Plus, extensive copying causes the breakdowns because of all the paper fibers clogging the machines. He was really upset that three interns were abusing two of the machines while he was repairing the third one.

Now my plug for the West Wing Messengers -- Bobby Wilbon, Helen Sturgeon and Jackie Lawson have to physically stock the paper for the West Wing machines. It's not fair to them to constantly be replenishing the supply. Also, because we copy for the President's office, the supply of paper is NOT all recycled paper.

A lot of these huge jobs are being printed on regular, white --
and I'm sure more expensive paper.

Thank you for WHATEVER you can do to remedy this problem.

Fran

THE WHITE HOUSE

WASHINGTON

May 18, 1995 95 MAY 18 P6:35

MEMORANDUM FOR MIKE MCCURRY

THRU: JOHN PODESTA

FROM: JIM DORSKIND

SUBJECT: ARMED FORCES DAY, 1995

Attached is the President's message for ARMED FORCES DAY, 1995, which you may want to release to the media.

Thank you.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

Armed Forces Day, 1995

Every year on this day our citizens join in honoring you, the men and women who wear our nation's uniform. You risk your very lives to defend the liberties we hold dear. Americans everywhere recognize your dedication and professionalism, and all of us feel profound respect, pride, and appreciation for our Armed Forces.

As we commemorate the fiftieth anniversary of the Allied victory in World War II, everyone on earth should pause to express heartfelt gratitude to those who fought and sacrificed in that awful conflict. We do no greater honor to the memory of those lost in World War II than to continue their fight against tyranny and oppression everywhere.

Each of you has stood to carry on that fight in this past year. You have been called to serve in lands far from home. You have brought freedom and security to our friends and allies and humanitarian aid to those in need. In Haiti, you helped restore democracy; in the Persian Gulf, you faced down the forces of aggression; and in central Africa, you delivered lifesaving food, water, and medicine. Throughout the year, you maintained the security of our country at home and at posts around the world.

Whether you serve in the Army, the Navy, the Air Force, the Marine Corps, or the Coast Guard, your standards of excellence and your selfless service are models for all Americans. I am proud to salute you for your many extraordinary accomplishments.

WILLIAM J. CLINTON

#

Amo

TB Boy Mark

Inscribed

THE PRESIDENT HAS SEEN
5/20/95

LONG WALK TO
FREEDOM

The Autobiography of
NELSON MANDELA

Chen

Do Tony / OSc

Fig - review or send
to auction

R.

THE PRESIDENT HAS SEEN

5/20/95

Holocaust on Pan Am Flight 073

Hussain S. Shaffi



Chiron

To: Craig Smith

THE PRESIDENT HAS SEEN
5/20/95

THE PRESIDENT
5/19/95

Craig —

I have to go there
and thought you
might like to know
one —

1/3/95



CIVIL OBEDIENCE

AN ORAL HISTORY
OF SCHOOL DESEGREGATION
IN FAYETTEVILLE, ARKANSAS
1954-1965

JULIANNE LEWIS ADAMS
AND THOMAS A. DEBLACK

WITH AN INTRODUCTION BY
WILLARD B. GATEWOOD



To B. Reed Fy
probably worth a
review -

THE PRESIDENT HAS SEEN

5/19/95

Be

THE COLOR OF

BABY
CARRIAGES



WELFARE



HOW RACISM
UNDERMINED
THE WAR ON
POVERTY

JILL
QUADAGNO



THE WHITE HOUSE
WASHINGTON

DATE: 5/20/95

NOTE FOR: Harold Ickes
Billy Webster

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

Information ☐

Action ☒

Thank you.

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

cc:

THE WHITE HOUSE
WASHINGTON

18 May 1995

THE PRESIDENT HAS SEEN

5/19/95

95 MAY 18 P12:58

MEMORANDUM TO THE PRESIDENT

LEON PANETTA
ERSKINE BOWLES

FROM

Harold Ickes
Billy Webster

SUBJECT:

Your possible attendance at the merger convention
of the ILGWU-Amalgamated Clothing Workers of
America in Florida on 29 June 1995

We have looked at your schedule from the point of view of whether you could attend the annual conference of the International Ladies Garment Workers Union ("ILGWU") which will consummate the merger between the ILGWU and the Amalgamated Clothing Workers of America. Jay Mazur, who is the current president of the ILGWU, will become the president of the new merged union.

As you know, when Mr. Mazur flew up with you on Air Force 1 to New York a couple of weeks ago, he pressed you very strongly to attend this convention. HRC attended their convention in 1992 with great success.

Although this event is not critical, it is an important constituency which has a large group of retirees, many of whom live in Florida.

You have an exhausting travel schedule for the four or five days preceding 29 June. You will be in Arkansas on 24 & 25 (Saturday and Sunday) and then to San Francisco on Monday 26 June. You are traveling on Tuesday the 27th and returning to Washington, DC on Wednesday the 28th. You could go to Miami on the 29th, attend the Convention, and then on to Chicago for a Re-elect fundraiser that night. The next day (Friday 30 June) at noon you will address a large convention of Indian (from India) physicians before traveling either Washington, DC or Connecticut. The Indian event cannot be moved to Thursday because their meeting does not begin until Friday.

The benefits of going to the Convention in Miami are obvious.

There are, however, several down sides including the current unhappiness of much of the Cuban "community" about the Administration's "Cuban policy." Alexis, in particular, and Marcia Hale have real concerns about your being in Miami at that time. In addition, you will have just returned from your trip to Halifax, Canada on 15-17 June.

In addition, other unions will "demand" that you attend their annual conventions, although we can fairly easily fend them off.

Finally, and perhaps most importantly, is the wear and tear on you.

We need to discuss as quickly as possible so we can inform Mr. Mazur whether or not you will be attending the Convention.

cc: Alexis Herman
Doug Sosnik
Marcia Hale

Travel Schedule

Thursday, 22 June - Depart DC for New Jersey
Friday, 23 June - New Jersey to Arkansas
Saturday, 24 June - Arkansas
Sunday, 25 June - Arkansas
Monday, 26 June - San Francisco
Tuesday, 27 June - Portland, OR (Economic Conference)
Wednesday, 28 June - DC
Thursday, 29 June - Chicago (possibly Miami)
Friday, 30 June - Chicago
Saturday, 1 July - New Haven, CT

THE WHITE HOUSE

WASHINGTON

May 17, 1995

APR 20
MAY 17
KRISLO

Mr. Stephen M. Blitz
Gibson, Dunn & Crutcher
2029 Century Park East
Los Angeles, CA 90067-3026

Dear Steve:

process final response

This responds to your letter dated June 21, 1994, regarding the proposed revisions to the processing manual for the Reagan Presidential Library. I apologize for the delay in this response, but you raised several concerns about the proposed changes dealing with Restriction (a)(1) of the Presidential Records Act (PRA) which I wanted to consider carefully. I also have consulted with the Office of Legal Counsel at the Department of Justice which, as you know, has been very helpful to all of us in interpreting various provisions of the PRA.

I asked the National Archives (through Miriam Nisbet in the Archivist's Office, working with Nancy Smith in the Office of Presidential Libraries) to incorporate a number of your suggestions into the revisions for the processing. As you will see from the enclosed revised pages, we agreed with almost all of your suggestions. I wanted, however, to address several other points in more detail.

The Executive Order on national security information is where the PRA directs us to look in determining whether the (a)(1) restriction applies to a specific record. The Office of Legal Counsel has opined that the PRA and the new Executive Order, which goes into effect October 14, 1995, require the referral for classification review of Presidential records containing or consisting of both agency-originated and Presidentially-originated information when those records become subject to a FOIA request or a request for mandatory declassification review.

(Both E.O. 12356 and new E.O. 12958 expressly provide for systematic review of Presidential records; the relevant provision in each is applicable to all Presidential records, regardless of whether they are subject to PRA restrictions.) As standard procedure, we expect that the former President will be consulted with regard to the application of any of the restrictions that he has specified. This consultation procedure will be followed unless the former President has determined that the archivists may apply restrictions to particular kinds of documents in accordance

we have
not heard of
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idea
of

with guidelines that he has set. Therefore, we agree that the former President will continue to play a crucial role in making these determinations.

The very words of PRA restriction (a)(1) impose on the Archivist a legal duty to determine whether the asserted national security information is "in fact properly classified" and preclude her from relying exclusively on the classification stamp. Instead, the PRA directs that she exercise her discretion in determining access to classified information after seeking the advice of the agencies with primary subject matter interest and expertise with regard to that information. Conducting a current classification review additionally reduces the substantial risk of litigation if we were to forgo consultation altogether. As you know, the Archivist's PRA restriction determinations themselves are not subject to judicial review. 44 U.S.C. § 2204(b)(3). We believe, however, that a court, when asked, would review the procedures of the Archivist. The government would be considerably better off defending the Archivist's exercise of discretion in applying the (a)(1) restriction if the information at issue had been referred to the appropriate agency or agencies for a current classification review.

Your letter also suggests that records are to be reviewed under the Executive Order that was in effect at the time of classification. Because PRA Restriction (a)(1) has the same scope as FOIA Exemption (b)(1), however, the Executive Order that is operative for FOIA purposes is also operative for PRA purposes. Under FOIA case law, the Executive Order in effect at the time the agency reviews the classification status in order to respond to a FOIA request is the operative Executive Order.

Finally, Paragraph 7 of your letter suggests that the proposed language dealing with "potentially classifiable" documents be deleted or, alternatively, changed to state that, "If a document contains information described by any of the categories in Sec. 1.3(a) of E.O. 12356, but the document is neither marked or declassified, the document will be addressed as though it contains classified information for purposes of consultation, referral and review pursuant to the provisions of this Manual." We believe that your suggested language is fine, so long as it is understood that this means that such documents will be referred for a current classification review. The concern expressed by the Office of Legal Counsel is that the Library cannot be in the position of having claimed that a document falls within PRA Restriction (a)(1) as being "in fact properly classified" pursuant to an Executive Order, when the document has not been reviewed and marked by an official with classification authority. The need for this step is underscored by the new Executive Order, which defines "classified national security information" as that which "has been determined pursuant

to this order or any predecessor order to require protection against unauthorized disclosure and is marked to indicate its classified status when in documentary form." E.O. 12958, Sec. 1.1(c). We have made one addition to your above-quoted language to take into account the new Executive Order: After the reference to E.O. 12356, we have added the words "or, after October 14, 1995, Sec. 1.5 of E.O. 12958."

I appreciate your having raised these concerns and hope that this letter is helpful in resolving any remaining issues. Marvin Krislov and I will be pleased to talk further with you and the others who have been involved in our discussions on PRA matters.

Sincerely,

John D. Podesta
Assistant to the President
and Staff Secretary

Enclosure

cc: James Cicconi
Marvin Krislov
John Mintz
Ted Olson
Richard Norton Smith

Leon / GS et al

B.

THE PRESIDENT HAS SEEN
5/19/95

Memorandum for President Clinton

From: Rob Shapiro
Date: May 5, 1995
Subject: The Republican Contract and Corporate Taxes

As I recently told Gene Sperling, the GOP Contract contains two especially egregious extensions of corporate welfare which we should criticize.

1. I am certain you are familiar with the provision for "neutral cost recovery." This provision, in effect, would provide deductions for business purchases of equipment that substantially exceed the actual cost of the equipment, and therefore cost the taxpayers probably more than \$100 billion over the next 10 years. (The provision would probably raise about \$10-to-\$20 billion in its first five years—helping the House with its budget accounting—but cost taxpayers \$105-to-\$130 billion over the next five years.)

One of the consequences will be that business will reduce its investments in workers and worker training. This will occur through three mechanisms. First, by providing much larger tax benefits for investments in physical capital than in human capital, neutral cost recovery will channel investment from the second to the first. Second, by increasing the deficit, it will raise the cost of capital for business and thus reduce overall business investment, especially those that are relatively less tax-advantaged such as training. Finally, by substantially increasing the post-tax return on physical capital, it will induce business to substitute capital for labor—i.e., replace workers with equipment.

Neutral cost recovery is an attack, via the tax code, on the jobs and incomes of American workers.

2. You may be less familiar with the way in which the GOP provision to repeal the corporate alternative minimum tax (AMT) would amplify the impact of corporate welfare. The AMT ensures that a reporting large earnings to its shareholders and creditors cannot avoid paying taxes by piling various corporate tax credits and deductions on top of each other. The AMT recaptures all or part of the value of some of these credits and deductions, by adding back for AMT tax purposes the income sheltered by them under the original provisions. *In effect, the AMT places an ultimate limit on corporate welfare.*

The credits and deductions added-back to a firm's taxable income under the AMT fall into two categories. First, there is the value of the excess of accelerated depreciation over straight-line depreciation for various equipment placed in service before 1987 (when the depreciation write-off was reduced); and part of the value of depreciation deductions for equipment placed in service from 1987 on.

Second, there is all or part of the value of a number of industry-specific tax subsidies, including: oil and gas industry deductions for depletion and intangible drilling costs; a piece of the bad-debt reserve deduction for financial institutions; tax-exempt interest on private-purpose bonds; one-year write-offs for certain mining exploration costs and for the circulation-building expenses of newspapers and magazines; passive farm tax shelter losses; special deductions for ship construction; and a small share of the tax exemption for income channeled through a "foreign sales corporation."

The AMT, therefore, limits an industry or firm's ability to use its influence over the tax process to create tax subsidies that shield it from taxes. There is an argument for simplifying the AMT—*if and only if* we also abolished corporate tax subsidies. There is also an argument for reducing the AMT add-back for depreciation, which capital-intensive businesses would eagerly support. The GOP position, however, is to preserve all corporate tax subsidies while repealing all of the AMT, in effect, inviting profitable corporations to zero out their tax liability by securing special references.

Moreover, if neutral cost recovery were enacted *and* the AMT were repealed, as the Contract recommends, the adverse effects on workers from the first would be sharply amplified by the second.



BAILEY CORPORATION

CC: Maek
Fgt - and citation
to keep
THE PRESIDENT HAS SEEN
5/17/95

3. 28.95

Dear ~~Mr.~~ President,

I can't fully express to you how much your letter of condolences lifted my spirit and those of my family. It is certainly not easy to lose a parent, as I'm sure you know quite well, but Dad had a long and rewarding life for which we are all grateful.

Mr. President, I will remember bringing Dad to a reception you hosted at the Mansion for families of past Governors of Arkansas. Dad was so pleased to meet you as he had always admired so much what you had accomplished during your terms as Governor.

I also remember with fondness the luncheon you hosted at Mansion for Billy Graham during his Arkansas Crusade in 1989. I thoroughly enjoyed sitting close to you and Billy and listening to conversations you shared. Little did I know that a little over 3 years later I would watch as Billy gave the Invocation at your Inauguration as President of the United States!

2
4

I felt then and do today, thankful that I
had had the opportunity to have met you both.

Mr. President your fellow Arkansians are
so proud of you and greatly admire the courage
that you continue to display as you are subjected
to the unwarranted slings and arrows of opposing
ambitious leaders.

God bless you and keep you as you do
your best for our country. You will always
have my appreciation, respect, and support in
whatever you undertake in the years ahead. One
day I look forward to having you and Hillary
return to make your home in Little Rock.
Until then, I remain

Your friend
Ted

P.S. Please give Hillary my warm regards.



AMERICAN BAPTIST CHURCHES USA
WORLD MISSION SUPPORT
OFFICE OF THE GENERAL SECRETARY

THE PRESIDENT HAS SEEN
5/14/95

Providing inspiration, resources,
and strategies for funding American
Baptist ministries and mission

April 18, 1995

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

Dear Mr. President:

Thank you for modeling generous behavior. When I read the press reports of your IRS returns, I noticed that your giving to the church and charitable causes was in excess of 10%. The press made no comment on your generous giving. I want you to know that I noticed and give thanks.

The realization that the President of the United States tithes is a profound encouragement to those of us working to encourage a more generous spirit in our country. Such giving, rooted in Biblical faith and expressed in compassion and care, is behavior worthy of a great leader. This is important in a society increasingly characterized by greed and self-interest.

The General Board of American Baptist Churches USA has a policy statement entitled "*Growing and Giving in Grace, Encouraging the Tithe.*" We are grateful for your unspoken affirmation of this important philanthropic practice.

May God continue to bless you as you lead our great nation.

In the bonds of love,

Robert H. Roberts
Associate General Secretary
for World Mission Support

RHR:lc

American Baptist
Mission Center
P.O. Box 851
Valley Forge,
PA 19482-0851

PHONE
1-800-334-1427
610-768-2000

FAX
610-768-2300

- I should sign reply
- cc per file



TO: PRESIDENT CLINTON
FROM: Jay Rockefeller *JWRw*
RE: Product Liability Reform
DATE: May 17, 1995

Leon / Ar
Stal - Br

THE PRESIDENT HAS SEEN
5/18/95

SUMMARY OF SENATE-PASSED ROCKEFELLER-GORTON BILL

- Succeeded in Senate, bipartisan passage of "limited, but meaningful, product liability reform at the Federal level." (Phrase used in Administration letters of 4/25 and 5/4)
- Stripped all non-product liability provisions
- Encourages alternative dispute resolution to promote early settlement and avoid court proceedings.
- Flexible punitive damage caps, retains jury role and permits judge to "uncap" the cap, with small business protections endorsed by Administration.
- Pro-plaintiff statute-of-limitations 2 years from discovery.
- Joint & several liability eliminated for non-economic damages only. Core of relief for businesses subjected to unfair suits and insurance costs.
- Consumers, economy, jobs hurt by current system.
- President can use Senate bill to counter broad House action on the Contract's civil justice reform bills.
- Business, especially small business, needs the protections in this bill, and product liability reform is a top priority for them due to costs, fear of risk.

Time to commit to signing a bill that meets test of balance, compromise, and fairness.

1) **Balance Achieved**: Republicans spent two-plus weeks trying to load bill with expansions beyond product liability. I held firm for Democrats and our principles. Recorded votes proved that Senate will only support focused, balanced product liability reform bill, and same test will prevail for a conference report.

2) **Need for Consistent Administration Position**: With legal reform, can't please everyone. Compromise required. Nader, trial lawyers association still unwilling to discuss a reform bill that could pass either body. Legislative process in Senate worked to produce balance. Business and Senate Republicans accepted pro-plaintiff measures, including the compromise to loosen the cap. Splits in White House are obvious, with new problem issues surfacing.

2) **Won Major Cap Compromise**: Using President's (and my) view on caps and Justice idea for role of judges, worked out agreement with (reluctant) Republicans to "uncap" the cap through the judge. Opponents say flexibility added to the punitive damages cap -- judge can award additional damages, no dollar limit -- violates the Seventh Amendment right to a jury trial. Argument based 1935 Supreme Court, which is in dispute. Justice Department believes the judge flexibility provision in Rockefeller-Gorton compromise is constitutional. Note: many federal criminal fines are "capped:" \$250,000 for retaliation against witness; \$10,000 for bank robbery with deadly weapon; \$100,000 for child exploitation.

3) **Joint & Several Liability**: White House still calls stumbling block. No Democratic or Republican Senator supporting liability reform took this position. My private conversations with Mikva indicate flexibility. Core of reform and needed relief (fairness) for small and other businesses. Minor revisions possible, but difficult in this final stage. Possible only in mode of cooperation to complete process of bill that will be signed.

To O'Keefe / EBowles

Now we have another
stage — longer life!

Bc

THE PRESIDENT HAS SEEN
5/18/95

102-Year-Old Golfer Breaks Stereotypes, Records

Senior Olympian Harley Potter Is Event's Oldest Athlete

By Carol Krucoff

Special to The Washington Post

Harley Potter struts slowly into the clubhouse, a broad grin spreading beneath a silver brush of mustache. "I was driving the ball well today," he says, gray eyes sparkling behind stylish wire-rimmed glasses. "I always try to shoot lower than my age."

At 102, this gives Potter some leeway. He typically shoots 100 to 105 for 18 holes; his best score is 98. But then, he didn't take up golf until he was 92. "Golf sure beats walking in circles around a track as a way to get exercise," says Potter, who's never taken a lesson but scours golf magazines for tips.

He usually plays Wednesday mornings with the Heather Hills Senior Golf League near his home in Winston-Salem, N.C. But for the last month, he's also been out golfing with

BODYWORKS

his daughter and grandson as he prepares to become the first centenarian to win a gold medal at the Senior Olympics.

Potter is the oldest of more than 8,000 athletes age 55 and up who will compete in the 1995 Senior Sports Classic, which starts tomorrow in San Antonio. Begun in 1987 with 2,600 participants, the biennial event has experienced explosive growth in participation by active seniors who are proving that it's never too late to go for the gold. Eighteen events (including triathlon, basketball and cycling) are included in the games, which are sponsored by the U.S. National Senior Sports Organization, a nonprofit group designated by the U.S. Olympic Committee to promote excellence in fitness and health for older people.

Potter earned the right to compete at the national tournament by winning two gold medals in Senior Olympic competitions at the local level. "I won the gold medal for the City of Winston-Salem last year because there was no one else in my age group [100 plus]," he recalls with a chuckle. "At the state games in Raleigh (N.C.), the man closest to my age was 85."

Although he's a shoo-in for the gold at the Senior Sports Classic, since he's alone in his age group, Potter admits to being a little nervous about the 74 sand traps at Tapatio



—BY GARY JENSEN U.S. NATIONAL SENIOR SPORTS ORGANIZATION

Harley Potter began playing at 92. "Golf sure beats walking in circles around a track as a way to get exercise," he says.

Springs. "I've been studying up on strategies because it's supposed to be pretty rough," says Potter, who must play 18 holes two days in a row a month before his 103rd birthday. "But if I stay down the middle, I'll be okay."

Staying down the middle has been a way of life for the man friends and family call "Pappy," since he believes in "moderation in all things, including chocolate chip cookies; I stop at three." Born in Turney, Mo., in 1892, Potter served in the Army in World War I and worked as the business manager of an automobile dealership in St. Louis until retiring at age 81. Married for nearly 70 years before his wife died in 1986, he drove a car and lived on his own until age 100. Then he and his daughter, Leta Duffin, a retired schoolteacher, moved to Winston-Salem to be near Duffin's son, daughter-in-law and granddaughter.

"Dad's extremely routine," says Duffin. "He's never used an alarm clock and wakes up every day about 6 or 6:30. He fixes his own breakfast, cereal and black coffee during the week and bacon and eggs on the weekend." Then he reads the newspaper and magazines or western novels, naps and has lunch (sandwich, banana, cookies and coffee) at the stroke of 12. After lunch, he watches "One Life to Live" and does household chores that include filling bird feeders, vacuuming and emptying the dishwasher. A short nap is followed by a walk and dinner (meat, potatoes and a vegetable) at 5:30. He typically reads or watches TV until bedtime. He's taken six brewer's yeast tablets (for B vitamins) a day for years, but until recently, when he developed an irregular heartbeat, he took no medications.

"My way of living's what's kept me going," says Potter, who bears a slight resemblance to his hero and fellow Missourian Harry S. Truman. "I was raised on a farm with good country food, I never smoked and I get good exercise by walking practically every night."

His biggest frustration is the hearing loss that began in his forties and has left him totally deaf in one ear and partially deaf in the other. "It's aggravating that I can't hear in a group, but I seldom, if ever, get angry," he says. "And I don't worry. I figure yesterday's gone, today you're doing the best you can and tomorrow you don't know what's going to happen. So I just take it as it comes."

~~Mr~~ President;

We need to
visit about this.

Weed

Best

Dear Mack

Thanks again for the advice,
hospitality, and friendship that you showed
me last night. I am most grateful, and
I look forward to visiting with you
again in 2 weeks or so -

Best to Donna -

Bill

THE PRESIDENT HAS SEEN
5.17.95

May 10, '95

Bill Richardson
Member of Congress

THE PRESIDENT HAS SEEN

5/18

SCOTT WALTER Overrepresentation

Defenders of affirmative action argue that goals, timetables, set-asides, and perhaps even quotas for specific groups must continue, because women and minorities remain "underrepresented" when you count up society's plums by race and gender. This argument presumes that only bigotry, not genuine diversity, prevents ethnic groups from being equally represented in every social category.

Of course, if you assume we all have an identical equality of interests and talents, then society's very unequal distribution of jobs, hobbies, and businesses among ethnic groups appears to be an injustice that cries out for stern remedies.

There are only three problems with that argument. First, it is an affront to reality: interest in — and aptitude for — football, astrophysics, and the rest of life's activities are tremendously diverse. Little girls who want to be astrophysicists at NASA will lead very different lives from little boys who want to be quarterbacks in the NFL. Second, it is an affront to the American way of life: Since 1776, Americans have been encouraged to pursue happiness as they see fit, under a rule of law that doesn't guarantee equal success in identical lives but only equal rights to live our very diverse lives.

Third, the argument for affirmative action is an affront to liberty. To reach the equality of numbers that affirmative action demands would require totalitarian measures. For

wherever one group is said to be underrepresented, other groups must be overrepresented, and those overrepresented folks will have to have their jobs and businesses taken away and redistributed to the underrepresented. If the argument of affirmative action advocates is correct, nothing short of such extreme social engineering will bring justice.

If you're not sure whether equalizing ethnic groups in jobs is an ugly idea, you should consider a few of the "modest proposals" that would be needed to remedy the alleged injustice of America's present diversity:

- Cambodians, a tiny minority of California's population, run more than 80 percent of the state's doughnut shops. Indians run an even higher percentage of the state's motels. Let's seize those businesses and give someone else a chance.

- Eighteen percent of the judges on the federal circuit court in D.C. are black. This is 5 percentage points above their share of the U.S. population, and five times their share of practicing attorneys. At least a third of this overrepresented group needs to be turned out of their chambers.

- Asians and Pacific Islanders are less than 3 percent of the U.S. labor force, yet account for 11 percent of the country's physicians and 7 percent of its professors. Let's make more of these folks serve as migrant farm workers.

- Gay men are overrepresented in glamorous professions like

design, professional dance, the fashion industry, and restauran-teuring. Most of these men should be forced to trade jobs with, say, auto mechanics. Lesbians are much more important in women's political organizations than their 1 percent or 2 percent of the female population would justify. They could be made to switch jobs with Mary Kay Cosmetics saleswomen.

- Well-above-proportional fractions of the secure, well-paying jobs provided by the U.S. Postal Service, our military services, and the federal civil service go to African-Americans. Does 12 percent of the population grabbing 17 percent of the jobs sound fair to you?

- Single females are overrepresented among holders of full professorships at colleges. And college graduates are overrepresented among public school teachers. Mohawk Indians are overrepresented among steelworkers employed at the construction sites of government buildings, and in many cities Koreans have a lock on 80 percent of the greengrocers and convenience groceries. Perhaps Jesse Jackson could suggest new jobs for these overrepresented groups.

- And what are we going to do about all those Jews in Hollywood? Steven Spielberg, David Geffen, and Jeffrey Katzenberg must be forced to put some Norwegians, Guatemalans and Samoans into high management positions with their new production company real soon.

- Then there's professional sports. First, two-thirds of all pro football players, and close to 90 percent of players in the National Basketball Association are black — a clear injustice. Second, there's the shortage of female players. Can you remember when an Inuit girl last sunk a fallaway three-pointer in the Boston Garden? Why should the nation have to put up with this unfairness anymore?

- Gender brings us to the nation's longest-running overrepresentation: Did you know 100 percent of the country's children have been born to women? There were about 3.7 million births to women in 1992, for example; so 1.8 million of them were unjustly denied to male mothers. Where was the Clinton Justice Department on this one?

Scott Walter is senior editor of the *American Enterprise* magazine, in which an earlier version of this article was published.

Affirmative action dress rehearsal

BRUCE FEIN

Last March, the public was treated to a dress rehearsal of the Clinton administration's jesuitical defense of affirmative action programs that discriminate against white males because of their skin color and gender.

In a "Draft Report on Reverse Discrimination" commissioned by the Department of Labor and scribbled by Alfred Blumrosen of Rutgers University Law School, reverse discrimination against white males is perversely dismissed as paltry because such invidious unfairness is lawful under existing statutes and regulations. By that Alice in Wonderland type of reasoning, blacks were unscathed by discrimination in the antebellum South because slavery was legal!

The report purports to survey reverse discrimination cases between mid-1990 and mid-1994 in federal district courts and courts of appeal as a reliable proxy of its pervasiveness. Mr. Blumrosen finds such cases are a tiny percentage of all civil rights litigation (1 percent to 3 percent), that a majority of reverse discrimination cases lacked legal merit, and, where it was proved, courts gave appropriate relief. From this research, Mr. Blumrosen audaciously concludes: "The paucity of reported cases casts doubt on the dimension of the 'reverse discrimination' problem. Whites/males are no less able to invoke the Civil Rights acts than are women and minorities who have filed nearly a million-and-a-half claims since 1965." The facts, however, corroborate the opposite: Namely, that reverse discrimination is widespread, but does not typically generate litigation because civil rights laws generally authorize employers to prefer racial and ethnic minorities and women.

In *Steelworkers vs. Weber* (1979) and *Johnson vs. Transportation Agency, County of Santa Clara* (1987), the U.S. Supreme Court interpreted the 1964 Civil Rights Act to authorize employment discrimination against white males in occupations where the politically correct groups were sharply underrepresented. Proof of past discrimination against racial or ethnic minorities or women, according to the high court, was not required to justify their preferential treatment. A crabbed sanctuary for discrimination was retained for white males if the racial, ethnic or gender preferences that crowned their job rivals "unnecessarily trammeled" their employment prospects. That daunting standard generally offers protection only against discriminatory discharges.

Reverse discrimination

The Weber and Johnson precedents licensed incontrovertible reverse discrimination, as Mr. Blumrosen's tendentiously assembled research illuminates. Thus, in *Enright vs. California State University* (1989), a federal district court dismissed a gender discrimination case filed by a disappointed male candidate for a professorship in sociology. The discrimination was undisputed, but the district court parried: "[W]hen approximately 50 percent of the nation's population is women and only 34 percent of the recipients of Ph.Ds in sociology are women, sociology must be considered to be a traditionally segregated field." Preferring women in the hiring of

Reverse discrimination has been generally ignored over the past decades because it has become prosaic, not because it is a rara avis.

sociology professors was thus justified, the court insisted, irrespective of whether discrimination had caused the segregation. And the denial of equal opportunity to the male competitor was slighted as a bagatelle because the university benevolently desisted from punishing his outre professional aspirations by discharge or disqualification for promotion if another job "should open in the future."

Mr. Blumrosen, however, obtusely enlists the *Enright* decision to demonstrate the absence of reverse discrimination. A similar parody of the cerebral faculty reappears in his treatment of *Donaghy vs. City of Omaha* (1991). There a white male ranked seventh on a merit-based police promotion list challenged the appointment if a minority whose ranking was 13th. The minority preference was made pursuant to a consent decree resting on evidence of underrepresentation and discrimination. A federal appeals court sustained the legality of the reverse discrimination. Mr. Blum-

rosen, nevertheless, points to the case to suggest that the phenomenon is greatly exaggerated in the minds of querulous white males, and finds no contradiction between the result and his palmy pronouncement that where reverse discrimination exists, "the courts have given relief." That mental somersault betters Emerson's instruction that foolish consistency is the hobgoblin of little minds.

The Rosenblum polemic derisory of reverse discrimination demonstrated President Clinton's insincerity in appointing a commission to review the issue. That epiphany struck only when the Republican leadership in Congress and a proposed initiative in California commenced a frontal assault on legal privileges based on skin color, ethnicity, and gender reminiscent of the caste system in India. It is a temporizing tactic to avoid a political battle that he frets is a loser. Mr. Clinton's duplicity is highlighted by his continued robust defense of minority preferences in faculty positions in the pending case of *Taxman vs. Township of Piscataway* appeal while purporting to desist from prejudging the issue.

Reverse discrimination has been generally ignored over the past decades because it has become prosaic, not because it is a rara avis. For instance, last week a black voting rights group touted its endorsement of four Democratic and four Republican candidates for the Nassau County legislature because they pledged that if elected, they will hire a majority of African-American and Hispanic staff members. Do you believe the same media and public nonchalance would have greeted a pledge to prefer white males in staffing decisions?

Bruce Fein is a lawyer and freelance writer specializing in legal issues.

65

THE PRESIDENT HAS SEEN 8/18

THE PRESIDENT HAS SEEN
THE WHITE HOUSE 5/18

5/16

Mr President:

I forgot to give this
to you last night

Hanner

John M. Bess
1976

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Handy 7-11 - Phil

thing You Ever Wanted to Know About the Fifty Major Controversies Everyone Pretends to Know All About (\$11), by Daniel Starer.

One challenge to political excess is *The Death of Common Sense: How Law Is Suffocating America* (\$18), by New York lawyer Philip K. Howard, which was published in January by Random House and has already become a bestseller. Next year, journalist Philip Longman warns that the growth of middle-class entitlements will force a crisis in *Withdrawal: The Collapse of Social Security and Other Entitlements and the Rediscovery of Bourgeois Values* (Free Press).

Are the Democrats dead? Three books from the Free Press next year address that question. Historian Ronald Radosh will assess *The Decline and Fall of the Democratic Party*, while Fred Siegel considers *The Strange Death of Liberal America: How Modern American Liberalism Was Born in the Big Cities and is Dying There*. But the house will also publish a liberal, the *Village Voice's* Michael Tomasky, in *Left For Dead: How the American Left Has Ground Itself Into Irrelevance and Can Dig Out of the Mess*.

But maybe it's not a question of left or right. The U.S. suffers from 'an excess of democracy,' with politicians too devoted to reelection, argues British political scientist Anthony King in *The Vulnerable American Politician*, coming next year from the Free Press/Martin Kessler.

Clinton pollster Stanley B. Greenberg analyzes middle-class discontent in *Middle Class Dreams: The Politics and Power of the New American Majority* (\$25), which Random published in January. And veteran political scientist Theodore Lowi, author of *The End of Liberalism*, offers a sequel in *The End of the Republican Era* (Univ. of Oklahoma, April, \$22.95), warning about the demise of the Republican reign and suggesting that our republican system faces decline in the absence of democratic participation.



PRIMA's handbook (top); and the New Press's critique.

In *The Invisible System* (\$23), Charles A. Reich, author of *The Greening of America*, argues that America's quality of life has actually declined since WW II, if you calculate the cost to our human environment; Crown will publish it next winter. More optimistic is *Creating a Civilization: The Politics of the Third Wave* (\$14.95 cloth,

\$7.95 paper), by in-favor futurists Alvin and Heidi Toffler, coming this month from Turner; Newt Gingrich contributes an introduction. Meanwhile, in *The Making of a Conservative Environmentalist* (Indiana University Press, September), veteran Indiana Republican official Gordon Durnil, who led the U.S. delegation at the Rio de Janeiro environmental summit, surprisingly urges fellow conservatives to embrace environmentalism.

If big government disappears, something must replace it. Reason Foundation fellows William D. Eggers and John O'Leary explore state and local projects in *Revolt at the Roots: America's Quest for Smaller, Better Government* (Free Press, September). In *Reinvesting in America: The Grassroots Movements that are Feeding the Hungry, Housing the Homeless, and Putting Americans Back to Work* (\$23), Robin Garr describes some successful community activism; Addison-Wesley will publish it in May.

The Presidency?

However buffeted by the Republicans, President Clinton still makes hot copy. *Washington Post* reporter David Maraniss penned *First in His Class: A Biography of Bill Clinton* (\$25), published this month by S & S. Even less flattering is *Clinton Confidential: The Climb to Power* (\$23.95), by former *New York Post* editor George Carpozi Jr., published this month by Emery Dalton Books. Also promising to be critical is a book on Clinton by *American Spectator* founder R. Emmett Tyrell Jr., to be published next year by the Free Press.

Emery Dalton hopes to steam things

up next president with the memoir of Clinton's alleged mistress, Jennifer Flowers: *Passion & Betrayal* (\$19.95), written with Jacquelyn Draper; a 50,000 first printing and a \$200,000 promotion budget are planned. And let's not forget the First Brother. Echoing the title of a *Brady Bunch* memoir, Roger Clinton offers *Growing Up Clinton: The Lives, Times and Tragedies of America's Presidential Family* (\$19.95), coming in July from the Summit Group; the author will go on a nine-city tour.

A presidential election looms in 1996, and the candidate bios are already lining the campaign trail. Former Tennessee governor Lamar Alexander offers the wisdom gleaned from his travels in *What We Already Know: A Political Maverick Talks with America* (\$20), coming from Morrow in October, with a first printing of 50,000. Also that month, St. Martin's will subject another candidate to some unflattering scrutiny in *Senator For Sale: An Unauthorized Biography of Senator Bob Dole*, by Stanley Hilton, a San Francisco attorney who worked with Dole in the early part of his career.

Do Media Make the Message?

Rush Limbaugh's power has led to closer scrutiny in *The Way Things Aren't: Rush Limbaugh's Reign of Error* (New Press, April, \$5.95 paperback original), by Steven Rendall, Jim Naureckas and Jeff Cohen of the left-wing watchdog group FAIR (Fairness and Accuracy in Reporting).

Media maven Michael Kinsley, the liberal co-host of CNN's *Crossfire*, will offer a collection of essays in *Big Babies* (\$23), to be published by Morrow in October. Another skeptical take is William McGowan's *With Fear and Favoritism: The Politics of Diversity and the Decline of American Journalism* (Free Press, '96).

An analysis of the advent of CNN, talk shows and online activism will come in *The Electronic Republic: The Rise of the New American Democracy*, by Lawrence Grossman, former head of PBS and NBC News; Viking will publish it in August. And, coming next year from the Free Press, political scientists Stephen Ansolabehere and Shanto Iyengar warn about *Poison Spots: How Political Advertising is Shrinking the Electorate*.

Culture Wars

Culture, of course, is another battleground. In *Art Lessons: Learning from the Rise and Fall of Public Arts*

Car Crash: Clinton Ignores Trade Facts

By WILLIAM R. CLINE

More than a decade ago, Ronald Reagan imposed "voluntary" quotas on automobile imports from Japan, costing American consumers billions of dollars. This time around, the protection will be draped in the mantle of aggressive free trade, and justified as the retaliation necessary to force Japan to open its market. However, a good bet is that once again the result will be to protect the U.S. auto industry, with its 700,000 direct and 600,000 related workers. Like the highly protected textile and apparel complex that employs 1.5 million people, the car industry represents votes.

The ostensible justification for the administration's planned sanctions is that the Japanese market is "protected" against U.S. auto imports. To the administration this seems self-evident: After all, imports are only 7% of the Japanese auto market, whereas the U.S. import share (excluding production-sharing Canada) is three times as high. But this "guilt by pattern of results" is a strange concept for a market economy that rewards performance. It would convict Michael Jordan of being unfairly compensated in basketball but not in baseball because his salary in the former is many times that in the latter. The true explanation is that he is better at playing basketball.

Likewise, the true explanation for the import disparity between Japan and the U.S. may be that the former is better at making cars. Recent gains by U.S. manufacturers don't change the fact that consumers, on both sides of the Pacific, still feel the Japanese auto makers produce superior products; this finding was buttressed by a 1990 Massachusetts Institute of Technology study that found the Japanese ahead in productivity and quality.

There is little evidence that Japanese consumers buy Japanese cars because of trade barriers keeping out U.S. imports. Tariffs and quotas are negligible. U.S. firms complain of restrictive dealerships, but German auto makers that have invested in their own dealer networks (and provide right-hand drive cars) sell four times as many vehicles in the Japanese market as their U.S. counterparts.

A number of statistical studies have tried to determine whether there is "implicit" protection in Japanese car manufacturing. These studies are ambiguous, but the most widely cited report finding protection in such data was subsequently reversed when another researcher looked at the same numbers again with the proper methodology.

Recent studies by the Institute for International Economics do find consumer costs due to protectionism almost three times as high relative to gross domestic product in Japan as in the U.S. But the institute's study of Japan did not find high protection in either autos or auto parts; the prices of domestic cars were

not found to exceed those of imports by more than 5%. Similarly, joint surveys conducted by the U.S. Commerce Department and the Japanese Ministry of International Trade and Industry (MITI) in the early 1990s found that Japanese autos sold for the same prices in Tokyo as in New York, contradicting the protection argument.

This may help explain why U.S. trade negotiators have made their central demand not on autos but on auto parts. The administration, picking up a strategy started by President Bush, insists that Japanese firms commit to a target for expansion of imported auto parts and increased purchases by transplanted Japanese firms in the U.S. from U.S.-based suppliers. But as an organizing principle for international trade, quantitative targets risk destroying market principles in order to save them. The administration seems to assume that this extreme approach is justified, but it's unclear exactly what monopoly practices Japanese firms engage in with respect to auto parts, or whether they would be illegal under U.S. law.

* * *

If the administration genuinely believes that Japanese manufacturers are guilty of anticompetitive practices, the U.S. should initiate a joint antitrust investigation with the Japanese government. This is better than the U.S. reaching a unilateral decision. For transplanted Japanese firms in the U.S., the solution is even simpler. If these transplants are in fact violating U.S. antimonopoly law, the Justice Department can prosecute them. If they are not violating these laws, then U.S. negotiators have no basis to insist on numerical targets.

But instead of adopting this rational approach, the Clinton administration seems bent on imposing sanctions. This is only likely to trigger a costly trade war with Japan. Near the 50th anniversary of V-J Day, astute Japanese politicians are likely to win votes by standing up to the U.S.—especially since they can cite free-trade principles for their stand. But while the consequences of this trade battle could be severe for both sides—American consumers, in particular, will suffer—even a clear U.S. victory would not necessarily achieve the administration's objective.

The administration has focused on autos and auto parts because they make up more than half the U.S. trade deficit with Japan. Therefore, some in the administration expect sanctions to reduce the U.S. trade deficit. But Japan's overall trade surplus is driven mainly by its slow growth and high savings rate, while the U.S. trade deficit is fueled mainly by a low savings rate. Until the U.S. corrects this fundamental problem—either by eliminating public dissaving (the budget deficit) or somehow raising private saving—the U.S. external accounts will stand in deficit no matter what happens with auto manufacturers.

The downside of trade sanctions is clear. The upside is illusory. Perhaps the administration should rethink its basic policies before it moves any further down this disastrous path.

Mr. Cline is a fellow at the Institute for International Economics in Washington.

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THE PRESIDENT HAS SEEN 5/14/95

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CURRENT DEVELOPMENT

Commerce Announces Plan for GDP Revision

On May 4, the Commerce Department formally announced its intention to emphasize a "chain-weight" measure as the primary gauge of real GDP growth, rather than the current "fixed-weight" series.



When this switch is implemented at the end of this year, GDP growth rates for the last few years will probably be revised downward significantly. Currently available data suggest that estimated growth in 1993 will be marked down 0.8 percentage point, while growth in 1994 will be reduced 0.4 percentage point (see chart).

Even if Commerce had not opted to change its focus to the chain-weight index, the GDP growth estimates for 1993 and 1994 would have been revised downward for technical reasons related to the characteristics of fixed-weight indexes.

Analysis. One important advantage of a chain-weight measure is that it provides a more accurate gauge of long-run trends. Chain-weight data were featured in the 1995 Economic Report of the President, which examined long-term trends in the growth of productivity. Another important advantage of a chain-weight measure is that, unlike its fixed-weight cousin, it will not be subject to downward revision once every five years.

There is widespread support among economists for the switch to a chain-weight index.

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PANETTA
T. CREES

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

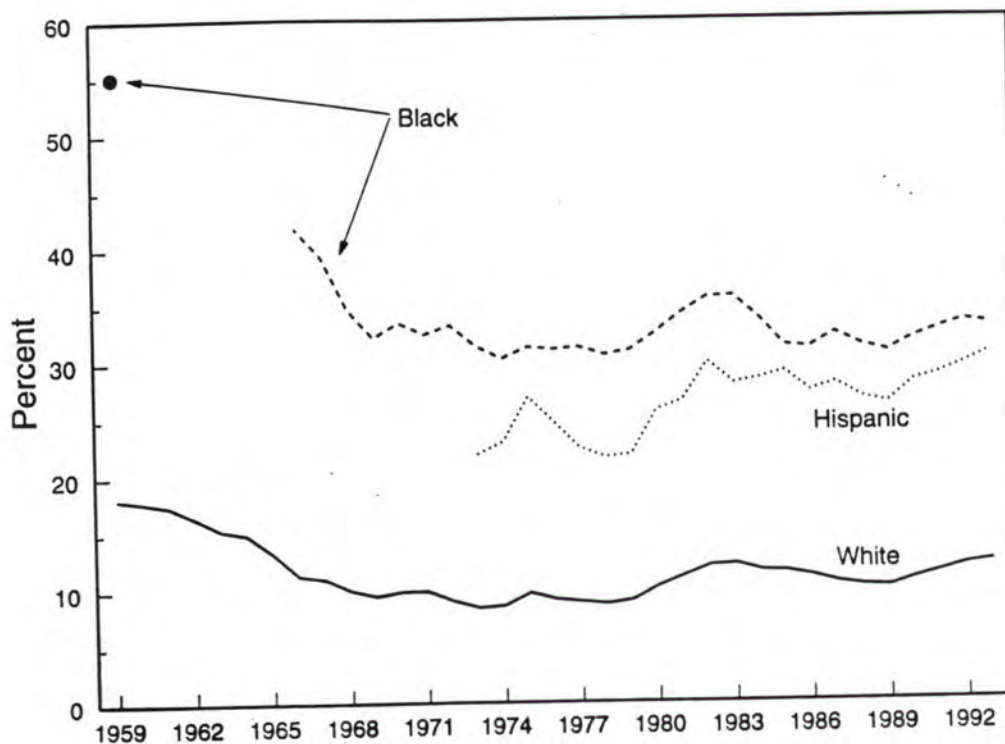
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

May 15, 1995

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CHART OF THE WEEK

Poverty Rates By Race



During the 1960s, the poverty rate declined dramatically for both blacks and whites. (Data for Hispanics during the 1960s are not available.) Since the early 1970s, however, the poverty rate has either remained about unchanged (for blacks), edged up slightly (for whites) or increased substantially (for Hispanics). In 1993, the rates for blacks and Hispanics were more than twice the rate for whites. The Article in this issue of the Weekly Economic Briefing examines issues related to the measurement of poverty, and analyzes the key recommendations of a major recent report.

The Anniston Star

THE PRESIDENT HAS SEEN

5.17.95

"Alabama's Largest Home-Owned Newspaper"

Office of the Editor and Publisher

April 24, 1995

cc: Bauer/Sorenson

The President
The White House
Washington, DC 20500-2000

Dear Mr. President:

May I ask a small favor? But, first, I wanted to share with you the question which Jim Leach couldn't answer.

At a Twentieth Century Fund board retreat, I asked Jim, "What is there in the Contract with America that supports the great mission of Democratic Capitalism--to keep pushing back the margins of poverty so that America does not become a nation like Brazil?"

✓ He was uncharacteristically inarticulate, and never touched the point. (See enclosed column.) So many of your policies are a bridge out of poverty into the middle class, but you haven't told the nation the stark consequences of blowing up those bridges: Poverty grows and spreads its only products--destruction, fear and scorn.

When this Congress adjourns, it will be time to draw the sums and jolt the nation a little with the consequences of quitting work on the bridges. Let 'em know what's worth fighting for.

Now, would you do me the favor of settling a good-natured dispute with our mutual friend, Ted Sorensen? You may remember my two 1992 memos--one in early January, and the second May 1--suggesting you create an Economic Security Council. The proposal was part of "Putting People First," and you spoke about an ESC.

Then the Carnegie Commission, on which Ted served, proposed the same thing under a less aggressive title. Ted ribs me about claiming paternity (the cheek of a country publisher!) for an idea that the great and the good of Carnegie fathered.

Would you drop me a note simply acknowledging the chronology? It'll be great fun to put one over on Sorensen. Fond regards to Hillary--and thanks for the birthday note.

Cordially,

slh
H. Brandt Ayers
HBA: bjh
Enclosure

*To Don Bauer / Sorenson / GS
Fg - see up idation*

In our opinion

"It is the duty of a newspaper to become the attorney for the most defenseless among its subscribers."

— Col. Harry M. Ayers, President and Publisher, 1910-1964

H. BRANDT AYERS
Editor and Publisher

P.A. SANGUINETTI
President

Page 2C, The Anniston Star, Sunday, April 16, 1995

The Anniston Star

Out here

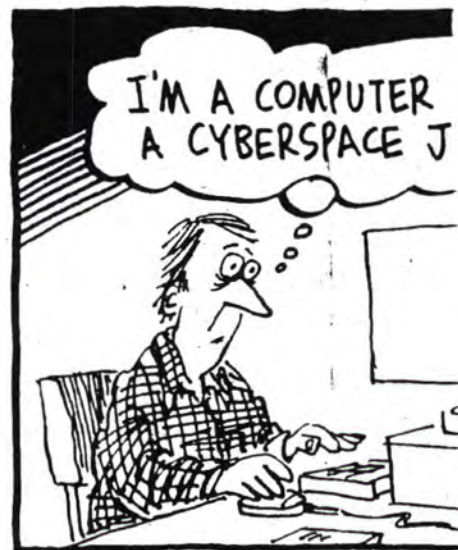
Two nations of America

By Brandt Ayers

WHAT CURE does the Congressional majority have for the atomization of America into lonely tribes, and for income gaps making America into the kind of society that the 19th century conservative prime minister Benjamin Disraeli feared Britain was becoming — two separate and hostile nations?

Robert Putnam and Barry Bluestone, who have spent years studying the plates that hold our society together. Both are alarmed that the seams are coming apart.

Putnam says that most of the ways that people meet and build community — social capital, he calls it — are in decline: voting, church attendance, unions, civic clubs, parent-teacher organizations, civic and political volunteer work, etc. He notes poignantly in his



Are we tou

My answer came during a discussion with the chairman of an important House committee. I asked him, "What bearing does the 'Contract with America' have on the great mission of democratic capitalism, constantly pushing back the margins of poverty so that we do not become a country like Brazil?"



Ayers

His rambling reply did not touch the point. If one of the brightest, most articulate Republicans couldn't say how the Contract advances a great national purpose, what purpose does it serve? Weighing the rewards and punishments in the package, one might conclude it mainly feeds the passions of angry white men, soothes corporate complaints, and further enriches the wealthy.

CONGRESS IS now responding to a new set of special interests. Democrats listened more to the organized forces of compassion, poverty and racial justice. The new majority listens to the angry, the rich and the corporate powers.

Democrats haven't done a very good job of narrowing income gaps and building a sense of caring community among our ethnic, racial and religious tribes. White men look upon the Party as it was somebody else's religion, a place where they feel estranged, unwelcome.

Republicans, who have dozens of ideas about afflicting the afflicted and comforting the comfortable, seem determined to widen the divisions of community and income.

TO BE fair, many Republicans did join President Clinton in one attempt to push back poverty — the reverse income tax for the working poor, and the President does understand the dangers of growing financial and social divisions. However, he has so far failed to transmit the pictures in his head so they are popularly understood.

Somebody had better start getting that point across soon, according to two scholars,

essay, "Bowling Alone," that league bowling has declined by 40 percent during the past decade.

So what? Does it matter that we're losing social capital? His research shows that social bonds do matter. For instance, a youth whose neighbor attends church is more likely to have a job, less likely to use drugs or commit a crime.

SOCIAL NETWORKS are also helpful in economic advancement — locating jobs for instance, which is where Barry Bluestone takes over with his dismal data on the alarming growth in income gaps.

Bluestone shows what Secretary of Labor Robert Reich's meant by "the anxious class." In the 20 years between 1973 and 1993, median family income for the poorest fifth of all families declined by 14.6 percent; the middle fifth stayed virtually the same, rising by a mere 1.4 percent; while the top fifth enjoyed more than a 25 percent increase.

Ideology won't narrow the vast inequities of a society where the bottom 80 percent owns less than 16 percent of the wealth, but the top 1 percent owns 39 percent. The causes aren't purely political; they are global, diverse and technological.

More practical, bipartisan policies than the Contract — using market forces where they can do the job and government where it can't — will be needed to keep us from being a nation of hostile strangers.

The consequences of becoming two nations, The Rich and The Poor, were described by Disraeli in one of his novels:

Two nations between whom there is no intercourse and no sympathy; who are as ignorant of each other's habits, thoughts and feelings, as if they were inhabitants of different planets; who are formed by a different breeding, are fed by a different food, are ordered by different manners, and are not governed by the same laws.

AN AMERICA divided between a frightened, wealthy minority and a hostile, poor majority isn't worth having for either.

By Neal Peirce

IF A donkey flies, is it niggling to ask how high? The question's raised by the well-meaning — but not very forceful — report about America's afflicted inner cities just issued by the prestigious, CEO-led Committee for Economic Development.

In any season, it's tough for big corporations to deal with struggling neighborhoods.

First of all, a crowd that reveres the capitalist machine has to admit it doesn't work well for everyone all the time.

And to acknowledge that existing corporate investment partnerships in inner city housing and supermarkets aren't sufficient to reverse the tide of decline.

Second, in the culture of the '90s, CEOs accustomed to issuing commands from executive suites have to recognize the failure of "top-down" solutions. The lesson of the times is obvious: whether the problem is inner city joblessness or dilapidated housing or crime, neither corporate minds nor government direction can produce "one size fits all" solutions.

The CED's new report, its first pronouncement on urban policy in 13 years, admits that a good chunk of solutions for urban problems will have to come from the humblest among us — not master planners, not social workers, but residents of struggling neighborhoods and the self-help groups they form, such as community development



Peirce

On to the region on ho inner parks challenge

corporation Government should tailor neighborhoods around.

For many the urban news. A number of nations being corrective grassroots '80s, The 1 billions of ing. Government these neighborhood partner, not

SO IF borhood CED so late in time

Maybe by corporate America. Other nations Roundtable Board, for silent on nation. At least the subject, vastly increased and their role

My problem key is still the ground. for neighborhood doesn't corner does best of

Harsh Corporate

This outrage

By Russell Baker

POLITICIANS ARE rarely more enchanting than when they are engaged in some outrageous piece of chicanery like the tax giveaway to the fancier classes recently passed by the House of Representatives. This is because there is always something both touching and amusing about hypocrisy so blatantly displayed.

For absurdity it would be hard to improve on the spectacle of the Republican hordes rushing to cut taxes even while howling that the nation is being destroyed by a deficit.

Good sense makes the audience ask why, if there isn't enough money to pay the bills, these characters want to make sure there will be even less money next time the bills come due. Are they trying to insure the Republic's doom?

The question implies that our statespersons are truly worried about the deficit doing us in. Maybe so, but what they are truly



Baker

Deficient's justice Hasn't needed

es to help the wolf hasn't Dec. 7, 1994

Deficit De to make a Isn't God, Hasn't he all when America

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ONE CONsequence Total that the next and now. At 1996 election every politician has been running since the 19 polls foretold umph.

Both Republicans believe with

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THE WHITE HOUSE
WASHINGTON

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Currie* *OK -
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May 17, 1995

Kathy McClanahan
Suite One
107 West Main Street
Heber Springs, Arkansas 72543

Dear Kathy:

Thanks for your note of May 10 and for the update! I'm really glad to hear everything is going well and that you find Heber Springs refreshing. It's a beautiful part of the state.

I appreciate your thinking of me often and your concern. The last few weeks have been tough, but we're making progress all the time and having some fun, too.

See you soon.

Sincerely,

Burr

*Then your folks
to come by when
they're here — just
call Betty Chung
~~to~~*

5-10-95

Hi "Proppie"

I HAVEN'T WRITTEN in a while 'CAUSE I DIDN'T WANT TO INTERRUPT your busy, COMPLICATED LIFE. I THINK OF YOU SO OFTEN AND WONDER HOW YOU CAN PUT UP WITH ALL THE PRESSURE AND NEVER-ENDING CRITICISM.

LIFE in HOUSTON IS SO DEPRESSING. Mother & DADDY will BE going to Washington to SEE Ray in June. I guess my main purpose on this earth, is to take care of the 3 "Geriatric" dogs and to somehow make a living. Business is great! I NEVER KNEW there'd BE so much work in this little community. I hope you are well. I miss hearing from you, but I understand. Love you,
Phe

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THE WHITE HOUSE
WASHINGTON

May 17, 1995

Joseph H. Purvis
3001 Ozark Street
Little Rock, Arkansas 72205

Dear Joe:

Thanks for your letter of May 8 and for the update on everything. You always keep me informed, and I really appreciate it.

I'm glad the Edwards enjoyed their recent trip to Washington. It was great to see them all and to have a chance to visit.

Thanks, too, for all your help with my old house in Hope. You're kind to spend so much time on it, and I appreciate all you and George have done.

Please give Susan my best, and I hope to see you both soon.

Sincerely,

Bill

Kelly

*Note what he
says about the
affiliates*

Kelly?

Terry

May 8, 1995

Dear Mr. President

Congratulations on an excellent VE Day Speech.
 Congratulations too on doing a great job as President.
 I watched a bit of VE day proceedings on C. Spain & the
 calls were all favorable, not only on the speech but on
 the job you're doing. It's awfully nice to hear that for
 a change - nice to get recognized for doing a good job.

I've spoken several times recently with Wes Edwards.
 He & Jisha were on cloud nine over their trip to D.C.
 & their & the kids' experience there in the White
 House. Wes & I talked again tonight. I really feel for him.
 I work for some Republicans - he works for & under a
 bunch. He says that Gramm has already spent over
 1/2 the money he's raised. Sounds like unusually free
 spending for one so called fiscal conservative. I guess he
 just can't manage his money & if he can't manage his
 own how could he manage the country's? I think going
 looking at Dole-Wilson. What a pair! Three weeks ago Dole
 told the country Dr. Foster's nomination was grave and dead &
 now he's going to meet with him to discuss how the nomina-
 tion will be handled on the Senate floor. Wilson - there's
 a guy who knows how to get tough on aliens - just cut off
 all benefits & forget to pay the government for the ones he's
 hired. What a guy!

There's concern here for Bruce. People here are uniform
 by disgusted & repulsed by what Ken Starr's trying to do & how
 desperate he is to try & get at you & those close to you or even
 formerly close. On Fri. I was listening to NPR & a discussion
 of Bruce when one reporter asked another what that had to
 do with Whitewater. "Absolutely nothing" was the reply.

"Oh!" said the other. Someone must speak up nationally & tell the country that Emperor Astar wears no clothes! On second thought, I think the majority of Americans see it for what it is - a political witchhunt! They might as well next investigate Nixon's '68 campaign - the same relevance. What a waste.

You were right to call the talk show hosts of hate what they are. We live in the greatest country in the world & our economy is better than it has been in years. Our men are not fighting anyone overseas & our President is trying to force Congress to look at our problems & plan for the 21st century & yet all we seem to hear on the air waves is hate & negativism. Damn Republicans.

I am really enjoying my work as President of the Clinton Birthplace Foundation, Inc. We are making some real progress & working with George Froger is such a joy! He really is one of the finest men I've ever known & he loves you dearly!

Along those lines, we met with Willard Martin, of Roller Funeral Homes & have asked their foundation & Mr. Roller for a \$100,000⁰⁰ donation. Mr. Martin really likes & admires you & the one request he made of me was that he would love a set of Presidential cuff links - He even offered to pay me whatever it would cost. I am enclosing his business card & would ask if you could please send him a set!

Finally, I want to thank you for your helping my friend Roland Duquette of Upper Michigan. You don't know what it meant to him or me.

Finally, just want to remind you, Hillary & Chelsea to please take care & remember you are loved.

Sincerely

P.A.
Susan was thrilled that Hillary saw the passionate vision show at the Cocoon



ROLLER FUNERAL HOMES

Dillard R. Martin

President

P.O. Box 25440
Little Rock, AR 72221

13701 Chenal Parkway
Little Rock, AR 72211

Office: 501-225-0818

Direct Line: 501-224-0263,
Ext. 147

Voice Mail: 501-661-8622

THE WHITE HOUSE
WASHINGTON

cc Kelly
Crawford
Letter Bureau

May 16, 1995

The Honorable Ed Wilkinson
Member of the House of Representatives
of the State of Arkansas
Post Office Box 610
Greenwood, Arkansas 72936

Dear Ed:

Thanks for your letter of May 8. It was good to hear from you and to see your campaign brochure. I know you'll serve your constituents well.

Thanks, too, for letting me know about your upcoming trip to Washington. While I never know what my schedule will hold, I hope to have a chance to see you when you're here.

Sincerely,

Bill

Call Kelly Crawford
or Betty Curry when
you're here - you'll be
welcome - and I'll never
forget all Means and Betty did
for me.



Representative

ED WILKINSON
P. O. Box 610
GREENWOOD, AR 72936
501-996-4171 Business
501-996-4260 Residence
501-996-6700 FAX

STATE OF ARKANSAS

House of Representatives

COMMITTEES
Judiciary
Aging and Legislative
Affairs

DISTRICT 15
Part of Franklin County
Part of Sebastian County

May 8, 1995

The Honorable Bill Clinton
President of the United States
The White House
Washington, D. C. 20500-2000

Dear President Clinton:

My wife and I will have the pleasure of being in Washington D.C. June 20-23 with the Arkansas Bankers Association. I would deeply appreciate the opportunity to visit briefly with you and the First Lady if your schedule will possibly permit.

My late father, Means Wilkinson, and my mother, Betty, worked so hard for you in every campaign you entered. I vividly remember as a young boy of eleven stopping every car that came through Greenwood on Saturdays and handing them a brochure asking them to vote for you for Congress.

We are all so proud of you.

Very respectfully,

Ed Wilkinson
District 15

EW:tl

P.S. I have enclosed a brochure which I used for your perusal.

THE WHITE HOUSE
WASHINGTON

cc: Galt
VP
GS

May 16, 1995

Joel L. Fleishman
President
The Atlantic Philanthropic
Service Company, Incorporated
20th Floor
521 Fifth Avenue
New York, New York 10175

Dear Joel:

Thanks for your thoughtful letter of May 9 and for what you said about my recent speech to the EMILY's List luncheon. I appreciate your encouragement and your perspective on the Oklahoma City tragedy. It's been a difficult time for our nation, and I really appreciate your sharing your insight.

Hillary sends her best, and we hope to see you soon.

Sincerely,

Bill

You are right
in much of what
you say - Thank you

THE ATLANTIC PHILANTHROPIC SERVICE COMPANY, INC.

JOEL L. FLEISHMAN
President

May 9, 1995

President William Clinton
The White House
Washington, DC 20500-2000

Dear Mr. President:

In your remarks last week to the Emily's List gathering, I think that you hit precisely the two most important points that need to be made in the wake of the Oklahoma City bombing -- "Who are these people to say that they love their country but they hate their government?" and the way we have all been "desensitized and deadened by media violence to the reality of violence." Both points are worth making over and over again, and, when woven together properly and elaborated upon, both can be a powerfully appealing message in the political wars now and in the months ahead. In your "love your country/hate your government" comment, you recovered the high ground that you lost in the misinterpretation of your criticism of right-wing talk shows and political views. While Americans will differ as to the latter, no one will differ with you on the "love your country/hate your government" position.

Together with many others, I have been convinced for some time that the lusting after violence throughout the media was gradually desensitizing the nation to violent behavior, in our personal lives as in our social lives, and there is plenty of evidence -- including the considered judgments of the American Psychological Association -- to buttress that conviction. Study after study has shown that children -- and adults -- who are repeatedly exposed to violent portrayals, whether in movies, videos, news, or games, are more hostile, aggressive, and violent in their personal behavior than children who are not so exposed. (We all understand that, ultimately, causation cannot be proved, but the association is so strong that virtually no scholar doubts the causality.)

Moreover, the political violence/personal violence issues are really closely connected, as is the issue of the degree of responsibility for violence of either kind which should be felt by those who either portray violence in the media or who, with utter abandon, advocate the most extreme political views. Indeed, the issue of personal responsibility for what one says and does is the nub of the question. Political extremists who fan the fires of hate in their oratory, but stop at the threshold of advocating violent acts to redress the wrongs they decry, are no different from

President William Clinton
May 9, 1995
Page 2

media moguls who debase public sensibility by their easy resort to violent portrayals in order to pander to the fascination with violence that is innate in all of us. In both cases, the only difference between the two -- and it is indeed a major difference -- is that the creators and purveyors of media violence do not hope, I trust, that their product will trigger mimic behavior by their audiences, while I do share with you the uncharitable conviction that at least some of the right-wing political commentators and advocates do so hope.

The trouble is that the motivation of both groups is really irrelevant; the issue is the extent to which they should be forced to feel responsible, to be held accountable, for the consequences of their behavior. In the case of the advocates of extreme political positions, I think that the First Amendment forces us to give them the benefit of the doubt, and requires us to resist the temptation to tar them with the brush of any violence that may ensue. In the case of the creators of media violence, there really is no comparable reason for desisting from criticizing them.

With regard to the receptivity of the audience, the issue is exactly the same. Perhaps ninety-nine percent of those who are exposed to media violence will not be moved by that exposure to mimic it, and the percentage of those exposed to extremist political rhetoric who will commit violence is probably even smaller. Yet, in the case of media violence, the only one with which I think it is possible to deal at the point of the expression itself, the issue is how much pleasure in watching media violence the public is willing to forgo for the sake of protecting itself from the mimic violence perpetrated by the susceptible one percent?

All of the available opinion research suggests that the public is deeply concerned about the climate of violence in our country. Parents are afraid for the very lives of their children in school, and school children themselves repeatedly comment on their fear of being shot or stabbed in or near their schools. Citizens in heretofore secure rural areas, small towns and suburbs no longer feel safe in the ordinary pursuit of their lives, and random violence, we have seen, can turn up anywhere at any time, even in the village of Chapel Hill, North Carolina.

I am hardly alone in believing that it is primarily the media that are at fault. Television, movies, and the luridness of local television news are creating and spreading depictions of violence, desensitizing not only the perpetrators of mimic crimes but all of us to violence, thereby spreading a climate of violence and fear all over the country, which in turn stimulates yet more violence and more fear.

I know that you are not comfortable with media-bashing, but the truth is that there is no way to deal with the climate of violence without forcing those who create,

President William Clinton
May 9, 1995
Page 3

program, and sell for the media to take responsibility for the consequences of their excessive pandering to violence. Crime, violence, and fear, together, constitute the most powerful political issue on the public mind, and it seems to me, therefore, one which you can legitimately tackle for reasons of both conviction and political gain. There is no reason that the Republicans should have a monopoly on this issue, especially since you have the knack for articulating powerfully and eloquently the issues at stake.

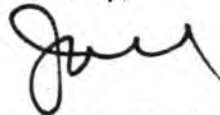
We cannot have democracy without civility, and the present climate of violence and fear threatens to stifle our sense of fellow-feeling that is indispensable both to community and to social generosity.

I recognize that what I am urging you to do will not be popular in Hollywood, but it should not take a bombing in Oklahoma City to force the media to accept its responsibility for fostering a climate of violence in this country. I couldn't help but be amused by the article in The New York Times, a copy of which I am enclosing, which describes the way in which media executives were scrambling in the wake of Oklahoma City to cancel shows that depicted terrorist bombings and other forms of terrorist violence. The scrambling shows that they know their own responsibility, but they need to be encouraged to carry forward from there.

It has been too long since I have had the pleasure of being with you and Hilary. I hope we can catch up some time this summer. Please give Hilary my love.

With every good wish,

Fondly,



Joel L. Fleishman

Films and TV Scramble To Edit Bomb Plots

By WILLIAM GRIMES

The bombing of the Federal Building in Oklahoma City on April 19 has forced network and studio executives to take a second look at plans for films and television series whose plots could now appear tasteless or highly disturbing.

In some cases, programs related to bombings or the activities of terrorists have either been canceled or are hastily being revised. In the case of two films, "Top Dog" and "Die Hard With a Vengeance," executives, after some soul searching, have decided stick to their release schedules.

Home Box Office had planned to show "In the Line of Duty: Ambush in Waco" on Monday and Thursday on supplementary channels but pulled the film, which tells the story of the 1992 raid by government agents on a compound occupied by members of the Branch Davidian sect in Waco, Tex. The authorities investigating the Oklahoma bombing have said they believe that anger over the Waco raid may have been a primary motivation for the Oklahoma City bombing.

Quentin Schaffer, HBO's vice president for media relations, said: "Instinctively, everybody felt it was insensitive to have it on at that time. It was a little exploitative."

Oddly, HBO also found that a young comedians' special that it had taped in March included a routine on Oklahoma with jokes that Mr. Schaffer said were "just a little derogatory."

HBO plans to run a disclaimer at the beginning of the program, which was originally broadcast in March and is now scheduled for rebroadcast in July, stating that the show was taped before the bombing. "We don't want people to think this was made afterward," said Mr. Schaffer. "It would not be in the best of taste."

Similarly, on Tuesday CBS pulled "Deliver Them From Evil: The Taking of Alta View," a fact-based film in which a gunman holds hostages in a maternity ward and threatens to set off a bomb.

At ABC, writers for the soap opera "All My Children" are quickly revising a story line in which the character Janet Green assembles a homemade bomb and sends it to the father of her baby on his wedding day. On Monday, Robin Mattson, the actress who plays Janet Green, read a public service announcement expressing regret at the "unfortunate coincidence" that the bomb plot line appeared so soon after the real-life explosion in Oklahoma and assuring viewers that the plot would be altered.

"Die Hard With a Vengeance," the third in the highly successful series starring Bruce Willis, tells the story of a diabolical bomber, played by Jeremy Irons, who taunts the police as he sets off a nuclear arsenal's worth of explosives all over New York City. The film, which is scheduled to open on May 19, relies on teeth-rattling special effects, including an explosion that blows the front wall right off a Manhattan department store and sends cars skittering across the street.

Officials at 20th Century Fox, which is releasing the film, declined

The tragedy in Oklahoma forces studios and net- works to adjust.

to comment on the timing, the content or the marketing of the film.

In the light of an event like the Oklahoma bombing, even the most innocent statement can take on a lurid tinge. On May 18, as a postscript to its broadcast of "Die Hard 2," CBS has scheduled a short program on the making of "Die Hard With a Vengeance." Discussing the film's special effects, one of the actors, Graham Greene, says, "Everybody likes to see a car wreck or a building blow up."

The New York Times

April 29, 1995

In a statement released on Thursday, the network said that episodes would be re-edited, rewritten and reshot to delete all references to the bomb. "ABC Daytime believed it was irresponsible to continue to play this storyline," it read.

The Fox Television series "Melrose Place" is also grappling with a bomb plot. In the two-hour final episode of the season, scheduled for May 22, Kimberly, played by Marcia Cross, returns from a camp for abused women and explodes a bomb at the apartment house on Melrose Place. The episode was taped in late March and early April.

Fox and Spelling Television, which produces the series, released a prepared statement that read in part: "All of us at Fox and Spelling Television share the grief of those impacted by the tragedy in Oklahoma City. We are sensitive to one aspect in the plot of the 'Melrose Place' season finale because of a single coincidence with those real-life events." The statement said that company officials would decide next week what changes if any it would make in the episode.

On Sunday, Fox pulled an episode of its animated series "The Critic" in which Jay Sherman, the show's main character, is trapped inside his building by a bomb scare.

The Chuck Norris film "Top Dog," which opened Friday in more than 1,700 theaters nationwide, gave pause to executives at Live Entertainment, its producer. The film opens with the bombing of an apartment building by neo-Nazis hoping to rally other far-right groups. They are pursued by Mr. Norris and a canine sidekick, who try to prevent a second bombing.

People familiar with the company's marketing plan say that executives at Live and at Metro-Goldwyn-Mayer, which distributes the film, briefly considered not releasing the film in Oklahoma. But they released the film as originally planned, after deciding that its main interest lies in the relationship between the hero and his dog, and that the parallels to the Oklahoma bombing were not uncomfortably close. Executives at Live and MGM declined to comment. In a prepared statement, Live said, "We have decided to keep the release date of 'Top Dog' because it is a PG-13-rated action-comedy for the whole family."

THE WHITE HOUSE
WASHINGTON

Need to send on
gip - in 1st class?
Kelly I'll get it

May 17, 1995

The Honorable Frank Newman
Lizabeth Andrews
3030 K Street, N.W.
Washington, D.C. 20007

Dear Frank and Lizabeth:

Hillary and I want to wish you the very best as you begin your new life together. We know that the coming years will bring you much happiness and joy. We wish we could be present for this special occasion and hope you know that our thoughts and prayers are with you.

Sincerely,

Bill Clinton

The pleasure of your company
is requested at the wedding reception of

Lizabeth Andrews

and

Frank Newman

on Saturday, the twentieth of May

at six o'clock

The 1925 F Street Club

Nineteen hundred twenty-five F Street, Northwest

Washington, District of Columbia

R. s. v. p.

Lizabeth Andrews

3030 K Street, Northwest

Washington, District of Columbia 20007

Black tie

THE WHITE :
WASHINGTON

CC vacation file?

May 15, 1995

5/17
Betsy C. copied
Sewagnew

Larry Mollin
Co-Executive Producer
"Beverly Hills, 90210"
Spelling Television Incorporated
5700 Wilshire Boulevard
Los Angeles, California 90036

Dear Larry:

Thanks for your letter of April 24 and for your kind words of encouragement. It was good to hear from you and to get an update on all your activities. I'm sure you've enjoyed spending time on Martha's Vineyard this spring.

Thanks, again, for your continued support and encouragement. We're working very hard, and I think we'll see great progress in the months ahead.

Sincerely,

Tim Amos

Audrey Poole is
a successful top
executive with the
Federal Reserve in
Salt Lake City - I do
keep in touch with her

11/12

BEVERLY HILLS, 90210

LARRY MOLLIN, Co-Executive Producer
Phone (213) 965-5980

April 24, 1995

Dear Bill,

Just a short note to tell you I think you are doing a terrific job. I've got a good feeling about your re-election and would love to offer my services to help here in Hollywood in any way I can.

As for me, I've just taken a short hiatus from production. This new season I've been promoted to Co-Executive Producer and will continue writing and re-writing a hefty percentage of our shows.

I've just gotten back from our house in Martha's Vineyard (Katama) where my wife and I had a great time in the quiet off season atmosphere of spring. The word there was that you had recently bought a property on Oyster Pond. If it's true, I wish you the best with it.

Again my family will spend their summer on the island while I work. I do plan to take two short trips to MV. One in July and the other around Labor Day. I hope if you're going to be there at that time we could meet again.

I was given the FIRST IN HIS CLASS book about your years in Georgetown and beyond. I haven't read it yet but I did scan the INDEX and saw many names I remember including my old roommate Terry Modglin. But I saw no Andrea Poole. Remember her?

Anyway stay your course. You're getting stronger every year. Best to your family.

Best,



Larry Mollin

THE PRESIDENT HAS SEEN

5/17

THE WHITE HOUSE

WASHINGTON

February 9, 1995

Galston.

where are we
on updated
announcement

MR. PRESIDENT:

Attached is a decision memo from Bill Galston recommending the creation of a **Presidential Commission on the Renewal of Citizenship**, by Executive Order. The Commission would have a diverse, bi-partisan membership, which you would select. You would announce its creation at a White House ceremony.

The Commission's purpose would be to consult with Americans across a broad spectrum with a view toward soliciting their recommendations for renewing citizenship. The Commission would report back to you by the end of this year.

Bill argues that the time is ripe to seize the momentum on the citizenship issue created by your State of the Union address and the favorable commentary on it. He notes three alternative actions -- (i) asking Congress to authorize a Commission; (ii) establishing a Civic Partnership Council made up only of Administration officials; (iii) calling on citizens' groups to act voluntarily (with no government participation) -- but strongly recommends a Commission created by Executive Order.

One note of caution: there is some potential that creating the Commission could be criticized as a largely symbolic, political action without much substance.

Leon concurs with Bill's proposals, as does Alice Rivlin and George, who proposes Harris Wofford as a possible Chairman.

Approve___

Disapprove___

Discuss___

John Podesta
Todd Stern

THE PRESIDENT HAS SEEN

5/17

THE WHITE HOUSE

WASHINGTON

January 31, 1995

05 JAN 31 P12:13

MEMORANDUM FOR: THE PRESIDENT
LEON PANETTA

FROM: BILL GALSTON WA9

VIA: ERSKINE BOWLES
GEORGE STEPHANOPOULOS
CAROL H. RASCO

In a recent note you asked me for recommendations on followup to the portion of your State of the Union address dealing with citizenship and the overall condition of our society. The purpose of this memorandum is to propose a specific step: the prompt formation, through Executive Order, of a broad-based Presidential Commission on the Renewal of Citizenship.

Background

Your State of the Union remarks on the decline of citizenship and the need for its revitalization were very well received by the people and produced a favorable press reaction, including an op-ed by E. J. Dionne and a long article in the most recent issue of Newsweek (attached). This favorable reaction reflects a deepening public concern about the phenomena to which you pointed in your address: the decline of civic organizations and participation, of civility, and of trust--in government and in one another.

In the past year alone, a number of voluntary organizations have sprung up to grapple with these issues. As the attached article by David Broder indicates, these groups span the political spectrum, from the Civic Forum led by progressives such as Benjamin Barber and Harry Boyte (with whom you talked at Camp David), to John Gardner and the National League of Cities, to scholars and activists clustered around the Bradley Foundation, a leading conservative organization.

Recommendation

In my judgment, the time is ripe for you to seize this public moment and build on the State of the Union momentum. My recommendation is that you announce the formation, through Executive Order, of a bipartisan Presidential Commission on the Renewal of American Citizenship. Its membership--which you would select after discussions across party lines--would be inclusive and diverse. Its mission would be to consult with Americans from every walk of life and to explore every means of enhancing civic

and political participation, rebuilding trust, and reweaving the tattered social fabric. It would be asked to report back to you, the Congress, and the people--before the end of 1995--with specific recommendations for renewing citizenship. As you announced the formation of this Commission at a White House ceremony, you would commit to placing its proposals at the center of public debate.

As you will see in the memo from Harry Boyte (attached), Peter Edelman strongly favors a proposal along these lines.

Other Options

There are three other options for addressing these issues.

(1) You could ask Congress for legislative authorization to establish and fund the Commission. If successful, this option would build the broadest base of political support for the effort. The downside is that this would slow the formation of the Commission, perhaps entangling it in a partisan crossfire or even derailing it altogether.

(2) You could establish, through Executive Order, a "Civic Partnership Council" made up of administration officials who would enter into dialogue with citizens' organizations and report back to you with findings and recommendations. This option--membership drawn solely from the executive branch--would simplify the task of constituting the Council: you would not have to reach across party lines or make selections among civic leaders. On the other hand, it would narrow the scope of its efforts, diminish its visibility, and reduce its ability to forge consensus.

(3) You could call upon citizens' groups to join together in a national voluntary effort to renew citizenship. This option would dramatize the idea that the renewal of citizenship must be principally the "work of citizens," not a government program. On the other hand, it might be seen as largely duplicating existing private-sector efforts and as not responding to the desire of citizens' groups to have a direct impact on public policy through organized dialogue with elected officials.

Decision

- Accept the recommendation to form a Presidential Commission through Executive Order.
- Accept an alternative option.
- Reject all options.
- Discuss further.

THE PRESIDENT HAS SEEN
THE PRE-... WAS OFFEN 5/17

THE WHITE HOUSE
WASHINGTON

May 2, 1995

05 MAY 2 P2:02

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil Caplan*

SUBJECT: Kutztown University Follow-up

On your visit to Kutztown University in Pennsylvania this past February, you asked the participants in the roundtable discussion to put together more information on their successful community development program called EDGE -- the Entrepreneurial Development and Global Education Center. The roundtable participants took your challenge seriously and assembled a blueprint for grassroots community development based on the EDGE program.

Dr. Ted Hartz, Dean of the College of Business and a participant in the roundtable, drove to Washington to personally deliver the plan to me. He is most enthusiastic about Kutztown's "mission to improve our economy by developing entrepreneurs through a grassroots community effort." Your visit to Kutztown was a great inspiration to those at the EDGE Center as they strive to achieve their goals. The EDGE Center is raising more money than ever, and according to Dr. Hartz, it is due largely to the publicity for the program generated by your visit.

I have also forwarded copies of this report to Secretary Riley and Secretary Reich so that they can respond appropriately to Kutztown.

copies (with attached report) to:

Secretary Riley
Secretary Reich
Gene Sperling
Bill Galston

cc Erskine/H.I.C./Alexis

*"We should involve these folks
in 96 in our Ed. initiatives"*

Chick Lee very impressive"

cc Doriskind

*I need nice reply to letter to
Chick Lee/Severin Fayerman.*



Kutztown University

of the Pennsylvania State System of Higher Education
P.O. Box 730
Kutztown, PA 19530

Dean, College of Business
Room 225, Beekey Bldg.

(610) 683-4575
FAX: (610) 683-4573
(800) 331-7153

March 23, 1995

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

Dear President Clinton:

Thank you for energizing our community! Your visit to Kutztown University was a wonderful event and it provided the Kutztown University Entrepreneurial Development and Global Education (EDGE) Center with a tremendous boost. In response to your request for information about our program, I have enclosed a document entitled, "The EDGE Center Model: A Practical Guide to Grassroots Community Development: 'Building Villages by Breaking Down Walls.'"

The special meeting that you held with our community was a once-in-a-lifetime event that reaffirmed our mission to improve our economy by developing entrepreneurs through a grassroots community effort. It really does work and it is wonderful to know that you share our enthusiasm for our activities. People if they are united in a community of common interest can accomplish tremendous things without huge sums of money.

We continue to build our village: recently we graduated another twenty people from the Entrepreneurial Education Program and over half of them have already started new businesses, the EDGE Center students are hard at work preparing for their journey to help companies at the Hannover Trade Fair in Germany, and we continue to develop the procurement and Latino outreach initiatives in our strategic plan. It continues to be a busy, exciting time for all.

Your visit inspired many people to volunteer to help with our efforts and the impact you made on the individuals in the small group meeting is truly remarkable. It was certainly the most important and interesting day of my life. The meeting created a feeling of common interest within the group and they have agreed to serve as a special advisory committee to the EDGE Center.

There are many great stories and connections that resulted from your visit, but I am compelled to share a special one that I find demonstrative of the

value and mission of the EDGE Center. Your visit had a remarkable effect on Chick Lee and Severin Fayerman. Both of these men have been actively involved in EDGE Center activities; Chick in minority business development and Severin in global education activities. They had never met prior to that day but since then a true friendship has developed. They are individuals from totally different backgrounds and beginnings but they epitomize the best of America.

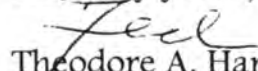
Chick is a remarkable man who started his business cleaning toilets as a teenager and now employs over 600 people in three states. Chick and I are cofounders of Berks MINDCO and he is one of the most significant African American entrepreneurs and community leaders in the Northeast. Severin Fayerman, a survivor of Auschwitz, came to this country from Poland and founded the Baldwin Hardware Corporation with an investment of less than \$1,000. His firm has annual sales of over \$100 million and produces the finest brass furnishings and hardware in the world.

Severin told me recently that he previously had the opportunity to meet three other presidents in the White House, but he considers the visit with you as one of the most wonderful experiences of his life. He was totally thrilled with the opportunity to meet you and on the same day find a new friend. He shares your enthusiasm for our grassroots community effort and has agreed to lead the EDGE Center Advisory Committee.

The goodwill that was generated from your visit has led to many new friendships, new opportunities, and has already created a new spirit of cooperation in our community. You lit a fire in our village that has truly warmed us all.

We feel the enclosed document explains the EDGE Center Model and we hope it will be of value to other communities and universities. All of us feel the model can be replicated across the country. Your staff was tremendously helpful in this effort, especially Phil Caplan. We are eager to assist other communities in their efforts to build their villages and to assist you in anyway. Thank you for being our partner in this effort and taking the time to visit with us.

Sincerely yours,


Theodore A. Hartz
Dean, College of Business

Democrats offer budget plan

Tax cuts absent from answer to GOP proposal

House moderates would pare agriculture spending less than the Republicans.

By KENNETH PINS

OF THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — A group of moderate House Democrats Tuesday offered an alternative balanced budget plan that forsakes tax cuts, seeks smaller savings from Medicare and reduces cuts in agriculture to one-third of those in the Republican plan.

The 23 moderates led by Rep. Bill Orton, D-Utah, presented the plan to the House Rules Committee, seeking to ensure a vote for their version when the budget plan is brought to the House floor.

Like the Senate Republican plan, the House Democratic proposal doesn't call for tax cuts and therefore does not require cuts beyond \$1 trillion over seven years to get to balance. The House Republican plan includes \$360 billion in tax cuts spread over seven years.

The alternative plan envisions a \$174 billion reduction in the projected growth of Medicare spending in the next seven years, which is substantially less than the \$283 billion in Medicare savings called for in the Republican House plan.

The Democrats' plan also would hold farm spending cuts to \$3 billion over five years, compared with \$9 billion in cuts under the Republican plan.

Striker's kin treated to trip to D.C.

By WILLIAM NYBERG

REGISTER'S WASHINGTON BUREAU

The Rev. Jesse Jackson was so moved by a teen-ager's speech that he's sponsoring a trip to Washington, D.C., for the girl and two other members of her Altoona family.

The Brindley family has been affected by the long Bridgestone/Firestone Inc. strikes. Amy Brindley, 18, a daughter of a striker, missed out on a class trip to the nation's capital and New York City because her family couldn't afford it because of the strike.

can plan, and it has much smaller cuts in student loans.

The alternative was offered on a day when a new poll of 1,011 Americans published in the Washington Post found that 60 percent of respondents oppose the House plan and 56 percent oppose the Senate plan.

Republicans generally dismissed those findings.

House Speaker Newt Gingrich forecast passage for the GOP plan, despite a suggestion from President Clinton that Republicans are headed "off the deep end" by cutting taxes for the wealthy while seeking huge savings from Medicare.

There seemed to be no doubt Republicans would have the votes Thursday to send their measure to the Senate.

The GOP has a 231-203 majority in the House, with one independent. Gingrich, asked whether the far-reaching measure will pass, replied with one word — "Yes" — and predicted that five to 10 Democrats will climb on board when the final roll is called.

For their part, Democratic leaders met at the White House with Clinton to discuss their strategy.

"My concern is I don't want to see us just jump off the deep end of Medicare cuts without understand-

ing what the implications are to pay for huge tax cuts, which we plainly can't afford and which mostly go to upper-income people," he said.

House passage of the budget would set the stage for Thursday's planned opening of debate in the Senate.

House and Senate negotiators Tuesday agreed on a package to slice \$16.4 billion from the 1996 budget while providing extra money for disaster relief and counter-terrorism activities.

Public housing, job training programs, airport improvements and federal construction are among the hardest hit by the cutbacks, which also affect the Corporation for Public Broadcasting, NASA and new federal building construction.

To become law, the package that cuts back on previously approved spending would have to be passed by the House and the Senate and signed by Clinton. The White House left open the possibility of a veto.

THIS STORY includes information from the Associated Press.

Billy Webster

THE PRESIDENT HAS SEEN

5/17/95

11147855

Handwritten notes:
Social/Graham
get them in here

During a union rally in Des Moines that Jackson attended in April, Brindley spoke of the strike's impact on her and family, noting that she'd had to miss the trip.

Amy, a junior at Southeast Polk High School, also noted that she and her sister, Angela, 15, are diabetic and the family's cost for health insurance coverage has shot up to more than \$600 a month because of the strike.

Jackson was so touched by the story that he invited the girls and their mother, Tami, to Washington to make up for the lost class trip and the other problems they've faced, Tami Brindley said.

"The girls are so excited," Tami Brindley said. Her husband, Charley

Brindley, a member of striking Local 310 of the United Rubber Workers union, has worked at the Bridgestone/Firestone plant near Des Moines for 17 years. The Brindleys also have a son, Andy, 14.

Tami Brindley said the Washington visit is scheduled to include dinner with Jackson and his wife in their home; visits to the White House, both houses of Congress and the office of Sen. Tom Harkin, D-Ia., and possibly an invitation to be part of a small audience that will sit in while President Clinton makes his weekly radio address on Saturday.

The Brindleys are scheduled to leave today and return Sunday.

Handwritten notes:
Doug - for Schedule Proposal?
Bibby

The Economist

A SURVEY OF
THE AMERICAN SOUTH

HAS SEE
5/17/95

For South
R.



Flying high



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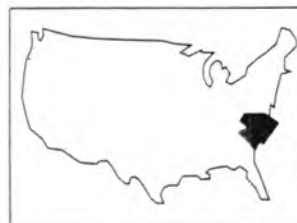
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THE AMERICAN SOUTH



For whom the belle tolls

IT IS the land that went to sleep. In 1860, the South was successful and rich. White southerners had the highest standard of living in the world. It was also blisteringly arrogant; arrogant enough, indeed, to try to turn itself into a separate country. When it was defeated five years later, the stuffing was knocked out of it. Most other places flattened by war—Germany and Japan being only the most obvious examples—have picked themselves up within a decade. The American South stayed down for a century; its economy stagnant, its people mired in poverty, its society encased by rigid racial and class barriers. It was a place well-suited to the nostalgia of "Gone With the Wind".

Now all has changed. Legal segregation is long gone, although as this survey will suggest, racial tensions remain. Thanks in part to the spread of two crucial inventions—the air conditioner, which made summers tolerable, and the mechanical cotton-picker, which removed the need for cheap farm labour—the economy has at last been modernised. Southern cities have expanded and been rebuilt as fast as any in the country; suburbs have mushroomed even faster. The South has, like Sleeping Beauty, awakened from 100 years of slumber.

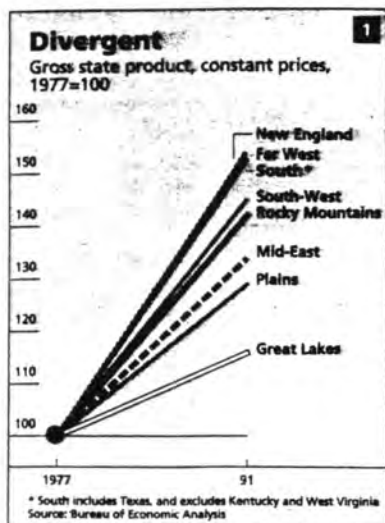
Over the past two decades economic growth in the South has outpaced most of the rest of America (see chart 1 on next page). It recovered from the recent recession faster than California or New England; in the past three years, indeed, it has been a

locomotive powering the American economy, a role previously played by California. In 1993 over half America's new jobs were created in the South, which has only a quarter of the country's population. Eight of the top ten states in terms of growth in manufacturing plants since 1991 are in the South.

In 1940 average income per head in the South was half the American average; and the southern states were at the bottom of the league tables for poverty, illiteracy and education. Income per head is now over 90% of the national average. Indeed, allowing for lower living costs, the average Georgian or North Carolinian, say, now enjoys a higher standard of living than most other Americans. Two-thirds of the southern states also have lower-than-average unemployment rates.

There are more tangible signs still. More foreign investment, notably from Japan and Western Europe, has poured into the South than into any other region of America. Tennessee and Georgia now rank third and fifth, respectively, among American states in terms of car production. Atlanta, home to the world's biggest soft-drinks company (Coca-Cola), its main 24-hour news television network (CNN) and its second-busiest airport, is to host the Olympic Games in 1996. Charlotte may shortly overtake San Francisco as America's second-biggest financial centre after New York, ranked by banking assets. The South's population is also growing fast. Texas will soon overtake New York to become the

The South is enjoying its best years since the civil war. In many ways, John Peet argues, it is now leading the way for the rest of America



country's second most-populous state; Florida is likely to overtake New York early next century.

Politically, too, the South is exercising a new influence. There is a southerner in the White House. And as this year's mid-term elections have shown, the South's long march away from the Democratic Party, once monolithically dominant, is reshaping American politics. What underlay the Republicans' capture of both houses of Congress for the first time in 40 years was the party's winning of a majority of southern seats for the first time in 120 years. The southern realignment is pushing the Grand Old Party into a majority at all levels in America.

The record is not all unalloyed progress. Some southern states have done better than others. Rural areas have lagged. Many of the poor, both white and black, still live in grim conditions.

There is a problem about defining the South. Sometimes it means all of the United States south of the Mason-Dixon line—the border with Pennsylvania that set the northern limit for slavery. That includes such states as Maryland, Delaware, as well as Washington, DC. The Ohio river was another boundary, but that puts Kentucky in the South even though it fought for one native son, Abraham Lincoln, against another, Jefferson Davis, in 1861. A purer definition, which this survey uses, is the confederacy: the 11 states that seceded after Lincoln's election in 1860. This comprises Virginia, North and South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Louisiana, Arkansas and

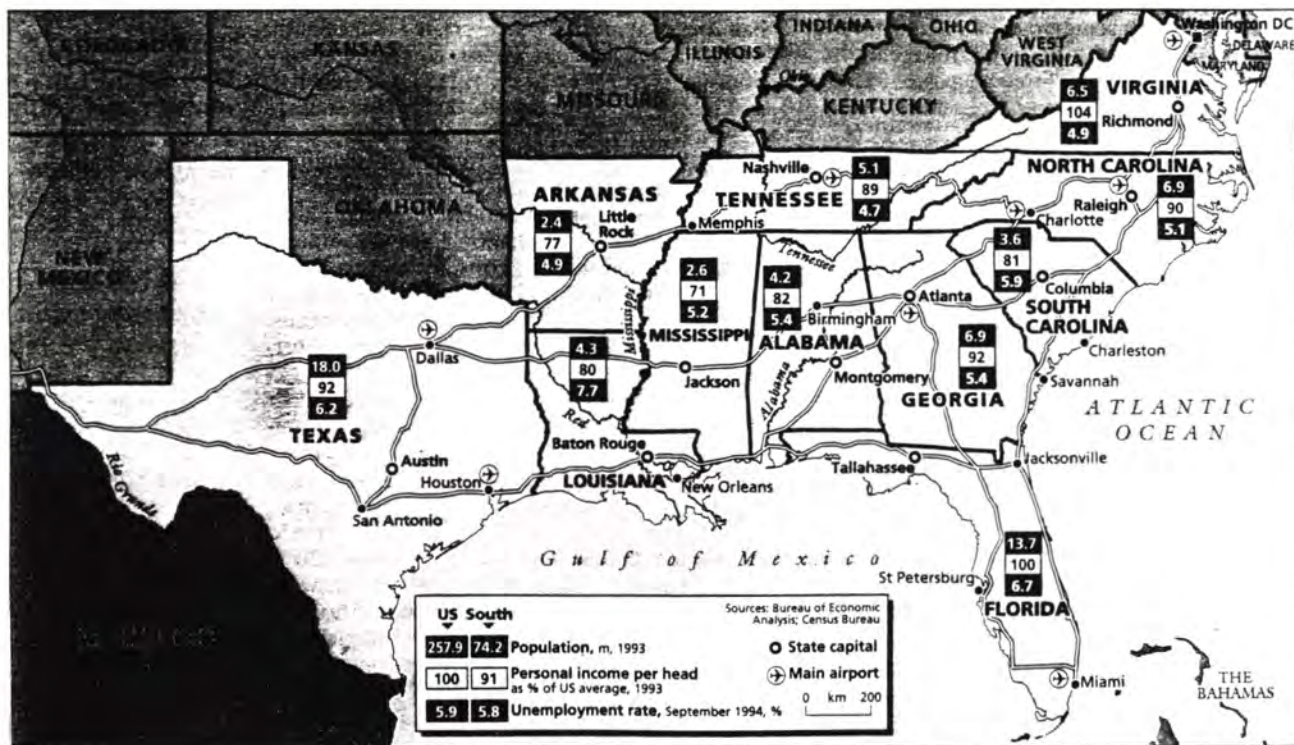
Texas. It covers an area almost as big as the European Union, yet with a population a shade smaller than Germany's. If it were a separate country, it would boast the world's fifth-biggest economy.

Yet the South is more than a geographical expression; and not all the confederate states are equally "southern". South Florida, especially Miami, feels more Latin American than southern, although the rednecks of the Florida panhandle are as southern as they come. Most of Texas—cowboys on the range, ten-gallon hats and crocodile-skin boots—is really in the West; the drawl of east Texas, however, is deeply southern. Northern Virginia is largely a bunch of shopping malls and suburban lots attached to Washington, DC. To many southerners, the true heartland is the "Deep South", the states that stretch from the Carolinas to Louisiana. This is the region that this survey will focus on.

Going beyond geography, John Shelton Reed of the University of North Carolina has come up with some other interesting definitions*. One is the mentions of a place in country-music lyrics; another the density of Baptist churches. He also has a telling map (see next page) showing when "southern" listings reach 60% of "American" listings in local business telephone books. Or there is kudzu, a vine that was one of America's earliest imports from Japan. Kudzu, a horrible, triffid-like plant that grows over trees, telegraph poles and even cars and empty houses, thrives up to the Ohio and Potomac rivers—but not in west Texas or south Florida.

The truth, as a great southern historian, W. J. Cash, noted 50 years ago, is that the South is a state of mind more than a physical entity. It defines itself to a large extent through attitudes, starting with the family. The family matters more in the South than

* In "The South for New Southerners". Edited by Paul Escott and David Goldfield, UNC Press, Chapel Hill



elsewhere in America. This is partly snobbery. Southerners take inordinate pride in their ancestry; most white southerners come from Anglo-Saxon stock, giving them a cultural homogeneity. High-caste southerners rocking on the front porches of their beautiful houses in Charleston, South Carolina, or Savannah, Georgia, are prouder even than Boston Brahmins. But obsession with the family is not restricted to the elite. Ordinary folk in the South take more trouble than other Americans to know their cousins or to care for grandparents.

Religion is another defining force. Most southerners are Protestant, though more often Baptist than Episcopalian. And they take church-going seriously. Americans go to church more than people from other rich countries; southerners top them all for church attendance. School prayer is widely practised heedless of court rulings. Only in the South would one find a road named after a living preacher (the Billy Graham Parkway in Charlotte); or such churches as Jimmy Swaggart's in Louisiana, the Bakkers' defunct "Praise the Lord" church in North Carolina and Jerry Falwell's in Virginia. At a recent US/Japan conference in Charlotte, the chairman led delegates in a prayer after lunch; not something one would see in Europe—or, indeed, in New York or Los Angeles.

The burden of history

Southerners share broader attitudes too. They are conservative, pro-military and pro-gun (the South has a long tradition of violence). But their instincts are more often against than for: against outside interference, against big government, against liberals, abortions and homosexuality, against, above all, the hated, carpet-bagging Yankees of the North. For the seminal influence on the South, even today, was the half-century long struggle against Yankee attacks on slavery that began with the Missouri Compromise in 1820. The struggle culminated in a civil war that killed more Americans than all other wars the country has fought in put together. Interview any southerner on almost any topic; at some point the war (of which your interviewee will doubtless be a buff who spends weekends re-enacting battles) will come up.

History thus matters more in the South than anywhere else in America. Southerners still feel, with some justice, that the 11 states had a right to secede after a man had been elected president without collecting a single vote from any of them—abhorrent as slavery was. (They also note that Lincoln fought the war for union, not to abolish slavery.) That is why the "lost cause" retains such appeal—as does the confederate flag, still a controversial subject. It is only partly tongue-in-cheek that southerners call the civil war the "war of northern aggression".

This fascination with history is one of the characteristics that bring the American South closer than other American regions to Europe (the family is another). Southerners remember that Jamestown, Virginia, was settled 13 years before the Mayflower sighted Cape Cod. They take pride in the early presidents who came from the South, not just the Virginians such as Washington, Jefferson, Madison and Monroe, but also Tennessee's Andrew Jackson. They are proud of their architectural heri-

tage; not just Charleston, Savannah and New Orleans, but the glorious ante-bellum planters' mansions of Natchez, Mississippi.

For a long time too, history and heritage have acted, as in Britain, as a sort of totem: a substitute for success and a consolation for economic failure. Americans from other parts of the country ask new acquaintances about their jobs or even their incomes; southerners, more class-conscious, ask about their family or their church. The traditional elite of the South acted for years like a European *ancien régime*, ready to fend off progress in case it undermined their position. As one Louisianian frankly told a biographer of his state's most famous governor, Huey Long: "We were secure. We were the old families. We had what we wanted... All we wanted was to keep it." Or as William Faulkner, one of many great southern writers, once summed up: "The past is never dead; it isn't even past."

History also shaped the South's disgraceful treatment of black southerners. After slavery was abolished by the 13th amendment, a driving motivational force for the white South became the desire to keep blacks poor and disfranchised. Jim Crow laws and segregation persisted right through to the 1960s, ironically impoverishing whites as much as blacks. It was resistance to racial change more than its long, steamy summers that kept the South sleepy and backward for so long after the civil war.

Now that it is awake, however, the South is shedding the historical baggage that has weighed it down for so long. Far from being trapped in Faulkner's past, it is marking out a new future. And in doing so it is beating a path for the whole country. In its economy, its politics and even in its race relations, the South is once more full of a long-forgotten confidence—at just a time when confidence seems to be deserting the rest of doubting America.



The price of arrogance

Southern comfort

Despite its recent success, the economy still needs to shift from a low-wage past to a high value-added future

IN 1938 Franklin Roosevelt described the South as America's "number-one economic problem". Poverty, illiteracy and infant-mortality rates were horrendously high. Two-thirds of the population remained rural—a higher proportion even than in France, then Western Europe's most rural country. The wreckage of the civil war lingered. At the root of almost everything was racial segregation, laid devastatingly bare by Gunnar Myrdal in "An American Dilemma", published a few years after Roosevelt's remark. The urge to preserve segregation made white southerners highly resistant to change.

Yet the South's economic problems have never been associated solely with race; nor did they start only with the loss of the civil war. They originated in colonial times. Early settlers in Virginia and the Carolinas discovered the wonders of tobacco, indigo and rice, crops that needed plenty of land and water, which were readily available—and lots of cheap labour. To supply this, they turned first to indentured servants and then to slaves shipped over from Africa. That set the scene for cotton, which soon eclipsed other farm products. In post-colonial days cotton spread rapidly through the fertile land of the "black belt" (named for the colour of the earth, not the slaves) to the Mississippi.

Huge fortunes were made on the back of cotton and slavery. In the early 19th century, cotton often accounted for over half the exports of the United States. In the 1830s New Orleans eclipsed New York as the country's busiest port. Yet beneath the surface there were growing economic weaknesses in the South, which contributed both to its defeat in the war and to its continued poverty ever since.

One was the self-sufficiency of the cotton plantation. This made for an economy which had no need for urban centres (southerners liked to be out of hearing of another man's axe). It also reduced demand for improved transport links such as railways. More serious still, it led to a concentration of capital investment in slaves, leaving little cash for other development. It emphasised mobility—a planter could easily take all his capital with him—further discouraging fixed investment. Slavery even held back non-cotton states; Virginians, for instance, found that breeding and selling slaves were enough to sustain their economy, giving them little incentive to invest in manufacturing. The South still suffers from the legacy of too little investment.

The tragedy after the civil war was not so much that the South had lost (although the setback was considerable: two-thirds of the South's assessed wealth in 1860 had vanished by 1865). War-wrecked economies often recover quickly; sometimes, as in Germany and Japan after the second world war, they are even boosted by reconstruction. Nor was it, as popular belief has it, that the North, determined to keep the South down, deliberately created a new "colonial" economy.

The problem was, rather, that for all the talk of a "New South" (a term coined by Henry Grady, an Atlanta newspaperman, in 1880), the southern elite stuck as closely as it could to the previous economic



A sharecropper's pittance

structure. In place of slavery, cheap farm labour became the region's economic cornerstone. Indeed, under the system of sharecropping, black labourers were often little better off than slaves. Cotton continued to expand, reaching peak production of 9m bales in 1900 (compared with 4m in 1860). The economy remained overwhelmingly agricultural; cities stayed small; infrastructure was limited.

Even when industrialisation did arrive—for instance, in the steel industry in Birmingham, Alabama—it was slow-growing and dependent on outside investment. Here the story was a colonial one: the North supplied the capital and kept control (ensuring that Birmingham never challenged Pittsburgh). Most immigrants headed north. The South missed out on America's immigrant-driven economic boom: in 1910 fewer than 2% of southerners had been born outside the region.

Selling the past

The South's only source of competitive advantage for most of this century has been low-cost labour. To keep wages down when they were rising elsewhere, the region had to develop its own isolated labour market. This created an economic justification both for racial segregation and for keeping out migrants and, sometimes, new factories. It was also a reason for the South's minimalist approach to education for both blacks and whites (educated labour might expect higher wages); and its traditional hostility to trade unions. These attitudes linger to this day.

By the 1950s, the South's isolation was at last breaking down. Thanks to Supreme Court decisions and national political change as much as to



Martin Luther King, racial segregation was on the way out; the mindless violence that some whites used to defend it was doomed to fail. The spread of mechanisation in farming drastically reduced the demand for cheap farm labour—the proportion of cotton picked by machine shot up from 10% in 1950 to 90% by 1970. More thoughtful southerners realised that racial change was not just inevitable; it was essential if the economy was to grow.

That did not mean jettisoning the continuing advantage of low costs, including low taxes and prices as well as low wages (see chart 2). But it did mean new attention to physical infrastructure and to education, especially higher education. And it entailed big efforts to attract investment, especially foreign investment. The South has never been short of boosters; but since the 1950s its state governors have become famous for travelling the world touting for prospective investors. Every southern governor, Democrat or Republican, boasts loudly of his state's pro-business attitude.

The boosters got results. Small manufacturing has taken off in the South, especially in states such as Tennessee and Georgia. Textile and furniture making have boomed in the Carolinas. Even Mississippi, the poorest state of all, has attracted new factories. True to the South's past, the food industry has thrived. And farming (now more often of soya than cotton) has made a comeback. Arkansas is the chicken-packing champion of America; Mississippi the world centre for catfish-farming. Petrochemical plants line the Mississippi river in Louisiana; Texas's spin-off businesses from the oil and gas industry are as big as any in the world.

More recently, the car industry has shifted south. Tennessee has lured Japanese manufacturers, notably Nissan; and General Motors opened its Saturn plant there in 1985. South Carolina landed a new BMW plant that formally opened last month. Alabama responded by winning the fight for a Mercedes factory that is expected to start production in 1997.

Its recent industrialisation has transformed the South. Cities have expanded, often without the urban blight of older manufacturing centres. Some areas made the transition from primary production to services without the messy business of manufacturing in-between. The countryside has lost

people; suburbs have grown. Banks have expanded, reducing dependence on outside capital. The South also benefits, compared with California or the mid-West, from abundant water supplies.

Yet there have been three huge problems about the South's economic revival. One was its dependence on incentives. Mississippi pioneered this idea as long ago as 1936 in its "Balance Agriculture With Industry" (BAWI) Act. Under BAWI, investors were offered tax reliefs, subsidies, state-built infrastructure, special investment in schools and state-guaranteed, tax-exempt bond finance. Other southern states soon copied; between 1956 and 1968, the South was responsible for seven-eighths of all subsidised bond finance in America, according to James Cobb of the University of Tennessee*.

There is no denying the arrival of plenty of investment as a result. Yet the trouble with incentive programmes is that industrialists find out about their extent too quickly. They also soon learn to play individual states off against each other. Sometimes, indeed, a generous incentive scheme can be damaging. Investors may worry that too many tax exemptions will mean too little cash for local schools, for instance; or they may think that a state offering big incentives has no other advantages.

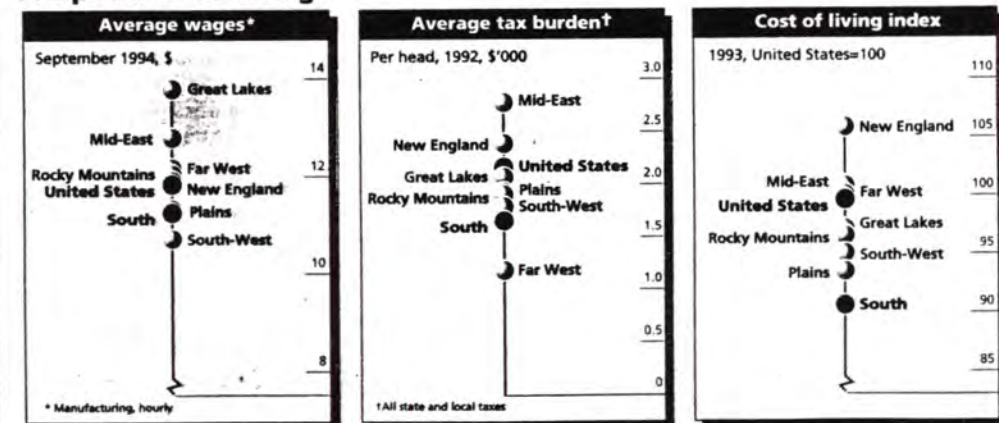
Consider the recent race to attract car plants. Tennessee gave GM a package worth over \$80m to attract the Saturn plant—a plant that was probably heading south anyway. Despite the subsidies, Saturn has not been a profitable investment for GM; recently it has even shed workers. Yet emboldened by Tennessee's example, South Carolina offered even more—nearly \$150m—to BMW. Alabama has now topped the lot with its \$250m-plus carrot for Mercedes. Neighbouring governors such as North Carolina's Jim Hunt and Mississippi's Kirk Fordice disparage Alabama for "giving away the state". Even though economists reckon Alabama will come out ahead, its tax base will suffer. And the next big investor who tours the South will expect even bigger subsidies.

The second problem is inherent in the South's low-cost labour advantage, which has been important in luring in investors (so much so that several



* "The Selling of the South". By James Cobb. Second edition, University of Illinois Press

Competitive advantage



Sources: Public Policy Institute of New York state; Bureau of Labour Statistics; American Federation of Teachers



states have turned away investors who wanted to pay higher-than-average wages or had a unionised workforce). Nowadays companies are as concerned about skill levels as they are about low wages—and low wages usually mean low skills. Moreover, in an increasingly global economy, a low-cost advantage at home is increasingly valueless. A company that is tempted south by the promise of \$8-an-hour labour will, after NAFTA, now look still more longingly at Mexico, where labour costs may be under \$2 an hour. Already, the South has lost many of the textile plants it fought so hard to acquire in the 1950s.

The lesson is that the South now needs to switch its focus to high value-added, high-skilled and often high-tech industries. Yet here it is often ill-equipped compared, say, with California or New England. The South has no Stanford or Massachusetts Institute of Technology. Texas and North Carolina have done better than other southern states;

they built up higher education in the 1940s and 1950s, and, both around Austin and in Research Triangle Park near Raleigh, they have succeeded in attracting science and research facilities. But the overall level of both high-school and university education in the South remains worse than in the rest of the country. The high-school drop-out rate in the South, for instance, is roughly one in three, compared with an American average of one in four. Improving that will take years of hard slog.

The third big problem about the South's economic success is that it has been so patchy. The cities and suburbs have thrived; the countryside, mostly, has not. Areas with high black populations have often been left behind. Interstate motorways and airports have clustered in the eastern states. In general some states in the South have done outstandingly well in the past two decades; others have done little more than fester. Why?

Too many Souths

The Deep South states are well behind the rest of the region

IT IS easy to list the southern success stories. Texas has grown big enough to acquire its own economy. It was hit by the oil-patch slump in the early 1980s and a disproportionate contribution to America's savings-and-loan catastrophe; but more recently its economy has boomed once more, especially around Houston, Dallas and Austin. The region's other most self-contained economy, Florida, has had an even better decade, thanks largely to the success of tourism and the immigration of old people—though rising crime is now threatening both.

The most exciting part of the South is no longer in its two biggest states, however. It is the Interstate-85 corridor stretching from Richmond, Virginia, to Atlanta, Georgia. A string of recent business surveys have picked this as America's hottest economic spot. It includes North Carolina's Research Triangle Park; some of the South's better universities, including Duke, the University of North Carolina, and Emory in Georgia; the financial centre of Charlotte; the foreign-investment haven around Spartanburg, South Carolina; and Atlanta, the South's biggest city. The Carolinas and Georgia are outdoing most other states in America.

Tennessee has also grown rapidly, especially in the central area around Nashville. As well as its car plants, the state has built up a big network of hospitals and health-care facilities. Virginia's economic performance has been patchier, with a boom in the northern part around Washington, DC, and Dulles airport; but it has suffered from defence cuts. However, despite recent catching up, the laggards are the four Deep South states of Alabama, Mississippi, Louisiana and Arkansas.

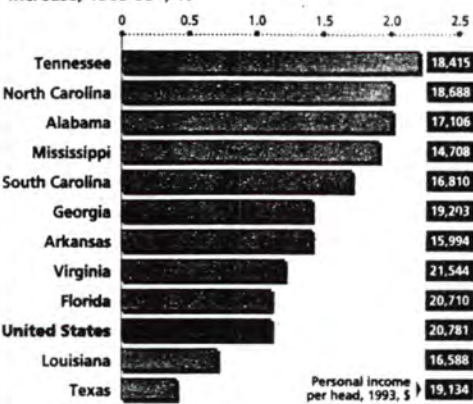
What explains the southern states' differences in performance? Not natural endowments, for certain. Louisiana has oil and gas and a superb port system; Alabama plentiful iron ore; Mississippi and Arkansas the fertile Delta land



Well oiled

Confederate consumers

Personal income per head, average real annual increase, 1985-93*, %



Source: Bureau of Economic Analysis

* Adjusted by CPI

along the river. True, Texas may be blessed with more natural resources than any other state in the union; but the Carolinas and Georgia are not.

Nor is it a matter of infrastructure, although this has made a difference. The interstate motorway system has boosted Georgia and North Carolina, but roads are also good in Louisiana, and Alabama has excellent waterways. Airports have favoured the more successful states, but this reflects rather than drives economic success. As for federal installations, South Carolina, Georgia and Texas have benefited from influential congressmen; but so have Mississippi and Arkansas. The Tennessee Valley Authority, a remnant from Roosevelt's New Deal, has boosted Alabama and Mississippi as much as Tennessee. Texas has proved adept at pulling in federal dollars for space (Houston) and for such projects as the now-defunct supercollider; but Alabama has the Huntsville space-research centre.

A more significant factor is urbanisation. Except for New Orleans, there is no big city in the four sluggards to compare with, say, Atlanta or Hous-

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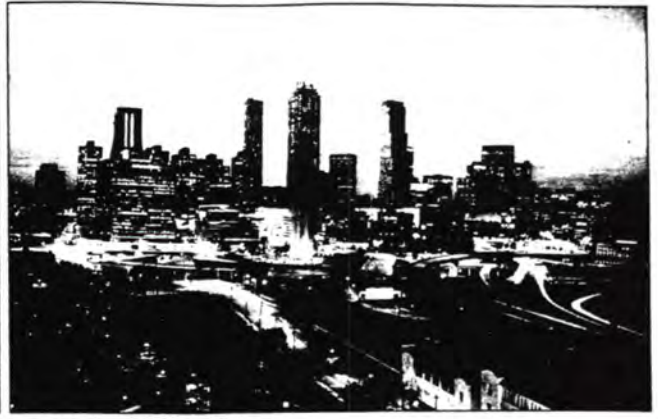
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Poor but jazzy in New Orleans . . .



. . . rich but dull in Atlanta

ton. The story of America's recent prosperity has been about cities and suburbs; the countryside has lagged. Class barriers have been at their most rigid in poor rural areas, with many absentee landlords. David Goldfield, a history professor at the University of North Carolina, Charlotte, says that the most significant division in today's South is between its fast-growing urban areas and its rural hinterland.

Yet there is another difference that may be the biggest of all: leadership, both in politics and in business. The states that had the worst racial troubles in the South during the 1960s are today's laggards. In Little Rock, Arkansas, Governor Orville Faubus defied Eisenhower, forcing him to send in the National Guard to integrate the schools. Governor George Wallace gained notoriety with his stand in the school-house door at the University of Alabama; Birmingham saw even worse violence, often directed by its police chief, Bull Connor. Mississippi had church burnings and lynchings, as well as the murders of three northern civil-rights workers.

Not that desegregation was a smooth process anywhere. But in places such as Atlanta it proceeded more peacefully than elsewhere in the South. Outside investors took note; they came to states that were not being featured on the nightly news for racial violence. The acceptance of desegregation also allowed political leaders to focus on creating jobs and expanding their economies rather than on defending white privileges.

In this respect North and South Carolina, along with Tennessee, have been models for the rest. In the late 1950s, instead of being totally sidetracked by race, North Carolina deliberately poured money into its university system—now one of America's best. It expanded its road network. It set up Research Triangle Park. Banking laws were relaxed to help Charlotte's banks. More recently, North Carolina has led the rest of the country in establishing an information highway—a few years after Tennessee did the same with a state-of-the-art telephone system. Both states have also made huge efforts to reform schools and pre-school education.

These three have also led their rivals in attracting outside investment. South Carolina has been especially successful here; nearly 9% of its workforce is employed in foreign-owned companies, compared with a national average of just over 5%. A Democratic governor, Fritz Hollings (now a senator) started the ball rolling in the late 1950s; his suc-

cessors, including the outgoing Republican governor, Carroll Campbell, have kept pushing it along. In Spartanburg county, where the sleek white BMW factory now sits just above Interstate-85 like a giant ship at anchor, there were already 45 other German factories before BMW arrived.

A tale of two cities

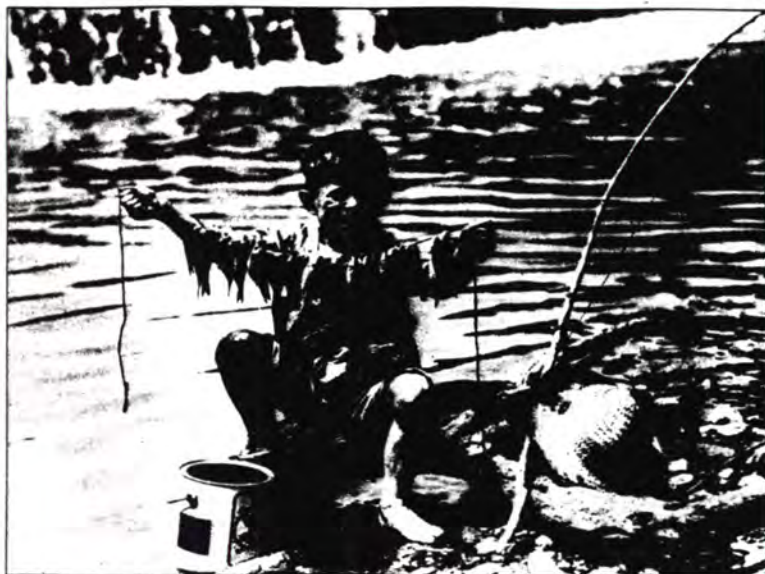
Nowhere is the contrast between success and failure clearer than in what were once the South's leading two cities: Atlanta and New Orleans. Both grew up on the back of transport links: Atlanta in railways (it was once called "Terminus"), New Orleans as a port. With its French Quarter, jazz and jambalaya, New Orleans has always been the prouder of the two—it was shocked when the Federal Reserve chose Atlanta as south-eastern base in 1913—but it is now Atlanta that has more to boast of.

Atlanta's success is very recent. In 1960 it was similar in size to Birmingham, Alabama. Then, while Birmingham was racked by race riots, Atlanta's mayor, William Hartsfield, went about advertising it as "the city too busy to hate". Today Atlanta is twice as big as Birmingham. A black middle class emerged earlier than anywhere else in the country. Big companies as Coca-Cola, Turner Broadcasting, Georgia-Pacific, Delta Air Lines and BellSouth are based in Atlanta. In an era of corporate slimming, the city has persuaded thousands of firms that it is easier to cut staff if they move their headquarters. And there is the airport: locals say that when you go to heaven, you change planes in Atlanta. The airport was a key factor in securing the 1996 Olympic Games, preparation for which will keep the economy humming for the next two years.

Even so, Atlanta is far from problem-free. Its financial sector is underdeveloped. The city's black mayor, Bill Campbell, worries about crime. As the suburbs thrive, the inner city decays; an attempt to revive it with "Atlanta Underground" has produced only a seedy row of tourist shops. Mr Campbell says it would be logical to annex outlying suburbs as cities such as Charlotte and Nashville have done—but Georgia's legislature will not co-operate. In Charlotte, the mayor, Richard Vinroot, looks at Atlanta as the model he most wishes to avoid.

Yet set beside Atlanta, New Orleans is a disaster area (though it is more fun). Louisiana's economy was hit by the oil bust. The city complacently let its port decline. Its airport has been unsuccessful; one





Catching inward investors



airline, Continental, recently switched most flights to Houston. Its crime problem is even worse than Atlanta's. Its banks are notoriously conservative. It has never developed the oil and gas expertise of Houston. And although its new mayor, Mark Morial, gets credit for trying to push the city forward, its most successful industry, tourism, owes little to public support. Harry Blumenthal, a local businessman, says that if he were starting afresh he would invest anywhere but Louisiana.

Louisiana is also a case-history of stupefyingly bad leadership. The state legislature is notoriously corrupt, one reason that the constitution has been drafted to make it hard for it actually to do anything. When it decided to join America's rush to casino gambling (New Orleans is building the world's biggest casino on its waterfront), the state omitted elementary checks against organised crime and corruption that even Nevada has in place. Several state legislators have interests in casinos.

Governors are little better. Since the example set by Huey Long, most have appealed to populist instincts even as they hobnob with local businesses. Hence the addiction to taxes on out-of-state oil companies to pay for everything—including a homestead-tax exemption and generous charity hospitals. When oil taxes fell and hospital costs spiralled, voters jibbed at being asked by a rare reforming governor, Buddy Roemer, to pay more taxes; they reinstated a populist, Edwin Edwards, instead. The state has the country's biggest debt per head. Gambling is only the latest in what Mark Drennan, a public-policy analyst in Baton Rouge, calls Louisiana's "addictions" to easy answers.

The Tupelo example

Are the four poorest southern states condemned to perpetual failure? Not necessarily. Arkansas, for instance, has developed strong companies, including Wal-Mart, America's biggest retailer, Tyson Foods, a big food group that is at the centre of the dubious Little Rock business/political nexus that underlies the Clintons' Whitewater troubles. In the late 1980s, Arkansas, Louisiana and Mississippi all had young,

reform-minded Democratic governors with Ivy League educations, who met on a barge in the Mississippi and vowed to work together to push their states forward (though all three have now gone, two to electoral defeat and one to become president).

The most promising of these states today looks to be the poorest and most rural of all, Mississippi. Its Republican governor, Kirk Fordice, exaggerates when he talks of the "Mississippi miracle" and of personally cajoling investment out of fellow chief executives (Mr Fordice is one of America's businessmen-turned-politicians who likens running a state to running a company). Some recent growth, especially in the poor Delta region in the state's north-west, has been associated with riverboat gambling, hardly a secure base as other states start to compete for gambling revenues. Yet the figures show that Mississippi is sizzling. A big plus was school reforms pushed through by a Democratic governor, William Winter, in 1982.

Above all, there is Tupelo. A half-century ago Tupelo, just up the road from Ole Miss, the university in Oxford, Mississippi, that was Faulkner's home, was the poorest area in America. Any talent it produced soon made for Memphis—as did Elvis Presley, Tupelo's most famous son. Then a newspaper owner, George McLean, established a Community Development Foundation. Determined to pull itself up by the bootstraps, the CDF lured in furniture makers and other small manufacturers. Instead of relying on grants and tax breaks, it prepared industrial sites and workers. The CDF quickly saw the need to improve the training of the area's workers, black and white—and acted on it.

Today, as the CDF's president, Harry Martin, explains, all adults employed in manufacturing are required to undergo retraining every five years. The city's vocational education is envied all round the country. A new IBM computerised-manufacturing training workshop is as advanced as any in America. The county now has the highest income per head in Mississippi, despite having retained much of its rural population.

Tupelo has become world-famous in economic-development circles, if only because it shows that economic developers, a growing and not always effective breed, can make a difference. All it takes is determined local leadership—which suggests that anywhere in the South could do it. Even Alabama, the only southern state never to have had a reforming governor; George Wallace, a racist-turned-populist, cast his shadow over the state right up to the mid-1980s, when he completed his fifth term as governor. Birmingham has never fulfilled its potential; Mobile remains a port that failed. Even Huntsville, despite a space-research centre and the Tennessee Valley Authority's fertiliser-research base, has never taken off. Alabama shares with Louisiana the South's booby prize for failure. No wonder it had to offer so much to lure Mercedes.

Tupelo is also cause for hope on another front: the economic position of blacks. There are proportionately more blacks in Mississippi than in any other state; in some counties, they make up 75% of the population. Too many southern blacks have missed out on the South's economic boom. Its chequered racial history shows why.

Black and white

IN 1940 V.O. Key, a political scientist, observed that "the politics of the South has always revolved around the Negro." Not just politics: a similar comment could be made about almost everything in the South, at any time—its history, its economics, its culture, its social structure. In the South, race relations—meaning, despite a big Latino population in Florida and Texas and some scattered Indian reservations, those between blacks and whites—remain crucial.

This may seem surprising, 130 years after the slaves were freed and 30 years after the civil-rights movement consigned legalised racism to the dustbin. The South has made enormous strides towards a non-discriminatory relationship between whites and blacks. Schools are better integrated than elsewhere; racial tensions often seem worse in northern cities. Even day-to-day relations between black and white are friendlier in the South. There is some truth in the old observation that a southerner may hate blacks in general but love them as individuals; and for a northerner it is the other way about. Old white racist politicians such as Strom Thurmond of South Carolina and George Wallace of Alabama found it easy to adapt to an era of black voting; both quickly employed blacks on their staffs and set about courting black votes.

Black leaders themselves speak proudly of the progress that has been made. The number of elected black officials has leapt (see chart 4). Several have been elected state-wide. Atlanta's mayor, Bill Campbell, claims that race relations in his city are better than in any other city in America. In 1965 John Lewis led the march across the bridge at Selma, Alabama, that was viciously attacked by police dogs. Now, as a Democratic congressman from Atlanta, he says with satisfaction that "the South has laid down the burden of race."

In the past few years blacks, who fled the South

in millions between 1920 and 1970, have even begun to move back. Once again over half the country's blacks live in the South—down from 90% in 1900, but up from only 40% in 1965. Nicholas Lemann tells in "The Promised Land", a book about southern black migration, of a family that realises in the late 1970s that it can live better back in Clarksdale, in the Mississippi Delta, than in a Chicago public-housing project.

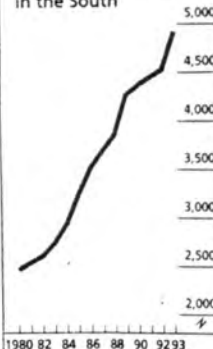
Perhaps most hopeful of all, there is a growing black middle class. The income differential between blacks and whites remains large; the average black southern family earns only just over half what an average southern white family earns. A quarter of black families live in poverty; in some states the proportion is higher (see chart 5 on next page). In rural areas such as the Delta, where there is no longer any work on farms, four out of five black children grow up in poverty: often in clapped-out mobile homes with no running water or indoor toilets. Yet a quarter of black people now have incomes higher than the average for whites. DeKalb county near Atlanta is a typical, well-off American suburb—but it also has a black majority.

The trouble is that creating an affluent middle class does little for poorer blacks trapped in inner-city ghettos or in rural shacks. In some ways, poor blacks have suffered from the end to segregation. In the old days, the emerging black middle classes would have stayed in poor, mostly black districts; now, like the white middle classes, they move to the suburbs. Some black businesses that thrived under segregation have since found life much tougher; traditional black business districts such as Fourth Avenue North in Birmingham or Sweet Auburn in Atlanta are shadows of their former selves. So-called historically black colleges have also suffered from competition from integrated rivals.

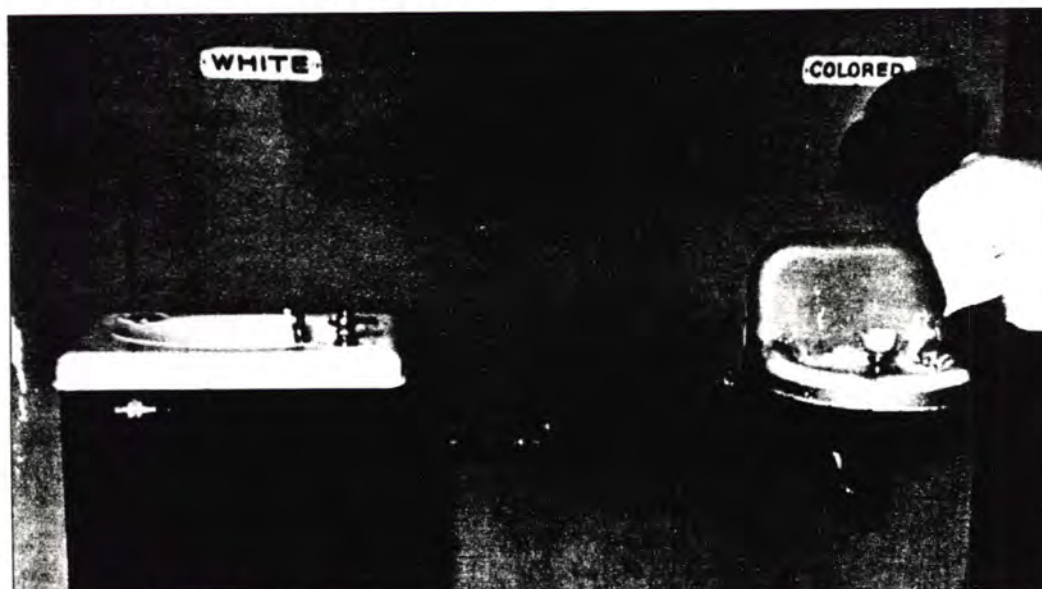
The truth is that eliminating discrimination in

Race still casts its shadow over southern society

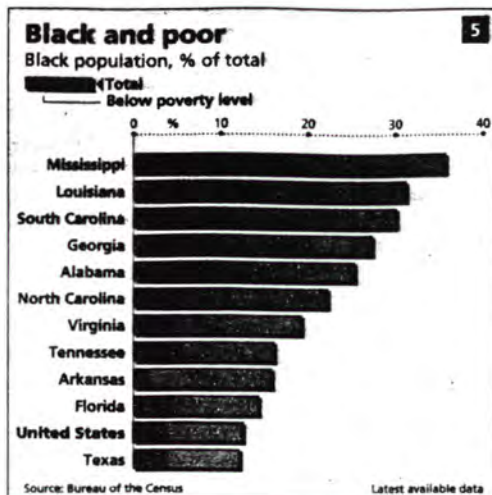
Voter power 4
Black elected officials in the South



Source: Joint Centre for Political and Economic Studies



Separate but unequal pasts



public accommodation and in voting rights, essential as it was, has not ended racial barriers. A recent headline in a newspaper in Savannah, Georgia, shouted: "First Black admitted to Yacht Club". In several southern cities, inner-city high schools are 80-90% black; and in rural areas a disproportionate number of white residents send their children to private schools—so-called "seg academies". And then there is housing, which remains at least as segregated, and in some places more so, than in the 1950s and 1960s. A visitor to the South who compares it with 20 years ago would detect a voluntary resegregation at work.

There are several reasons for this gloomy outcome. One is that although changing laws may eliminate overt discrimination, it changes racist thinking only slowly. For years the saving grace for a poor, downtrodden white labourer was knowing that he was at least better off than the blacks. That attitude has lasted. The Ku Klux Klan remains active; during the 1970s its membership tripled. There are still rural neighbourhoods in the South where blacks know they will find it hard to book a motel room or eat in the restaurant.

The broader point is economic. It is far easier to get rid of legalised racial discrimination than to offer equality of economic opportunity.

For one thing, the proper role of government is not so clear. Most whites accept—at least in retrospect—that the federal government was right to step in in the 1960s; many are content with school integration, at least in theory. But they are less comfortable with programmes of "affirmative action"—positive discrimination in favour of blacks in job applications or university admissions. Nor would they welcome government interference over where people choose to live. There is among many southerners (even many black southerners) a feeling that enough has been done for blacks; that it is now time they helped themselves.

The pattern of economic growth in the South is aggravating

economic disparities between the races. Lagging regions tend to be those with high black populations: Mississippi, Alabama, the Delta, west Tennessee, south Georgia, coastal South Carolina. Some allege that this is no coincidence. Foreign investors, especially the Japanese, have gone to areas with few blacks. The federal government has not always helped, either. The two poorest regions in the country have long been the (mostly white) Appalachian mountains and the (mostly black) Mississippi Delta. The former has had federal agencies such as the TVA and a Kennedy-created regional development commission; the latter almost nothing.

There is also class. Southern society remains more riven than the rest of America by class distinctions. Race is a big part of this: poor blacks are, in effect, at the bottom of the class heap. To look at race without seeing class is to retire bemused by the continuing poor economic position of most southern blacks. George Penick, president of the Mid-South Foundation in Jackson, Mississippi, observes that "it will be much harder for the South to eliminate class barriers than it was to eliminate racial ones."

Class and poverty affect whites too. In many ways, indeed, poor whites and poor blacks have more in common with each other than they do with the rest of the country: lack of control of their lives, exploitation by employers when they have jobs, and too many out-of-wedlock babies. They also share the same southern attitudes. Indeed, today blacks take almost as much pride as whites in being southern; in opinion polls blacks' approval rating for the word "southerner" has risen from below 50% in 1964 to over 80% today.

The shared black and white contribution to southern culture is also increasingly recognised. William Ferris, director of the Centre for the Study of Southern Culture in Oxford, Mississippi, says that one of his missions is to bring out more fully the fact that the South's cultural tradition reflects the combined influence of the races; indeed, that the tradition would not have been so rich without the racial mix. The South's contributions to America's (and the world's) culture make this obvious. In music, the blues sprang from the Delta, jazz from New Orleans, country music from Tennessee and Texas and rock and roll from Tupelo's native son, Elvis Presley. In literature, the southern tradition—Faulkner, Tennessee Williams, Walker Percy, Alice Walker, Eudora Welty—is equally cross-racial. Even southern food, from grits to gumbo, reflects mixed racial influences.

Waving the flag

Neither the South's historical enthusiasm nor its politics is helping to break down racial barriers. Take the controversy over the confederate flag, which still flies over the capitol buildings in South Carolina and Alabama and is incorporated in the state flags of Georgia and Mississippi. Several governors have tried to remove it, only to run into a storm in their legislatures. In vain has it been pointed out that the practice of flying the confederate flag over southern capitols began only in the 1950s, as a gesture for segregation and against federal intervention; and that its continued presence is thus a deliberate insult to blacks.

As for politics, the emergence of a Republican



With a little bit of pluck

majority in the South is on the whole bad news for blacks. Their influence on even the Democratic Party in the South has always been small, even though they make up a large chunk of southern delegations to Democratic conventions. But their influence on the Republicans, who more or less gave up looking for southern black votes as long ago as Richard Nixon's election in 1968, is negligible.

Newt Gingrich, the incoming Republican House speaker, suggests that black southerners, who share white southerners' conservative values, have been conned by Democrats. He draws attention to the election of J.C. Watts of Oklahoma, the first black Republican congressman from a southern state since Reconstruction. And he wants welfare reform partly so as to wean blacks away from the Democrats. Senator Phil Gramm of Texas also fervently advocates welfare reform. He observes that he wins Latino votes; why not black votes too?

Yet the truth is that, despite Mr Watts's election, black voters have not been welcomed into the Republican Party for a reason; because their absence has made it easier to attract conservative whites. Jesse Helms, a right-wing Republican senator from North Carolina now making trouble for Bill Clinton as incoming chairman of the Senate Foreign

Relations Committee, has won two tight re-election contests partly by appealing explicitly to racist white voters. The maverick David Duke, an overt racist running as a Republican candidate for governor of Louisiana against Edwin Edwards in 1991, cloaked his message to voters behind attacks on people living on welfare that left little doubt about their colour. He secured 39% of the vote in the run-off.

So-called majority-minority districts have helped the Republicans as well. These are districts that have been created under court supervision to make it easier for black voters to elect black officials. They have succeeded—there are now 17 black congressmen from the South, up from only four in 1990. But they have weakened white Democrats by removing reliable Democratic voters from their districts. And by concentrating black voters, they have made even more explicit to Republicans that they can do without black support. William Winter, a former Democratic governor of Mississippi, says that "it is the responsibility of politicians to ensure that they appeal to both races." Many Republicans retort that, responsible or not, they no longer need to do it to win. They showed this most graphically in November.



Of donkeys and elephants

THE implications of the great Republican victory in the South in November's elections are sinking in only slowly. For the first time since Reconstruction, the Republicans have a majority of southern governorships (six to five); a majority among southern senators (13 to 9); and a majority of southern congressional seats (64 to 61). The incoming speaker of the House, Newt Gingrich, is a Republican from Georgia. The new Republican whip in the Senate, Trent Lott, is from Mississippi. Two of the likely contenders for the 1996 Republican presidential nomination, Senator Phil Gramm of Texas and former Governor Lamar Alexander of Tennessee, are southerners. The Grand Old Party has control of two southern state legislative houses

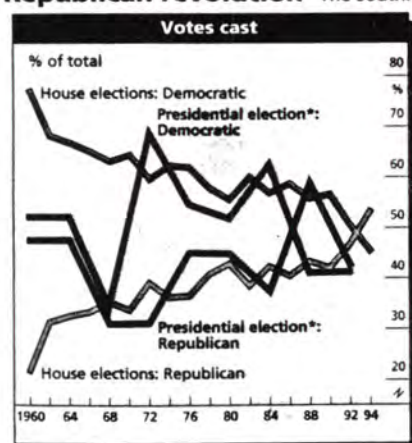
for the first time since Reconstruction: the North Carolina house and the Florida senate.

What makes this achievement so remarkable—and so significant for America's political future—is the South's political past (see chart 6). For almost a century after the end of Reconstruction in the 1870s, southern politics was one of America's great certainties. To white southerners the Republican Party, the party of Lincoln and Sherman (and, not incidentally, of the few blacks able to vote), was the enemy. To vote for it would have been tantamount to treason. The Democratic Party became an essential cornerstone of every white southerner's life.

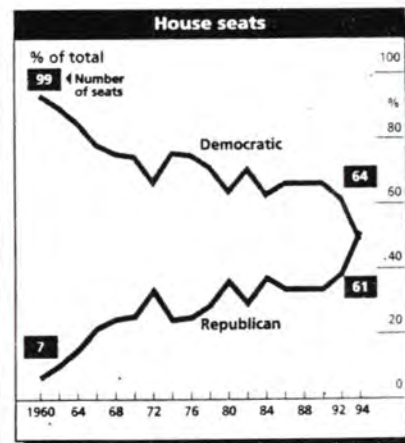
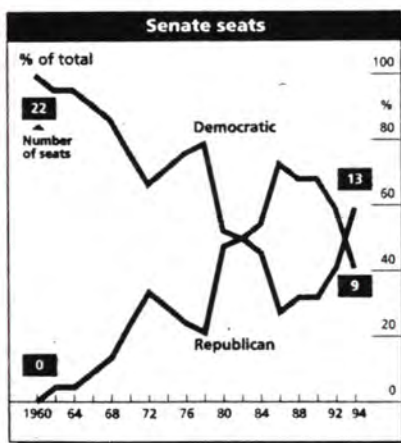
It also became an instrument of white supremacy. Within a few years of Reconstruction, blacks

The Republican breakthrough in the South heralds a period of majority for the party in America

Republican revolution The South:



Source: Congressional Quarterly; Census Bureau



* Independents' share: 1968 Wallace 34.3%, 1980 Anderson 3.0%, 1992 Perot 15.8%



When Newt speaks ...



... Bill now listens

were in effect disfranchised by a variety of tricks that ranged from intimidation to poll taxes to literacy tests. The most enduring trick was the Democratic Party's white primary. Since the Democrats always won general elections, the real contests took place in primary elections for the Democratic nomination. And, until the Supreme Court ruled against it in 1944, the party maintained the fiction that as a private organisation it could choose who was entitled to vote in primaries; hence it could legitimately exclude blacks.

By mid-century all this had changed. Not thanks to black voters, whose registration remained small until after the Voting Rights Act of 1965; but thanks to a new attitude within the national Democratic Party. Under Roosevelt's leadership, it was tacitly accepted that the party would do nothing to alienate its southern block—not least because Roosevelt needed support from long-serving southern committee chairmen in Congress (as late as 1964, Congress's seniority rules put southern Democrats in two-thirds of the main committee chairmanships on Capitol Hill). Truman challenged this orthodoxy in 1947 by proposing a civil-rights bill, partly to win black votes in the North.

The political impact in the South was electric. From 1880 to 1944 all 11 confederate states had voted by huge majorities for the Democratic candidate for the presidency. Truman's apostasy pulled a new "Dixiecrat" party into the 1948 race; it nominated Strom Thurmond, who carried South Carolina, Alabama and Mississippi. The Democrats then lost further ground in the 1960s. As a southerner himself, Lyndon Johnson recognised the risk; when he signed the 1964 Civil Rights Act, he commented that "I think I just lost the South." Barry Goldwater, his Republican challenger that year, who had disavowed the act, duly carried the five Deep South states. In 1968 George Wallace carried most of the same states as an independent segregationist and populist. By then, however, and unlike Strom Thurmond in 1948, he was taking votes not from the Democrats but from the Republicans.

Since then the Republicans have had a clear edge in presidential elections in the South. Only Jimmy Carter, a native Georgian, was able in 1976 to carry a majority of southern states for the Democrats. Ronald Reagan swept most of the region both times he ran. Even Bill Clinton in 1992 carried only 4 of the 11 states, despite being a southerner and running with another. By then the only reliably solid Democratic votes were coming from blacks.

Advantage, Republican

In future the Republican presidential lead in the South will be bigger, as the region is gaining population and wealth—and the rich tend to vote Republican. The electoral arithmetic is telling. If a Republican nominee sweeps the South, he has over half the electoral votes that he needs to win. Adding hard-core Republican states in the mid-west, he has to win less than a fifth of the remaining electoral votes—almost all of which can be garnered simply by carrying California. A Democratic nominee, on the other hand, has to carry four-fifths of the states outside the South-plus-Republican strongholds.

Nominating a southerner might help the Democrats by denying some southern states to the Re-

publicans; this was the idea behind the South's "Super Tuesday" of massed state primaries in presidential-election years. Mr Clinton managed the trick in 1992. Yet he has lost all credibility across the South. When he was elected, southerners hoped he might be a "New Democrat". But from the day that he campaigned to remove the ban on gays in the military, he became just another card-carrying liberal, an image that his failed health-care plan did nothing to dispel. He looks unlikely to carry any southern state except Arkansas in 1996. Nor will the black vote make a difference. In the Deep South states, blacks make up about a quarter of the electorate; in others, they are only about 10%. But in all, the white vote is now sufficiently Republican at the presidential level to offset the black vote.

The inescapable conclusion is that, largely thanks to the South, the Republicans should now win most American presidential elections—as they have since 1964. They will lose only if they nominate a poor candidate or have been governing through an economic recession (both happened in 1992). As Kevin Phillips, the political commentator who originally devised Richard Nixon's southern strategy in 1968, observes, the odds on a poor candidate are shorter than they were, thanks to the growing influence of the religious right within the party. Oliver North's defeat in Virginia's Senate race in November reflects a distaste for the religious right among moderate voters. But that defeat should also deter Republicans from picking an extremist.

Notwithstanding this year's results, the Republicans cannot yet be as confident of winning political races below the presidential level. For most of the past 40 years, the South has exhibited one of its most fascinating traits: the split ticket. Even as they voted for Republicans for president in ever greater numbers, southerners until this year kept on voting for Democrats for Congress, state governorships and state legislatures. At lower levels still, such as in races for sheriff, the Democrats still have an overwhelming advantage: seven of every eight elected sheriffs in the South are Democrats.

There are three reasons for this persistent Democratic strength. One has been incumbency. Even when voters switch to a Republican for the presidency, they will be slower to vote against their friendly Democratic congressman—especially when he is senior enough in Congress to deliver goodies to their state. And voters who profess to dislike government spending in general (so go Republican for president) often like to see a lot directed to their own states (hence Democratic for Congress).

A second reason is that Democratic candidates in the South have not been like their fellows elsewhere. As Merle and Earl Black put it: "The central tendency in southern politics is the selection of office-holders who neither campaign nor govern as overt liberals."* Southern Democratic congressmen are conservative. In the 1980s, enough Democrats in the House of Representatives backed President Reagan's economic agenda to earn the nickname "boll-weevils". Southern Democratic governors have often forged incestuous relationships with local business that would not be toler-

* "Politics and Society in the South". By Earl and Merle Black, Harvard University Press

ated in other regions. The breakdown of party discipline has helped southern Democrats to keep their distance from the national party. As Jim Hunt, Democratic governor of an increasingly Republican North Carolina puts it, "we row our own boat."

The third reason is not, however, at all reassuring for the Democrats—and it makes this year's election result less surprising. It is that political realignment takes time, often many years. Grassroots organisations have to be built up; in the case of the Republicans, virtually from nothing 40 years ago. Good candidates must be found. People who joined the Democrats in their young days must be persuaded to switch parties.

The Republicans are now doing all of these things with a vengeance. Texas was the first southern state to elect a Republican senator, as long ago as 1961. Now its governor and both its senators are Republican, a clean sweep matched among southern states by Mississippi and Vice-President Al Gore's state of Tennessee (Arkansas and Louisiana are now the only states with a similar Democratic dominance). Party switching has also increased: in the past two years, over 30 elected Democrats in the South have joined the Republicans. After November's rout, Richard Shelby, a Democratic senator from Alabama, switched to the Republicans; there are rumours of more defections to come in the House. The standard line of party switchers, which resonates with voters, is that the Democratic Party has left them, not the other way round.

Among state parties, the Republicans of South Carolina have led the way. This was once a Democratic bastion. But under the leadership of Carroll Campbell as governor, a Democrat-turned-Dixiecrat-turned-Republican Strom Thurmond as sena-

tor and the late Lee Atwater as Republicans' *éminence grise*, the state has gone more Republican than any other in the South. One recent poll recorded support for Mr Clinton in single figures.

Texas, Virginia and Mississippi are also fast turning Republican at all political levels. Florida remains a puzzle, as it has for 20 years. Its demographics look Republican; the Republicans have a 15-to-8 majority in congressional seats; they have also captured the state senate. Yet twice before the Republicans have threatened to swamp the state; twice they have been fended off. This year its Democratic governor, Lawton Chiles, narrowly held off Jeb Bush's Republican challenge. Even so, like all other southern states with the possible exceptions of Louisiana and Arkansas, Florida is gradually becoming a fief for the Grand Old Party.

The realignment of the South towards the Republicans is having marked national effects. Even before the election, Mr Gingrich was confident that the Republicans were on the verge of becoming the majority party in the country. He notes that no fewer than nine Republican congressmen in the South were unopposed this year; no Democrat was. His enthusiasm is matched by that of Mr Gramm, who points out that there are now five southern Republicans in leadership positions on Capitol Hill.

For most of this century, even when there have been Republican presidents, the Democratic Party has been able, thanks to the South, to claim to be America's majority party. But the South's long habit of split-ticket voting has dwindled sharply. In future it may become rarer still. The Republican Party will then claim the mantle of majority—once again, thanks to the South. It is one of several examples of a new southern leadership in America.



The southernisation of America

THIS survey has argued that the South has been changing fast—and, mostly, for the better. Yet any change carries costs. Perhaps most perturbing is the fear that to modernise may be to destroy—to destroy the South's distinctive charm, making it just like any other part of America. Hence the favourite question of southern studies: is there, in effect, any point to them any more?

There has always been a special feel about southern life, quite apart from its poverty, its racism and its peculiar politics. One part of it is a reluctance to move. Partly thanks to their strong belief in the family, southerners have a strong attachment to place. With the exception of Florida, southern states still have remarkably few inhabitants born outside the region. In the Deep South states of South Carolina, Georgia, Alabama, Mississippi and Louisiana, less than 10% of the people are not native southerners. Compare that with California or New York, where 54% and 32% of the population respectively were born outside the state.

The attachment to family and place is especially strong in rural areas. Drive into a small town or village anywhere in the Deep South, and you will quickly sense a changelessness—a party of crew-cut "good ol' boys" going out hunting, with full gun-

racks in the back of their pick-ups, who look like extras from a 1950s television show; or a black family in a shotgun shack that might have featured in "Huckleberry Finn." And since the South remains more rural than the rest of the country—farming

The South's distinctiveness is now influencing the whole country



Follow the good old way



Swamping the country



was the biggest industry as recently as 1960—even urban southerners still feel the tug of their old rural roots.

Then there are the famous “southern” attitudes: conservatism, the love of church and family, the fondness for violence, the hostility to the federal government even when (as in the New Deal) it was pouring money into the region. For a long time the rest of America laughed at all this; it called southerners rednecks, it accused them of lacking sophistication or being uncivilised, it assumed that such primitive views were bound up with racism. But laughed at or not, these attitudes have helped to differentiate the South, to lend it a special character that set it apart from other regions.

As the South goes

Now all this has changed, in two hugely significant ways. One is that the South has become more like the rest of America than at any time in its history. Consider its geography and climate. Before the air conditioner and jet aircraft, these were forbidding to outsiders. The summer is still as steamy as in any Tennessee Williams play; the swamps of Louisiana and south Florida as exotic and full of alligators, egrets and armadillos; the azaleas and rhododendrons of Georgia and the Carolinas, or the magnolias of Mississippi, just as gorgeous. But a business trip to Atlanta or Charlotte or Dallas is now much like a business trip to any American city—the same air-conditioned airport, the same views of suburbs clustered like centipedes around the roads on the city's edges, the same tower blocks downtown.

In its economy, politics and society, too, the South is losing its isolation. Retail outlets and fast-food joints look the same in the 11 confederate states as elsewhere. Employment patterns too. There are still more farmers than elsewhere; states such as Tennessee and North and South Carolina have a higher proportion of their workforce in manufacturing than most (North Carolina is the most industrialised state in the country). Yet a large majority of southerners are, like a large majority of all Americans, engaged in service jobs such as health

care, professional services, teaching or government.

And yet. It is hard to visit the South even for a short time and come away with the feeling that it is just another part of America. The burden of history is too great; southern hospitality too all-embracing; even the drawling accent too different. It will be many years before these things can be swept away by the onrushing tide of conformity.

That brings in the second big change, which is not to the South but to the rest of the country. Charles Wilson of the Centre for the Study of Southern Culture calls it the southernisation of America. This year's mid-term elections confirmed that the “primitive” attitudes that east-coast liberals used to sneer at are now those of America. It is the liberals who are now the obvious minority. As the South and the rest of America converge, it is at least as much thanks to the rest of the country joining the South, as to the South rejoining the Union.

Many traditionalists regret this. They deplore the harsher tone to American life that reflects the southern influence. They hate the religious right. Yet in many other ways America is gaining from the emergence of a triumphant new South that retains so much of its distinctiveness. This is not for the usual reason, that variety is enriching; for that could have excused the injustice, poverty and sheer inefficiency that for too many years characterised the South. The case for applauding the South's combination of continuing distinctiveness with success now is that it may be showing the rest of the country a way forward: an escape from the doubting, gloomy mood that afflicts it.

For some years middle-class Americans have feared that the American dream—perpetually rising living standards, with each generation living better than its parents—is over. Crime seems to be rising inexorably. Wages and living standards are under pressure. Roads and bridges are crumbling. Politicians are worse than ever.

The mood is different in the South. There, people who were poor for decades are at long last living the American dream. Few southerners worry, as do so many northerners, about whether they can afford the houses, college education and other luxuries of their fathers. Instead they are on an economic roll; such a strong one, indeed, that they are pulling the rest of the country with them. As for the hated politicians, southern businessmen still work with, not against, city halls and state governments; and the middle classes do not feel so oppressed by high taxes. Southern Republicans are, understandably enough, especially upbeat.

In other ways, too, the South is leading the nation. Downtown Atlanta may have its seamy side; but it is nothing like the Bronx or the centre of Detroit, and it will be spruced up and invigorated by the 1996 Olympic Games, which will focus the whole world's attention on the South. Black-white relations remain edgy; but they are better than elsewhere in America. The South still has plenty of problems: rural poverty, bad schools, crime. But these are no longer only southern problems; they affect the whole country. And in other respects the South is poised to occupy an unusual position in America: leadership. It makes a nice change from most of its history.

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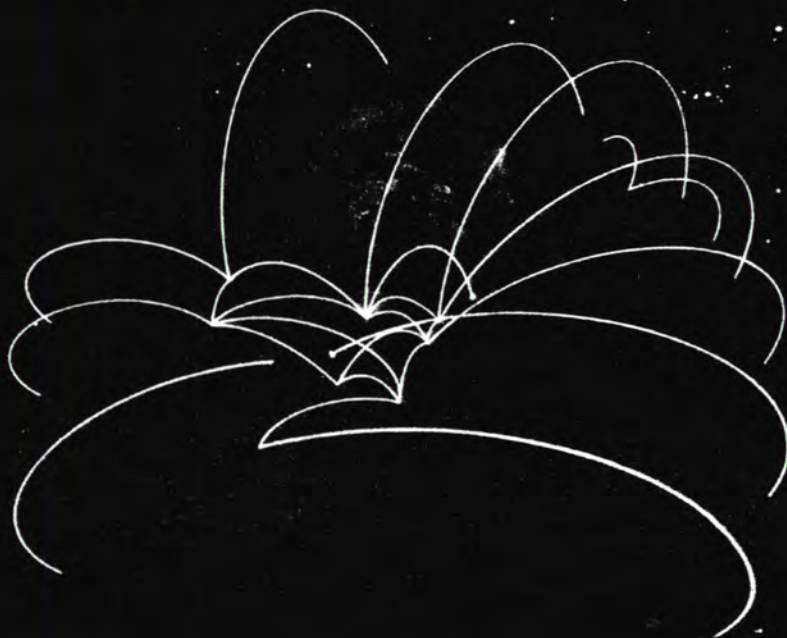
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THE PRESIDENT HAS SEEN

5-17-95

FYI Only. John Cullinane sent you a note saying he thinks announcing the BIRD (Bi-National Investment Research and Development Foundation) proposal for Ireland and Northern Ireland during your conference in May would be a great step towards peace and prosperity. The proposal has strong support from both the British and the Irish.

4/17

76 USC

can use 10 to 100?

Be

THE PRESIDENT HAS SEEN
5/17/95

April 11, 1995

MEMORANDUM

To: The President

From: Nancy Hernreich *Pat*

Re: Misc. Memo

Handwritten: H.D. 6/10/95
FYI Only. Sara Ehrman sent you a note saying that Arthur Schecter told her that he is prepared to come to Washington full time to work for your re-election. I sent a copy of her note to Harold and Doug. *Handwritten: 1/17 HI LS*

For Comment. You received a letter from Bill Wooby who owns an Art Gallery in Arkansas and Hot Springs. He heard from George Fisher and Judi Woods that you were interested in buying George's pastel of your mother and Barbra Streisand (photo is attached). The price is \$1,600.00. Are you interested? *Handwritten: 1/18*

Handwritten: [scribble] _____ Yes _____ No

For Comment. I received a letter from Cherri Roden saying that she was an Oregon appointee to the JFK Center's Advisory Committee on the Arts, an early supporter and a friend. She will be in town April 20-22. Do you want to see her? *Handwritten: KL*

Handwritten: [scribble] _____ Yes _____ Not necessary

FYI Only. Paul Montrone sent you a note saying that Newt Gingrich spoke at the Business Roundtable Policy Committee Dinner. Newt's "vision" was well received by the CEO organization because of the larger role for the private sector. Paul thinks it would be good for you to speak to this group. (Evidently, Leon also spoke to the group.)

THE PRESIDENT HAS SEEN
5/17

THE WHITE HOUSE
WASHINGTON

95 APR 19 08:59

17 April 1995

MEMORANDUM TO THE PRESIDENT

CC: LEON PANETTA
FROM: Harold Ickes *(initials)*
SUBJECT: 17 March 1995 letter from Vicki Carter to
Don Fowler

I think you will find the attached 17 March 1995 letter to Don Fowler from Vicki Carter, a self-described "31 year-old, well educated black woman who lives in an affluent Republican district" interesting.

(Handwritten signature/initials)



MARKETING DIRECTION • MEDIA PRODUCTION

March 17, 1995

Mr. Don Fowler
Democratic National Committee
430 S. Capitol Street
Washington, D.C. 20003

Dear Mr. Fowler:

I am a moderate Democrat and a member of the California chapter of the Democratic Leadership Council (Los Angeles) as well as the DNC. I am very pleased that yourself and Senator Dodd have taken the party reins at this very challenging time. I have been very active in party activities and have given generously of my time, spirit and wallet (to the extent that I am able to do so).

Following our party's near political Armageddon last November and the change in party leadership, I felt compelled to write about what I think are some critical elements for reviewing our past mistakes and oversights, and for rebuilding and restructuring for the battle of 1996.

We Democrats ('new' and 'old') can philosophize from now until the cows come home about the how and why of the 1994 electoral debacle. And as a beyond the beltway activist/observer, I must admit, I could see the train wreck coming long before the election, as evidenced by the following:

- ✓ There was a complete lack of theme and focus from the national party level (and of course Newt had his contract). The DNC's performance was dismal -- no national leadership and complete chaos at the local/grassroots level(s). Mr. Wilhelm is probably a perfectly good and decent man, but he was inarticulate and lacked the stature to effectively manage and motivate our party's very fractious coalition. Grossly overpaid consultants, over-reliance and focus on special interest groups and drowning in that disastrous healthcare debate (the public fighting among Democrats was equally as destructive as the jabs we took from the Republicans and 'Harry and Louise') drained the party of much of its spirit and (pre-election) very healthy financial resources, giving us the appearance of being void of fresh and innovative ideas. ✓
- ✓ And while President Clinton had some fault to bear, a larger source of our problems were at the hands of the Congressional Democratic Leadership. They behaved like a spoiled political class, completely out of touch with voters, and missed a critical opportunity for reform that Newt is currently capitalizing on. As a result, a minority of the voting population (the energized GOP and the few Democrats who did bother to vote) expressed its disgust and disdain with the Congressional Democratic squabbling (with the White House, amongst themselves and with the GOP), their perceived lack of leadership and inept legislative capacity. As a Majority party with the White House, we appeared incapable of agreeing on many of the high profile issues, and those issues we did agree on, we couldn't effectively convince the voting public that we had indeed made progress. Watching the Democratic congress legislate was like watching a daily bout of group bulimia. We were undisciplined, while the GOP was poetry in motion with their calculated assault/obstruction. They were confident in the notion that there was no price to pay for obstruction because the Democrats imploded so effectively among ourselves.

By contrast, Haley Barbour ran the RNC like a well-oiled machine, with a carefully crafted message, strategy and media support (with significantly less financial resources than we had). We completely misread the political landscape by dismissing and ignoring Newt and his minions in late 1993 when his schemes and strategy were becoming very clear.

✓ Needless to say Democrats must shed their dysfunctional behavior to unite and develop a theme for ourselves as a cohesive and steadfast champion of the "great middle" of American Voters. The DLC's response to the Contract on America was an excellent start, but we must rid ourselves of the image of a party of special interests and present ourselves as, **"the party of the American Majority"** (including the 64% of white male voters that helped elect the GOP majority*) that stands for the following:

// * (I am not a bigot, but a realistic, 31 year old, well educated black woman who lives in an affluent Republican district, and can read the writing on the wall!)

1. Equal opportunity, not guaranteed incomes.
2. Taxes paid on basis of what the country has done for you, not on basis of what the government can get away with doing to you.
3. The right to bear arms in defense of our families and property.
4. Freedom from government interference in our private lives and personal decisions.
5. Individual responsibility.
6. Tolerance of diversity.
7. Rewarding honest hard work.
8. Freedom to worship as we believe, not as others would force us to.
9. Families as the foundation of our society - not just a bumper sticker slogan.
10. Access to public airwaves for all of us, not just Rush and his clones and dittoheads.
11. Separation of church and state, to preserve the freedom to worship as we believe.
12. A strong United States; militarily, economically and morally.
13. Prevent crime and punish criminals.
14. Bringing poor Americans into the mainstream. Not creating an underclass.
15. A foreign policy that promotes peace, democracy, decency and not just our economic interests.

✓ The Republicans have shown us what happens to a house divided. It will not stand!!! We must exert the same disciplined tenacity that the GOP exhibited so effectively in their last 2 years as a minority. The results of the 1994 races have made this far more difficult because many of the moderates and conservatives in our party were defeated, thus leaving an even more fractious coalition than before. Nevertheless we must remain united. The public squabbling and bashing of the President must cease and desist! (Did you ever hear the congressional Republicans bash Ronald Reagan ... Newt would never tolerate Tauzin's public, 'treasonous' threats of party defection ...)

If we can grow up and let go of some of the pain of last November, we have an oddly unique and brief window of opportunity to take advantage of the fact that the GOP Presidential wannabes (most notably Dole and Gramm) will soon begin turning on each other like rabid dogs, dividing their party on the ideological (moderate vs. far right) lines. For instance, the politics of the Foster confirmation have strangely enough turned to the advantage of White House (after their admitted bungling of the background check). There will be additional opportunities within the workings of the Senate as those factions loyal to Gramm begin to show their 'true' colors, thus making Dole's life increasingly difficult as he attempts to juggle the responsibilities of leading the contentious Senate and fend off the blatant and more stealth-like Gramm inflicted daggers that will inevitably come his way...

Vickie Carter to Chairman Fowler

- ✓ Now that much of the old baggage (Rostenkowski, Jack Brooks, Foley etc.) is gone, the party is now 'liberated' from many of the old nuances that kept us from promoting much of the 'reform agenda' that Gingrich has seized. We should therefore focus on developing a strategy to not only win back our 15 house seats (to effectively Boot Newt), but to also develop a strategy to rebuild and renew our base, by organizing, training and educating individuals who hold Democratic Party principles to become Democratic Party grassroots activists and supporters. There should also be an organized, concerted effort (as William Kristol advised his GOP colleagues) to subjugate actions and policies on coherent, steadfast principles, as well as the '96 elections.

- ✓ We must also begin a disciplined counter-attack to the visceral, hateful, savage banter that the far-right radio talk show culture levels against our party on a daily/hourly non-stop basis. The GOP has cleaned our clocks on the use of this 'alternative' medium to communicate with their grass roots -- and now, an even more mean and extreme element of this culture ("hate-radio") has emerged in the aftermath of the November elections.

- ✓ While we don't need to jump aboard the 'hate train', we can articulate our views by educating and encouraging party members (as they've done in Texas) to challenge and aggressively respond to the distortions, lies and malicious, hate-mongering by Limbaugh and his wannabe imitators.

Finally, we need to play offense rather than defense on the major policy issues. For example the Proposition 187 crowd here in California are initiating a similar policy for the future of Affirmative Action. Why not instead of being "on the ropes" on these issues offer a DLC/DNC response, much the same way that the DLC responded to the 'Contract'. It should be positioned as compassionate and thoughtful. On immigration, the policy should focus more on border control. On affirmative action, focus more on self-reliance, hard work and equal opportunity, rather than using the provocative, divisive wedge language (i.e. affirmative action 'rollback', 'save the males', etc...) that Republicans are beginning to bandy about in their cue up to the 96 contest. (For instance, in addition to reviewing the Affirmative Action programs which the President is currently doing, he should appoint Barbara Jordan to head a task force to make recommendations. This would provide the cover the President would need against the more left-leaning segment of the party, particularly Jesse Jackson.)

I realize this a lot of information, none of it new or innovative. But it is a beginning of what many activists and Democratic Party supporters beyond the beltway are yearning to hear from our leaders in Washington.

Thank you very much for your leadership and vision. Thank you very much for listening.

Sincerely,



Vickie Carter

THE PRESIDENT HAS SEEN
5/17/95



THE VICE PRESIDENT
WASHINGTON

95 MAY 4 AIO : 13

May 3, 1995

MEMORANDUM FOR THE PRESIDENT

FROM:

THE VICE PRESIDENT

SUBJECT:

EMPOWERMENT ZONES: SECOND ROUND

*May OK for this being
may want to wait
last go round*

I write in response to your note regarding a second round of Empowerment Zones ("EZ"). (A copy of the April 14, 1995 decision memo is attached.)

I recommend that you support the option to wait until we submit the FY 1997 to propose a second round of EZs (Option C of the memo). As noted in the decision memo, this option avoids the problem of proposing a new FY 1996 budget item while simultaneously fending off FY 1995 rescissions. In addition, I fear that the Republicans will simply seize for further deficit reductions any savings/off-sets we would have to identify in order to fund a second round of EZs. Waiting will also allow us to build a stronger case for a second round because we will have had a year to garner demonstrable evidence of success.

I do, however, agree that we should seize any viable opportunity to conduct a second round before FY 1997 if that opportunity presents itself. If it does, I suggest that we endorse an approach that is similar or identical to our current initiative and not agree to either a Kemp-styled tax incentives only program or to a grants only program. To do so would signal a lack of confidence in our approach and may indeed undermine our efforts to garner support for our program -- particularly, from the business community.

*OK for time being
may want to —
last go round*

THE PRESIDENT HAS SEEN

4.27.95

THE WHITE HOUSE

WASHINGTON

April 26, 1995

MEMORANDUM FOR THE PRESIDENT

FROM:

JOHN PODESTA

TODD STERN

SUBJECT:

Empowerment Zone Initiative

Attached is a memo from Laura Tyson and Carol Rasco on whether to pursue a second round of the Empowerment Zone initiative and, if so, how. In principle, a second round would be desirable for several reasons -- e.g., it would help additional needy communities and demonstrate your commitment to empowering the urban and rural poor. The problem is that (i) it is highly unlikely that legislation for a new round could be passed, especially when we are struggling to protect FY 95 community development funds from rescission; (ii) it would be very hard to identify offsets to pay for the round; and (iii) even if we did identify offsets, the Republican Majority would likely seize on them to fund their own priorities.

In the event you did want to pursue a new round in the FY 96 budget cycle, the memo presents two options. Option A would use existing authority to offer direct grants, avoiding the need for new authorizing legislation, though new appropriations would be needed. Option B would seek new authorizing legislation for tax incentives and flexible grants. These options each have their relative pros and cons, but the larger point is neither would avoid the critical problems identified above. The memo also presents a third option -- waiting until the FY 97 budget cycle. This Option C would avoid the problems of proposing a new FY 96 budget item while fending off FY 95 rescissions (for CD Banks, National Service, etc.) or of finding FY 96 offsets. It would also allow enough time to build a stronger evidentiary record to justify a new round. Still, getting new legislation passed during the FY 97 cycle, an election year, would be a long shot.

Apart from the round-two issue, Laura, Carol and the Vice President will work on helping round-one applicants implement their strategic plans and will seek legislation allowing the Community Empowerment Board to grant waivers for round-one applicants.

Laura and Carol report that a clear majority of your advisors who have worked on the EZ initiative favor Option C, while supporting waiver legislation and help to round-one applicants to implement their strategies. A few advisors, especially from HUD, favor pursuing a second round now, via Option A or B. Leon and George see no viable alternative to Option C.

Option A___

Option B___

Option C___

Discuss___

Handwritten notes:
① What do you think?
② Option C even only tax
③ Successes (on money) Speaker might
support as part of package attached
and reconciliation
B.

THE WHITE HOUSE

WASHINGTON

April 14, 1995

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: JACK QUINN
CAROL RASCO
LAURA TYSON

SUBJECT: **Round Two of Empowerment Zones Initiative**

Attached is the options memorandum you requested on a possible second round of the Empowerment Zone initiative. This memorandum, drafted by OMB and HUD in cooperation with our offices, includes for your review three options for pursuing a second round. Drafts of the memorandum have been shared with those NEC-DPC principals integrally involved in the Empowerment Zone initiative and the final version includes the views of OMB, HUD, USDA, Treasury, HHS, Commerce, CEA, the NEC, the DPC, and the Office of the Vice President.

THE WHITE HOUSE

WASHINGTON

April 14, 1995

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: NEC-DPC PRINCIPALS

SUBJECT: Round Two of Empowerment Zones Initiative

Pursuant to your request, this memorandum explores the possibility of pursuing a second round of the Empowerment Zone (EZ) initiative.

I. Background on Current Empowerment Zone Program

More than 500 communities applied for urban and rural EZ and Enterprise Community (EC) designations in 1994. Taken together, these applications represent an extraordinary level of bottom-up neighborhood planning, significant innovation in the coordination and delivery of government services, and thoughtful changes in the relationship between the Federal government and local communities. In December, 1994, New York, Chicago, Detroit, Atlanta, Baltimore, and Philadelphia-Camden were designated as urban EZs and the Kentucky Highlands, Mid-Delta, Mississippi, and Rio Grande Valley, Texas were designated as rural EZs.

As you know, we were unable to designate anywhere near all of the cities that submitted outstanding applications as Empowerment Zones. The large number of outstanding applications motivated Secretary Cisneros to secure \$300 million in Economic Development Initiative (EDI) funding for additional awards. This EDI funding was used to create two Supplemental Zones (Los Angeles and Cleveland) and four Enhanced ECs (Boston, Houston, Kansas City MO-Kansas City KS, and Oakland). Despite our efforts to expand the Empowerment Zones initiative with EDI funds, many worthy cities were not designated EZs and no additional rural areas were designated. Your FY 1996 budget did, however, include a proposal to give the EZ tax incentives to two additional urban communities -- a commitment intended for the two Supplemental Zones.

As Chair of the Community Empowerment Board (CEB), the Vice President has committed to helping all round-one applicants, particularly the 105 EZ/ECs, successfully implement their strategic plans. As part of the National Performance Review, we intend to work with Congress on broad waiver authority that would enable the CEB to grant waiver requests of all EZ/EC applicants -- many such requests we are now forced to decline because of statutory constraints. Last year, we pursued such legislation, which passed in the Senate. Senator Hatfield has introduced broader waiver legislation this year. We will also consider additional reinvention strategies -- such as further consolidation, deregulation, and performance partnerships -- that could have a significant impact for all EZ/EC applicants while requiring no or modest additional budgetary resources.

II. Discussion of EZ Round Two

On March 20, we convened a meeting with the heads of the departments and agencies most involved in the EZ program to discuss a second round of the EZ initiative. In that meeting, almost everyone agreed that there are sound reasons for pursuing a second round. The group also agreed, however, that financing such an effort would be difficult, if not impossible.

A. Advantages of Pursuing Round Two

As you know, there are cogent arguments for pursuing a second round of Empowerment Zones:

- Expanding the program would allow you to help several additional needy communities that worked hard to pull disparate partners together and that were disappointed and disheartened by not being designated an EZ in the first round.
- The unprecedented level of community organizing and strategic planning completed by first round applicants creates great possibilities for more success. The strong positive reports about the EZ application process suggest that the program is working and will have a significant impact in communities that move forward to implement their strategic plans.
- The ability of top applicants to leverage significant private resources (for-profit and non-profit) makes the EZ initiative the most cost-effective community development program now available to you.
- Even if a proposed second round fails to gain passage, seeking it would demonstrate your continuing commitment to empowering poor urban and rural communities. If it passed, it would demonstrate your Administration's ability to work with the Republican Congress to develop innovative ways to address this nation's socio-economic problems.
- It would be wise to have a well-developed proposal for a second round ready in case a significant opportunity for negotiation with Congress arises this year.

B. Disadvantages of Pursuing Round Two

There are, however, downsides to proposing a second round of EZs:

- Chances for passage appear slim, particularly because we are having difficulties resisting efforts to rescind funding for existing (budgeted) community development efforts.
- A second round would be expensive, difficult to pay for, and would benefit only a few places. Because of budget constraints, Congress may pay for a Round II by cutting further other priority investments within the HUD/VA appropriations allocation, such as Community Development Banks and National Service. Through the reinvention strategies discussed above, there may be ways to benefit many more EZ/EC applicants at lower costs.

- Any attempt to amend your current budget proposal would subject it to heightened political scrutiny and criticism.
- The FY 1996 budget does not mention a second round but does mention the proposed expansion intended for the Supplemental Zones. If we now broaden our request to reach additional communities, this could be perceived with disfavor by the Supplemental Zones. And, the four Enhanced ECs have made it clear that they view themselves as first in line for any additional tax incentives.
- Proposing a second round before we have accurate evidence of the results of the first round may not be prudent. In addition, implementing the program for the original Zones and Communities involves a tremendous amount of effort at the Federal level, and a second round could make that process even more difficult.
- Failure to pass such legislation could dishearten the top applicants, who may end up feeling like two-time losers.
- A proposed second round could subject the first round to more scrutiny and invite attempts to repeal the original program.

Perhaps the most difficult issue is the problem of identifying offsets. The options presented below are expected to cost at least \$695 million over five years in budget offsets. Offsets will be hard to find. On the discretionary side, they could come from reducing spending for other HUD programs, or from other departments, which unfortunately are already being hit hard in the rescission process. On the mandatory side, offsets could come from a possible restructuring of the \$3 billion per year Low Income Housing Tax Credit (for potential savings of \$600 million) and/or limiting or eliminating either of the following: the \$900 million/year income exclusion for interest on Industrial Development Bond (IDB) debt; or the \$400 million/year exclusion for pollution and sewerage IDB debt. Each of these proposed offsets is debatable on the merits.

More importantly, we foresee a difficult political problem with identifying any offset to pay for EZ round two. Any offset we identify is likely to be seized upon by Republican Members of Congress to pay for their budget priorities. For example, to pay for deficit reduction, the Administration recently proposed to deny the EITC to persons who receive more than \$2,500 in interest and dividends. The tax committees have used this proposal to help pay for an extension and increase of the health care deduction for the self employed. This experience makes Treasury especially wary of offering up other potential revenue raising items in this legislative environment.

III. Options to Consider

Outlined below are three options for a round two -- if you decide to pursue such an effort. (The advantages and disadvantages discussed below are in addition to those generally discussed in Section II.)

Option A: Use existing authority to offer direct grants

HUD and USDA propose creating six new Empowerment Zones (4 urban and 2 rural) and twenty-five new Enterprise Communities (distribution between urban and rural would have to be determined). No new EZ competition would be held: selections would be made from among the most highly-ranked applicants who did not receive first-round EZ designations. (Each applicant could be asked for a quick update of the information in their application, but not for a new plan.)

Each urban EZ recipient would receive \$25 million in FY 1996 for flexible grants and \$20 million each year for five years to provide the cash equivalent of a Federal tax credit program. For example, localities could use the monies to fund local versions of the employee-based tax credit and other tax credit ideas such as a capital gains rollover or a portable tax credit.

Each rural EZ would receive a total of \$10 million in FY 1996 in flexible grants and \$10 million each year for five years to provide the cash equivalent of federal tax credits.

As in round one, each EC would receive \$3 million in flexible grant assistance.

The total cost over five years would be \$695 million. All funding would be directed to an existing HUD and USDA program, such as the Economic Development Initiative (EDI) program at HUD and an existing, but unfunded, rural development demonstration program included in the 1990 farm bill. We would not request new authorizing legislation.

Advantages:

- No new authorizing legislation required (though appropriations would be required).
- Builds on the EDI supplemental program we developed in the first round, which was garnered with some Republican support.

Disadvantages:

- Current authorized activities under EDI are too narrow to include all desired EZ activities, such as social services.
- Adds complexity; creates a new category of communities with richer benefits than those awarded to the enhanced ECs, who believe they are first in line for additional benefits.
- It is unclear whether the "local-cash-equivalent-of-tax-incentives" would have the impact of federal tax incentives.

Option B: Seek new authorizing legislation for tax incentives and flexible grants.

Select, from the top applicants of the first round, six new Empowerment Zones (4 urban, 2 rural) and twenty-five new Enterprise Communities (distribution between urban and rural to be determined) for the same packages of tax incentives and flexible social service funding offered under the first round, but on a smaller scale. In the alternative, we could propose new federal investment tax credits or capital gains exclusions limited to certain cities, partly as a test of the effectiveness of federal capital tax incentives in revitalizing distressed areas. We could fashion this package of incentives so that the cost is limited to approximately \$700 million over five years, the approximate cost of Option A.

Advantages:

- Capital gains reductions could make this version more attractive to Hill Republicans.

Disadvantages:

- Designing smaller tax benefits for some EZs adds unnecessary complexity to the Tax Code.
- Adds complexity; creates a new category of communities with richer benefits than those awarded the enhanced ECs, who believe they are first in line for additional tax incentives.
- It will be very difficult to fashion tax incentives that are powerful enough to influence behavior while keeping the cost at \$700 million. The cost of 4 new urban and 2 new rural zones that have the same package of benefits as the first round would be about \$1.3 billion over five years.
- Although some Republicans might be interested in a second round that includes tax reductions for capital gains, we did not propose such an incentive in the original EZ legislation because of the inordinate cost, the risk of sheltering activity, and because we preferred the wage credit, which can be tied directly to job creation.

Option C: Wait to include proposal in the FY 1997 Budget

Some agencies, particularly HHS, recommend that you wait until the next budget cycle to offer any proposed second round.

Advantages:

- Avoids problems with finding an appropriate legislative vehicle after the FY 1996 budget has been submitted.
- Builds a stronger case because we will have a year of evidence to justify our request for second round.
- Avoids the problem of proposing a new budget item (EZ Round II) while simultaneously fighting to maintain FY 1995 funding (e.g. for CD Banks, National Service, etc.)
- Provides an election year issue if Congress does not enact the proposal.

Disadvantages:

- Passage of new legislation is highly unlikely in a Presidential election year and measure may be viewed as largely symbolic.

IV. Recommendation

A second round of EZs would build on the success of this "signature" Administration initiative, but it would require Congressional support for additional spending. While the planning process has proven to be successful, it is still too early to have evidence on the success of the December, 1994 designations (first round). Moreover, a second round would reach only a few of the many cities and rural areas that were not designated in December 1994.

All of the choices appear problematic. Because of the difficulty in finding suitable offsets to pay for a second round, as well as other policy and legislative concerns stated above, a clear majority of your advisers recommend pursuing Option C while devoting the Administration's energies this year on passing waiver legislation and helping round-one applicants successfully implement their strategic plans. (We

could begin a process to develop second round options that you would consider for inclusion in your FY 1997 budget.) A few of your advisers, especially those from HUD, however, believe that we should proceed now with a second round in order to capture the momentum and excitement created by Round One. They recommend either Option A or Option B.

V. Decision

___ Option A

___ Option B

___ Option C

___ Discuss Further

THE PRESIDENT HAS SEEN

5/17

*Still on Ross
Baker life*

*same for possible
future use*

MEMORANDUM TO THE PRESIDENT

FROM: MARK GEARAN *MG*

RE: RESEARCH ON PRESIDENTIAL VETO

DATE: 8 MAY 1995

I attach for your information a brief review of the historical distinctions between FDR and your first two years regarding the use of the presidential veto. There are several salient points which distinguish the comparison that Tony Lewis failed to note in his column today.

Please advise on how you wish to proceed. It would be my recommendation that we solicit a full response from a presidential historian.

attachment

cc: Erskine Bowles

May 8, 1995

MEMORANDUM FOR MARK GEARAN

FROM: Jake Siewert
Russell Horwitz

SUBJECT: Tony Lewis Column on Veto

There are several reasons why the comparison on veto strategy in Tony Lewis's column today is misleading.

- FDR vetoed very few **public** bills. Almost 500 of the 635 bills that FDR vetoed were **private** bills, i.e., freestanding bills affecting just one individual or company. That type of bill is no longer common.
- FDR vetoed very few **significant** pieces of legislation. A comparative study of vetoes found that FDR vetoed fewer than 5 **significant** bills each year. Richard A. Watson, The President's Veto Power, Annals of the American Academy, 1988.
- Comparison between FDR's time and ours is inherently flawed. The period of FDR's presidency was exceptional because of the extraordinary pace of change. One presidential historian noted, "The presidencies of Grover Cleveland and Franklin Roosevelt are exceptional for their use of the veto -- a level of usage that cannot be accounted for with normal explanations."
- The notion that FDR had a Democratic Congress gives too little emphasis on the powerful pro-business bloc (Southern Democrats and Republicans) that consistently sent FDR legislation at odd with his New Deal.

Attachments

TABLE 1
Presidential Use of the Veto

<u>President</u>	<u>Regular Vetoes</u>	<u>Pocket Vetoes</u>	<u>Total Vetoes</u>	<u>Vetoes Overridden</u>
Washington	2	-	2	-
Adams	-	-	-	-
Jefferson	-	-	-	-
Madison	5	2	7	-
Monroe	1	-	1	-
J.C. Adams	-	-	-	-
Jackson	5	7	12	-
Van Buren	-	1	1	-
W.H. Harrison	-	-	-	-
Tyler	6	4	10	1
Fillmore	-	1	3	-
Taylor	-	-	-	-
Fillmore	-	-	-	-
Pierce	9	-	9	5
Buchanan	4	3	7	-
Lincoln	2	5	7	-
A. Johnson	21	8	29	15
Grant	45	48	93	4
Hayes	12	1	13	1
Garfield	-	-	-	-
Arthur	4	8	12	1
Cleveland (1st term)	304	110	414	2
B. Harrison	19	25	44	1
Cleveland (2d term)	42	128	170	5
McKinley	6	36	42	-
T. Roosevelt	42	40	82	1
Taft	30	9	39	1
Wilson	33	11	44	6
Harding	5	1	6	-
Coolidge	20	30	50	4
Hoover	21	16	37	3
F. Roosevelt	372	263	635	9
Truman	180	70	250	12
Eisenhower	73	108	181	2
Kennedy	12	9	21	-
L.B. Johnson	16	14	30	-
Nixon	26	17	43	7
Ford	48	18	66	12
Carter	13	18	31	2
Reagan	40	37	77	9
Totals	1,420	1,048	2,468	103

TABLE 2
VETOES OF PUBLIC BILLS BY PRESIDENTS ROOSEVELT THROUGH CARTER, 1933-81

President	All Public Bills Vetoes		Number of Years Served	Significant Bills Vetoes per Year
	Nonsignificant	Significant		
Roosevelt	78	60	12.37	4.85
Truman	44	37	7.83	4.85
Eisenhower	44	34	8.00	4.25
Kennedy	5	4	2.90	1.38
Johnson	5	9	5.10	1.76
Nixon	2	38	5.69	6.68
Ford	6	56	2.31	23.81
Carter	7	22	4.00	5.50
Total	191	259	48.00	5.40 (average)

SOURCES: *Presidential Vetoes, 1789-1976*; *Presidential Vetoes, 1977-1984*.

private bills, as previously noted, but a high proportion of the public bills they vetoed were also of national significance. When the length of term is taken into account, all three of them cast more vetoes of significant bills per year than did any of their five predecessors. That statistic also indicates that President Ford was by far the most important vetoer of the 1933-81 period, while Presidents Kennedy and Johnson were the least important vetoers.

One final aspect of presidential vetoes cast during the 1933-81 period should be assessed, namely, which of the eight presidents vetoed the greatest number of major bills, that is, those of most importance to the nation? This judgment is admittedly a very subjective one, but I believe that Harry Truman earns the distinction. Among the 37 nationally significant bills that he vetoed were a number relating to both the domestic economy and internal security. Included in the former category were the Taft-Hartley law regulating labor-management relations and the McCarran bill that sought to convey title to offshore oil resources—mistakenly referred to as “tidelands” oil—owned by the national government to the states. Included in

the latter were the Internal Security Act, also sponsored by Senator McCarran, which required the registration of Communist and other suspect groups with the attorney general and authorized the detention of persons thought likely to commit espionage and sedition, and the McCarran-Walter Act, controlling the immigration and deportation of “subversives” and persons with Communist affiliations. In addition to this historic legislation, President Truman also vetoed the Kerr bill, exempting independent gas producers from regulation by the Federal Power Commission, and three separate tax bills, even though presidents generally defer to Congress on revenue measures. Truman's own assessment after he left office that he “found it necessary to veto more major bills than any other president with the possible exception of Grover Cleveland”²⁰ would also apply to the veto record of the six presidents who succeeded him in office.

CONGRESSIONAL RESPONSE

When a president casts a regular veto—not pocket veto—he returns the affected bill to the house in which it

20. Harry S. Truman, *Memoirs*, vol. 2, *Years*

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Harold Ickes to POTUS et al. re: Direct Mail Program (6 pages)	04/26/1995	Personal Misfile

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 5953

FOLDER TITLE:

May 14-20, 1995 [1]

2018-0662-S
rs3125

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]

Billy Webster
Doug Sosnik

THE WHITE HOUSE
WASHINGTON

May 17, 1995

Mr. Roberto R. Alonzo
Chair
Mexican American Democrats of Texas
Suite 804
400 South Zang Boulevard
Dallas, Texas 75208

Dear Roberto:

Thank you for your letter. I was pleased to hear from you again about our shared desire for legal immigrants to expand their participation in our national community by becoming full citizens of the United States. I'm sorry that I was unable to respond sooner.

As you know, I believe strongly in the empowerment of all individuals lawfully residing within our nation -- citizens and non-citizens alike. I recognize the enormous contributions made by lawful residents of Mexican ancestry living within our borders, and I believe that it can only benefit our country to encourage these legal immigrants to become citizens. Indeed, we have significantly expanded our efforts to promote naturalization and help those who seek citizenship through public education programs and by establishing cooperative agreements with community-based organizations, ethnic group networks, and educational institutions which assist in the preparation of applications and study for civics and language tests. We approved naturalization applications for more than 400,000 persons in fiscal 1994, and we continue to see a large increase in applications for citizenship.

Regarding the citizenship proposal you present, I am advised that there are serious legal questions about my authority to issue an Executive Order granting citizenship, in part because any such order must be based upon authority granted by statute or by the Constitution, which clearly grants Congress the power to establish eligibility requirements for citizenship.

I have asked my Director of Scheduling, Billy Webster, to consider your suggestion that I join you at the state convention of the Mexican American Democrats of Texas. As always, I appreciate your thoughtful comments and look forward to your continued involvement.

Sincerely,

Bill Clinton

if I can't go should
be represented & send
letter
They endorsed me early
if I can't go should
be represented & send
letter
Billy Webster
Doug Sosnik
Alonzo
Mexican American Democrats of Texas
Suite 804
400 South Zang Boulevard
Dallas, Texas 75208

THE WHITE HOUSE

WASHINGTON

May 15, 1995

Mr. Roberto R. Alonzo
Chair
Mexican American Democrats of Texas
Suite 804
400 South Zang Boulevard
Dallas, Texas 75208

Handwritten initials and signature

Dear Roberto:

Thank you for your letter. I was pleased to hear from you again about our shared desire for legal immigrants to expand their participation in our national community by becoming full citizens of the United States. I'm sorry that I was unable to respond sooner.

As you know, I believe strongly in the empowerment of all individuals lawfully residing within our nation -- citizens and non-citizens alike. I recognize the enormous contributions made by lawful residents of Mexican ancestry living within our borders, and I believe that it can only benefit our country to encourage these legal immigrants to become citizens. Indeed, we have significantly expanded our efforts to promote naturalization and help those who seek citizenship through public education programs and by establishing cooperative agreements with community-based organizations, ethnic group networks, and educational institutions which assist in the preparation of applications and study for civics and language tests. We approved naturalization applications for more than 400,000 persons in fiscal 1994, and we continue to see a large increase in applications for citizenship.

Regarding the ^{serious} ~~citizenship~~ proposal you present, I am advised that there are ~~important legal issues that raise~~ questions about my authority to issue an Executive Order granting citizenship, in part because any such order must be based upon authority granted by statute or by the Constitution, which clearly grants Congress the power to establish eligibility requirements for citizenship.

I have asked my Director of Scheduling, Billy Webster, to consider your suggestion that I join you at the state convention of the Mexican American Democrats of Texas. As always, I appreciate your thoughtful comments and look forward to your continued involvement.

Sincerely,

Handwritten signature



cc: Leon / U.P. / CR

We need careful reply
We really hope up

Mexican American Democrats of Texas

Carol Kasco
has asked for
Marshall to respond.
He is developing letter.
What is original of
this letter?

February 13, 1995

THE PRESIDENT HAS 3
2-21-95

cc
Dorskind

Chair
Roberto R. Alonzo
Dallas

Vice Chair
Dinna Castaneda
Austin

Secretary
Rose A. Salas
Houston

Treasurer
Gaspar Trevino
Carrizo Springs

Dear Mr. President,

I ask that you reconsider the earlier proposal made to you by Dr. Gutierrez as presented by Congressman Bill Richey.

We asked that you recognize that there are nearly 13 million lawful residents in the U.S. of Mexican ancestry that cannot vote because they are not citizens.

We asked that you realize how vulnerable and victimized they are without citizenship.

We asked that you, as our president, also, do the right thing by us who have been the most loyal.

We asked for moral and political courage from you.

We asked that you grant by Executive Order, as soon as possible, a national program of citizenship for all lawful residents in the U.S. presently.

We asked that in the national interest and for the security of the United States as you seek to seal the borders with more restrictive enforcement. You must equip those of my people not able to defend themselves within our borders with the right to vote. Give us one year in which to get our people processed for citizenship and registered to vote.

You are still my President. I have always been with you.

Without the Executive Order my people will not be able to help themselves, help you or help me. I will not be able to help you.

Grant, immediately by Executive Order for national security and interests, the right to citizenship for all lawful residents. Do this and you will go down in history as a great president: A president as Lincoln with the Emancipation Proclamation.

Please respond to me directly with positive news.

Come be among us next August, 1995, at the State Convention of the Mexican American Democrats of Texas.

Sincerely,

Roberto R. Alonzo

FEB 22 1995

Erskine
What's
stated
Pringle
C. 7-2

Cole letter
Connelly
JPP

WHITE HOUSE
WASHINGTON

note
to Erskine
re Dorskind
"will be
in touch!"

May 15, 1995

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

Dear Johnetta:

Thanks for your letter of May 1. I enjoyed being with you for the recent economic summit and deeply appreciate Atlanta's hospitality. It was a productive meeting.

Thanks, too, for forwarding George Ariyoshi's proposals concerning American trade with Japan.

Hillary and I are grateful, as always, for your prayers and for your continued support.

Sincerely,

Bill Clinton

Spelman
College

Johnnetta B. Cole, President

May 1, 1995

President Bill Clinton
The White House
Washington, D.C. 20500-2000

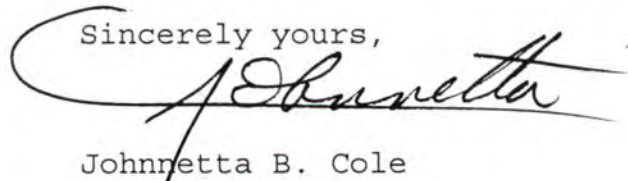
Dear Brother President:

It was a joy and of course an honor to interact with you when you were in Atlanta for the Economic Summit. I thought that each of the panels went extremely well, and I continue to marvel at the way that you are so fully engaged as you interact with diverse Americans on a range of issues that are of vital importance to our nation.

On a recent trip to Hawaii, I visited with the former Governor, George R. Ariyoshi. The Governor and I serve together on an advisory committee of the Japan foundation, and we each have a keen interest in relations between our government and that of Japan. In the context of discussing such matters, he shared with me a report that he had prepared for you, and noted that he had not received a response. I said that I would be pleased to send it to you once again. It is enclosed.

You remain in my prayers, and you and the First Sister of our nation always have my best wishes.

Sincerely yours,



Johnnetta B. Cole

cc: Governor George R. Ariyoshi
Encl.

JBC/nt

c:\nan\president.ltr

carefully stated views and especially with his obvious willingness to enter into free and healthy dialogue. The fact that he had survived 10,000 days in jail with no apparent bitterness elicited respect from business leaders who vigorously disputed his political ideas.

In a December 1991 speech, however, Mr. Mandela strongly attacked President F. W. de Klerk. The speech created shock waves and feelings of personal hurt among some businessmen. Many felt he had been too personal in his attack and had gone too far.

It was clear that Mr. Mandela was a political force to be reckoned with. Nevertheless, some of his state-

Clive Menell is a South African businessman.

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serves much of
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elopment program
the need for disci-
netary policies.
urse, members of
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ome A.N.C. mem-
sidered irresponsi-
oom. There is still

Abroad at Home

ANTHONY LEWIS

THE PRESIDENT HAS BEEN
3/16/95

Is There a Backbone?

BOSTON

In 12 years as President, Franklin Roosevelt vetoed 635 bills: a rate of one a week. In his two plus years, Bill Clinton has vetoed none.

Those figures tell us a good deal about the two men's view of the office. During F.D.R.'s entire Presidency the Democrats controlled Congress. But with his vigorous conception of executive power, he did not hesitate to assert what he deemed to be the national interest against members of his own party. His veto was overridden only nine times.

From the start President Clinton took a far more emollient stance, pulling back from conflict with Congress. He went so far, especially in failing to stand up for his nominees when they were attacked, that he suffered serious political damage. Congress concluded that this President could be rolled.

This year, with Republicans in control of Congress and radicals in the House pushing ripper bills through one after the other, the time seemed to have arrived for Mr. Clinton to use the veto power. But when the first clear occasion for a veto arose, he whimpered out.

The occasion was a bill that repealed a law giving preferential tax treatment to the sale of radio and television stations to minority-owned businesses. The repeal was made retroactive. But an amendment stuck on by Senator Carol Moseley-Braun, Democrat of Illinois, allowed one sale already made to keep the tax break. The seller was Rupert Murdoch, who thereby pocketed upward of \$30 million. The buyers in-

cluded a black group and The Chicago Tribune.

Mr. Murdoch is the artful dodger of the media world. He somehow persuaded Margaret Thatcher's Conservative Government in Britain that no antitrust problems were raised when he acquired a huge slice of the British press. Then he made his newspapers a clique for Mrs. Thatcher.

President Clinton can hardly expect political support from the con-

Time to stand up and veto.

servative Mr. Murdoch. But he signed into law the bill giving Mr. Murdoch the tax break. Why? Was he afraid that the Murdoch press would savage him even more cruelly if he vetoed it?

Mr. Clinton's explanation was that he had to sign the bill because it also gave self-employed people the right to deduct part of their health-insurance costs on their tax returns. But the explanation amounted to a pathetic statement of political weakness.

If the President had vetoed that legislation, Congress would surely have passed the health-insurance provision without the Murdoch rider. The demand from self-employed farmers and entrepreneurs was irresistible.

And what a wonderful target the bill was for any President ready to

appeal to the country over the head of Congress. It was a case of serving special interests carried to the extreme: serving one billionaire. Franklin Roosevelt would have waged that fight with delight.

In recent days President Clinton has shown signs of new vigor in opposing Congressional Republicans. He made rousing speeches against the so-called Legal Reform Act and in defense of Medicare and abortion rights. He stood fast behind his nomination of Dr. Henry W. Foster Jr. to be Surgeon General. He threatened to veto legislation he criticized.

But if he wants his new resolve to be credible, Mr. Clinton will have to not just threaten but use the veto power. And legislation is moving toward him that will be a tough test of his willingness to do that.

The legislation is the appropriations rescission bill. In both houses timber interests have had tacked onto it a rider allowing clear-cutting of trees in public forests that are "imminently susceptible to fire or insect attack." That sweeping language could cover just about any tree.

And the rider goes much further. It provides that any cutting "shall be deemed to satisfy" environmental statutes — in short, that those protective laws are suspended. Last, and most devastating as a precedent, the bill would restrict the right to challenge timbering plans in court.

It is tough to veto an appropriations bill. But this one is a dramatic case of narrow interests using appropriations as a tricky way to gain their end. Will Bill Clinton have the backbone to say no? □

Bill Whit
Public Affai
Bill helps
athletes trai
Ove
Olympians
hockey and
enthusiasm

May 12, 1995

95 MAY 16 P 1 : 42

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

As one of the nation's rapidly expanding centers for technology, Austin, Texas plays an important role in the development and advancement of high technology. One of Austin's fastest growing companies, National Instruments, is a key contributor to that expansion. The company's innovative technology is harnessed by engineers and scientists worldwide to improve product research and development in a wide array of industries.

We extend a personal invitation to you to speak at an event that will celebrate the opening of National's new manufacturing and engineering facility in Austin, as well as participate in ceremonies for *NI Week*, the company's week-long user and developer conference. The events will take place Wednesday, July 26 from noon to 5 p.m. and will afford speaking opportunities during a luncheon, facility tour and ribbon-cutting ceremony. We expect 300-500 people to attend these events, including numerous small business owners who have built their companies around National Instruments' technology, and engineers and scientists from fields as diverse as education, semiconductors, automotive, telecommunications and computers.

We have invited elected representatives and dignitaries from the local, state and national levels, as well as local and national broadcast and print media.

We hope you are able to participate in these most important events. A representative from my office will contact your staff shortly to provide you with additional information. I also hope to schedule a meeting with your staff in early June to personally deliver an invitation on behalf of National Instruments.

Sincerely,



Deborah Stapleton

Attachment

Corporate Fact Sheet

The Company

National Instruments (NASDAQ: NATI)
Founded: 1976
Bankers: Robertson, Stephens & Company
Lehman Brothers

Headquarters

Austin, Texas
More than 900 employees worldwide

Financials

1994 Sales: \$127MM
Net Income: \$13MM
EPS: \$0.71
Fiscal Year End: December 31

IPO

Date of offering: March 14, 1995
Shares offered: 3,400,000 (+ 510,000 underwriter's
overallotment option)
Price of offering: \$14.50
Shares Outstanding: 20,829,856
Market Capitalization: \$302MM

Market Strategy

National Instruments manufactures software and hardware products for PCs and workstations that scientists and engineers use to build virtual instrumentation systems for two large markets — test and measurement and process monitoring and control. These systems are used for research and industrial applications such as automated testing, laboratory automation, factory automation, physiological monitoring, numerical analysis and data visualization.

Sales and Distribution

National Instruments distributes its software and hardware products through a direct sales organization, independent distributors, OEMs, VARs, system integrators and consultants. The company has 30 offices in North America, 28 offices in 19 countries outside North America, and numerous distributors worldwide.

Manufacturing

The company manufactures its products in Austin, Texas.

THE WHITE HOUSE
WASHINGTON

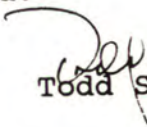
THE PRESIDENT HAS SEEN

5 16 95

May 15, 1995

MR. PRESIDENT:

Attached is a Bob Rubin memo, with a Laura Tyson summary, on the serious problems facing the Savings Association Insurance Fund (SAIF) and potential solutions. Bob's memo responds to a question you raised after reading the April 10 Weekly Economic Bulletin, which included an article on "The Death Spiral of the Thrift Insurance Fund."


Todd Stern

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5-16-95

May 8, 1995

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MEMORANDUM FOR

THE PRESIDENT

FROM:

LAURA TYSON

SUBJECT:

Treasury Memo Concerning Savings Association
Insurance Fund (SAIF)

Thanks
Keep on
top of
this

The attached memo from Bob Rubin responds to your question concerning the Administration's policy on the Savings Association Insurance Fund (SAIF). As described in the April 10 Weekly Economic Bulletin, which is Attachment A to Bob's memo, the SAIF is in danger of collapse within the next several years. This has a number of causes, but the precipitating event is the recapitalization of the parallel Bank Insurance Fund (BIF). BIF's recapitalization means that commercial banks will soon pay about one-sixth as much as savings and loans for identical deposit insurance. This will significantly accelerate shrinkage of the SAIF asset base.

41 Treasury testified on this issue before the House Banking Committee on March 25 and will testify within the next several weeks before the Senate Banking Committee. (Treasury's March 25 testimony is Attachment B to Bob's memo.) In the March 25 testimony, Treasury and the bank regulators -- including the FDIC, which is the manager of the insurance funds -- all worked to convince a skeptical Congress that there is a problem. In the May testimony, they will present a joint solution.

The solution, on which the agencies are very close to agreement, is described at the bottom of page three of Bob's memo. It involves (i) a one-time assessment on savings and loans to bring SAIF up to the statutory recapitalization level of \$1.25 per \$100 of insured deposits; (ii) keeping RTC money that has been appropriated but not spent available for extraordinary thrift failures for the next three to five years; and (iii) requiring both SAIF and BIF to pay for interest on bonds issued in connection with the first thrift bailout. Because of the BIF contribution to the bond repayment and the use of the RTC money, which may raise PAYGO issues that all parties are working on, the solution may be more difficult to implement than to construct.

However, there is growing interest in Congress, particularly in the Senate Banking committee, in solving this problem, and doing it in this session of Congress. Senate Banking Committee majority staff is even trying to get parts of the solution into the Senate Budget Resolution. Republicans don't want another thrift crisis on their Congressional watch any more than we want one on ours. The Administration will be most effective if it continues working jointly with the FDIC and other bank regulators.

OMB and CEA, as well as NEC, concur with Bob's memo.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

May 2, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin 
SUBJECT: Administration Policy Regarding the Savings Association Insurance Fund (SAIF)

The April 10 Weekly Economic Bulletin (WEB) included an article entitled "The Death Spiral of the Thrift Insurance Fund" (Tab A). In response to the article, you asked about Administration policy regarding SAIF.

Assistant Secretary Richard S. Carnell testified for the Administration at the House Banking Committee's March 23 hearing on SAIF. (Tab B briefly summarizes the testimony.) He stated: (1) SAIF has a serious and growing capitalization problem that is structural and unrelated to the (generally healthy) state of the thrift industry; (2) this problem also extends to concern about payment of \$793 million in annual interest due on bonds (known as FICO bonds) issued in 1987-89 as part of the thrift bailout, which must be paid out of SAIF deposit insurance premiums, (3) *there are a number of options to deal with the problem (outlined in the testimony), but the politically easy ones are insufficient to solve the problem*; and (4) all parties, including the thrift and banking industries, the FDIC (which is responsible for SAIF), the OTS (which regulates thrifts), the Administration, and the Congress need to work together to develop a feasible and lasting solution. During the hearing, Subcommittee Chair Marge Roukema strongly urged everyone to develop a solution and bring it back to her. Senate Banking Committee hearings are expected in mid-May, and the Committee will expect to hear at that time the preferred approach of the Administration and FDIC.

The Administration can play a unifying, catalytic, and constructive role in developing a solution to this problem -- which will almost certainly come to a head before 2000, and possibly within the next two years. However, doing so requires that the Administration be a relatively quiet broker and deal-maker, developing the necessary consensus (which may not need to include all the parties) before going public with a solution. Some House Republicans, in particular, are ready to pounce on any Administration-only solution as "using taxpayer money to bail out the thrifts." Treasury is taking the lead in moving forward collaboratively, working with the FDIC, OCC, and OTS, with participation from OMB, NEC, and CEA.

Background

Commercial banks and thrifts have long had two different insurance funds. In the late 1980s, the old Federal Savings and Loan Insurance Corporation (FSLIC) collapsed, requiring taxpayer support to pay off insured depositors. In the end, Congress created a new FDIC-administered insurance fund for thrifts -- SAIF -- and renamed the existing FDIC fund for banks as the Bank Insurance Fund (BIF). Each fund was to collect premiums on deposits at a relatively high rate until it accumulated reserves of \$1.25 per \$100 of insured deposits, at which time premiums could be lowered.

When SAIF was established in 1989, the Bush Administration asserted (and Congress believed) that it could reach that capitalization level. This assertion rested on two assumptions: (1) that thrift deposits would *grow at a 7 percent annual rate*; and (2) that Congress would, if necessary, appropriate funds to help capitalize SAIF. *Neither assumption was correct.* Since 1989, thrift deposits have *declined at a 5.4 percent annual rate*, thereby shrinking SAIF's assessment base and premium income. Because future Treasury funding was anticipated, Congress believed that a high proportion of the thrift premiums paid to SAIF were not needed to build up SAIF. Thus virtually all SAIF premiums paid before 1993 were diverted to help pay for past thrift failures. At the same time, Congress never appropriated the Treasury funds authorized in 1989 to build up SAIF. As a result, the thrift fund has only 28 cents per \$100 of insured deposits and the outlook for reaching the \$1.25 level in the next several years is highly uncertain.

The bank fund --BIF-- fared much better. Both banks and thrifts have been paying an average annual deposit insurance premium of 23 cents per \$100 of insured deposits. However, because bank failures have declined precipitously, bank deposits have grown, and BIF premiums have not been siphoned off for other purposes, BIF will fully recapitalize this year. Under an FDIC proposal that the agency believes is statutorily required, premiums on deposits of healthy banks are likely to decline to 4 cents per \$100 of insured deposits, while premiums on deposits of healthy thrifts would remain at 23 cents unless something is done to recapitalize SAIF and address the FICO obligation.

The Problem

Understandably, *healthy thrifts do not want to pay almost 6 times more than banks* pay for the same deposit insurance coverage. Thus thrifts have powerful incentives to maneuver around statutory prohibitions and move their deposits out of SAIF. Indeed, several of the largest thrifts, such as California's Great Western, have filed applications with the regulators to create *de novo* banks that would be located in their thrift lobbies and would move deposits from the thrift to the bank. The regulators are likely to approve these charters. As this happens, *SAIF will become less and less able to make FICO bond payments and recapitalize.* While the FICO bonds do not carry the full faith and credit of the United States, the government would face strong pressure to step in to prevent a default. SAIF itself is small enough that the failure of one major thrift could cause it to go bankrupt. Although it has a

line of credit to the Treasury that could protect thrift depositors, it is unclear that the FDIC could make the findings required by the statute to tap the line of credit. *We would then be in the midst of another thrift crisis.*

Piecemeal legislative efforts to stop shrinkage of thrift deposits will not solve the problem.

The WEB piece notes that many analysts (including inside the Administration) have concluded that as a matter of policy, merging BIF and SAIF is the most credible *long-term* solution. The WEB piece also points out, however, that *most banks are strongly opposed to this*. Quite simply, they are taking the position that (i) they're not responsible for the thrift crisis; (ii) they successfully recapitalized their own fund; and (iii) they shouldn't have to pay a nickel to prevent another thrift crisis. This argument is beginning to wear a bit thin around town, including in Congress, because: (i) merging the funds in the long term will produce one stable fund that can protect all FDIC-insured deposits without using taxpayer funds, rather than one good fund and one fund structurally prone to collapse; (ii) another thrift crisis will hurt public confidence in the entire deposit insurance system, including BIF; (iii) the remaining thrifts are no more responsible for the thrift crisis than the banks; (iv) the banks have been benefitting from buying up thrifts cheaply because of the looming premium differential -- a bonanza that will multiply when the actual premium differential materializes; and (vi) because the banking industry is so much larger than the thrift industry, merging the funds would not preclude a huge drop in bank premiums.

Potential Solutions

Over the past several months, the Treasury and others, including the FDIC, have made significant headway in persuading Congress (which very much wanted to ignore this issue) of the need for action. The leadership of the Senate Banking Committee, in particular, has shown itself receptive to acting in a bipartisan manner to resolve the problem -- and to do so in advance of any House action. The Committee would like to hear a proposal from the Administration and the FDIC at a hearing which will probably be held in mid-May. We would want any such proposal we would advance to be made largely in coordination with the FDIC and other bank regulators.

The Treasury and FDIC are coalescing on a comprehensive proposal that includes (i) spreading the FICO payments among both banks and thrifts; (ii) using some funds appropriated to RTC -- but not likely to be spent by RTC -- as a backstop to cover extraordinary thrift losses for a period of time; and (iii) imposing a one-time special assessment on the thrifts to bring SAIF's reserves up to \$1.25 per \$100 of insured deposits. While such an assessment would be unpleasant for thrifts, the FDIC projects that it would not increase thrift failures. Furthermore, the Treasury believes that any package solution such as this one must demonstrate to both Congress and the public that the thrift industry has capitalized its own deposit insurance fund. Final components of a package depend upon resolution of certain issues, including budgetary pay-as-you-go and accounting issues. Congress could also decide whether to take the step of merging the bank and thrift funds. The Treasury will continue working with other Administration offices, including OMB, NEC,

and CEA, to ensure that a SAIF solution proposal can have full Administration support. It is important that the Administration encourage constructive steps, and not ignore what is likely to be a growing problem. However, the various parties at interest have significant disagreements, and appropriate Congressional action will be very difficult to attain.

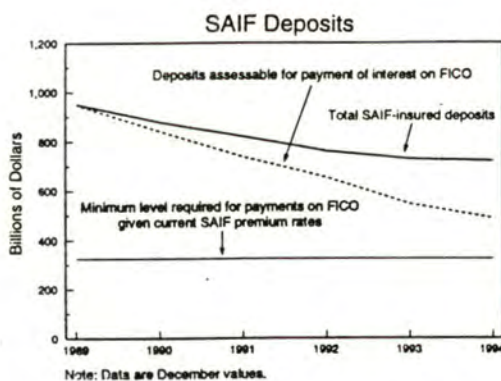
Attachments

CURRENT DEVELOPMENT

The Death Spiral of the Thrift Insurance Fund

On January 31, the Federal Deposit Insurance Corporation (FDIC) announced its intention to cut the deposit insurance premium rates paid by banks while maintaining the rates paid by thrifts at their current levels. (Under current law, the FDIC was compelled to take this action because the Bank Insurance Fund, or BIF, which insures bank deposits, will achieve full capitalization later this year. By contrast, the Savings Association Insurance Fund, or SAIF, which insures thrift deposits, is not projected to achieve full capitalization until 2002.) If implemented, this action will put thrifts at a competitive disadvantage (see Weekly Economic Briefing, October 24, 1994).

In the last few weeks, several of the nation's largest thrifts have moved to apply for bank charters. Evidently, these parent companies intend to induce their depositors to shift their funds to the new bank units. Such maneuvers will accelerate the death spiral of SAIF. As the pool of thrift deposits dries up, the incentive for each remaining thrift to exit will increase. Already, the total volume of SAIF-insured deposits has shrunk 25 percent since 1989, and the volume of deposits assessable for purposes of servicing SAIF's debt to the Financing Corporation (FICO) has fallen by half (see chart).



Analysis. The proposed gap between the thrift and bank insurance premium rates does not reflect any problem with the current health of the thrift industry (it is in good shape), but rather the fact that SAIF was established with no initial capital and with significant debt obligations related to the S&L debacle of the 1980s. Many analysts believe that the best achievable way to resolve the problem is to merge BIF and SAIF. The combined fund would have sufficient resources to assume the remaining obligations of SAIF, and would be fully capitalized in 1996 (only one year later than BIF on its own). At that time, premium rates of the combined fund would drop to about 6 cents per \$100, or only about 2 cents more than if BIF were allowed to proceed on its own.

This approach would infuriate bankers because it would impose about \$11 billion in costs on them that they might not otherwise bear. Bankers argue that they should not be saddled with these additional costs because they had nothing to do with creating the current situation. However, surviving thrifts can make the same argument; by definition, those most directly responsible for creating the situation are now out of business. Legislation will be required to implement virtually any of the solutions currently under discussion.

A pestilence for the 21st century: The bomb

Cultural 'appetite' feeds violent trend

THE PRESIDENT HAS SEEN
5/17

By Andrea Stone
USA TODAY

Whether seen in the rubble of Oklahoma, along the Unabomber's elusive trail or in a mailbox charred by a teenager's prank, the number of bombings in America has exploded, leaving an unnerving trail of random terror.

None of the new wave of bombings has wrought anything close to the devastation of the Oklahoma City bomb or New York's World Trade Center blast two years ago. But, says the federal Bureau of Alcohol, Tobacco and Firearms, bombings did increase 76% from 1989 to 1993, the latest year available.

Analysts blame society's overall tide of violence, the spread of bomb-making information, the easy availability of raw materials, even big-budget action movies, for the jump to more than 2,400 bombings.

The vast majority of bombs are small homemade affairs, which injure no one but are still capable of ripping open a locker or starting fires.

Reasons seem nearly as plentiful as motives.

By far the top inducement for bombers is vandalism — capricious or malicious. Revenge comes next. Protest bombings against the federal government, abortion clinics or other political targets may garner big headlines but actually make up a small proportion of incidents.

Culture, not ideology, appears to fuel the bomb-maker's craft.

"It does seem to be something in the American culture," says Lawrence Myers, a bomb researcher. "Our appetite for the fantasy of explosions is rather profound, almost like this primal interest in fire."

The appeal of explosives is simple, says American University criminologist Ronald Weiner. "They go 'boom.' They make a real impression."

As an attention-getter, "Bombs represent enormous power," says Brian Jenkins, a security consultant. "To have control over this enormous power is an attraction, especially to adolescent males." Part of the fascination, he says, is that "an exploding bomb has a sexual connotation."

Post-pubescent white males, ages 15 to 22, are most likely to experiment with explosives, Myers says.

This is the same age group that helped make Sylvester Stallone's *The Specialist*, about an ex-CIA bomb expert out for revenge, second on the movie rental chart last week. They, and many of their elders, have crowded theaters to see *Blown Away* and *Speed*, movies in which bombs and their destructive effects are featured.

From TV's *Hogan's Heroes* to Tom Clancy novels, "the context is one of a culture that is deeply involved in violence and tends to celebrate that violence in the media," says Charles Strozier of the Center on Violence and Human Survival at John Jay College.

"There is an increase in the willingness of individuals to use more extreme forms of violence to make their point," says Weiner. "Sometimes it's not clear what those points are."

Not that bombings are new.

The eight-year reign of New York's "Mad Bomber," George Metesky, did as much to hurt Manhattan's theater business in the 1950s as did the new technology of TV. In the 1970s, the left-wing Weather Underground and Puerto Rican nationalists were linked to a series of bombings. The still-loose Unabomber, who has killed three and injured 23, began his reign of terror in 1978.

And, analysts say, bombings tend to be cyclical, with peaks and valleys over time. "Bombings feed upon themselves," Myers says, with copycats always a threat. The latest example: the Unabomber attack in

Sacramento, which experts say not by accident came on the heels of the Oklahoma tragedy.

The rising bombing statistics represent another trend, though. They underscore a softening of civility in a nation overcome by economic uncertainty, says Paul Ragonese, a former New York bomb squad member.

"Instead of talking, they're yelling, they're threatening," he says. "There seems to be no negotiation but detonation."

And, unlike confronting an enemy face-to-face, bombs offer anonymity, making an assault impersonal and remote.

"Bombs tend to separate the perpetrator from the victim," Strozier says. Bombers "don't feel the pain and the suffering of the violence they inflict."

The effect, though, is similar to more conventional weapons, Myers says: "A pipe-shaped explosive device designed to harm people when it explodes is a fairly accurate description of an ordinary firearm."

Yet, until recently, it was easier to get a gun than obtain the know-how to make a bomb. No more. Recipes abound.

The Army-issued *Improvised Munitions Handbook* is widely available for \$3.99.

The classic *Anarchist's Cookbook* has sold 2 million copies since 1971. Myers says it is filled with mistakes and has led to some fatal accidents.

Publisher Lyle Stuart says he's turned down offers to update the book, seeing it more as a conversation piece for college students than a guide for

felons. Besides, "We feel pretty clean about it," Stuart says. "I don't know of a single instance where anybody used something in it to hurt somebody."

The emerging Internet has put bombmaking information literally at one's fingertips.

Chicago ATF special agent Jerry Singer recalls a case in 1993 in which six suburban teenagers, many of them honor roll students, formed a bombmaking club. The teens blew up 70 mailboxes before authorities caught them.

"They got the information from computer bulletin boards," Singer says. "More information is out there. People are becoming more aware."

The Senate Judiciary Committee reviewed the role of the Internet last week, with some lawmakers suggesting that bomb information be limited.

Even if they were, the materials to make a bomb likely will remain widely available. Myers notes there are "4,000 chemicals that react violently with one another."

The main ingredient of the Oklahoma bomb was ammonium nitrate, a common fertilizer available in farm stores. Even if markers were added to allow explosives to be traced, "There's no way we're going to ban the sale of Miracle-Gro fertilizer," Myers says.

Or car air bags. Myers says one reason thefts of air bags have become rampant is they contain an electrical detonator that can be adapted for bombs.

But perhaps, Strozier says, the upcoming millennium helps explain the madness.

"The year 2000 has people terribly worried. There is no more potent symbol in Christian culture," Strozier says. "It's part of what contributes to the increase in violence in many forms, including bombings."

USA TODAY • MONDAY, MAY 15, 1995
LEON/AG/SS — something to this