

SPECIAL SCHEDULING REQUESTS
HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP

Today's Date: May 10, 1995

95 MAY 10 P1:10

fixed
95 MAY 29 A8:14
Date of Request: 4/07/1995

Request for: POTUS/FLOTUS

Type of Request: Honorary Patrons

Requestor Name: Mrs. Climis G. Lascaris

Title: 25th Anniversary Gala Chairman

Organization: Wolf Trap Foundation for the Performing Arts
1624 Trap Road
Vienna, Virginia 22182

Contact Tel. #: 703/255-1900

Event Date: 6/08/1996

Event Description: 25th Anniversary Gala

Notes: The event will celebrate Wolf Trap's 25th anniversary and will also commemorate the late Kay Shouse's (Wolf Trap's founder) 100th birthday. The First Lady has agreed to serve.

Recommendations:

MW _____

JP yes

EB _____



WOLF TRAP FOUNDATION

FOR THE PERFORMING ARTS

April 7, 1995

rec'd 5/4/95 JDA

yes
can't come

Mrs. Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mrs. Clinton,

The Wolf Trap Foundation for the Performing Arts is planning a special 25th Anniversary Celebration on Saturday, June 8, 1996 along with a commemoration of the 100th birthday of Wolf Trap's founder, the late Kay Shouse. Kay challenged public and private partners in the Washington area to "create for themselves and for others so that Wolf Trap and what it represents may enrich the lives of generations to come."

We are delighted and proud to have you as Honorary Chair of the Wolf Trap Foundation. We would be grateful if you and the President would serve as Honorary Patrons of our program for that evening in 1996. We also hope that you and the President will join Climis and me, and the Committee Vice Chairs Arthur and Joanne Coia, Aaron and Alexine Jackson and John and Mollie Ottina.

It would be a singular honor if you could open the 25th Anniversary Gala and welcome the 7,000 guests to this very special celebration. I know that your remarks on the value of the performing arts, both to our society and our soul, would add immeasurably to the evening.

Ann Stock suggested we enclose a copy of the Town & Country Cookbook which was written by Kay in 1939 to benefit the Institute of Women's Professional Relations. We reproduced this as a special memento for an evening of remembrance of our great founder. We also included at the end, her vita, which you may enjoy perusing . . . what a remarkable woman she was!

On behalf of the entire Wolf Trap Foundation for the Performing Arts 25th Anniversary Gala Committee, many thanks for your consideration of this request. I sincerely hope to see you and the President at Wolf Trap on June 8, 1996.

I hope very much that you will grant these requests. With my continuing appreciation and best wishes, I am,

Sincerely,

Carol Lascaris

Mrs. Climis G. Lascaris
25th Anniversary Gala Chairman



THE WHITE HOUSE
WASHINGTON
5-30

For Enshrine -
See attached

Dear Arthur -

Thanks for your letter -
I'll follow up on your meeting
suggestion - I don't read enough
of you in the W.S. Journal these
days!

Sincerely
Bill Clinton

Enclosed
Wom. Mo.
Truman
Article -

BC

Arthur Schlesinger, Jr.
Box 540
33 West 42nd Street
New York, New York 10036

THE WHITE HOUSE
WASHINGTON

May 26, 1995

Arthur Schlesinger, Jr.
Box 540
33 West 42nd Street
New York, New York 10036

Dear Arthur:

Thanks for your letter of May 1 in response to mine of April 20. We've made a lot of progress despite moving through some rough water, and I am confident that we'll be able to make more.

Whatever the difficulties and occasional frustrations, it remains an honor to try to make a difference. In the days and months ahead, we will continue fighting for the things this Administration stands for, and I'm glad to know that I can continue to count upon your support.

Sincerely,

Bill

① Enkin
② This is embarrassing
③ even - rephrasing
④ avoid his question
and took 23 weeks
to answer wrong
BC
Should have come to me -
④ for my note on his letter

rec'd 5/13

ARTHUR SCHLESINGER, JR.

1 May 1995

Dear Mr President:

I thank you for your letter of 20 April (which took more than a week to reach New York) and only regret that I should have provoked you into taking the time to write. I don't know whether a letter I faxed to you on the 18th had reached your desk before you wrote.

I don't blame you for feeling exasperated. I well remember when I worked in the White House in JFK days how irritated we felt about criticism from the left when we believed we were doing our damndest to achieve common objectives. I sympathize with the general line of the Richard Rothstein piece (though he is sometimes wrong on historical details). Ken Galbraith and I were not out to organize an anti-administration campaign; we were chatting idly with John Harris and neglected to put passing remarks off the record.

I do think it might help if you occasionally called in liberals with experience in government. We often read about White House consultation with the DLC crowd, most of whom have had no executive branch background; but rarely with liberals who have been through the mill. Any time you would like to hear out Ken, Ted Sorensen, Bill vanden Heuvel, Joe Califano and me, you have only to say the word. In the meantime, as I said in the postscript of my letter of the 18th, our hearts are with you.

Ever sincerely yours,

Eushin
McClure - Stuga

Arthur

The President of the United States

guy - won't say
they would file ops
for us. Be

The Washington Monthly

MAY 1994 \$3.95

The Perils of Privatization

What Newt Doesn't
Know About History

PLUS: Gregg Easterbrook,
Timothy Noah, John Morton Blum
and Arthur Schlesinger, Jr.

HE'S NO BILL CLINTON

*Clinton's First Two Years
Put Truman's to Shame*

BY DANIEL FRANKLIN



He's No Bill Clinton

Everyone loves "give 'em hell" Harry. But Clinton's first two years have put Truman's to shame

BY DANIEL FRANKLIN

It was a tough year for the President. Foreign policy errors bogged down his domestic programs; nominations were stonewalled by a hostile Congress; party insiders even considered recruiting a challenger for the Democratic nomination. He was, in the words of one journalist, "essentially indecisive ... essentially vacillating." Quite simply, Americans began to doubt seriously that he had the character to be the country's top executive.

Yes, 1946 just wasn't Harry Truman's year. But he bounced back, won reelection in 1948, and has received from history a reverence that borders on the Rushmoric. For many Americans now, Truman is seen as a model president—a man of integrity, modesty, and decisiveness. Walter Isaacson of *Time* called him "America's greatest common-man president." Eric Sevareid said that "Remembering him reminds people what a man in that office ought to be like.... He stands like a rock in memory now." So revered is the Man from Independence that in 1992, both parties' nominees fought to be considered "the Truman candidate."

Now that Republicans have both houses of Congress for the first time since 1946, Clinton aides are scanning David McCullough's best-selling Truman biography in search of the magic bullet that will hand Bill Clinton a Trumanesque comeback in 1996. Clinton took the Truman title in 1992, but now the country—and the press—is skeptical. "Bill Clinton," wrote historian James Pinkerton in the *Los Angeles Times*, "is no Harry Truman."

That's true, but those White House staffers looking for a magic bullet are missing the point. Clear away the historical fogs and set aside the acerbic press coverage and you cannot escape a startling conclusion: Clinton's first two years have put Truman's to shame. By April 1995, Clinton has accomplished far more for the American people than "give 'em hell" Harry had by April 1947. Clinton has guided the economy more successfully. He has enacted more laws with real impact. Yet while Truman is held in near-Jeffersonian regard, Bill Clinton is written off as a Warren Harding in jogging shorts.

Consider one of the core issues of any presidency: the economy. With the war over, the country began the painful conversion to a peacetime economy. Hundreds of thousands of veterans returned from

World War II to an economy that had reached record production levels without them. In Chicago alone, at least 100,000 veterans were jobless. Major industries—including coal, railroad, and steel—convulsed with labor strikes that threatened to paralyze the entire country. Truman's response was heavy-handed and ineffectual. He threatened to seize coal mines and draft striking railroad workers into the military. Both measures were rebuffed by the Supreme Court and Congress, respectively, for being blatantly unconstitutional.

The economy grew but the growth was more than overshadowed by inflation rates that soared to 14.6 percent in 1947. There were shortages in many of the products people needed, including housing, automobiles, sugar, coffee, and meat. And with the Great Depression fresh in the American memory, many wondered whether another economic crash, one even greater than before, was just around the corner.

Truman could have prevented the inflation. After the war, Republicans in Congress launched an effort to repeal wartime price controls. Truman saw that decontrol had to be gradual, so that it would not unleash inflation. But, as *The New Republic's* "TRB" columnist wrote in 1946, "The trouble is, Truman didn't make a real fight.... He didn't carry through.... He saw and predicted the recession but let Congress and business have their way. Truman won the argument all right, but that isn't quite enough in politics."

Clinton knows this. He is the first president in the last 30 years to achieve both job growth and low inflation. The "misery index"—inflation plus unemployment—is currently below nine; under Bush it was above 11; under Truman it was nearly 20.

The key to this achievement is Clinton's budget plan, which passed through Congress in 1993 only after a knock-down, drag-out fight led by the President—a fight won with only the votes of a fractious Democratic party, and against a vehement and united Republican front. Phil Gramm was one of the loudest critics, predicting that "hundreds of thousands of Americans will lose their jobs because of this bill."

Gramm was dead wrong. By cutting the deficit to \$192 billion in 1995, from \$290 billion just three years ago, the President has succeeded in bringing down long-term interest rates and encouraging business investment that has stimulated extraordinary job growth. Already, the economy has produced nearly six million new jobs—five million more than it did during Bush's entire term. The unemployment rate, which was 7.6 percent when Clinton took office, has dropped to 5.5 percent.

In his first two years as president, Truman never seemed to have the stomach to enter the ring and fight like Clinton has. In September 1945, Truman delivered a 21-point program to Congress that rivaled the New Deal in its scope. The plan increased federal funding to agriculture, housing programs, and a variety of public works projects. But Truman let nearly every major component of his domestic program go down in defeat without a fight. In a way, says McCullough, that was the point. "His whole strategy on these domestic issues was to go for the high ground. Be *more* liberal in the program, and if they knock it down, you'll have something to run on."

This is fine if your only concern is winning reelection, not so fine if you want to solve the country's problems. Clinton has staked his presidency on the passage of his economic and social programs and fought like a junkyard dog for his victories. Elizabeth Drew recounts in *On the Edge* that during the battle to pass the North American Free Trade Agreement, "Clinton threw himself into the fight—meeting members of Congress in one-on-one sessions, making many phone calls to them, giving speeches, meeting with opinion leaders, meeting with individual members. Shortly before the vote, there were White House dinners for undecideds." He brought the same energy and conviction to the fight to pass the Global Agreement on Tariffs and Trade. Clinton was willing to alienate the labor interests that are among the Democrats' strongest constituents because he believed that the treaty would produce jobs for the country. Regardless of your opinion of these treaties, you must respect the fact that he risked his neck to get them

passed.

Clinton has stuck to the path of ambitious achievement throughout his presidency and tried to avoid the partisan posturing that might serve him better at the polls. His success, by any objective measure, has been astonishing. Eighty-six percent of the legislation he endorsed has passed through Congress, a record unmatched by any president since Johnson.

The bills he has passed will make real contributions to the welfare of millions upon millions of Americans. Take education policy. While the economy has changed, putting a higher premium on education and skills, the American education system hasn't. Everyone knows that a high school diploma no longer guarantees a good job. But before Clinton took office, high school graduates who did not go on to college—nearly 40 percent—were stranded because the United States was the only major industrial nation without a vocational apprenticeship program.

Clinton's Schools-to-Work program created a network of apprenticeship programs to give those students real job skills that can't be learned in high school. The students intern with workers—electricians, plumbers, carpenters—and learn the skills needed to find and keep a job. When the program reaches full implementation, one-half million students will be enrolled annually. That's one-half million more skilled workers entering the workforce every year than before the program.

To counter the staggering growth in college tuition, Clinton reformed the student loan program so it would lend money directly to college students, and collect the debt as a percentage of their income. Previously, students received their college loans through banks and paid back a set amount for 10 years. From 1985 to 1991, the size of the average college graduate's total debt had jumped 150 percent. For many, the debt was stifling; 40 percent of graduates said their debt payments forced them to work two jobs.

But under Clinton's plan, defaults will be cut drastically because the debt payments, extended over a 25-year-period and based on the graduate's income, are manageable. A graduate with a \$30,000 income and a \$50,000 debt will pay \$345 per month, instead of the \$581 under the previous plan. As graduates' salaries rise, so do the amounts of their debt payments. As a result,

graduates are able to perform low-paying but meaningful work, such as teaching or social work, that the country desperately needs.

Then there's Americorps. While Republicans seek to slash this domestic Peace Corps, 20,000 volunteers are on the streets immunizing babies, restoring national parks, and counseling troubled teens. For their 10- to 12-month commitment, the volunteers earn vouchers worth \$4,725 toward tuition or for paying off student loans. And, carried out properly, the program has the potential to radically change the way Americans view community and national service. "It provides what might be called a social glue," argues Labor Secretary Robert Reich, "by bringing young people from all different backgrounds and incomes together to work on community projects, and enhance the health and safety or beauty of a community. It not only improves community but it creates community ... connecting people to other people across socioeconomic barriers."

Truman's contribution to equal opportunity and economic fairness—the heart of the Democratic Party—was meager during the first two years of his term. Yet again, his proposals that did aim to aid the poor—unemployment compensation, minimum wage increases, and housing funds—were all abandoned to high-minded defeat in Congress. As with his economic programs, and in stark contrast to Clinton, Truman refused to enter the fray. "I don't think," says Stanford historian Barton Bernstein, "Truman really committed himself,"

Even Clinton's harshest critics must grant that the President is committed to economic fair play. And that commitment has led him to push through a program that gave significant help to the most deserving group of society: the 3.2 million working poor, who are struggling to break themselves out of the cycle of poverty. The Earned Income Tax Credit (EITC) guarantees that any person working 40 hours a week, even at minimum wage, will not fall below the poverty line. Whereas earlier a mother of two may have received more money by staying on welfare and other aid programs, the EITC goes a long way toward making work more profitable than the social dole. Thus, without any of the messy bureaucracies that rankle conservatives, Clinton made the road out of poverty substantially easier. And to pay for his deficit-reduction program and the

EITC, Clinton wisely raised taxes on the very rich, who have benefited most from this country and can afford to give something back.

Nearly as significant has been Clinton's fight to reform and expand Head Start. Nearly one out of every five children in the country lives in poverty. Head Start takes poor children as young as three years old and gives them pre-school education, immunizations, healthy meals, and other services. Clinton increased federal funding by nearly 50 percent from 1992, and added 100,000 children to the program's rolls. And Clinton moved to address the deficiencies in individual Head Start programs by instituting rigid quality standards. If a program does not meet the standards, the government can cut its funding and find a more worthy recipient. Even if Congress fails to pass a single line of welfare reform legislation, between the EITC and Head Start reforms, Clinton will have made one of the more significant contributions to social policy in decades.

And let's not forget Clinton's efforts to solve what many consider the most serious and vexing of America's problems: crime. Amid the partisan attacks and counterattacks, which the press recorded faithfully, the clear benefits of the President's bill were lost. Even the most conservative estimates say that the bill will put around 20,000 more police officers on the nation's streets through support to community policing programs. And the \$8.8 billion that Clinton's bill allocates to prisons will help ensure that violent criminals are not forced back on the streets due to overcrowding.

Clinton is also the first president in history to have the courage to take on the 800-pound gorilla of special interests: the National Rifle Association. The organization is the ninth-largest PAC in the country, donating nearly \$2 million to congressional campaigns in 1994. For years their money and ability to mobilize their 3.3 million members led many to consider them the single most powerful interest group in Washington. For the past 25 years, their friends in Congress have stalled the banning of armor-piercing bullets and assault weapons. But Clinton has defied the gun lobby, including in his crime bill a provision that bans 19 different kinds of assault weapons. He also passed the Brady Bill, which requires five-day waiting periods for all gun purchases so

background checks can be conducted. The law, which had been stonewalled by the NRA's congressional proxies since it was first introduced in 1986, prevented 44,000 convicted felons—and 2,000 fugitives—from purchasing weapons in the first year of its enactment.

Other domestic triumphs? The President early in 1993 passed the Family and Medical Leave Act, which ensures that family members who take time off from work to care for a newborn child or a sick relative will have their jobs waiting for them when they return.

And his "Reinventing Government" initiative has had several notable successes, such as the elimination of over 1,200 field offices of the bloated and overextended Department of Agriculture. Perhaps no government function is more burdened by red tape than the government procurement process. Before the President's plan, buying an office computer could take as much as three months of wading through the swamp of regulations that nearly doubled the retail cost of computers. Now a government worker can go to a computer store and buy one off the shelf like anyone else. This may sound picayune until you realize that 70 to 80 percent of government acquisitions are small, everyday purchases like these. And it is only through this concern for government reform, for which Clinton is unique among recent presidents, that government will begin to work under the guidelines of common sense.

One of the most lasting legacies of any president is the lifetime appointments he makes to the nation's highest court. In this, too, Clinton outshines Truman. Stephen Breyer and Ruth Ginsburg breezed through Senate confirmation with bipartisan support both on Capitol Hill and within the legal community and are universally hailed as being pragmatic, intelligent, and moderate. "These two have helped calm the waters and soothe what had been an inflamed Supreme Court process—inflamed by Bork, inflamed by Thomas," says Yale Law Professor Akhil Amar. "The long-term stability of the Court and the Republic is not well served by confirmation donnybrooks and spectacles." In his first two years, Truman nominated Fred Vinson and Harold Burton, two men whose mark on the Supreme Court was far from exemplary. It was Chief Justice Vinson who, with Burton's assent, delivered one of the most damaging blows to the First Amend-

ment in the Court's history. The *Dennis v. United States* decision, written by Vinson, declared that even the teaching of communism was illegal and punishable by imprisonment.

Truman himself didn't have the most pristine record on civil liberties. He instituted the Federal Employees Loyalty Program, which directed the FBI and the Civil Service Commission to weed out those federal employees suspected of communist or socialist activities. As a result, 212 federal employees were dismissed; thousands more resigned in protest or fear. It was, writes McCullough, "the most reprehensible political decision of his presidency."

It had its competitors. Under Truman, Navy ships were ordered to sail into the fallout zone around Bikini Island after a nuclear weapons test. When the tragic effects of the test were brought to Truman, he decided to keep them secret for fear the embarrassment would hurt the country's nuclear programs—and his reelection chances. This set an ugly precedent: In succeeding years, the government tested the effects of radioactivity on humans and then covered it up.

By marked contrast, it was under Clinton that the government began an active effort to reveal incidents ostensibly classified for national security, but actually hidden to prevent political embarrassments. And it has been under Clinton that the government has finally made a concerted effort to make reparations to the victims of the nuclear tests.

In general, Truman steered clear of the nation's dealings with nuclear issues. In one cabinet meeting, Truman admitted to not knowing, and not wanting to know, the exact number of nuclear weapons in the country's arsenal. "Mr. President, you *should* know," said Secretary of Agriculture

Henry Wallace. But Truman kept his distance, leaving nuclear arms production to the military and Atomic Energy Commission.

Once again, it is Clinton who has stepped up to plate and explained the extent of the mess: It will take, the administration announced, 70 years and between \$230 and \$350 billion to clean up the toxic waste produced by the production of nuclear arms.

You do not have to stop at our shores to come to the conclusion that Clinton has thus far outshone Truman. The great foreign policy decisions attributed to Truman, remember, did not come until later in his term. In the spring of

1947, the country was reeling from the succession of communist victories. Every Eastern European country had fallen to communism except Czechoslovakia, which would not be far behind. China's fall to communism was imminent. And with their reckless use of its veto in the United Nations, the Soviet Union was halting American efforts to shape the post-war world. The United States, it seemed, was on the ropes.

Meanwhile, Clinton's foreign policy, though ridiculed mercilessly by Republicans, has been, on the whole, refreshingly successful. The passage of NAFTA and GATT were hard-fought and

significant victories. Other successes have been jawdroppers. Answer me this: If you were told two years ago that Israel would sign peace agreements with the PLO and Jordan; that Haiti would have a democratically elected president; that there would be a cease-fire in Northern Ireland; and that the third-largest nuclear power in the world would voluntarily disarm its nuclear capability, what would you say? That's what I thought.

All four developments, to varying extents, can be credited to a foreign policy team that has been



**Clinton's first two years
outshine Truman's.**

derided as hopelessly incompetent. The success has even impressed Owen Harries, editor of the conservative *National Interest*. "The charge against the Clinton Administration has been that it is all show and no substance," Harries wrote in *The New Republic*. "But the opposite may be nearer the mark.... [S]ome sensible decisions have been made and some dangers avoided. It could have been a lot worse if the advice given by many of the people now criticizing Clinton had been followed."

Take Ukraine, a newborn Soviet successor state with a government considerably less than stable, which suddenly found itself holding the third-largest arsenal of nuclear weapons in the world. Clinton, Gore, and Secretary of State Warren Christopher pressured and cajoled the country to abandon its hopes of becoming a nuclear power. Under this constant pressure, Ukraine agreed last November to dismantle its 1,800 nuclear warheads. Kazakhstan and Belarus, with considerably smaller nuclear forces, followed suit, giving the world three less nuclear nightmares to worry about.

In the Middle East, the first praise for peace accords certainly goes to the major players: Israel, the PLO, and Jordan. But the Clinton Administration deftly walked a very fine line: Israel would never have agreed to the deal without a strong friend in Washington, while the Palestinians and Jordanians would have balked if they felt the administration was one-sided or unfair to their concerns. It is a testament to the trust won from both sides that the peace treaty was signed on the White House lawn.

Most pundits felt that democracy in Haiti was a pipe dream. Bush hemmed and hawed as the military junta settled in and terrorized the Haitian people; thousands fled to the United States. But Clinton's policy, despite messy appearances, has led to the bloodless overthrow of a military dictatorship and the restoration of that country's first democratically elected president.

And in an effort to bring an end to the decades-long fighting in Northern Ireland, Clinton has stood up to England (our "special relationship" notwithstanding) to force it to deal with its troubles in Northern Ireland. When in 1993 Clinton agreed to grant a visa to Sinn Fein leader Gerry Adams to visit the United States for the first time, British legislators openly insulted the President,

saying that America had betrayed its trust. But over British objections, Clinton has allowed Adams to return twice more to meet with the administration and continue the push for peace. Eight months into the cease-fire, Clinton's persistence has paid off in lives.

True, there is no "Clinton Doctrine" by which to measure every foreign policy question that comes down the pike. It would no doubt make things easier if there were. But simple doctrines work in simple worlds. Presidents from Truman to Reagan could vow to fight communism wherever it reared its head. Whether or not they met their promise, they at least had the pose.

Clinton, then, is being penalized because there is no mortal threat to the country. The vast majority of armed conflicts in the world today are either civil wars or ethnic conflicts. No simple formula applies. The process has at times seemed messy, but in a subtle and deft fashion, Clinton has loosened diplomatic knots of Gordian complexity.

Truman went on, of course, to make some of the shrewdest and politically courageous decisions of the century: the Marshall Plan in the summer of 1947; the desegregation of the military in 1948; and the Berlin Airlift that same year, which, without provoking war with the Soviet Union, broke the blockade of West Berlin. While pundits hang the lame-duck tag on Clinton, they ignore that if Clinton maintains this pace, and continues to better Truman domestically and abroad, Americans could see an enormously successful presidency.

Similarly, the predictions that Clinton has no chance in 1996 miss a crucial point. Like Truman, Clinton has an uncanny ability to project an empathy with the American people. Truman was profoundly unpopular at this point in his first term. In November of 1946, his approval ratings stood at 32 percent. But in 1948, voters compared the warmth and humility of Truman to the arrogance of Thomas Dewey and chose the man they felt cared most about their problems. By this standard, Bill Clinton will never suffer from comparison to a man like, for example, Phil Gramm. Clinton could still pull off that Trumanesque comeback, and those who wish to make parallels between the Man from Independence and the Man from Hope will have one more comparison to draw. □



INSIDE
A father's voice,
reading to his
child resonates
through time.

6J

Perspective

Arkansas Democrat  Gazette

THE PRESIDENT HAS SEEN 5/31

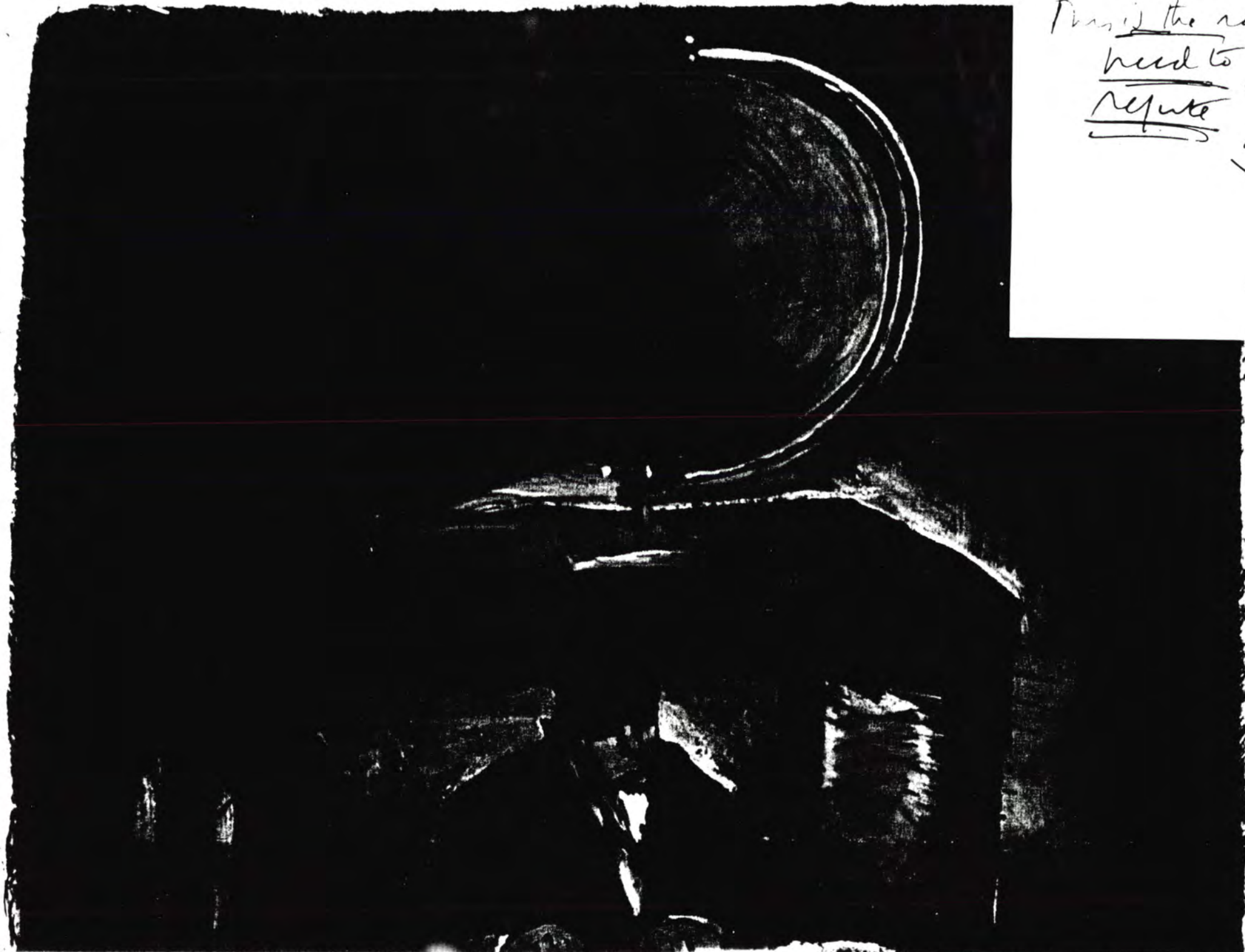
•• SUNDAY, MARCH 12, 1995
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AN ANALYSIS BY RAY MOSELEY
CHICAGO TRIBUNE

Is Uncle Sam in retreat?

*This is the rap
need to
refute
1628*

"Clinton is not
Truman, or even



Missing the rap
need to ~~16~~
repute ~~16~~
1625C

*"Clinton is not
Truman, or even
Nixon. And we in
Europe don't
find that
Christopher
gives inspiring
leadership."*

Michael



— Michael
Stuermer,
leading German
political scientist

Europeans distressed by what they perceive as a disengagement

Alarm is spreading across Europe at the growing sentiment in Washington for pulling back from world involvement, and some experts here are drawing parallels with America's disastrous retreat into isolationism after World War I.

European governments so far have been reluctant to express their concerns publicly. But foreign policy experts who have the ear of their governments say without exception that their own worries are shared by policymakers.

These concerns focus both on a perceived lack

of United Nations peacekeeping operations, eliminate foreign aid, downgrade the Peace Corps, block the expansion of NATO to eastern Europe and raise barriers to free trade.

Several foreign policy experts interviewed in Britain and elsewhere in Europe made a comparison with 1919, when a Republican-led Senate voted down American participation in the new League of Nations after World War I. This crippled the League at its birth and, in the view of many historians, created the instability that led to World War II.

"In 1919, the U.S. was withdrawing from

today is more serious. It's not a refusal to commit; it's a divorce."

Symes has noted signs of a gradual American disengagement from Europe for two years but said the current mood in Congress is "more extreme than one would have expected."

Two years ago, she said, British policymakers privately were warning that too much talk about American disengagement would only encourage the Americans to go away.

"Now everyone realizes they are going to go away," she said. "This will have powerful repercussions in Europe, and it will be bad news for

sire to "pull up the barriers and look after ourselves" on trade and other matters, extends from House Speaker Newt Gingrich's Republicans to elements of the Democratic Party.

She said some leading U.S. Republicans told her recently that Gingrich isn't given to "knee-jerk reactions" but is a serious historian and a sophisticated man. Now, she says, she is unsure about that.

Symes and Michael Howard, emeritus professor of modern history at Oxford University, said one effect of a reduced American role in world affairs could be more serious attention given to the creation of a European defense community outside the



Europeans distressed by what they perceive as a disengagement

Alarm is spreading across Europe at the growing sentiment in Washington for pulling back from world involvement, and some experts here are drawing parallels with America's disastrous retreat into isolationism after World War I.

European governments so far have been reluctant to express their concerns publicly. But foreign policy experts who have the ear of their governments say without exception that their own worries are shared by policymakers.

These concerns focus both on a perceived lack of leadership in world affairs from the Clinton administration and on proposals before the newly Republican-dominated Congress to withdraw from

United Nations peacekeeping operations, eliminate foreign aid, downgrade the Peace Corps, block the expansion of NATO to eastern Europe and raise barriers to free trade.

Several foreign policy experts interviewed in Britain and elsewhere in Europe made a comparison with 1919, when a Republican-led Senate voted down American participation in the new League of Nations after World War I. This crippled the League at its birth and, in the view of many historians, created the instability that led to World War II.

"In 1919, the U.S. was withdrawing from something that was in embryo," said Susie Symes, chief European expert at the Royal Institute for International Affairs in London. "This situation

today is more serious. It's not a refusal to commit; it's a divorce."

Symes has noted signs of a gradual American disengagement from Europe for two years but said the current mood in Congress is "more extreme than one would have expected."

Two years ago, she said, British policymakers privately were warning that too much talk about American disengagement would only encourage the Americans to go away.

"Now everyone realizes they are going to go away," she said. "This will have powerful repercussions in Europe, and it will be bad news for the way the new World Trade Organization (the successor to GATT) operates."

Symes said the current mood, reflecting a de-

sire to "pull up the barriers and look after ourselves" on trade and other matters, extends from House Speaker Newt Gingrich's Republicans to elements of the Democratic Party.

She said some leading U.S. Republicans told her recently that Gingrich isn't given to "knee-jerk reactions" but is a serious historian and a sophisticated man. Now, she says, she is unsure about that.

Symes and Michael Howard, emeritus professor of modern history at Oxford University, said one effect of a reduced American role in world affairs could be more serious attention given to the creation of a European defense community outside the North Atlantic Treaty Organization.

"A European defense pillar is the one serious

See **EUROPEANS**, Page 3J

ILLUSTRATION BY JOHN DEERING

ARKANSAS DEMOCRAT-GAZETTE

Europeans fearful U.S. in process of disengaging from world affairs

• Continued from Page 1J

thing likely to come out of the Intergovernmental Conference in Europe next year," she said. "It is really not pressure from federalists in Europe that will bring this about, but it is a reaction to the U.S. The fact that this movement is led and supported by the British proves that."

Howard said the Europeans previously were "too idle or too incompetent" to get their act together on defense, and U.S. leadership had held Europe together. That, he said, is now in doubt.

"The congressional leadership has not drawn a bead on NATO, but if things continue down this path, NATO is bound to be affected," he said. "Either NATO will disintegrate, or we will follow the French lead and create a serious European defense community, embodying a degree of hostility to and suspicion of the U.S."

France originally advanced a proposal for a European defense entity, and Britain recently has played a leading role in promoting it.

Howard said an American retreat from the world would be a "total disaster" for the United Nations. "It very largely was created by the U.S. and sustained by the U.S. Neither financially nor structurally will it be able to handle things without American participation."

Howard also drew a parallel with 1919 and said that if the United States acts in the same way again the result will be largely the same: Instability in Europe and elsewhere.

"As one who lives under the shadow of the U.S., and rather enjoys it, I'm worried, and I think everybody else is," he said. "I know it's worrying the British government. It is very worried indeed."

Some Republican members of Congress deny that they are isolationists and describe their approach rather as unilateralist. They suggest that they do not favor U.S. withdrawal from world affairs but a more selective role, limited to what they see as involvement only where vital national interests are concerned.



But some Europeans worry that they define vital national interests too narrowly. Last week the *Guardian* newspaper in London reflected some of the concern. It carried a lengthy, three-part series of articles from its Washington correspondent, Martin Walker, that questions whether America is entering a new era of isolationism.

"They have to have a clear notion of the wider American interest," said Michael Stuermer, a leading German political scientist. "They shouldn't talk about areas where there is no American interest. That is destabilizing in itself. America is not a little agricultural country tucked away between two oceans."

"I don't think some of these proposals (before Congress) will go through because there is too much American interest involved throughout the world. Crises develop so rapidly that you can't wait until they break out to start dealing with them. You have to have the structures in place."

Stuermer said America has gone through bouts of drawing in upon itself before. "It is fatal for America and its friends," he said.

"The world according to Newt Gingrich doesn't exist. If America wants to play a major role in the (Persian) Gulf and the Middle East peace process, which is absolutely vital, it has to have diplomatic weight."

A strong American role also is essential in maintaining nuclear nonproliferation, he said, and in dealing with the "extremely dangerous" threat that may be posed by China to the rest of the world, especially the U.S. and Russia.

Stuermer voiced concern not merely over congressional proposals but over the quality of leadership provided by President Clinton and Secretary of State Warren Christopher.

"Clinton is not Truman, or even Nixon," he said. "And we in Europe don't find that Christopher gives inspiring leadership."

French historian Alfred Grosser described the current mood in the U.S. as "horrificing." But he said it appears that Congress is moving into foreign policy matters because of a vacuum of leadership from Clinton and Christopher.

On a recent tour of eastern Europe, Grosser said, he was unable to ascertain any clear expression of American views on whether it is in the American interest to have eastern Europeans join the European Union or for the U.S. to support these states economically.

"There is no clear language, because Clinton isn't interested," he said.

Grosser said current American attitudes toward the United Nations are different only in degree from those of the past.

"The U.S. accepts U.N. intervention only if the U.S. is leading," he said. "There is continuity there, going back to Korea and Iraq. The congressional situation is worse than ever, but it is not a complete turnaround."

Grosser drew a distinction between the current situation and 1919. In 1919, he said, it was President Woodrow Wilson's moral leadership that was at stake. Today, he said, the U.S. has abandoned moral leadership and put economic considerations foremost in its policy in the world.

In other words

PHILADELPHIA INQUIRER

We're not Luddites, really. No futile rear-guard action against the Third Wave here. But we just can't help chortling over these little potholes that keep cropping up on that information superhighway.

Call it a defense mechanism against computer-nerd hubris.

The latest: Intuit Inc., maker of Quicken, the top personal finance software, admits that its tax preparation programs, MacInTax and TurboTax, have a few bugs—ones deadly enough to cause faulty returns.

Angry MacInTax users are howling that Intuit knew since December about one

Answers to last week's puzzle

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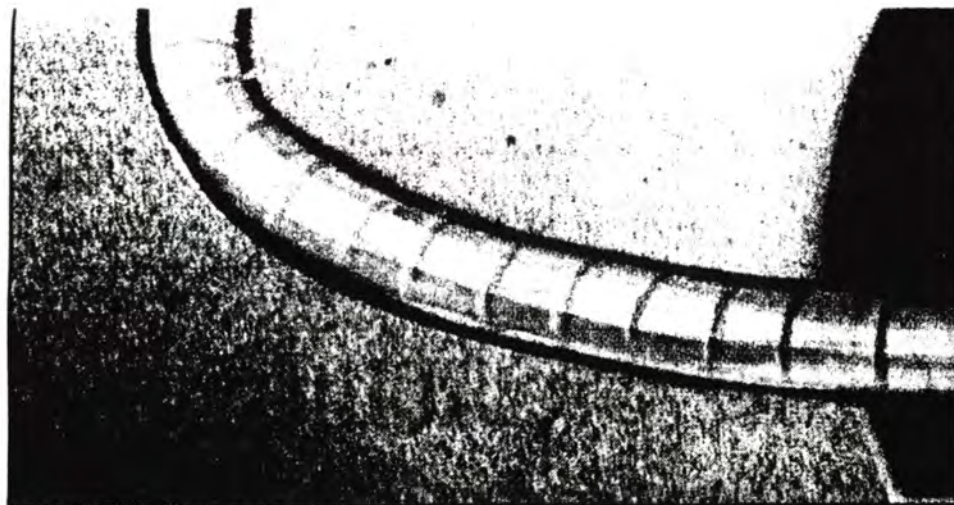
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PETER KUPER / for The Times

FRIENDLY FIRE

By Kevin Phillips

WASHINGTON
Oklahoma hasn't voted for a Democratic President since 1964 and probably won't for the rest of the century. Manhattan- or San Francisco-style liberalism doesn't flourish on the prairie or in the shadow of Tulsa oil rigs. For individuals linked to the far right to set off a bomb in Oklahoma City, striking at the core of Middle America, spotlights some new fault lines in the Republican coalition. The "wacko factor" is intensifying.

U.S. politics has just become far more complicated and, for conservative strategists, probably more difficult. President Bill Clinton's chances of being reelected have improved. Even if there are no more bombing tragedies, major weaknesses are now beginning to appear in the armor of right-wing organizations and stalwarts. The GOP is failing an old but critical test of U.S. politics: the need for a

Kevin Phillips is editor-publisher of the American Political Report. His first book was "The Emerging Republican Majority" in 1969, and his most recent is "Arrogant Capital: Washington, Wall Street and the Frustration of American Politics" (Little Brown).

would-be majority to keep firm control of its fringe groups and radicals.

Consider the images now being used in conjunction with conservative agendas, heroes and predicaments: gun lobbies, assault rifles, private militias, Rush Limbaugh, religious-right anti-Semitic conspiracy books and attacks on abortion clinics. Add to this, national polls showing the new GOP House Speaker described as too extreme; formerly off-the-wall flat-tax schemes that would wallop the middle class, and a budget-extremism that slashes popular middle-class programs. This is not a picture of mainstream American politics; in fact, it is starting to look like the map of an ideological fever swamp.

During the last 25 years, more than a few voters have perceived the Democrats as hostile, in various ways, to Middle America. Now Republicans could stumble into a comparable position from the opposite side of the spectrum.

True, the Oklahoma City bombing does have major elements of cultural and political coincidence in where it happened and who did it. Other aspects, however, are less coincidental. The thrust of the right over the last decade—and especially in the last year—has been to heat up the climate in which these flames have burst forth. Liberals, to be sure, have piled up a lot of the now incendiary kindling—from ever-expanding federal regulations to widespread

The GOP reinforced
the anti-government extremism
of its fringe — but this support can
prove deadly. Political parties must
control their radical elements.

insensitivity to small-town, small-business and prayer-book America. But the new "X factor" in U.S. politics is that the right could well come in for more of the blame.

Liberals and conservatives alike should consider the 1960s. Democrat Lyndon B. Johnson won a huge landslide in 1964 because GOP nominee Barry M. Goldwater appeared too radical—too hawkish, too opposed to civil-rights legislation and too willing to tinker with Social Security. But the landslide gave U.S. liberalism its first big political victory since 1948, and, suddenly, the whole national political landscape seemed to change. Liberals dusted off their two-decade-old wish list and sought to make it law. Not just civil rights, not just federal aid to education, but what became the Great Society—including programs ranging from the War on Poverty to school busing. But when race relations, the cities and then the Vietnam War became flash points, too

many liberals turned to defending crime and violence—and consorting with its perpetrators. Democratic fringe groups and radicals were breaking loose.

For all the considerable responsibility that conservatives bore for previous racial segregation and the decline of the cities, when actual violence broke out—the attacks on downtown shopping districts, on homeowners, on government labs and college administration buildings—voters perceived such episodes, not unfairly, as encouraged by liberals. Vice President Hubert H. Humphrey said he'd like to think he had enough spunk left in him to lead a revolution, too. The federal War on Poverty funded programs in Newark, N.J., that bought crossbows; chic Manhattan hostesses invited Black Panthers for cocktails, and liberal jurists often seemed more concerned with the rights of criminals than the rights of victims.

This did not go unnoticed by ordinary Americans: The "social issue" high ground that had been Democratic in 1964—when much of the North revolted against the GOP over civil rights—switched parties with a vengeance in 1968. The era of GOP Presidents, elected, in part, to suppress crime and violence, began.

Now, however, the social-issue high ground,
Please see FRINGE, M6

Center for Politics and Economics at Claremont Graduate School and a political analyst for KCAL-TV.

secret."

But if you're a Republican presidential hopeful, getting attacked by liberal

review showed a big-eared Wilson perched atop a weather vane, finger pointing in the wind; the article attacked

Clearly, the revelations of the past few days, and the furor surrounding them,

just one more there mis characterizing shows how really committed he is to cutting taxes. □

Balkans

Continued from M1

settlement that would reward the Serbs too much for their crimes. This would encourage potential aggressors everywhere in the world. For these reasons Washington pushes the United Nations, NATO and its allies to take a hard-line, anti-Serb position and toys with various schemes to punish the Serbs economically or even militarily as they continue to defy the international community.

So far, so good, but official Washington knows something else: Unless the military balance shifts against the Serbs, they have no reason to make major concessions. Since Washington knows the American people don't want the United States to go to war in the Balkans, and since the military keeps warning the civilian leadership that a Balkan War won't be a Gulf War-style cakewalk, both the White House and Congress know that the only threats they can make against the Serbs are empty ones.

Logically, the problem is clear. Since the Serbs can't be forced to make major concessions without military intervention, and since military intervention is not possible, the Serbs can't be forced to make major concessions. Therefore, unfortunately, the only sensible thing to do is to find a peace proposal acceptable to the Serbs.

But Washington isn't a logical city, and so another kind of policy process takes over—wishful thinking. The result is insolvency: Empty threats by Washington, scornful defiance by Serbia and continuing slaughter on the ground.

The Balkans aren't the only place

much, working with them in the post-Cold War world is a lot like herding cats. President Bill Clinton cannot give orders the way Presidents John F. Kennedy and Ronald Reagan could. All the world's major powers now feel free to thumb their noses at Uncle Sam whenever they are in the mood—and there isn't much the United States can do in return.

So America's power in the world is declining, but neither the politicians nor the foreign-policy Establishment can face this. U.S. foreign policy resources have diminished, but we have not scaled down expectations to match. The result is we are committed to grandiose policies we cannot support. Ten years ago, the United States could have forced Britain and France to follow Washington's lead in the Balkans; 20 years ago, Washington could have dictated their policy toward Iran. Now all we can do is call people names when they don't do what we want.

For 50 years, Americans have lived with a universal foreign policy. Everybody's business was our business and there was no place on earth so wretched and far away that we didn't care about it. Let a left-wing colonel seize power in the dingiest corner of the Third World, and the U.S. foreign-policy machine went into overdrive as part of the global contest with the Soviet Union. Our foreign policy was universal in another sense: Besides viewing the entire world as part of our vital interests, the goals we set for ourselves were extraordinarily ambitious—nothing short of the universal spread of democracy and human rights.

Now we are left with the habits and policies of universalism, but not the resources to back them up. Our military power is only useful in those handful of

Fringe

Continued from M1

including law and order, could be about to flip again. Like the Democrats of 30 years ago, the Republicans—convinced a favorable political watershed is developing after their big win in November—have dug out their two-decade-old ideological wish list. Along with some needed reforms, it includes numerous excesses, as well as favors for radical-linked groups on the conservative fringe. The extent to which some of this permissiveness involves firearms and violence is putting the GOP's credibility on law and order at issue.

Now, the GOP has indeed pinpointed some major political shifts. For example, recent polling found that 40% of Americans see the federal government as a threat; and even centrist and liberal newspaper editorials agreed that the federal attacks on the Branch Davidians in Texas and Randy Weaver in Idaho were mishandled. However, just as the rising profile of the activist left didn't signal an overall leftward trend in the 1960s and early '70s, conservatives today may be deceiving themselves in a similar fashion. Unless U.S. politics is about to come totally unglued, the swing to the right in 1994, having pushed its fringes and excesses into the spotlight, is about to create its counterforce.

If violence continues, public judgments on law and order will be the key to how the social issue cuts in 1996. The GOP is now accumulating a set of positions that

may appeal in Idaho and South Carolina but are likely to lose voters in California, Illinois or New York. This includes support for repeal of the 1994 ban on assault weapons; the recent GOP-led Supreme Court decision voiding the federal statute against carrying guns within a thousand feet of schools, and the House's reversal of Clinton's funding for 100,000 new policemen. In addition, an recent speech by GOP presidential candidate Sen. Phil Gramm of Texas called for taking enforcement power away from Treasury's Alcohol, Tobacco and Firearms division. The new GOP emphasis on the 10th Amendment and returning power to the states also has law-enforcement aspects.

This emerging GOP permissiveness about law enforcement is aggravated by the party's alliance with the National Rifle Assn., as well as by some GOP representatives' ties to the state militias, to radio talk-show hosts who explain how to kill Treasury agents and to right-to-life groups who support attacks on abortion clinics.

Highly placed conservatives also have reason to feel vulnerable for feeding the climate of violence. Just as the Democratic vice president talked about leading a revolution in the 1960s, House Speaker Newt Gingrich has described the Democrats and the Clintons as "the enemies of normal Americans," and he blamed liberals for Susan Smith, the South Carolina mother who drowned her two sons. The head of the NRA has had to promise that the organization's computer Bulletin Board on the Internet will be screened to eliminate such items as how to make

bombs using baby-food jars. Fabulous. The more we catalogue, the greater the resemblance to the 1960s.

Even party positions on economics justify the notion of an unprecedentedly fringe GOP ideological framework. Rising sentiment for a flat, single-rate income tax is one ingredient. Nobody took this seriously before, because millionaires would pay a lot less, leaving the middle class to shoulder a greater share of the burden. Recent attempts by the House to gut the nation's regulatory framework is another extreme—despite plenty of legitimate inclusions. Similarly, the attack on middle-class entitlements and programs such as Medicare and college aid, which even majorities of Republican voters are protectively nervous about.

Bluntly put, when a political party and ideology wins a big victory, the greatest test is often whether it can control its fringes—whether, in fact, the leaders involved even know what and who their fringes and extremists are. In the mid-1960s, the Democrats failed this test, and one important question this year and next is whether the post-1994 GOP can do better.

The cocky Democrats of 30 years ago, convinced that 1964 signaled a new liberal era, were stunned to find their position in national politics going downhill after 1965. Harvard, Harlem and Haight-Ashbury didn't add up to anything like an electoral majority. If today's GOP doesn't watch out, the Michigan militia, Georgia gun clubs, Aryans of Idaho and fans of televangelist Pat Robertson won't either. □

World War II

can life, I have watched something terrible describe the interview, my mother heard

about the interlocking woes of our nation. We can't know if McVeigh would have abandoned his murderous notions had there been a way for him to channel his rage into grass-roots reform. But there are many who share his frustrations.

voice, a fine sense of pacing and a laugh at himself—skills liberals would do well to learn. And, to his credit, he often gives his "ditto-heads" political lessons that show a good (if inaccurate) pedagogue at work. On one show last year, Limbaugh asked, "Why is the Clinton health-care plan socialist?" He then patiently criticized nine answers from callers until he got the one he wanted.

But the one he wanted. But celebrity could dilute Limbaugh's political message. He is now a spokesman crouching in a foxhole, he watched a man lead his men around German patrols; that, he had to go behind enemy lines; that he had to artillery observation unit, he routinely have found out that, as a sergeant in an But if I had not pressed him, I would not march through France was suspenseful, dramatic, even funny.

Four years ago, when Roe vs. Wade seemed on the verge of reversal in the U.S. Supreme Court, abortion was a significant voting issue for the pro-choice majority in this country. The court's decision to respect Roe, albeit with reservations, and the election of a pro-choice President, moved abortion well down the

nomination, has promised a filibuster of one of Dole's chief rivals for the GOP. Meanwhile, Sen. Phil Gramm of Texas, win to maintain the aura of front-runner. presidential year, and which Dole must shire, which host the first contests of the and active in both Iowa and New Hampshire. Anti-abortion forces are well organized by themselves as born-again Christians. 42% of likely GOP primary voters identify themselves as born-again Christians. the results of a private poll showing that spring, the Christian Coalition released

COMMENTARY / ANALYSIS / TIMES INTERVIEW

SECTION

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SUNDAY

MAY 7, 1995

OPINION

Los Angeles Times





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Unwanted Advice

THE PRESIDENT HAS SEEN

5/31

HOUSE MAJORITY Leader Dick Armey (R-Tex.) has sent a letter to 82 chief executive officers of some the nation's largest companies warning them that their corporations were "among companies that support expansion of the welfare state." Golly. He also thoughtfully sent as well a copy of a book, "Patterns of Corporate Philanthropy," published by the Capital Research Center, a conservative group, and said it contained some bad news. "Unfortunately," Mr. Armey wrote, " 'Patterns of Corporate Philanthropy,' which includes a preface by Malcolm S. Forbes, Jr., places [here the name of the company in question was inserted] among companies that support expansion of the welfare state." He concluded: "Voters have demanded an end to big government's high taxes, heavy handed regulation, and welfare driven cultural decay. With your help, we can reinforce the work ethic and rebuild a prosperous America."

Look who's talking about "heavy handed." Mr. Armey's letter is a classic case of what the Republicans (when they were in the minority) used to criticize as the arrogance of power. Who is the majority leader of the House of Representatives to tell business people that "unfortunate-

ly" they're making contributions to the wrong causes? Might some of them wonder just what Mr. Armey was trying to tell them, given that Congress is considering all sorts of far-reaching legislation affecting how these companies are taxed, subsidized and regulated? Mr. Armey's spokesman notes that the letter was not sent out by his office but by the Capital Research Center. But the letterhead has "Congress of the United States" right up at the top and the words "Majority Leader" are right up there, too.

And what groups does the Capital Research Center include in the list of those presumably undermining the work ethic and fomenting cultural decay? Oh, the wild-eyed folks at: the American Cancer Society, the American Heart Association, the American Lung Association, the Anti-Defamation League of B'nai B'rith, the League of Women Voters, the Nature Conservancy, the NAACP Special Contribution Fund and the National Trust for Historic Preservation.

Mr. Armey can say anything he wants about corporate philanthropy. But the House majority leader should not be writing CEOs on congressional letterhead to tell them where they should or shouldn't make their charitable donations. Talk about intrusive federal government.

Should contact
all org. State by State



THE PRESIDENT HAS SEEN

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May 19, 1995, Friday, Final Edition

SECTION: A SECTION; Pg. A23; THE FEDERAL PAGE; IN THE LOOP

LENGTH: 922 words

HEADLINE: Arme y: Generous CEOs Took a Left Turn

BYLINE: Al Kamen, Washington Post Staff Writer

BODY:

House Majority Leader Richard K. Arme y (R-Tex.) having alerted his colleagues to the ways in which corporate America underwrites liberal advocacy groups, now is writing corporate executives directly to chastise them for using their "philanthropic budgets to support public policy advocacy groups."

"One might expect corporate contributions to favor advocacy on behalf of free market policies," he wrote CEOs. "But the evidence," he says, citing Patterns of Corporate Philanthropy, a study by the conservative Capital Research Center, "suggests the opposite: big business is firmly behind the welfare state."

"Unfortunately," he says in the copy of the letter we received, the book "places [name deleted] among companies that support expansion of the welfare state." The voters "have demanded an end to . . . welfare-driven cultural decay," Arme y says. "With your help, we can reinforce the work ethic and rebuild a prosperous America."

The study ranks groups in eight categories, from "radical left" on one end to "conservative" (not radical right?) on the other.

So Arme y wants corporations to watch those contributions to "center-left" groups like Ducks Unlimited or the National Geographic Society, and to "liberal" advocacy groups like the American Cancer Society, the American Lung Association, the National League of Cities Institute and the Nature Conservancy, which gets huge bucks from the oil industry.

The study says there are American corporations giving to flat-out "left" groups like the Sierra Club, the Children's Defense Fund and the Center for Auto Safety. Two companies, First Chicago and Stone Container, are listed as having given \$ 50 each to the "radical left" Greenpeace.

legislation. They said it is likely too late to make changes before the Senate considers the agreement. Meanwhile, the Associated Press, quoting GOP officials, reported this afternoon that Clinton had telephoned House Speaker Gingrich Tuesday night to discuss a possible compromise. The White House declined to confirm that Clinton had called Gingrich.

TELECOMMUNICATIONS

Several Issues Unresolved As Panel Begins Telco Markup

The House Commerce Committee began a markup of its telecommunications reform legislation today, with several issues still unresolved and a host of amendments expected on local and long-distance market entry as well as other issues. An en bloc amendment from Chairman Bliley is expected to include a provision agreed to by both local and long-distance carriers that would allow the regional Bell operating companies entry into long distance before the 18 months allowed under the bill approved by the subcommittee, if they meet a "comparability test" showing competition in the local market. The package also would allow the Bells to hold off on meeting simultaneous dialing parity requirements, and possibly, grandfather states that have moved ahead on this issue, sources said. Also, the Bells lost the out-of-region privileges included in the subcommittee bill, they added.

Bliley said he would be family friendly and end the markup at 6 p.m. and return Thursday. The committee is expected to approve the bill, and be ready to go to the Rules Committee after the Memorial Day break, Bliley told reporters, adding it could reach the floor in July. As the markup proceeded, Trade and Hazardous Materials Subcommittee Chairman Michael Oxley, R-Ohio, together with Reps. Sherrod Brown, D-Ohio, and Ron Klink, D-Pa., planned to offer an amendment that would block foreign ownership of U.S. broadcast properties, but allow foreign ownership of other media properties, staff explained. Also, it would require reciprocity from other countries, and allow the president to block an FCC approval of a purchase by a foreign firm, they said.

A deal on concentration issues in broadcast ownership appears to have been worked out, staff said. One owner could hold up to 50 stations nationwide, up from 35. But the cable deregulation issue is still unresolved and staff said that Telecommunications and Finance Subcommittee ranking member Edward Markey, D-Mass., may offer up to four amendments on small cable operators, uniform pricing, complaint threshold and effective competition. "There is an unwillingness to accept consumer safeguards after deregulation but before competition arrives," which can result in price gouging, Democratic staff explained. Telecommunications and Finance Subcommittee Chairman Jack Fields, R-Texas, responded, "Ed's [Markey] proposal would create uncertainty for the cable industry, and if you really believe they are the answer to competition in local markets," then they will need the financial resources and broad authority to be compete.

HEALTH

Key GOP Members Link Medicare, Broad Health Reform

Republicans seem to be coming full circle on health care. At a hearing of the Ways and Means Health Subcommittee today, both Subcommittee Chairman Bill Thomas, R-Calif., and Rep. Jim McCrery, R-La., suggested that any changes to Medicare might well,

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Martha

5/24
Congress
Daily

have to come in concert with broader health reforms in the private sector -- the same stance that has been taken by Clinton administration officials. "I don't care which comes first," said Thomas. But he added that "I don't want a fix for Medicare that's artificial" and conflicts with what Congress may do in terms of insurance reforms and other private sector changes. McCrery suggested -- apparently not in jest -- that the committee might well want to heed President Clinton's advice to address the entire health question as one.

Continuing the irony, experts across the ideological spectrum seem to be reaching consensus that the best way to wring savings out of Medicare is to move to a "managed competition" system similar to the one proposed by the Clinton administration for the entire health system last year. Two more endorsements for allowing HMOs to bid competitively for Medicare patients came at the hearing from Stuart Altman, chairman of Medicare's hospital payment advisory panel and a former health adviser to Clinton, and Gail Wilensky, chairwoman of Medicare's physician payment advisory panel and a former health adviser to President Bush. "You have to change the incentives" for beneficiaries, said Altman. Meanwhile, Health Subcommittee ranking member Pete Stark, D-Calif., announced introduction of a bill that would set federal standards for managed care marketing, quality and enrollment, in an effort to curb abuses that have already been reported.

DEFENSE

DOD Study Recommends Against More B-2 Bombers

The final report of the commission directed to study the future roles and missions of the armed forces today recommended against buying more B-2 bombers in the immediate future. That recommendation is at odds with action Tuesday in the House National Security Military Procurement Subcommittee that provided \$553 million for advanced procurement money for two more bombers, a move the full committee was expected to endorse this afternoon. Instead, the Commission on Roles and Missions agreed with a Pentagon study released this month that it was more cost effective to buy additional quantities of precision guided weapons. "We agree that the production of additional B-2s would be less cost effective than buying addition precision weapons for existing bombers and other strike aircraft or ... improving the conventional war-fighting capabilities of existing bombers," the report said.

The commission also said a final decision should not be made on whether to spend money to keep the industrial team warm -- in case more bombers are needed -- until the Pentagon completes an ongoing study of the Northrop Grumman and Boeing Co. industrial bases. "Our reasoning is that a final, concrete decision to halt B-2 funding should be made only when the full ramifications of the decision are understood. No bomber development program is currently under way," report said. It added: "As has been the case for the B-52, the B-2 will likely be in service for 40 to 50 years. It is not possible to predict what requirements will exist that far in the future and we are concerned that tomorrow's commanders should not be deprived of adequate numbers of bombers because of a decision made today without the most careful deliberation."

While future B-2 funding requires additional study, the capabilities of precision guided weapons are proven, said the commission. Supporters of buying an additional 20 bombers,

THE PRESIDENT HAS SEEN
5/31

He should be involved
on 6/21 - BC

Other Books by Amitai Etzioni

A Responsive Society (1991)

*The Moral Dimension:
Toward a New Economics* (1988)

*Capital Corruption:
The New Attack on American Democracy* (1984)

*An Immodest Agenda:
Rebuilding America Before the Twenty-First Century* (1983)

*Genetic Fix:
The Next Technological Revolution* (1973)

*The Active Society:
A Theory of Societal and Political Processes* (1968)

*Political Unification:
A Comparative Study of Leaders and Forces* (1965)

Modern Organizations (1964)
A Comparative Analysis of Complex Organizations (1961)

The **Spirit** of **Community**

RIGHTS, RESPONSIBILITIES, AND
THE COMMUNITARIAN
AGENDA

Amitai Etzioni

Crown Publishers, Inc. / New York

THE SPIRIT OF COMMUNITY

Amitai Etzioni

Introduction ♦ A New Moral, Social, Public Order— Without Puritanism or Oppression

We Hold These Truths

W

E hold that a moral revival in these United States is possible without Puritanism; that is, without busybodies meddling into our personal affairs, without thought police controlling our intellectual life. We *can* attain a recommitment to moral values—without puritanical excesses.

We hold that law and order can be restored without turning this country of the free into a police state, as long as we grant public authorities some carefully crafted and circumscribed new powers.

We hold that the family—without which no society has ever survived, let alone flourished—can be saved, without forcing women to stay at home or otherwise violating their rights.

We hold that schools *can* provide essential moral education—without indoctrinating young people.

We hold that people can again live in communities without turning into vigilantes or becoming hostile to one another.

We hold that our call for increased social responsibilities, a main tenet of this book, is not a call for curbing rights. On the contrary, *strong rights presume strong responsibilities*.

We hold that the pursuit of self-interest can be bal-

anced by a commitment to the community, without requiring us to lead a life of austerity, altruism, or self-sacrifice. Furthermore, unbridled greed can be replaced by legitimate opportunities and socially constructive expressions of self-interest.

We hold that powerful special-interest groups in the nation's capital, and in many statehouses and city halls, can be curbed without limiting the constitutional right of the people to lobby and petition those who govern. The public interest *can* reign, without denying the legitimate interests and the right to lobby of the various constituencies that make up America.

We hold these truths as Communitarians, as people committed to creating a new moral, social, and public order based on restored communities, without allowing puritanism or oppression.

The Communitarian Thesis

The Communitarian assertions rest upon a single core thesis: Americans—who have long been concerned with the deterioration of private and public morality, the decline of the family, high crime rates, and the swelling of corruption in government—can now act without fear. We can act without fear that attempts to shore up our values, responsibilities, institutions, and communities will cause us to charge into a dark tunnel of moralism and authoritarianism that leads to a church-dominated state or a right-wing world.

Chapter and verse are in the body of the book, but let me introduce the Communitarian approach by way of an example: Airline pilots, school bus drivers, and others who directly hold people's lives in their hands can be required to be tested for drug and alcohol use. This would significantly enhance our safety, without testing every Dick, Jane, and Harry, from employees of the Weather Bureau to children in kindergarten. Beyond the important details (such as, should police officers also be tested? will the samples be collected in the presence of others?) are matters of principle, such as how we can restore a civil society (in this case, enhance public safety) while upholding our constitutional rights and moral traditions.

The Communitarian movement—which is an environmental movement dedicated to the betterment of our moral, social, and political environment—seeks to sort out these principles. And

The Slippery Slope

Probably the most common argument against any adjustments in the balance between individual rights and social responsibilities is a vastly overused piece of sociology: the notion that once one seeks to modify a tradition, it crumbles. This argument is often used by Orthodox Jews who oppose any changes in Jewish practice (such as seating men and women together in the synagogue) and, as well, in the Catholic tradition (as can be seen in the opposition to conducting mass in the vernacular). The opponents of change draw on various analogies, especially that old chestnut the slippery slope. Or we hear about the danger of allowing the camel's nose into the tent, lest all of it will follow, and about the risk of allowing in the thin edge of a wedge, which then might be used to pry open gates they ought to have kept under seal. All of these clichéd images evoke the fear that if we allow some limited, harmless, or even beneficial measures, they will lead us willy-nilly—without opportunities to examine and, above all, stop—to some dire consequences.

Harvard professor Frederick Schauer describes the slippery slope as "a particular act, seemingly innocuous when taken in isolation [that] may yet lead to a future host of similar but increasingly pernicious events." He goes on to point out that "implicit in the 'Where do you draw the line?' argument is the assertion that there is no precise, natural line between the instant case and the danger case—that acting in the instant case will leave us with no logical stopping point short of the danger case."

Referring to the "dangers" of antismoking legislation, Barry Glassner, a fellow sociologist, takes the plunge:

[I]f this pattern continues, we'll have a homogenized population in which everybody will be within recommended weight

ranges, and nobody will smoke anymore, and nobody will drink and everybody will work out.

According to various estimates, from one-third to two-thirds of the homeless are mental patients who were dumped onto the streets. This occurred after liberal reformers argued that large-scale state mental hospitals, which were dreadful, should be replaced by nice community centers. The trouble was that the patients were kicked out of state hospitals before many community centers—of any kind—were ready. For numerous homeless people, these centers are still unavailable.

Among the suggestions that are now under consideration is to recommit many of the mental patients on the streets into the large-scale state mental hospitals. A less extreme measure is to require them to be treated as outpatients. Many of the mental patients could function much more effectively if someone saw to it that they took their medications regularly—either family members or practitioners in community clinics. In many states, however, this requires a change in the statutes, away from the Radical Individualist assumption that persons who are not endangering others or themselves cannot be treated for their own sake or ours. However, when such rules are discussed, opponents fear that they might lead us to incarcerate people against their will: today, mental patients; tomorrow, dissenters.

Another case in point: The ACLU opposes screening gates not only because it believes that they violate the Fourth Amendment, but also because of what the ACLU fears they may lead to:

Regrettably, we live in dangerous times. If the danger posed in one situation is thought to justify unconstitutional, emergency measures, where can the line be drawn? Today it is airports, tomorrow it may be banks or city streets.

The fear of slippery slopes is not *wholly* without foundation. Once taboos are broken by a community tolerating a modification of its ethical code, it is not easy to stop. Those who challenged the traditional vows of fidelity in marriage often found it difficult to sustain their marital contracts and frequently ended up with no stable relationship at all. And "reform" in Judaism was followed

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(although it may well have occurred anyhow) by a massive flight from religious commitment. However, it is also evident that each time we individually or as a community negotiate a step on the top of what are potentially slippery slopes, we do *not* necessarily end up at the bottom.

Not every young woman who allows herself to be kissed before marriage ends up a hooker, and not everyone who experiments with marijuana ends up a crackhead. Similarly, sexual education, introduced in many schools, has not led, as Authoritarians feared, to new heights of promiscuity, orgies, let alone to the destruction of American society. That is, societies can reset their moral codes without necessarily losing their grip. And, to reiterate, sliding down the slippery slope is not necessarily the result of an avalanche set off by bad precedents; it may well be the consequence of not attending to true needs of the community and thus in effect paving the way to Authoritarian voices and leaders.

Notching Principles

We can notch the slope, formulate principles that allow us to stop, before we reach a danger point. These principles are, of necessity, introduced one by one. However, when it comes to actually fashioning public policies, the guidelines must be applied jointly. That is, policies that qualify by the first measure are still to be examined to establish whether or not they meet the second and third criteria and so on.

First Criterion: Clear and Present Danger

No adjustments should be attempted unless there is a clear and present danger—a verifiable and sizable social problem or need. Unfortunately, in a media-ized society, prophets of doom often alarm wide audiences. There are frequent calls on policy makers and citizens alike to tighten their belts and modify their life-styles, as well as calls to suspend or violate basic rights in order to combat some imagined or anticipated scourge. For example, in the mid-seventies, Americans were told that they would soon be forced out of their cars and onto mass transit because the United States was running out of oil. More recently we were warned that America

must introduce central planning or industrial policy in order to compete with the Japanese.

In the early nineties alarmists became exercised about the danger of killer bees invading the United States from Mexico. As a matter of fact, there have been no reports of American deaths due to killer bees, although thirty-eight Mexicans are said to have died from their stings in the late 1980s and early 1990s, about eight a year. Although every life is valuable, societies should articulate new civic duties and social responsibilities only when they face more serious challenges. Thus it is impractical and unjustifiable to demand, by force of law, that every American wear long sleeves and long pants, roll up their car windows, and screen their doors and windows to ward off the killer bees. To reiterate: So far, the danger of these bees in the United States is quite theoretical. The same measures that now look preposterous and contain uncalled-for diminutions of our freedoms would become quite reasonable if Americans were attacked by swarms of bees and began to keel over by the thousands—and no other effective measures would be available to save their lives.

It seems best to act more humbly, refraining from grand changes that involve major economic and human costs and even small diminutions of liberties—until there is a clear and present danger. Nuclear weapons, handguns, AIDS, and crack are examples of clear and present threats. The evidence that they endanger large numbers of lives, if not our societal existence, is incontestable. The threat of global warming may be approaching but in my opinion has not yet reached a level that (as these lines are written in 1992) justifies the kinds of measures that several alarmists advocate.

Other measures are justified because of an especially direct link between the cause and effect. If someone points a machine gun at a person's head, we have a right to take away the other's "property," even wrestle him or her to the ground, even if only one life is at stake. The danger is clear and present. At the same time, we would condemn, indeed penalize, the same conduct if one had only a suspicion that a person might use his or her fists.

A specific case may help illustrate the issue at hand. The U.S. Department of Transportation maintained, after several train wrecks, that there was enough of a problem to warrant an adjustment of rights and responsibilities, to allow testing of train engi-

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neers for drugs and alcohol. Radical Individualists opposed the policy for the usual reasons: only individualized, case-by-case evidence of "probable cause" constitutes proper grounds. However, in April 1991 the Ninth Circuit Court of Appeals upheld the U.S. Department of Transportation regulations that authorized truck and bus companies to drug test their employees at random. (The suit was initiated by labor groups claiming that the regulations infringed on the Fourth Amendment and violate privacy.) The Ninth Circuit Court had earlier upheld as constitutional the FAA policy of random drug testing of airline employees.

What was the problem the test seeks to address? Between 1975 and 1984, drugs or alcohol were "directly affecting" causes in 48 train accidents, accounting for 37 fatalities and 80 injuries. Of 179 railroad accidents in 1987, the engineers in 39 of the cases tested positive for drugs. In one crash alone in January 1987, 16 people died and over 170 were injured when an Amtrak train was struck by a Conrail train. Investigators found traces of marijuana in the Conrail engineer's blood and urine.

On August 28, 1991, a New York City subway motorman was speeding, and his train derailed while switching from the express to the local track. The resulting crash killed five passengers and injured more than two hundred others. Hours after the crash, the motorman's blood-alcohol level was twice the legal limit. After this accident the local transit workers union dropped its opposition to random testing, not only for drugs but for alcohol as well.

According to a 1979 study, 23 percent of railroad operating employees were "problem drinkers," many of whom got drunk on the job. True, there are no simple numbers or criteria that tell you that 23 percent is "too much." However, when nearly one out of four of the staff is involved, and when they *directly* have in their hands the life and death of others (unlike the National Weather Bureau staff, which was also to be tested!), you may agree that random testing for drugs and alcohol is justified. This high-risk group includes train engineers, airline pilots, school bus drivers, police officers, and fire fighters.

We can also establish a clear and present danger in the case of handguns. Nine thousand people were murdered with handguns in the United States in 1988; another fourteen thousand were killed in handgun accidents. In contrast, Great Britain had seven handgun

murders, while Canada had eight. And we may also see a clear and present danger in AIDS. The AIDS epidemic spread to more than two hundred thousand reported cases by 1992, only twenty-six months after reaching the one-hundred-thousand-case milestone. It took eight years for this first figure to be reached. The number of reported cases is expected to rise by another one hundred thousand in less than two years.

Once the community—if it is a local or national one—establishes that there is a clear and present danger, the policies devised to cope with it must be examined by the other criteria. Here Communitarians can readily agree with Radical Individualists: it does not suffice to point to a serious threat to justify modifying the balance between rights and responsibilities.

Second Criterion: There Is No Alternative Way to Proceed

Assume we already agree as a community that, say, smoking constitutes a clear and present danger. (More than 300,000 people in the United States die from smoking annually.) Moreover, assume we conclude that the link between smoking and ill health is sufficiently tight for smoking to be considered a direct cause of illness and death and hence justified an adjustment according to the first criterion, that smoking is a clear and present danger.

Moreover, additional moral justification for public action comes from ethicists: they point out that even if one accepts the Radical Individualist notion that people ought to be free to choose their purchases, even if self-injurious, smoking harms others. Second-hand smoke (which nonsmokers inhale) accounts for an estimated 2,400 cases of lung cancer per year. Others die from fires that smokers start. In addition, ethicists point out, the preferences of the young are not formed yet. You cannot rely on them to act in line with their self-interest; they have not yet learned what it is. Finally, ethicists see justification for public action in that people reveal that their true preference is to stop smoking. The fact that 90 percent of smokers have tried to quit is a signal for help. (It would be different if we sought to impose, say, Buddhism on Americans, who show precious little indication that this is what they prefer on or below the surface.)

Nevertheless, it still does not follow that an adjustment of rights

and responsibilities is justified. *We ought first to look for ways that do not require any reinterpretation of the Constitution.* Drawing on this second criterion, we are likely to conclude that raising taxes on cigarettes is more justified than prohibiting cigarette advertising; as has been suggested. One reason is that raising taxes seems much more efficient than curbing ads. A 10 percent increase in the price of cigarettes as a result of higher taxes is reported to cause a 12 percent decrease in the purchase of cigarettes. In contrast, curbing ads is unlikely to cause much difference. Although some young people may be convinced by advertisements to pick up smoking, it is widely agreed that the main effect of advertisements is to shift people from one brand to another. Hence, a ban on ads would mainly keep people smoking what they have been smoking, rather than cause them to stop.

Second, and more to our point, *curbing ads raises constitutional issues involving the freedom of speech, while raising taxes raises no such issues.* Hence, even if curbing ads proved to be somewhat more efficient, raising taxes would still be preferable, as long as one could show that cigarette advertisements were not significantly more influential than price. In short, because we want to preserve respect for the law, we should not seek to modify it wantonly. It is best to try other ways first, although the law should not be treated as immutable.

Third Criterion: Adjustments Should Be as Limited as Possible

Once it is established that there is no effective alternative to adjusting the balance between individual rights and social responsibilities (for example, because we seek to prevent the harm of secondhand smoke and avoid health care costs imposed on society by smoking), *we must look for options that are the least intrusive.*

An examination of the debate over *Miranda* provides a good example of how one may find ways to trim rather than to slash. In recent years *Miranda* has come under criticism as excessively favorable to criminals. The extent to which *Miranda* actually hobbles the police and prosecutors is a much debated subject, which is still unresolved. Also, it is difficult to determine readily whether recent court rulings have already sharply or only moderately affected the reach of *Miranda*. Most observers would agree that since the mid-

eighties the balance has tilted somewhat toward diminished rights for criminals and a bit more toward enhancing the public safety. Our concern here is to illustrate what a reasonable intermediate position looks like, rather than settling many attendant intricacies.

At one extreme is the Radical Individualist position that no changes may be made whatsoever in *Miranda*, as if this legal measure, which did not take effect until 1966, was part of the Bill of Rights or carried the endorsement of the Founding Fathers. On the other hand, Authoritarians argue that *Miranda*, in toto, is but one of those many rights that accord criminals greater constitutional protection than is accorded to their victims. Indeed, former attorney general Edwin Meese wanted to do away with reading *Miranda* rights altogether. He believed that "it provides incentives for criminals not to talk" and "only helps guilty defendants." The Office of Legal Policy of the U.S. Attorney General under the Reagan administration issued a position paper that called for a wholesale overturning of *Miranda*. Here, as in many other matters, social wisdom and justice may well lie in third, intermediate positions, which balance individual rights with social needs.

Some intermediate positions have already been advanced. In 1985 the Supreme Court reviewed a case in which a suspect confessed to a crime before he was read his *Miranda* rights. He was later apprised of his rights and then confessed again. The Court unanimously agreed that the first confession could not be used as evidence, even though it had been given voluntarily, but it ruled six to three that the unsolicited admission of guilt did not taint the second confession, and hence it was allowed to stand.

In a similar decision, the Supreme Court ruled in 1987 that the police are not required to "Mirandize" a suspect for each crime that he or she is suspected of. Justice Lewis Powell explained that *Miranda* specifically requires that "the police inform a suspect that he has the right to remain silent and that anything he says may be used against him."

In the same vein, Communitarians may wish to examine closely an intermediate position that caused much controversy. It calls for allowing to stand evidence collected by the police even if the law was violated in a limited technical manner, as long as there is no indication of bad faith.

A case in point: In 1984 a police officer believed that in a given

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house a murderer had left the instrument of his crime. Since it was a Sunday afternoon and the local court was closed, the officer called on a judge at his home. The officer presented the judge with an application for a search warrant accompanied by an affidavit showing sufficient reason for the request (as required by the Fourth Amendment). The judge fully agreed that the "probable cause" needed for a legal search was present and indicated his approval on a form, as is routinely done. The officer conducted a search and indeed found the murder instrument. However, when the perpetrator was brought before the court, the defense argued that there was no legal warrant—because the judge by mistake had filled out the form inappropriately. (It referred to drug paraphernalia rather than a murder instrument, but the police confined their search to the items indicated in the police affidavit.) The lower court wanted to let the killer walk, but the Supreme Court ruled that the incriminating evidence gathered by the police should not be excluded on the basis of the judge's technical mistake because the officers relied on the warrant in good faith. A clause to cover such cases was included in the 1992 anticrime bill agreed upon by both Democrats and Republicans but adamantly opposed by Radical Individualists led by the ACLU. It was dropped from the final version of the bill.

The debate over the rights of students provides another example of reasonable, intermediate positions. Many observers agree that both substantive rights of students in public schools and their due process rights have been pushed to a point that makes it difficult for public schools to function. Linda Bruin, legal counsel for the Michigan Association of School Boards, writes: "Following the split decision in *Goss v. Lopez* . . . which struck down an Ohio statute permitting student suspensions from school without a hearing, educators expressed fears that they no longer would be able to discipline students efficiently."*

The president of the American Federation of Teachers, Albert Shanker, states:

A whole series of legal decision defining students' rights have made it all but impossible to get rid of the few kids who can

* The subject is complicated by the fact that procedures vary from state to state. Some schools have already developed intermediate procedures that others have not yet examined, let alone embraced.

change a school into a holding tank. The decisions were made for what looked like the best possible reasons: Concern with fairness and due process for students and the lack of any alternative. When judges asked themselves whether disruptive students would be better off in the streets or in the school, the answer was usually in school. But no matter how well meaning, these decisions have played havoc with our schools.

In the end, he notes, "teachers have to assume the role of warden."

What is an intermediate position between according students full-fledged due process rights (in effect deterring teachers and principals from suspending them) and declaring them fair game to any capricious school authority? It seems reasonable that students who are subject to suspension and expulsion should be granted due process—to the extent that they be notified of the nature of their misconduct and given an opportunity to respond, and that both actions occur before expulsion takes place. However, schools need not guarantee students a right to counsel or to call and cross-examine witnesses. This would unduly hamper the schools' ability to maintain an educational environment. Moreover, it is in the interest of education that schools be approached as small communities rather than as adversarial environments in which full-court procedures would be appropriate. Several state courts have already begun modifying school policies in this far-from-novel direction.

The search for intermediary positions may also take into account the substance of the issues. Thus, although we may deem it appropriate for students who face expulsion from a school (especially if they can show racial or religious discrimination) to draw on their rights to due process, we might readily agree that "due process," in the legal sense, need not be followed when they want to protest a grade they've received on an exam.

A fine example of notching is found in a new antiloitering proposal by citizen groups in Alexandria, Virginia, one that was challenged by Radical Individualists but upheld by the courts. The regulation allows the police to arrest those who are "loitering for purposes of engaging in an unlawful drug transaction." Unlike old loitering laws, which were used by the police to harass minorities, the new antiloitering statutes are designed to prevent such violations by articulating seven conditions that must be met before an

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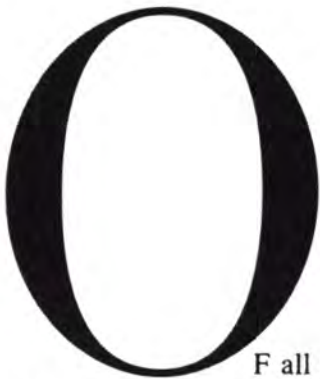
arrest can be made. The person must be on the street in a drug-trafficking area for more than fifteen minutes, during which time he or she must have more than one face-to-face contact that lasts less than two minutes and be involved in acts during which an object is transferred, and so on.

The ACLU's main objection to these antiloitering statutes is that innocent activities could be misconstrued as illegal. For instance, the ACLU argues, the new Alexandria statute used as one of its criteria that the person suspected of being a drug dealer put concealed objects into another person's pocket. (If the police could see that the packages contained illegal drugs, the whole issue might well be moot. Under this condition the police would have sufficient cause to act, which is, of course, the reason that dealers wrap their wares.) The ACLU maintains that this condition sets a dangerous precedent: among those who stand on street corners and put concealed objects into the pockets of others, the ACLU suggests, might be lawyers handing out business cards.

THE CODE OF THE STREETS

by ELIJAH ANDERSON

*In this essay in urban anthropology
a social scientist takes us inside a world
most of us glimpse only in grisly headlines—
“Teen Killed in Drive-By Shooting”—
to show us how a desperate
search for respect governs
social relations among
many African-American
young men*



F all the problems besetting the poor inner-city black community, none is more pressing than that of interpersonal violence and aggression. It wreaks havoc daily with the lives of community residents and increasingly spills over into downtown and residential middle-class areas. Muggings, burglaries, carjackings, and drug-related shootings, all of which may leave their victims or innocent bystanders dead, are now common enough to concern all urban

and many suburban residents. The inclination to violence springs from the circumstances of life among the ghetto poor—the lack of jobs that pay a living wage, the stigma of race, the fallout from rampant drug use and drug trafficking, and the resulting alienation and lack of hope for the future.

Simply living in such an environment places young people at special risk of falling victim to aggressive behavior. Although there are often forces in the community which can counteract

THE HEART OF THE CODE IS THE ISSUE OF RESPECT—LOOSELY DEFINED

the negative influences, by far the most powerful being a strong, loving, "decent" (as inner-city residents put it) family committed to middle-class values, the despair is pervasive enough to have spawned an oppositional culture, that of "the streets," whose norms are often consciously opposed to those of mainstream society. These two orientations—decent and street—socially organize the community, and their coexistence has important consequences for residents, particularly children growing up in the inner city. Above all, this environment means that even youngsters whose home lives reflect mainstream values—and the majority of homes in the community do—must be able to handle themselves in a street-oriented environment.

This is because the street culture has evolved what may be called a code of the streets, which amounts to a set of informal rules governing interpersonal public behavior, including violence. The rules prescribe both a proper comportment and a proper way to respond if challenged. They regulate the use of violence and so allow those who are inclined to aggression to precipitate violent encounters in an approved way. The rules have been established and are enforced mainly by the street-oriented, but on the streets the distinction between street and decent is often irrelevant; everybody knows that if the rules are violated, there are penalties. Knowledge of the code is thus largely defensive; it is literally necessary for operating in public. Therefore, even though families with a decency orientation are usually opposed to the values of the code, they often reluctantly encourage their children's familiarity with it to enable them to negotiate the inner-city environment.

At the heart of the code is the issue of respect—loosely defined as being treated "right," or granted the deference one deserves. However, in the troublesome public environment of the inner city, as people increasingly feel buffeted by forces beyond their control, what one deserves in the way of respect becomes more and more problematic and uncertain. This in turn further opens the issue of respect to sometimes intense interpersonal negotiation. In the street culture, especially among young people, respect is viewed as almost an external entity that is hard-won but easily lost, and so must constantly be guarded. The rules of the code in fact provide a framework for negotiating respect. The person whose very appearance—including his clothing, demeanor, and way of moving—deters transgressions feels that he possesses, and may be considered by others to possess, a measure of respect. With the right amount of respect, for instance, he can avoid "being bothered" in public. If he is bothered, not only may he be in physical danger but he has been disgraced or "dissed" (disrespected). Many of the forms that dissing can take might seem petty to middle-class people (maintaining eye contact for too long, for example), but to those invested

in the street code, these actions become serious indications of the other person's intentions. Consequently, such people become very sensitive to advances and slights, which could well serve as warnings of imminent physical confrontation.

This hard reality can be traced to the profound sense of alienation from mainstream society and its institutions felt by many poor inner-city black people, particularly the young. The code of the streets is actually a cultural adaptation to a profound lack of faith in the police and the judicial system. The police are most often seen as representing the dominant white society and not caring to protect inner-city residents. When called, they may not respond, which is one reason many residents feel they must be prepared to take extraordinary measures to defend themselves and their loved ones against those who are inclined to aggression. Lack of police accountability has in fact been incorporated into the status system: the person who is believed capable of "taking care of himself" is accorded a certain deference, which translates into a sense of physical and psychological control. Thus the street code emerges where the influence of the police ends and personal responsibility for one's safety is felt to begin. Exacerbated by the proliferation of drugs and easy access to guns, this volatile situation results in the ability of the street-oriented minority (or those who effectively "go for bad") to dominate the public spaces.

DECENT AND STREET FAMILIES

ALTHOUGH almost everyone in poor inner-city neighborhoods is struggling financially and therefore feels a certain distance from the rest of America, the decent and the street family in a real sense represent two poles of value orientation, two contrasting conceptual categories. The labels "decent" and "street," which the residents themselves use, amount to evaluative judgments that confer status on local residents. The labeling is often the result of a social contest among individuals and families of the neighborhood. Individuals of the two orientations often coexist in the same extended family. Decent residents judge themselves to be so while judging others to be of the street, and street individuals often present themselves as decent, drawing distinctions between themselves and other people. In addition, there is quite a bit of circumstantial behavior—that is, one person may at different times exhibit both decent and street orientations, depending on the circumstances. Although these designations result from so much social jockeying, there do exist concrete features that define each conceptual category.

Generally, so-called decent families tend to accept mainstream values more fully and attempt to instill them in their

BEING TREATED "RIGHT," OR GRANTED THE DEFERENCE ONE DESERVES.

children. Whether married couples with children or single-parent (usually female) households, they are generally "working poor" and so tend to be better off financially than their street-oriented neighbors. They value hard work and self-reliance and are willing to sacrifice for their children. Because they have a certain amount of faith in mainstream society, they harbor hopes for a better future for their children, if not for themselves. Many of them go to church and take a strong interest in their children's schooling. Rather than dwelling on the real hardships and inequities facing them, many such decent people, particularly the increasing number of grandmothers raising grandchildren, see their difficult situation as a test from God and derive great support from their faith and from the church community.

Extremely aware of the problematic and often dangerous environment in which they reside, decent parents tend to be strict in their child-rearing practices, encouraging children to respect authority and walk a straight moral line. They have an almost obsessive concern about trouble of any kind and remind their children to be on the lookout for people and situations that might lead to it. At the same time, they are themselves polite and considerate of others, and teach their children to be the same way. At home, at work, and in church, they strive hard to maintain a positive mental attitude and a spirit of cooperation.

So-called street parents, in contrast, often show a lack of consideration for other people and have a rather superficial sense of family and community. Though they may love their children, many of them are unable to cope with the physical and emotional demands of parenthood, and find it difficult to reconcile their needs with those of their children. These families, who are more fully invested in the code of the streets than the decent people are, may aggressively socialize their children into it in a normative way. They believe in the code and judge themselves and others according to its values.

In fact the overwhelming majority of families in the inner-city community try to approximate the decent-family model, but there are many others who clearly represent the worst fears of the decent family. Not only are their financial resources extremely limited, but what little they have may easily be misused. The lives of the street-oriented are often marked by disorganization. In the most desperate circumstances people frequently have a limited understanding of priorities and consequences, and so frustrations mount over bills, food, and, at times, drink, cigarettes, and drugs. Some tend toward self-destructive behavior; many street-oriented men are crack-addicted ("on the pipe"), alcoholic, or involved in complicated relationships with men who abuse them. In addition, the seeming intractability of their situation, caused in large part by the lack of well-paying jobs and the persistence of racial discrimination, has engendered

deep-seated bitterness and anger in many of the most desperate and poorest blacks, especially young people. The need both to exercise a measure of control and to lash out at somebody is often reflected in the adults' relations with their children. At the least, the frustrations of persistent poverty shorten the fuse in such people—contributing to a lack of patience with anyone, child or adult, who irritates them.

In these circumstances a woman—or a man, although men are less consistently present in children's lives—can be quite aggressive with children, yelling at and striking them for the least little infraction of the rules she has set down. Often little if any serious explanation follows the verbal and physical punishment. This response teaches children a particular lesson. They learn that to solve any kind of interpersonal problem one must quickly resort to hitting or other violent behavior. Actual peace and quiet, and also the appearance of calm, respectful children conveyed to her neighbors and friends, are often what the young mother most desires, but at times she will be very aggressive in trying to get them. Thus she may be quick to beat her children, especially if they defy her law, not because she hates them but because this is the way she knows to control them. In fact, many street-oriented women love their children dearly. Many mothers in the community subscribe to the notion that there is a "devil in the boy" that must be beaten out of him or that socially "fast girls need to be whipped." Thus much of what borders on child abuse in the view of social authorities is acceptable parental punishment in the view of these mothers.

Many street-oriented women are sporadic mothers whose children learn to fend for themselves when necessary, foraging for food and money any way they can get it. The children are sometimes employed by drug dealers or become addicted themselves. These children of the street, growing up with little supervision, are said to "come up hard." They often learn to fight at an early age, sometimes using short-tempered adults around them as role models. The street-oriented home may be fraught with anger, verbal disputes, physical aggression, and even mayhem. The children observe these goings-on, learning the lesson that might makes right. They quickly learn to hit those who cross them, and the dog-eat-dog mentality prevails. In order to survive, to protect oneself, it is necessary to marshal inner resources and be ready to deal with adversity in a hands-on way. In these circumstances physical prowess takes on great significance.

In some of the most desperate cases, a street-oriented mother may simply leave her young children alone and unattended while she goes out. The most irresponsible women can be found at local bars and crack houses, getting high and socializing with other adults. Sometimes a troubled woman will leave very young children alone for days at a time. Reports of crack addicts abandoning their children have be-

come common in drug-infested inner-city communities. Neighbors or relatives discover the abandoned children, often hungry and distraught over the absence of their mother. After repeated absences, a friend or relative, particularly a grandmother, will often step in to care for the young children, sometimes petitioning the authorities to send her, as guardian of the children, the mother's welfare check, if the mother gets one. By this time, however, the children may well have learned the first lesson of the streets: survival itself, let alone respect, cannot be taken for granted; you have to fight for your place in the world.

CAMPAIGNING FOR RESPECT

THESE realities of inner-city life are largely absorbed on the streets. At an early age, often even before they start school, children from street-oriented homes gravitate to the streets, where they "hang"—socialize with their peers. Children from these generally permissive homes have a great deal of latitude and are allowed to "rip and run" up and down the street. They often come home from school, put their books down, and go right back out the door. On school nights eight- and nine-year-olds remain out until nine or ten o'clock (and teenagers typically come in whenever they want to). On the streets they play in groups that often become the source of their primary social bonds. Children from decent homes tend to be more carefully supervised and are thus likely to have curfews and to be taught how to stay out of trouble.

When decent and street kids come together, a kind of social shuffle occurs in which children have a chance to go either way. Tension builds as a child comes to realize that he must choose an orientation. The kind of home he comes from influences but does not determine the way he will ultimately turn out—although it is unlikely that a child from a thoroughly street-oriented family will easily absorb decent values on the streets. Youths who emerge from street-oriented families but develop a decency orientation almost always learn those values in another setting—in school, in a youth group, in church. Often it is the result of their involvement with a caring "old head" (adult role model).

In the street, through their play, children pour their individual life experiences into a common knowledge pool, affirming, confirming, and elaborating on what they have observed in the home and matching their skills against those of others. And they learn to fight. Even small children test one another, pushing and shoving, and are ready to hit other children over circumstances not to their liking. In turn, they are readily hit by other children, and the child who is toughest prevails. Thus the violent resolution of disputes, the hitting and cursing, gains social reinforcement. The child in effect is initiated into a system that is really a way of campaigning for respect.

In addition, younger children witness the disputes of old-

er children, which are often resolved through cursing and abusive talk, if not aggression or outright violence. They see that one child succumbs to the greater physical and mental abilities of the other. They are also alert and attentive witnesses to the verbal and physical fights of adults, after which they compare notes and share their interpretations of the event. In almost every case the victor is the person who physically won the altercation, and this person often enjoys the esteem and respect of onlookers. These experiences reinforce the lessons the children have learned at home: might makes right, and toughness is a virtue, while humility is not. In effect they learn the social meaning of fighting. When it is left virtually unchallenged, this understanding becomes an ever more important part of the child's working conception of the world. Over time the code of the streets becomes refined.

Those street-oriented adults with whom children come in contact—including mothers, fathers, brothers, sisters, boyfriends, cousins, neighbors, and friends—help them along in forming this understanding by verbalizing the messages they are getting through experience: "Watch your back." "Protect yourself." "Don't punk out." "If somebody messes with you, you got to pay them back." "If someone disses you, you got to straighten them out." Many parents actually impose sanctions if a child is not sufficiently aggressive. For example, if a child loses a fight and comes home upset, the parent might respond, "Don't you come in here crying that somebody beat you up; you better get back out there and whup his ass. I didn't raise no punks! Get back out there and whup his ass. If you don't whup his ass, I'll whup your ass when you come home." Thus the child obtains reinforcement for being tough and showing nerve.

While fighting, some children cry as though they are doing something they are ambivalent about. The fight may be against their wishes, yet they may feel constrained to fight or face the consequences—not just from peers but also from caretakers or parents, who may administer another beating if they back down. Some adults recall receiving such lessons from their own parents and justify repeating them to their children as a way to toughen them up. Looking capable of taking care of oneself as a form of self-defense is a dominant theme among both street-oriented and decent adults who worry about the safety of their children. There is thus at times a convergence in their child-rearing practices, although the rationales behind them may differ.

SELF-IMAGE BASED ON "JUICE"

BY the time they are teenagers, most youths have either internalized the code of the streets or at least learned the need to comport themselves in accordance with its rules, which chiefly have to do with interpersonal communication. The code revolves around the presen-

AMONG THE HARD-CORE STREET-ORIENTED, THE CLEAR RISK OF MEETING

tation of self. Its basic requirement is the display of a certain predisposition to violence. Accordingly, one's bearing must send the unmistakable if sometimes subtle message to "the next person" in public that one is capable of violence and mayhem when the situation requires it, that one can take care of oneself. The nature of this communication is largely determined by the demands of the circumstances but can include facial expressions, gait, and verbal expressions—all of which are geared mainly to deterring aggression. Physical appearance, including clothes, jewelry, and grooming, also plays an important part in how a person is viewed; to be respected, it is important to have the right look.

Even so, there are no guarantees against challenges, because there are always people around looking for a fight to increase their share of respect—or "juice," as it is sometimes called on the street. Moreover, if a person is assaulted, it is important, not only in the eyes of his opponent but also in the eyes of his "running buddies," for him to avenge himself. Otherwise he risks being "tried" (challenged) or "moved on" by any number of others. To maintain his honor he must show he is not someone to be "messed with" or "dissed." In general, the person must "keep himself straight" by managing his position of respect among others; this involves in part his self-image, which is shaped by what he thinks others are thinking of him in relation to his peers.

Objects play an important and complicated role in establishing self-image. Jackets, sneakers, gold jewelry, reflect not just a person's taste, which tends to be tightly regulated among adolescents of all social classes, but also a willing-

ness to possess things that may require defending. A boy wearing a fashionable, expensive jacket, for example, is vulnerable to attack by another who covets the jacket and either cannot afford to buy one or wants the added satisfaction of depriving someone else of his. However, if the boy forgoes the desirable jacket and wears one that isn't "hip," he runs the risk of being teased and possibly even assaulted as an unworthy person. To be allowed to hang with certain prestigious crowds, a boy must wear a different set of expensive clothes—sneakers and athletic suit—every day. Not to be able to do so might make him appear socially deficient. The youth comes to covet such items—especially when he sees easy prey wearing them.

In acquiring valued things, therefore, a person shores up his identity—but since it is an identity based on having things, it is highly precarious. This very precariousness gives a heightened sense of urgency to staying even with peers, with whom the person is actually competing. Young men and women who are able to command respect through their presentation of self—by allowing their possessions and their body language to speak for them—may not have to campaign for regard but may, rather, gain it by the force of their manner. Those who are unable to command respect in this way must actively campaign for it—and are thus particularly alive to slights.

One way of campaigning for status is by taking the possessions of others. In this context, seemingly ordinary objects can become trophies imbued with symbolic value that far exceeds their monetary worth. Possession of the trophy

THE BODY OF MY BROTHER OSIRIS IS IN THE MUSTARD SEED

Seed from an early Egyptian tomb,
after water damage to the case
in the *Historisches Museum*,
sprouted in 1955.

That was the year my brother's foot
slipped on spray-wet log.
He was gone
into the whitewater out of sight.

Just downstream
the back of his head
came up
in a narrow chute.

Between terrible rocks
the back of my brother's head
looked wet and small and dark.
I watched it through the roar.

Through tears, afraid
to pray, I told God
he was swimming. Wait.
He would lift his face.

—BROOKS HAXTON

VIOLENT DEATH MAY BE PREFERABLE TO BEING "DISSED" BY ANOTHER.

symbolize the ability to violate somebody—to “get in his face,” to take something of value from him, to “dis” him, and thus to enhance one’s own worth by stealing someone else’s. The trophy does not have to be something material. It can be another person’s sense of honor, snatched away with a derogatory remark. It can be the outcome of a fight. It can be the imposition of a certain standard, such as a girl’s getting herself recognized as the most beautiful. Material things, however, fit easily into the pattern. Sneakers, a pistol, even somebody else’s girlfriend, can become a trophy. When a person can take something from another and then flaunt it, he gains a certain regard by being the owner, or the controller, of that thing. But this display of ownership can then provoke other people to challenge him. This game of who controls what is thus constantly being played out on inner-city streets, and the trophy—extrinsic or intrinsic, tangible or intangible—identifies the current winner.

An important aspect of this often violent give-and-take is its zero-sum quality. That is, the extent to which one person can raise himself up depends on his ability to put another person down. This underscores the alienation that permeates the inner-city ghetto community. There is a generalized sense that very little respect is to be had, and therefore

one competes to get what affirmation he can of the little that is available. The craving for respect that results gives people thin skins. Shows of deference by others can be highly soothing, contributing to a sense of security, comfort, self-confidence, and self-respect. Transgressions by others which go unanswered diminish these feelings and are believed to encourage further transgressions. Hence one must be ever vigilant against the transgressions of others or even *appearing* as if transgressions will be tolerated. Among young people, whose sense of self-esteem is particularly vulnerable, there is an especially heightened concern with being disrespected. Many inner-city young men in particular crave respect to such a degree that they will risk their lives to attain and maintain it.

The issue of respect is thus closely tied to whether a person has an inclination to be violent, even as a victim. In the wider society people may not feel required to retaliate physically after an attack, even though they are aware that they have been degraded or taken advantage of. They may feel a great need to defend themselves *during* an attack, or to behave in such a way as to deter aggression (middle-class people certainly can and do become victims of street-oriented youths), but they are much more likely than street-oriented

to feel that they can walk away from a possible altercation with their self-esteem intact. Some people may even have the strength of character to flee, without any thought that their self-respect or esteem will be diminished.

In impoverished inner-city black communities, however,

particularly among young males and perhaps increasingly among females, such flight would be extremely difficult. To run away would likely leave one’s self-esteem in tatters. Hence people often feel constrained not only to stand up and at least attempt to resist during an assault but also to “pay back”—to seek revenge—after a successful assault on their person. This may include going to get a weapon or even getting relatives involved. Their very identity and self-respect, their honor, is often intricately tied up with the way they perform on the streets during and after such encounters. This outlook reflects the circumscribed opportunities of the inner-city poor. Generally people outside the ghetto have other ways of gaining status and regard, and thus do not feel so dependent on such physical displays.

BY TRIAL OF MANHOOD

On the street, among males these concerns about things and identity have come to be expressed in the concept of “manhood.” Manhood in the inner city means taking the prerogatives of men with respect to strangers, other men, and women—being distinguished as a man. It implies physicality and a certain ruthlessness. Regard and respect are associated with this concept in large part because of its practical application: if others have little or no regard for a person’s manhood, his very life and those of his loved ones could be in jeopardy. But there is a chicken-and-egg aspect to this situation: one’s physical safety is more likely to be jeopardized in public *because* manhood is associated with respect. In other words, an existential link has been created between the idea of manhood and one’s self-esteem, so that it has become hard to say which is primary. For many inner-city youths, manhood and respect are flip sides of the same coin; physical and psychological well-being are inseparable, and both require a sense of control, of being in charge.

The operating assumption is that a man, especially a real man, knows what other men know—the code of the streets. And if one is not a real man, one is somehow diminished as a person, and there are certain valued things one simply does not deserve. There is thus believed to be a certain justice to the code, since it is considered that everyone has the opportunity to know it. Implicit in this is that everybody is held responsible for being familiar with the code. If the victim of a mugging, for example, does not know the code and so responds “wrong,” the perpetrator may feel justified even in killing him and may feel no remorse. He may think, “Too bad, but it’s his fault. He should have known better.”

So when a person ventures outside, he must adopt the code—a kind of shield, really—to prevent others from “messing with” him. In these circumstances it is easy for

people to think they are being tried or tested by others even when this is not the case. For it is sensed that something extremely valuable is at stake in every interaction, and people are encouraged to rise to the occasion, particularly with strangers. For people who are unfamiliar with the code—generally people who live outside the inner city—the concern with respect in the most ordinary interactions can be frightening and incomprehensible. But for those who are invested in the code, the clear object of their demeanor is to discourage strangers from even thinking about testing their manhood. And the sense of power that attends the ability to deter others can be alluring even to those who know the code without being heavily invested in it—the decent inner-city youths. Thus a boy who has been leading a basically decent life can, in trying circumstances, suddenly resort to deadly force.

Central to the issue of manhood is the widespread belief that one of the most effective ways of gaining respect is to manifest "nerve." Nerve is shown when one takes another person's possessions (the more valuable the better), "messes with" someone's woman, throws the first punch, "gets in someone's face," or pulls a trigger. Its proper display helps on the spot to check others who would violate one's person and also helps to build a reputation that works to prevent future challenges. But since such a show of nerve is a forceful expression of disrespect toward the person on the receiving end, the victim may be greatly offended and seek to retaliate with equal or greater force. A display of nerve, therefore, can easily provoke a life-threatening response, and the background knowledge of that possibility has often been incorporated into the concept of nerve.

True nerve exposes a lack of fear of dying. Many feel that it is acceptable to risk dying over the principle of respect. In fact, among the hard-core street-oriented, the clear risk of violent death may be preferable to being "dissed" by another. The youths who have internalized this attitude and convincingly display it in their public bearing are among the most threatening people of all, for it is commonly assumed that they fear no man. As the people of the community say, "They are the baddest dudes on the street." They often lead an existential life that may acquire meaning only when they are faced with the possibility of imminent death. Not to be afraid to die is by implication to have few compunctions about taking another's life. Not to be afraid to die is the quid pro quo of being able to take somebody else's life—for the right reasons, if the situation demands it. When others believe this is one's position, it gives one a real sense of power on the streets. Such credibility is what many inner-city youths strive to achieve, whether they are decent or street-oriented, both because of its practical defensive value and because of the positive way it makes them feel about themselves. The difference between the decent and the street-oriented youth is often that the decent youth makes a conscious decision to appear tough and manly; in another setting—

with teachers, say, or at his part-time job—he can be polite and deferential. The street-oriented youth, on the other hand, has made the concept of manhood a part of his very identity; he has difficulty manipulating it—it often controls him.

GIRLS AND BOYS

INCREASINGLY, teenage girls are mimicking the boys and trying to have their own version of "manhood." Their goal is the same—to get respect, to be recognized as capable of setting or maintaining a certain standard. They try to achieve this end in the ways that have been established by the boys, including posturing, abusive language, and the use of violence to resolve disputes, but the issues for the girls are different. Although conflicts over turf and status exist among the girls, the majority of disputes seem rooted in assessments of beauty (which girl in a group is "the cutest"), competition over boyfriends, and attempts to regulate other people's knowledge of and opinions about a girl's behavior or that of someone close to her, especially her mother.

A major cause of conflicts among girls is "he say, she say." This practice begins in the early school years and continues through high school. It occurs when "people," particularly girls, talk about others, thus putting their "business in the streets." Usually one girl will say something negative about another in the group, most often behind the person's back. The remark will then get back to the person talked about. She may retaliate or her friends may feel required to "take up for" her. In essence this is a form of group gossiping in which individuals are negatively assessed and evaluated. As with much gossip, the things said may or may not be true, but the point is that such imputations can cast aspersions on a person's good name. The accused is required to defend herself against the slander, which can result in arguments and fights, often over little of real substance. Here again is the problem of low self-esteem, which encourages youngsters to be highly sensitive to slights and to be vulnerable to feeling easily "dissed." To avenge the dissing, a fight is usually necessary.

Because boys are believed to control violence, girls tend to defer to them in situations of conflict. Often if a girl is attacked or feels slighted, she will get a brother, uncle, or cousin to do her fighting for her. Increasingly, however, girls are doing their own fighting and are even asking their male relatives to teach them how to fight. Some girls form groups that attack other girls or take things from them. A hard-core segment of inner-city girls inclined toward violence seems to be developing. As one thirteen-year-old girl in a detention center for youths who have committed violent acts told me, "To get people to leave you alone, you gotta fight. Talking don't always get you out of stuff." One major difference between girls and boys: girls rarely use guns. Their fights are therefore not life-or-death struggles. Girls are not often willing to put their lives on the line for "manhood." The ultimate form of respect on the male-dominated inner-city street is thus reserved for men.

"GOING FOR BAD"

IN the most fearsome youths such a cavalier attitude toward death grows out of a very limited view of life. Many are uncertain about how long they are going to live and believe they could die violently at any time. They accept this fate; they live on the edge. Their manner conveys the message that nothing intimidates them; whatever turn the encounter takes, they maintain their attack—rather like a pit bull, whose spirit many such boys admire. The demonstration of such tenacity "shows heart" and earns their respect.

This fearlessness has implications for law enforcement. Many street-oriented boys are much more concerned about the threat of "justice" at the hands of a peer than at the hands of the police. Moreover, many feel not only that they have little to lose by going to prison but that they have something to gain. The toughening-up one experiences in prison can actually enhance one's reputation on the streets. Hence the system loses influence over the hard core who are without jobs, with little perceptible stake in the system. If mainstream society has done nothing for them, they counter by making sure it can do nothing to them.

At the same time, however, a competing view maintains that true nerve consists in backing down, walking away from a fight, and going on with one's business. One fights only in self-defense. This view emerges from the decent philosophy that life is precious, and it is an important part of the socialization process common in decent homes. It discourages violence as the primary means of resolving disputes and encourages youngsters to accept nonviolence and talk as confrontational strategies. But "if the deal goes down," self-defense is greatly encouraged. When there is enough positive support for this orientation, either in the home or among one's peers, then nonviolence has a chance to prevail. But it prevails at the cost of relinquishing a claim to being bad and tough, and therefore sets a young person up as at the very least alienated from street-oriented peers and quite possibly a target of derision or even violence.

Although the nonviolent orientation rarely overcomes the impulse to strike back in an encounter, it does introduce a certain confusion and so can prompt a measure of soul-searching, or even profound ambivalence. Did the person back down with his respect intact or did he back down only to be judged a "punk"—a person lacking manhood? Should he or she have acted? Should he or she have hit the other person in the mouth? These questions beset many young men and women during public confrontations. What is the "right" thing to do? In the quest for honor, respect, and local status—which few young people are uninterested in—common sense most often prevails, which leads many to opt for the tough approach, enacting their own particular versions of the display of nerve. The presentation of oneself as rough and tough is very often quite acceptable until one is tested. And then that presentation may help the person pass the test,

because it will cause fewer questions to be asked about what he did and why. It is hard for a person to explain why he lost the fight or why he backed down. Hence many will strive to appear to "go for bad," while hoping they will never be tested. But when they are tested, the outcome of the situation may quickly be out of their hands, as they become wrapped up in the circumstances of the moment.

AN OPPOSITIONAL CULTURE

THE attitudes of the wider society are deeply implicated in the code of the streets. Most people in inner-city communities are not totally invested in the code, but the significant minority of hard-core street youths who are have to maintain the code in order to establish reputations, because they have—or feel they have—few other ways to assert themselves. For these young people the standards of the street code are the only game in town. The extent to which some children—particularly those who through upbringing have become most alienated and those lacking in strong and conventional social support—experience, feel, and internalize racist rejection and contempt from mainstream society may strongly encourage them to express contempt for the more conventional society in turn. In dealing with this contempt and rejection, some youngsters will consciously invest themselves and their considerable mental resources in what amounts to an oppositional culture to preserve themselves and their self-respect. Once they do, any respect they might be able to garner in the wider system pales in comparison with the respect available in the local system; thus they often lose interest in even attempting to negotiate the mainstream system.

At the same time, many less alienated young blacks have assumed a street-oriented demeanor as a way of expressing their blackness while really embracing a much more moderate way of life; they, too, want a nonviolent setting in which to live and raise a family. These decent people are trying hard to be part of the mainstream culture, but the racism, real and perceived, that they encounter helps to legitimate the oppositional culture. And so on occasion they adopt street behavior. In fact, depending on the demands of the situation, many people in the community slip back and forth between decent and street behavior.

A vicious cycle has thus been formed. The hopelessness and alienation many young inner-city black men and women feel, largely as a result of endemic joblessness and persistent racism, fuels the violence they engage in. This violence serves to confirm the negative feelings many whites and some middle-class blacks harbor toward the ghetto poor, further legitimating the oppositional culture and the code of the streets in the eyes of many poor young blacks. Unless this cycle is broken, attitudes on both sides will become increasingly entrenched, and the violence, which claims victims black and white, poor and affluent, will only escalate. ☛

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 5/31

May 24, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON *Laura Tyson*
RE: KEVIN PHILLIPS' MAY NEWSLETTER

Includes - Fax to
Worin
Be

Mike Berman gave me a copy of the attached newsletter from Kevin Phillips (the underlining is Mike's). I thought you might find the argument and analysis compelling. They confirm the wisdom of our budget tactics to date, and they highlight some of the risks associated with proposing a balanced budget plan too early.

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The American Political Report

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BUDGET POLITICS: A PRELIMINARY EDGE TO THE DEMOCRATS

Washington has a new political reality check...mid-May surveys reaffirming that the public's abstract support for deficit reduction isn't matched by support for the specific, huge seven-year cuts in public spending and the role of government just proposed by the Capitol Hill Republicans. This voter skepticism increases the likelihood of the upcoming budget debate emerging as 1995's most divisive national ideological battle — and not just between the parties but also within the GOP. Politically, at least, Bill Clinton may be off to a good start in threatening to veto the \$16.4 billion spending rescission just sent to him, as well as in refusing to negotiate on the seven-year GOP budget blueprints (see p. 5).

For now, sizeable popular majorities oppose *both* the Senate and House packages. Not surprisingly, the more radical House program spurs the greatest opposition — a weakness that could signal further escalation of intra-GOP differences, even including the explosive possibility of GOP House Speaker Newt Gingrich mobilizing this summer and autumn

to replace Phil Gramm as Bob Dole's principal 1996 GOP nomination rival (see p. 5). Meanwhile, Bill Clinton's job approval numbers are rising again, as is public trust in him versus the Congress (see p. 3). Here are the key circumstances and trends:

1) **Overall Voter Opinion of the GOP Deficit Reduction Proposals:** It's negative, according to the most recent *specific* sampling — May 11-14 ABC/Washington Post data which found 56% of Americans opposing the Senate package, with its roughly \$1 trillion in cuts, while 60% opposed the House program, which involved almost \$1.3 trillion in spending reductions and a \$350 billion cost for tax cuts. Some related numbers are even more revealing...the Washington Post (5/16) notes that six of ten persons interviewed said they preferred *neither* the Senate nor the House proposal — "a view shared by seven of 10 self-described Democrats, six of 10 political independents and more than four of 10 Republicans." This could be a major opening for the more restrained White House approach. It's also a dubious augury for future GOP unity...rank-and-file Republicans oppose many proposed cuts (see p. 4). Meanwhile, the fiscal probes in other polls were less specific. Gallup/USA Today sampling for the same May 11-14 period, which broadly asked "Are Republicans on the right track in proposals to cut federal spending?," turned up 49% saying right track and 39% saying wrong track. In turn, Time/CNN polling for May 10-11 merely gave respondents two unlabeled general alternatives — "a plan that balances the budget by cutting popular programs like Medicare and farm subsidies" got 47% while "a plan that would

protect popular programs but continue to run large deficits drew 36%. Analyzing the three surveys together, support for the GOP approach looks to be somewhere in the 30-49% area, albeit specific responses illustrating public protectiveness of education. Medicare and the three federal departments that GOPers hope to scrap, as well as possible doubts about welfare cuts, may well shrink the reliable range of support for the actual GOP proposals to 30-35% — and as the full details become known, enthusiasm is more likely to decline than grow.

2) Ambiguous Popular Support for the House Tax Cut Proposals: This refers to the \$350 billion worth of cuts over 7 years — in personal income taxes, corporate taxes and the capital gains rate — proposed in the House package but not in the current Senate blueprint (although Senate tax cut proposals will follow soon). Here's where the real tactical quicksand begins. Because voters see the House tax cuts as principally helping the upper brackets — in Gallup's new data, 57% of respondents say they'd mostly benefit the rich — the Clinton White House is already scoring points by charging that House GOPers seek to cut programs for the poor and middle class to pay for reducing taxes on the wealthiest Americans. Some of the polling, to be sure, includes seeming contradictions. On one hand, according to the Time/CNN survey, 65% of voters prefer "a smaller tax cut that would take effect in the future if a balanced budget were assured" while just 23% prefer an immediate tax cut. On the other hand, though, when Gallup asked "should Republicans drop attempts to cut taxes in their plan to reduce the deficit?", 55% preferred to *keep* tax cuts. Our assumption from this varied data...that while voters think the House GOP version favors the rich, they'd like some targeted ordinary-voter tax cut if it can be managed with fiscal safety. The central weakness for the GOP...how voter doubts about the bias and fiscal irresponsibility of the House tax reductions give the Democrats a potent political argument against any spending cuts that would affect the poor or middle class while being used by Republicans to fund tax cuts seen as designed for business and the wealthy. Yet the GOP will also be hurt — both in terms of

key constituencies *and* promise-keeping credibility — if it drops the tax cuts for families. Overall, Gallup's new data shows a substantial December-May shrinkage in the Republicans' earlier large edge over the Democrats in handling taxes, dealing with budget and managing the economy:

Who do you have more confidence in when it comes to handling the following problems?

	Clinton	Republican Leaders
<i>Taxes</i>		
Dec. 16-18	36%	54%
Feb. 24-26	37	50
Mar. 27-29	38	48
May 11-14	42	45
<i>Federal Budget Deficit</i>		
Dec. 16-18	37	47
Feb. 24-26	32	52
Mar. 27-29	37	49
May 11-14	39	42
<i>The Economy</i>		
Dec. 16-18	36	52
Feb. 24-26	39	51
Mar. 27-29	41	48
May 11-14	44	44

3) Medicare and Social Security: This one isn't just quicksand...it's a minefield for the GOP. In Gallup's data, 68% say Social Security shouldn't be cut even if it increases the deficit, while 59% say the same about Medicare. The Time/CNN poll found huge percentages of Americans saying it was important to prevent the following programs from being significantly cut: Social Security (84%), Medicare (81%), Medicaid (71%). On Medicare, Gallup found Clinton moving into a large lead — 49% to 36% — over the GOP in terms of public confidence in who could manage it. Even some GOP House leaders are blaming Speaker Gingrich for fumbling this aspect. Time (5/15) quotes House GOP Conference Chairman John Boehner (Ohio) as saying "We were doing fine until Newt stumbled." As for Social Security, the House GOP proposal to reduce the cost of living increases for recipients in 1999 looks very

unpopular...the Time/CNN poll found ~~62% to 34%~~ nationwide opposition, including a solid majority of rank-and-file Republicans (see p. 4).

4) Elimination of the Energy, Commerce and Education Departments: The newest round of polls confirms the public skepticism already visible in previous sampling. Consider the Time/CNN numbers:

To reduce the deficit, do you favor or oppose eliminating	favor	oppose
Department of Energy	38%	50%
Department of Commerce	37%	48%
Department of Education	20%	77%

The Commerce Department clearly remains a plausible target. What's revealing, though, is that voters apparently aren't turned on by the basic concept of junking major federal departments. The budgetary attack on the Education Department, moreover, is a *major* loser.

 **5) Education, Welfare and Farm Subsidies:** Not all the measurements agree. To begin with, however, *no* survey shows serious support for reducing education outlays. In the Time/CNN poll, a whopping 77% said it was important to *prevent* significant cuts. This angle looks like a Democratic opportunity. As for farm subsidies, the Time survey found 46% favoring cuts while 48% urged preventing reductions. Voter sentiment on welfare is less clear...the ABC/Post poll reported that *opposition* to further welfare cuts rose from 34% in January to a 52% *majority* in May. But in the Time/CNN data, 65% favored significant cuts while just 29% urged preventing them. For GOP legislators, cutting welfare generates the least opposition inside the Republican coalition (although even here, backlash potential exists with women and moderates).

6) Relative Public Support for Clinton Versus Congress: Gallup's May data shows approval of Clinton at its highest margin over competing public approval of Congress since the 104th Congress began — Clinton's rating is 16 points higher. Next, note the ABC/Post poll, which back in January

showed the Republicans in Congress trusted over Bill Clinton by 54% to 30% to deal with national problems. By April, that edge had dropped to 49% to 41%. By this week, ABC/Post pollsters found the two neck-and-neck at 42%. Interestingly, although there's no comparable poll detail for *previous* Congresses that faced presidents of the other party — since 1947-48, invariably *Democratic* Congresses versus *Republican* presidents — we suspect that the Capitol Hill GOP's January-May ebb versus Clinton in voters' comparative trust represents the largest early loss of ground by an opposition Congress in decades. If so, then it fits a pattern that APR has been hypothesizing for some time; namely, that since 1991, U.S. politics has been moving into a new cycle of volatility. Congressional Republicans may now be in the same credibility erosion that savaged Bush in 1991-92 and Clinton in 1993-94.

7) The Budget and the Business Cycle: As we've noted here before, one vital key to the 1996 election is how the business cycle behaves in the next 12 months — remember that Year Five of the aging recovery began in March — and which side gets blamed for any downturn. Normally, the party in the White House rather than the party in Congress gets blamed — the GOP lost seats during the recession or near-recession downturns of 1958, 1970, 1974, 1982, 1986 and 1990 despite whole or partial Democratic control of Congress. In 1948, however, voters held unpopular economic policy against the GOP 80th Congress instead of Democratic President Truman, and as of 1995, awareness of a GOP Congress has again made such a splash that voters think that the GOP, not Clinton, dominates Washington. Given the substantial decline in voter support of the GOP Congress and its economics, 1995-96 Republicans could face a similar risk. Political blame for any downturn is one of the highest stakes in the present budget maneuvers, which probably further supports the apparent White House strategy of avoiding any compromise to keep the GOP's unpopular socio-economics in the

spotlight.

8) Budget-cutting, the Welfare State and the International Cautions for Conservatives: This is another subject we've touched often enough — see APR for Mar. 10 and for Aug. 26, 1994 — that this will be no more than a quick recap. Most of the other G-7 nations have larger budget deficits as a percentage of GDP than the United States, and conservative governments — not least in Canada and Britain — have had great recent difficulty in cutting them, even though at 4-5% of GDP their level of fiscal crisis has been greater than our own current circumstances at slightly over 2% of GDP. The problems of the British and Canadian conservatives, however, have been aggravated by a fiscal philosophy of trying to combine income tax cuts and shifts to regressive levies (VAT, GST, Mrs. Thatcher's hoped-for poll taxes, etcetera) with major cutbacks and user fees on social welfare programs. The governing Canadian Progressive Conservatives were smashed in the 1993 elections and Britain's current Conservative government is experiencing massive repudiation in the opinion polls and local elections. Although middle-class voters in both countries turned against their Conservative parties, GOP strategists dismiss any analogies as irrelevant...Spring's U.S. polls suggest otherwise.

9) Republican Budgetary Dissent in the United States: Anger hasn't yet reached British or Canadian levels, but it's significant. In addition to the prior surveys we've cited on what percentage of Republicans are saying they're not getting what they voted for (26%), that the GOP is too much for the rich (34%) or that Gingrich is too extreme (44%), we'd add the following from the new May polls: four out of ten Republicans don't want either the House or Senate budget (ABC/Post); 72% of Republicans say it's more important to *prevent* Medicare from being significantly cut than to make significant cuts to balance the budget (Time/CNN), 73% of Republican take the same view on student loans and other educational programs, 59% say likewise on Medicaid, 48% on farm programs and 45% on mass transit subsidies. In addition, majorities of Republicans *oppose* eliminating the Department of

Education (74%) and even the Department of Energy (50%). The Time/CNN poll also has 57% of Republicans opposed to the House GOP's proposal to reduce the cost-of-living increases in Social Security benefits in 1999. The indication...that GOP elites are as much out of sync with rank-and-file party voters on these issues as the Democratic elites of 10-25 years ago were with their party rank-and-file on cultural issues. These various circumstances suggest that the socio-economics of the budget debate could emerge as an important wedge issue for U.S. Democrats. But Democrats themselves have a checkered enough fiscal record that it's no sure thing.

10) Republican Strategic and Tactical Problems: There are five — all related. First, the GOP is overplaying the present deficit level as a national threat and crisis (voters don't see things as that pressing...and when the Republicans wanted to cut taxes and spend on defense in the early and mid-1980s, many of them dismissed deficits); second, it's hard to sell a national crisis demanding broad sacrifice when the sacrifice in the House and Senate approaches is mostly aimed at poor and middle-class programs while corporations, the top 1%, defense and the CIA et al take no hit (long lists of curtable business subsidies and tax breaks have been left on the table); third, the House package sets up a particular vulnerability by having to cut a lot more spending to pay for controversial upper-bracket and business-tilted tax cuts; fourth, the GOP's proposals to cut Medicare without reforming health care not only offend voters but play into Clinton's hands; and finally, the GOP's budget numbers pay no attention to inevitable 1995-2002 ups and downs in the business cycle. Given that deficits have been building for 25 years, periodically enlarged by downturns, it would make more sense to try to get the deficit down to (say) 2.0% of GDP in this coming fiscal year and then shoot to get it down to 1.4% or 1.5% of GDP towards the end of the next recovery cycle. The reason Republicans want to go so much farther so much faster — or so

* Democrats can plausibly argue — is that GOPers are using the deficit as an excuse to shrink government to an extent the average American doesn't favor.

11) Democratic Strategic and Tactical Problems:

Clinton's 1993-94 handicap was that deficit reduction and tight fiscal policies were losers, as previous conservative economics had been for the few Democratic administrations that tried them over the last hundred years...Grover Cleveland in the late 19th Century and Jimmy Carter in 1977-80. The Democratic Party flourishes in situations where it can spend money to pump the economy and/or attack economic elites. In contrast, Democratic administrations that have to court Wall Street or the bond market don't do well — and Clinton's emphasis on deficit reduction and the bond markets in 1993-94 has been widely chronicled. This 1993-94 emphasis on deficit reduction is now a two-edged sword. On one hand, prior rhetoric has trapped him into a language of deficit reduction that now partly ties his hands in certain criticisms of the GOP. And his OMB director, Alice Rivlin, has no political smarts.

On the other hand, however, Clinton — who got little or no 1993-94 credit from the electorate — can now say that whereas he pursued moderate deficit reduction, the new Republican blueprints are much too extreme. Moreover, his tactics over the last few days have been shrewd. He should profit from his hardline veto threat on the 1994 spending rescissions —

April ABC/Post polling showed 72% of Americans opposed to what was then a \$17 billion cut — both in public opinion terms and as evidence of a new toughness coming into play on behalf of education, Medicare and the like. Clinton's refusal to compromise with the GOP until party leaders make major retreats on taxes, Medicare and education also makes sense. Clinton has the polls on his side, and with the GOP voter coalition far more divided than the Democratic voter coalition, the spotlight on the GOP's proposals will be harsher than voter reaction to the president for not compromising.

12) Budget Politics and the Republican Presidential Nomination: As the new Gallup data on p. 6 shows, Bob Dole is losing his early lead over President Clinton in 1996 trial heats as intra-

party pressures force him to the right. Dole's shift on issues ranging from fiscal policy to religion is appealing enough to party conservatives to maintain his huge 30-40% lead over GOP nomination rivals, but Dole appears to be undercutting his general election prospects. The upcoming tax-and-budget brouhaha, in which he'll again be forced to the right by pressure from Phil Gramm and House conservatives, will continue this trend. With Gramm's presidential candidacy not going anywhere so far, the latest rightward ideological pressure is coming via rising discussion that June's trip to New Hampshire by House Speaker Gingrich could be the prelude to his own 1996 presidential candidacy. This would displace and doom Gramm, but it could also create a very messy situation for Dole — a House Speaker and Senate Majority leader opposing each other in their party's presidential primaries is unprecedented and potentially explosive. This keeps pressure on Dole, too. There's also another Machiavellian side...if the White House can keep the GOP disagreeing and dividing over the budget through summer and thereby force Gingrich into the race against Dole, the President could greatly increase the odds on his own 1996 success.

In short, while the budget may be a dry subject, its potential 1995-96 political importance is hard to overstate.

NATIONAL POLITICS

1) Clinton Job Approval: He's climbed again in May, with the latest numbers as follows:

	Gallup/ USA Today (5/11-14)	ABC/ Post (5/10-14)	Time/ CNN (5/10-11)
Approve/positive	50%	56%	52%
Disapprove/negative	42	41	41

	Sindlinger (week ending) 5/4	5/11	5/18
Approve/positive	49.4	48.2	48.1
Disapprove/negative	41.9	43.2	42.0



Smile

FAX to C. Dole
we need to
since when I
return -



Unwanted Advice

THE PRESIDENT HAS SEEN

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HOUSE MAJORITY Leader Dick Armey (R-Tex.) has sent a letter to 82 chief executive officers of some of the nation's largest companies warning them that their corporations were "among companies that support expansion of the welfare state." Golly. He also thoughtfully sent as well a copy of a book, "Patterns of Corporate Philanthropy," published by the Capital Research Center, a conservative group, and said it contained some bad news. "Unfortunately," Mr. Armey wrote, "'Patterns of Corporate Philanthropy,' which includes a preface by Malcolm S. Forbes, Jr., places [here the name of the company in question was inserted] among companies that support expansion of the welfare state." He concluded: "Voters have demanded an end to big government's high taxes, heavy handed regulation, and welfare driven cultural decay. With your help, we can reinforce the work ethic and rebuild a prosperous America."

Look who's talking about "heavy handed." Mr. Armey's letter is a classic case of what the Republicans (when they were in the minority) used to criticize as the arrogance of power. Who is the majority leader of the House of Representatives to tell business people that "unfortunate-

ly" they're making contributions to the wrong causes? Might some of them wonder just what Mr. Armey was trying to tell them, given that Congress is considering all sorts of far-reaching legislation affecting how these companies are taxed, subsidized and regulated? Mr. Armey's spokesman notes that the letter was not sent out by his office but by the Capital Research Center. But the letterhead has "Congress of the United States" right up at the top and the words "Majority Leader" are right up there, too.

And what groups does the Capital Research Center include in the list of those presumably undermining the work ethic and fomenting cultural decay? Oh, the wild-eyed folks at: the American Cancer Society, the American Heart Association, the American Lung Association, the Anti-Defamation League of B'nai B'rith, the League of Women Voters, the Nature Conservancy, the NAACP Special Contribution Fund and the National Trust for Historic Preservation.

Mr. Armey can say anything he wants about corporate philanthropy. But the House majority leader should not be writing CEOs on congressional letterhead to tell them where they should or shouldn't make their charitable donations. Talk about intrusive federal government.

Should contact
all org. State by State

E. J. Dionne Jr.

THE PRESIDENT HAS SEEN 5/31

to Under/BGelman

Monopolizing Family Values

BC

If you're ready to dismiss the Christian Coalition's "Contract With the American Family" as extremist nonsense, you are making a big mistake. This is a serious, if slick, document. What it proves is that those whose views are at odds with the coalition's need to be a lot more serious in addressing the issues that Pat Robertson and Ralph Reed, the coalition's shrewd executive director, are trying to monopolize.

To begin with, there is nothing wrong with asserting that the health of America's families matters to the common good. You only have to look at the poverty rates among kids who grow up without fathers in the home to see that anyone who cares about social justice has to care about the well-being of two-parent families.

"The problems our nation faces are not all fiscal in nature," the document says. "The American people are increasingly concerned about the coarsening of the culture, the breakup of the family and a decline in civility." That's simply true.

Nor should all the specific proposals here be dismissed out of hand. For example, the coalition endorses a bill introduced by Sens. Joseph Lieberman (D-Conn.) and Dan Coats (R-Ind.) to establish 20 demonstration projects to provide school vouchers so that low-income parents could send their kids to private schools. Even if you're a skeptic about school choice—and private school vouchers are surely *not* the answer to all that ails the education system—what could be wrong with some experiments that might (1) help some poor kids get better schooling and (2) provide us with some good information so that we can argue about this issue more intelligently?

Similarly, nothing is wrong in principle with tax cuts designed to give some relief to parents with kids. You can certainly argue that big tax cuts are unwise now, but for parents in the middle-income range, the tax code has become less friendly over the years.

The statement calls for a ban on late-term abortions and for allowing states to prohibit the use of public money for abortions. Agree with it or not, this isn't an "extremist" view. And then there's the coalition's "Religious Equality Amendment" to the Constitution to allow "voluntary, student and citizen-initiated free speech in non-compulsory settings such as courthouse lawns, high school graduation ceremonies and sports events."

Civil libertarians are right in seeing problems here. Religious minorities (including evangelical Christians in non-evangelical areas) have reason to worry that throwing open public spaces to all sorts of religious expression could give local majorities dominance over what should be neutral ground.

But it's not unfair for the coalition to ask why it makes sense for civil libertarians to fight (as they should) for the freedom of a high school valedictorian to do a public reading of Karl Marx

or Kate Millett, but not a reading of the Lord's Prayer. It's reasonable for the coalition to promote debate on this issue, even if its amendment could be dangerous.

If this were all the Christian Coalition were up to, one might welcome its suggestions, take issue with some of them and move on. But this document also shows what's wrong with the coalition—it is trying to use broad concerns about family life, shared among Christians and non-Christians alike, to promote a narrow ideological agenda.

For example, the document doesn't even touch on family issues that are inconvenient for conservatives, such as family leave laws, the reorganization of workplaces to make life a bit easier for parents or declining family incomes that are forcing many parents to spend more time working outside the home than they would like.

But the document *does* push the classic agenda of the right—defunding the arts and humanities endowments, the Corporation for Public Broadcasting, Planned Parenthood and the Legal Services Corporation, and abolishing the Department of Education. Whatever you think of these ideas, they reveal that the real point of this organization is to declare that "Christianity" and "family values" are synonymous with whatever the political agenda of conservatism happens to be at a given moment.

This approach was rightly castigated last week in a statement issued by a group of Christian leaders. Called "The Cry for Renewal," it accurately criticized the "almost total identification of the Religious Right with the new Republican majority in Washington." One has to ask if the coalition's real purpose is less the promotion of "family values" than the propagation of the idea that political conservatives are the only people who actually care about families. The organization's central role in conservative electoral calculations may explain why so many conservative leaders who know better have been reluctant to criticize Pat Robertson's wacky conspiracy theories involving international bankers. Even accepting Robertson's statements that he had no antisemitic intentions in repeating ideas popular in the classic antisemitic literature, many of them also come straight out of old John Birch Society tracts that conservatives such as William F. Buckley Jr. denounced as nutty three decades ago.

But while it would be admirable if more conservatives condemned Robertson's crackpot theories, that is not enough for moderates and liberals. For all its narrowness, the Christian Coalition has shown that a large constituency of non-crackpot Americans wants politicians to address "the coarsening of the culture, the breakup of the family, and a decline in civility." If moderates and liberals evade those issues, Ralph Reed and Pat Robertson will dominate the discussion. That can't be good for civility, our culture or the family.

THE WASHINGTON POST

Thursday, May 20, 1995

You Can Have Ron Brown

By MARK SIMON

HONG KONG—The Clinton administration's decision to slap punitive tariffs on the Japanese car industry is a waste of time and energy—all spent fighting a battle that's basically been won. I should know. Working in shipping, I'm handling a share of the huge volume of containers carrying U.S. exports into Japan these days. My problem has been finding a way to fill those containers on the return journey.

In the past, our cargo was mostly American wastepaper and cotton. Now I'm carrying manufactured goods, beer, computer parts, food products and fruit to Japan.

These represent the hard work of thousands of business people in the U.S. who, unlike the Big Three auto makers, never dreamed of getting help from the government. While the car manufacturers abandoned markets all over Asia, the Americans doing business in Japan today are willing to make the necessary effort and investment commitments.

All the same, it's not surprising that the Clinton administration has chosen to champion big business and that it is going after Japan with a sledgehammer instead of letting the free market work. It's just another indication that the administration has no faith in private enterprise.

The Clinton administration would have us believe that American business is locked in an unfair struggle with the government-supported corporate giants of Asia and Europe. So the only salvation for America is interventionist government, soft loans and Commerce Secretary Ron Brown leading Fortune 500 CEOs to far-off lands on sales junkets.

In this world, he who yells the loudest, and can deliver either votes or campaign contributions, gets the attention. The result is the unholy alliance between big business and government for the drafting of trade policy, where the art of the deal always trumps the force of free markets. Why is Undersecretary of Commerce Jeff Garten pushing GE generators on the Germans?

The myth of U.S. companies vs. foreign governments feeds on the Clintonian belief that there's a place for government in everything, even in the affairs of U.S. companies overseas. That's why the industry best served by U.S. trade policy right now is the one it created itself: legions of trade consultants, access gurus and lawyers. Bureaucrats outmuscle the entrepreneurs abroad as well. In Hong Kong, for instance, nearly a third of the governing board members of the American Chamber of Commerce in Hong Kong are either trade lawyers or consultants. Not one board member represents agriculture, America's No. 1 export, or even a company whose primary function is exporting from the U.S.

It's not AmCham's fault if small-business men and women, who are the embodiment of American capitalism, haven't been willing to put in the hours and effort it takes to make it onto the organization's board. The real problem is that these people do not figure in U.S. trade policy, either. When big business CEOs visit China, they can count on audiences with helpful top U.S. officials. Day in and day out, I see the small-business people who visit Hong Kong getting the cold shoulder. I've heard Ron Brown and Energy Secretary Hazel O'Leary speak at AmCham luncheons in

Hong Kong on more than one occasion. They praised and promoted Fortune 500 and even minority businesses but never once mentioned small businesses. They don't fit the political bill.

What they do is sell American products abroad. Business Week estimates that some 51% of manufactured goods exported from the U.S. this year will come from companies with fewer than 500 employees. And they will do it all without the corporate welfare the U.S. government extends to its big, rich friends. The small businesses driving America's economy don't have time to queue up for forms at the Overseas Private Investment Corporation or the money to ante up on the political fund-raising circuit. They would never dream of picking up the phone to call Ron Brown, or hiring a PR man. The successful American small-business men I have met here are interested in selling, buying, developing and building—not lobbying.

Unlike the car industry, however, they are selling to Japan. My customers include U.S. exporters of popcorn, pork, sailboats, textiles and anything else you can put on a ship. They are the people who trudge to trade fairs and sit in their little booths and operate without a safety net or friends at Commerce to pick them up if they fall.

And they don't give up, complaining about distribution systems, like U.S. car makers have done. Hong Kong may be the most open market in the world, but it has



Ron Brown

THE PRESIDENT HAS SEEN

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some cartels that make the keiretsu of Japan look about as organized as an Arab bazaar. To get into the Hong Kong ice cream market, companies like Haagen Daz had to establish their own distribution systems, down to the point of installing freezers in the corner shops that agreed to carry their products. That's how business works; first you invest, and then you make money.

If Bill Clinton really wants to help the U.S. economy by boosting auto exports, he should dump the Big Three and work with the Chinese-Americans and other small-business groups in California who exported some 50,000 new and used cars to China and Vietnam last year. After all, those sales represent more income and jobs for Americans than the 34,000 cars the Big Three sold in Japan in 1994. Yet we all know that jobs are not the issue here. What we have is an opportunity to make political hay for an administration that is basically very antibusiness at home and sees a way to make up for it abroad by beating up on Japan.

The only hope I have for U.S. exporters, big and small, is that a bit of the same force of conviction that set Congress in motion on ratifying the Contract With America will surface when U.S. trade policy is addressed. The key to the Contract was its simplicity and its unabashed link to a set of basic beliefs.

Ask any small-business person to choose, and he will take a level playing field over Ron Brown any day.

Mr. Simon is a Hong Kong-based shipping manager handling trade between Asia and the U.S.

Excerpt
Thick Keiretsu
3 sources from
for price
for

AN UNCERTAIN OLD AGE

THE IMMIGRANT ELDERLY

Benefit Lifeline May Be Severed For Noncitizens

Part of three articles

By Lena H. Sun
Washington Post Staff Writer

Phan Hue rolls up his pants and sleeves to show the scars from four bullet and shrapnel wounds, reminders of his days in the South Vietnamese army. Now living in Falls Church, Phan, 74, and his wife survive on \$680 a month in federal benefits for the elderly poor, known as Supplemental Security Income, or SSI. They stretch those dollars by turning the heat down in the winter, sitting outside in the sun to keep warm, and seldom buying meat.

The two refugees are among hundreds of thousands of elderly immigrants, all of them legally admitted into the country, who would lose such benefits under the Republican-sponsored welfare reform bill that passed the House in March and under another bill pending in the Senate. These cuts are an essential part of the GOP proposals because they produce roughly one-third of the \$66 billion in savings over five years that backers expect to glean from the House welfare plan, and about 40 percent of the \$26 billion in savings from the Senate version.

The impact of the legislation goes far beyond dollars and cents. Already these money-saving proposals have prompted a wide-ranging debate over the place of legal immigrants in American society. For the first time, they are being judged substantially in relation to their use of publicly funded health care and other entitlements, as opposed to their

See ELDERLY, A5, Col. 3

ELDERLY, From A1

economic, social and cultural contributions to society.

"When did we change the definition of American? . . . From Albert Einstein to Martina Navratilova; from An Wang, the founder of Wang computers, to Elie Wiesel, winner of the Nobel Peace Prize—all have come to this country and been accepted as Americans," said Rep. Norman Y. Mineta (D-Calif.) during the House floor debate.

But advocates of the new restrictions insist that legal immigrants must accept substantial sacrifices at a time of widespread cuts in federal spending on assistance programs.

"Quite frankly, I do not think that when we're cutting benefits and cutting welfare for our citizens, I don't see why we should stretch and say that we have an obligation to those that aren't even citizens of our own country," said Rep. E. Clay Shaw Jr. (R-Fla.), an author of the House welfare plan.

The issue is likely to be a major point of contention in coming months now that the welfare reform debate has moved to the Senate, where some prominent Republicans favor either adopting less restrictive measures or letting individual states decide on immigrants' eligibility.

'In Every Sense Part of Us'

Sen. Alan K. Simpson, (R-Wyo.), a longtime leader on immigration policy, often argues that legal immigrants enter into a contract with the government when they come to the United States. They pay taxes and serve in the military. To take the safety net from them, he said, "would be a very grave mistake" and goes against the spirit of House Republicans' "Con-

tract With America."

"They live in your home town. They go to the Rotary Club. They're in the service club," Simpson said. "They are in every sense part of us—except for one thing, the right to vote."

The House version of welfare reform would produce savings of between \$18 billion and \$21 billion over five years by barring most legal immigrants from receiving a range of federally funded benefits, from Medicaid to school lunches.

Exceptions would be made for legal immigrants over 75 who have lived here five years, recent refugees and veterans, among others. Undocumented aliens would continue to be barred from welfare programs and non-emergency health care welfare programs.

The Senate version of the welfare bill adopted last week by the Finance Committee would give states the option of barring legal immigrants from the basic cash welfare program, Aid to Families with Dependent Children.

But, like the House bill, the Senate legislation targets the federal program that has been used by increasing numbers of elderly immigrants and refugees in the last decade: the Supplemental Security Income program, which provides assistance to the nation's disabled and elderly poor.

The Senate version of welfare reform would produce savings of between \$10 billion and \$11 billion over five years by keeping most elderly immigrants from receiving aid under SSI.

Exceptions would be made for legal immigrants who have worked in the United States long enough to qualify for Social Security disability income or old-age benefits—at least 10 years—and for recent refugees and veterans.

An estimated 738,000 legal aliens received SSI benefits in December 1994. Legal aliens account for nearly 12 percent of all SSI recipients and 30 percent of all recipients 65 or older. Since 1982, the number of legal residents receiving SSI has risen 580 percent, reflecting a surge in immigration.

Robert Rector, a policy analyst with the Heritage Foundation who favors the new restrictions, says knowledge about these benefits has spread in immigrant communities here and overseas, attracting foreign-born elderly who are turning the U.S. welfare system into a "deluxe retirement home."

Critics of the legislation say the bills, particularly the broader House legislation, would hurt the needy and vulnerable. For immigrants who arrive too late in life to work enough time to qualify for Social Security, there is virtually no other way to get affordable health insurance except through SSI. In most states, elderly people receiving SSI automatically qualify for Medicaid, the government health insurance program for the poor and disabled.

Another category of immigrants that opponents of the cutbacks consider particularly deserving are those who worked in the United States long enough to get Social Security but were employed in such low-wage, low-benefit jobs that they now need SSI to keep them out of poverty. About one of every four legal immigrants receiving SSI, many of them former workers in the garment and service industries, also gets Social Security retirement benefits.

Juan Martinez, 71, a retired day laborer, lives in Weslaco, Tex., in the Rio Grande valley. Originally from Mexico, Martinez worked for 16 years picking cucumbers, tomatoes, strawberries and oranges in Ohio, Florida and Michigan. He retired four years ago after he became ill with diabetes. He receives \$287 a month in Social Security, and \$178 in SSI. His wife, also a retired farm worker, receives an additional spousal Social Security check of \$139 a month.

Martinez would be protected under the Senate welfare reform bill, but the House version would cut off his SSI income and force the couple to live on an annual income of \$5,112, substantially below the poverty line.

"They can check with my bosses, they can find out if I worked or not," said Martinez, his words tumbling out in Spanish. "If they get rid of the check, I couldn't pay the electric, I couldn't pay the water, I couldn't pay for the old car I got—I couldn't pay for anything."

Others who would be hard-hit are refugees, with the largest numbers having fled the former Soviet Union and Southeast Asia. Refugee advocates say the United States played a central role in the political upheavals that produced the flow

of refugees during the Cold War and therefore has a special obligation to help them once they are here.

Proponents of the bill say the United States should not use welfare to compensate for misery under communism.

The group most frequently criticized by proponents of restricting benefits are elderly immigrants coming to the United States to join their American-citizen children. Many are too old or disabled to work. Advocates of welfare reform say children who sponsor their parents to come to the United States, not American taxpayers, should take care of them.

Opponents say elderly immigrants who are eligible for SSI are not cheating the system but making normal use of a benefit that native-born Americans would not deny their own families.

In the Washington area, where foreign-born residents make up 12 percent of the general population—higher than the national average—the two largest groups of legal residents receiving SSI are from Vietnam and South Korea, according to the Social Security Administration.

When Families Can't Help

Du Won Kim, a retired South Korean auto parts salesman, came to the United States 10 years ago to be with his grown daughter and son. Kim, now 74, stayed briefly with his daughter in her Silver Spring home but moved out because he did not want to live in the same house with his son-in-law's mother. He lives alone in a subsidized apartment in Rockville.

He worked for about a year in a delicatessen but stopped when he turned 65 and was eligible to receive SSI. His monthly check is \$458. He can pay his \$128 monthly rent, but he relies on his daughter for additional money to cover living expenses.

The daughter, Chong Hong, 51, is an American citizen. She owns a Rockville sandwich shop; her husband is an auto mechanic. With three daughters in college, she said, she is unable to provide full financial support for her father.

"I can't cover all his expenses," she said. "In Korea, the wives stay home, but in America, my husband and I both work hard, and still we do not have enough for everything."

Her brother, recently divorced, is also struggling and cannot provide for his father.

Kim turns 75 next year and would be exempt from the ban under the House bill, but unprotected under the Senate version. He is taking no chances. He is applying for citizenship.

Other elderly immigrants may not be as fortunate.

Phan, the former South Vietnamese army sergeant, has a third-grade education and little chance of learning enough English to pass the citizenship test. In 1987, he fled his village in central Vietnam for the Philippines on a fishing boat with six of his nine children and their families.

A year later, they arrived in the United States. The children are working—some as carpenters, one as a custodian—but their wages are low, and they cannot help their parents financially. The \$680 in monthly SSI benefits barely covers rent, utilities and food for Phan and his wife, Truong Thi Ty, 68, who arrived last year.

The blue couch in their one-bedroom Falls Church apartment is threadbare. A white Frisbee turned upside down is the tray for chipped tea-cups. One recent afternoon, the fiancé of one of their granddaughters brought them a bag of shrimp, a treat they seldom buy themselves.

Truong has frequent migraines, and may have diabetes. Phan suffers from severe arthritis. Because of his age, Phan would keep his benefits under the House bill, but his wife would lose her SSI stipend and Medicaid coverage. Under the Senate version, the couple would lose their entire monthly income of \$680.

"If the government does not help out the old people, I don't see how we can survive," said Phan, speaking agitatedly in Vietnamese. "The Americans helped the Vietnamese fight the Communists. I don't really don't understand about the politics here. But if America had won the war, then all the Vietnamese soldiers would be leading a much happier life everywhere."

Staff writers Guy Gugliotta and Peter Pae contributed to this report.

THE PRESIDENT HAS SEEN 5/31

Leon / CR / Tony
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position on the
also might have some
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BR

What a Lobbyist Is

In Howard Kurtz's meditation on whether my husband should have stated in his column critical of the Clinton administration's tariffs on Japanese luxury cars that the Japan Automobile Manufacturers Association (JAMA) is among the clients of my firm ["A Conflict of Wills?" *Style*, May 23], he repeatedly identifies me as a "lobbyist." Someone like Mr. Kurtz, who makes his living being fastidious about other people's journalistic practices, should not be so careless.

The offices of the Clerk of the House of Representatives and the

Secretary of the Senate both define a lobbyist as someone who meets all three of the following criteria:

(1) Someone who makes direct contact with a member of Congress or their staff.

(2) Someone who receives, collects or solicits contributions, and

(3) Someone whose purpose for receiving money is influencing legislation.

I am not now and never have been a lobbyist for JAMA or for any other client. When asked to correct his mistake, Mr. Kurtz replied that the word lobbyist denotes someone who

"tracks legislation." If so, then The Post's reporters are lobbyists. But it is not so. The noun "lobbyist," unlike, say, the noun "musician," denotes a legal status, and its misapplication can be injurious. If Mr. Kurtz is to present himself as the keeper of journalistic standards, he should abandon Humpty Dumpty's theory of meaning: "When I use a word, it means just what I choose it to mean—neither more nor less."

MARI MASENG WILL
Washington

It's Not 'Luck'—It's Sacrifice

Liesl Schillinger, in "Where Have All The Mothers Gone?" [*Outlook*, May 14], suggests that our country cannot "afford to keep women at home." She refers to a former co-worker who left her office job to be a

full-time mother as "lucky," saying that "most Americans cannot afford a house, a car and the upkeep of two children and two adults on one salary."

Like Ms. Schillinger's colleague, I left my office position to become a full-time mother a year ago, and I had many people telling me how "lucky" I was to do so. But luck has nothing to do with it. Our family income was cut almost in half, but we are able to survive on it because we had not allowed ourselves so much debt that we didn't have the option. In other words, it's not luck—it's sacrifice.

We sacrificed a newer, larger home and shiny new cars. We sacrificed luxurious cruises and trips to exotic places. Why? Because unlike Ms. Schillinger, who writes that children "take all you can give and never say thank you," my husband and I view children as a precious gift from God and being a mother as far more important than anything I could do outside the home. No matter how important a woman may feel at the office, she can easily be replaced. But when you are given the opportunity to be a mother, it is for keeps.

JANICE L. SCHELL
Sterling



BY JOHN OVERMYER

The Administration's 'Superb Record' With Women

How ironic that *Outlook* should publish Nina Burleigh's "Clinton and the Venus Vote" on the same day [May 21] the Business section ran Clay Chandler's "Laura Tyson, Academic with an Attitude." Mr. Chandler accurately portrays the National Economic Council head as one of the president's most influential aides. Ms. Burleigh suggests there are no influential women in the White House. Her piece manages to malign not only the president but the numerous women in senior administration positions, Chief of Staff Leon Panetta and, for good measure, Mr. Panetta's wife, Sylvia.

This president has a superb record of putting women in positions of power both in the White House and in the Cabinet: Attorney General Janet Reno, Office of Management and Budget Director Alice Rivlin, Domestic Policy Council head Carol Rasco, Secretary of Health and Human Services Donna Shalala, Energy Secretary Hazel O'Leary, EPA Administrator Carol Browner and United Nations Ambassador Madeleine Albright. When the issue is reinventing government, Elaine Kamarck—a senior policy adviser to Vice President Al Gore—takes the lead.

In the White House, Marcia Hale is the president's connection to governors and mayors; Alexis Herman is his link to business, women, civil rights, veterans and other key constituencies; Katie McGinty directs the

Council on Environmental Quality; Nancy Soderberg coordinates the activities of the National Security Council; Maggie Williams is the First Lady's chief of staff, and I serve as secretary to the Cabinet.

I also disagree with Ms. Burleigh's contention that Leon Panetta "doesn't get it" when it comes to women as decision makers. She points to women who have left the White House. What about the men who have left? And what about the women who proudly continue to serve there or have joined the White House to serve in senior positions?

I worked on Capitol Hill most of the time Mr. Panetta served in Congress. Most of his senior staff members during those years were women. Among the women he has brought to the White House are his longtime legislative director and counsel and

the new director of White House Management and Administration.

Finally, Ms. Burleigh states that Mr. Panetta "seems more comfortable with the role his wife played for decades (as his personal secretary and coffee-maker in Congress)." I'll bet Sylvia Panetta has made her husband a lot of coffee over the years, but she never served as his secretary, in Congress or anywhere else. She was the chief of staff for his congressional district offices, she was his top political adviser in his district and she managed most of his reelection campaigns.

Leon Panetta "gets it," and so does this president. On the big decisions—the economy, crime, education, reforming government and more—the women are there.

KATHRYN HIGGINS
Assistant to the President
Secretary to the Cabinet
Washington

No Free Hand for the French President

Jim Hoagland argues that Jacques Chirac's "personal and unencumbered" victory in the French presidential race gave him the "freedom to take creative and unexpected steps in foreign policy" ["Chirac's Big Score," op-ed, May 14]. As much as I admire Mr. Hoagland's usually astute observation of French politics, I must disagree with such an assessment.

First, Jacques Chirac owes his victory to the incongruous alliance of the pro-European centrist party and the strongly anti-Maastricht fringe of his own political party, the Rally for the Republic (RPR). Making creative and clear-cut choices on European affairs will necessarily alienate one or the other of Mr. Chirac's constituencies and probably create difficulties with the dissatisfied party in Parliament. An easier path would simply be to delay hard choices as long as possible and to

keep European issues low-key. That is the path then-Prime Minister Jacques Chirac chose in 1986-1988, during negotiations for the creation of a passport-free zone in Western Europe.

Second, Mr. Chirac did not run his campaign on foreign policy. Like Bill Clinton in 1992, he ran and won on domestic issues. People expect results and will scrutinize his actions on these problems, not on defense and foreign policies, which (with the exception of European affairs) benefit from a large consensus in the French public.

The risk, then, of trying creativity in this field is to open yet another debate and source of controversy with little chance of political gain. Unlike Mr. Hoagland, I wonder where Mr. Chirac's incentive is for a new and creative foreign policy.

PASCALE COMBELLES-SIEGEL
Arlington

THE PRESIDENT HAS SEEN
5/31

Katie McGinty
Director of
Policy
Panetta

Saving the U.N. Mission in Bosnia

Bosnian Serb forces have thrown the long-suffering United Nations protective mission in Bosnia into what could become a terminal crisis. Last week the Serbs began forcibly taking back the heavy weapons they had earlier yielded to U.N. custody in the Sarajevo area. Now, after NATO tried to halt these weapons seizures with air strikes, they have seized more than 350 hostages from the U.N. force.

Those actions not only leave the U.N. unable to fulfill its pledge to protect Sarajevo. They also leave its lightly armed peacekeepers from 17 countries chillingly exposed to public humiliation and potential slaughter. Things cannot go on this way much longer. Countries contributing troops to the U.N. force will not stand for such risk to their soldiers' lives. Moreover, unless the U.N.'s capacity to protect Bosnian civilians can be restored, those risks would have little justification.

The choices now are to reinforce and redeploy the U.N. garrison, or to withdraw it altogether in a messy operation that would probably involve American troops because of a Clinton Administration pledge to help provide security for such a withdrawal. Unless an acceptable formula for reinforcement and redeployment can be found, withdrawal could soon become unavoidable.

Every effort must be made to save the U.N. mission, with additional troops from countries currently involved in U.N. ground operations and a prudent redeployment of the most exposed troops into less vulnerable positions. Yesterday Britain announced the dispatch of some 6,000 additional troops, and last night the international contact group on Bosnia, consisting of the United States,

Britain, France, Germany and Russia, endorsed a strategy of reinforcement and redeployment.

That redeployment must not be achieved at the cost of abandoning the besieged civilians in Bosnia's government-held eastern enclaves. Nor can the Administration allow it to lead to the introduction of American ground troops.

The Clinton Administration is right to offer the equipment needed to better protect U.N. forces. It is also stationing 2,000 marines on an aircraft carrier in the Adriatic in case U.N. troops need to be hastily evacuated. But Washington must draw a firm line at lending those troops to any commando operation to rescue U.N. peacekeeper hostages.

Under the past two Administrations, Washington has rightly resisted calls for ground troops, which would make Americans a prime target and change the character of the war. The agreed U.N. mission is to protect and feed innocent civilians while promoting a diplomatic settlement. It is not to wage war against the Bosnian Serbs, despite the appalling atrocities they have committed against Muslim, Croatian and even Serbian civilians or their repeated provocations against U.N. troops. Even as Britain reinforces its garrison, the international contact group must continue to press diplomatically for Serbian recognition of Bosnia and Bosnian Serb acceptance of the international partition map.

Maintaining a neutral and humanitarian role in a combat zone has been excruciatingly difficult. But the right response to the current crisis is to make sure U.N. forces have the necessary military means to defend themselves and carry out their humanitarian mission, not to cross the line to all-out war.

'Tags' to Help Catch Bombers

For close to 20 years, technology has been available to help trace explosives. Taggants, or microscopic coded "tags," in explosives can be "read" by experts to find out where the explosives came from. In America's two big terrorist attacks — the World Trade Center and Oklahoma City bombings — this technology could have helped law enforcement authorities. Yet the explosives industry, along with the National Rifle Association, has lobbied hard to prevent legislation to require taggants in explosives.

In 1980, taggants in an experimental batch of explosives led to the conviction of a bomber in Baltimore. But legislation to require their addition to explosives was sidetracked when the Institute of Makers of Explosives, accompanied by the N.R.A., lobbied against it. The N.R.A. objects to adding taggants to bulk smokeless gunpowder, also sometimes used in making bombs. The explosives manufacturers cite additional cost and safety concerns, but their real worry is that they would be vulnerable to lawsuits if authorities could identify the source of materials used in criminal bombings.

Explosives makers also object that only a small

number of criminal bombers use commercially sold products. But even those who make their own explosives need some form of commercial product, whether a stick of dynamite or a blasting cap, to detonate their devices. Taggants can be used in these too. Some sophisticated criminals can make their own detonation devices, but most lack the expertise.

Now the only maker of the technology, a Minneapolis company, sells it primarily to Switzerland, where taggants have been required by law for 12 years. The Swiss Government says that between 1983 and 1993 police there used the taggants to trace explosives in 566 bombings and explosives seizures.

The Clinton Administration has called for studies. But given the Swiss experience, it is unlikely they will bear out the warnings of the self-interested N.R.A. and I.M.E. Studies done in the 1970's found few safety problems. In calling for more research, the Administration is stalling. President Clinton should be prepared to face down the lobbyists. In a time of increased danger from terrorist bombings, requiring the taggants in explosive materials is common sense.

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THE PRESIDENT HAS SEEN 5/31

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THE PRESIDENT HAS SEEN 5/31

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

95 MAY 26 P4: 09

May 26, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LEE P. BROWN (LB)

SUBJECT: Gearing Up for the Drug Issue

When you were successful in taking control of the crime issue last year, the Republicans started gearing up to attack the Administration on the drug issue. They are now geared up and attacking. Some of our Democratic friends are also criticizing the Administration on the drug issue. Increasingly, those who are working in the drug control field - enforcement, prevention, treatment and even citizens, are openly criticizing the Administration. The issue is a perceived lack of leadership from the Administration on the drug issue.

The attack will most certainly become more intense in the months ahead, especially as we enter into the 1996 elections. The critical question is what do we do about the issue.

It is clear that we need to initiate a major media offensive, with high visibility events and public statements about the drug situation, particularly the increase in adolescent drug use. I recognize that to the degree I can become a lightning rod for public attention on the drug issue, the less criticism will be directed at you and the issue of leadership by the Administration. To that end, I have developed a major media action plan that is now being put into place and which ought to dramatically increase my visibility on this issue.

Pursuant to our last telephone conversation on the drug issue, there are several important things you can do that will dramatically increase our chance of success in thwarting these attacks, while also increasing the likelihood of success in dealing with the drug problem. These recommended actions are the following:

Major Drug Policy Speech. Deliver a major address that becomes the definitive statement by declaring that drug use and drug trafficking are a national security threat. This threat must be considered a bipartisan concern and worthy of removing the political rhetoric that inhibits this nation's resolve to move toward a healthy society.

(X) An ideal opportunity to gain immediate attention would be at the upcoming event for Safe and Drug Free Schools on June 7. In recognizing the schools that have made meritorious accomplishments, you will be applauding those who offer our youth something to "SAY YES TO."

When you make your major policy address, you could set a theme for the country. It could be "DRUGS ARE FOR LOSERS." The country would follow your lead and be motivated to amplify your message.

Presidential Letter to DOD. You had great impact from your comments on the importance of counternarcotics to the Joint Staff and there was substantial movement to look for ways to strengthen DOD commitments in this area. But with time, there has been a natural tendency toward disengagement. It would be useful to send a follow-up letter to the SECDEF and the Chairman reinforcing your commitment and asking to be briefed on progress in the counternarcotics arena the next time you meet with them in July. I am attaching a suggested letter for your consideration.

Cabinet Agenda on Counternarcotics. It is important to reinforce with all members of the Cabinet the importance you place on the drug issue. Thus, I suggest you include drugs on the agenda at the next Cabinet meeting to focus attention on where we are and where we need to go. I will be glad to make the presentation.

Publicizing the Heroin Strategy. We will have on your desk in a few days the new Heroin Strategy which you requested. Once signed, publicizing this strategy will be important, since it will call for beginning engagement of Burma on narcotics as well as continuing human rights and democracy concerns as part of our Burma policy. This will be a major policy announcement in response to the increased threat from heroin in the United States.

Formation of a bi-partisan "National Commission on Drugs."

Jim Burke has suggested the formation of a National Commission on the Drug Issue, to be chaired by Bill Bennett. I support the idea of a bi-partisan type of commission. But I suggest it be chaired by a person selected after careful deliberation. The commission should be given the charge of engaging the public to address the drug problem, with particular attention given to the issue of increased adolescent drug use. The commission could focus national imagination on the seriousness of this development and challenge every parent to directly address the crisis, and every child to reject drugs. I believe the appointment of a commission, which could be co-chaired by me, can tell the country that we are serious about the drug issue and intend to see the trend of increased adolescent use stopped. Such a commission should be the creation of the Administration.

With the activities which will be undertaken by ONDCP and support from you, I believe we can blunt the criticism and take charge of this important issue. I look forward to meeting with you soon to review these ideas and agree on a course of action.

Enclosure

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Counternarcotics Commitment

At a recent meeting of the CINCs, I outlined the national security importance I attach to our counternarcotics efforts in stemming the flow of drugs into the United States. Critical to that effort, in my view, is the aim of maximizing our military's impact, particularly at the point where this flow originates in the "source countries." Our armed forces clearly look to you and the Chairman of the Joint Chiefs as interpreters of where counternarcotics fits into the range of priorities challenging our military today.

It is my understanding that, following the last meeting of the CINCs, the J-3, Lieutenant General Estes, has prepared a superb analysis and strategy paper outlining the current and potentially expanded military role in our counter-drug effort. I would appreciate being briefed of the paper, your reactions, and our progress in strengthening our counter-drug effort prior to the next meeting of the CINCs.

The armed forces role in this effort is important not only on the merits, but also in the perception. The American people accord trust to few if any professional groups in our society more than they do our uniformed personnel. In the public's mind, drugs are tantamount to an invasion of our shores and represent a battle in which they expect to see the military with a key role. I don't think we should disappoint them.

Laura

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THE PRESIDENT HAS SEEN

5/31

B. April 26, 1995

MEMORANDUM FOR THE NATIONAL ECONOMIC COUNCIL

SUBJECT: "CORPORATE WELFARE"

Introduction

The Progressive Policy Institute (PPI) has re-released its plan to cut over 100 Federal subsidies to "business" -- denoted by some as "corporate welfare" -- to reduce the budget deficit, cut taxes and increase public investment. These items include both spending programs and "tax expenditures." And unnoticed by many, the Administration's current budget proposes many similar spending reductions that are also, in essence, cuts in subsidies.

The core of this idea is that the economy would grow faster if government did not (except in unusual circumstances) give subsidies to particular firms or industries. If such subsidies could be reduced and the resources reallocated (including through deficit reduction) according to market forces, this argument holds, the economy would be more efficient and productive.

However, cutting subsidies would probably be difficult. The items on PPI's list include many that are not simply "business" subsidies; all have powerful constituencies of citizens and voters. Some of the largest spending cuts would affect farmers, boaters, airplane and T.V. station owners, and teaching hospitals. The tax expenditure cuts would hit homeowners, Puerto Rico, advertising agencies, and the oil and gas industry. Furthermore, some of these policies are duplicative of existing Administration proposals; others are contrary to stated Administration policy; and still more have been considered and rejected by the Administration and the Congress in recent years. Many of these policies are long-ingrained in the U.S. economy, and so their repeal would reduce the value of substantial existing investments.

The Administration's Subsidy Cuts

The Administration's fiscal year 1996 subsidy reductions are all on the spending side of the budget, including both mandatory and discretionary programs. Appended tables include all of these proposals -- some of which affect individuals as well as businesses.

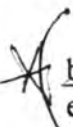
The largest mandatory spending subsidy reductions would affect agriculture, financial institutions involved in student lending, the power marketing administrations, purchasers of Medicare Part B, and users of the electromagnetic spectrum. The total savings over five years would be about \$17.5 billion.

The discretionary terminations and reductions are generally smaller than the mandates. They would affect agriculture; exporters; the energy and other natural resource

industries; local school districts with "Federally connected children;" a large number of small education and training programs; and recipients of housing, transportation, and economic development grants. The reduction in FY 1996 budget authority would be about \$3.0 billion.

Several of these savings would involve the imposition of user fees; some of these fees would be directly recycled into agency funding, and so the budgetary effects would wash. However, if the fees would impose government regulatory costs upon the business firms whose activities generate those costs, the ultimate effect would be to reduce subsidies.

The PPI List

 ~~The PPI proposes budget savings of \$265 billion over five years, consisting of \$131 billion of spending cuts and \$134 billion of higher taxes achieved through reductions in tax expenditures. (PPI would use about 60 percent of the total savings, \$158 billion, to reduce the deficit; 24 percent to finance more public investment; and the remaining 19 percent to fund a middle-class tax cut for families with children.)~~

Spending Subsidies: The spending subsidies targeted in the PPI plan are concentrated in agriculture, transportation, and energy, which account for 59 percent of the total spending cuts. A few large cuts in specific programs account for much of the total reduction. The 12 largest spending subsidy cuts amount to \$71 billion, or 54 percent of the total (see table). The largest three cuts alone represent nearly 25 percent of the total.

Tax Expenditure Reductions: The PPI list includes reductions in 33 tax expenditures, which would raise revenues by \$134 billion over 5 years. Almost 90 percent of the revenue gain results from the twelve largest items (see table). Most of the revenue comes from construction and housing (\$49.3 billion); Puerto Rico and international trade (\$32.9 billion); and energy (\$21.1 billion).

Evaluation

All of the items on the PPI list have been cited elsewhere as candidates for budget cutting. Previous Administrations have targeted many of these provisions for reduction or elimination, on the ground that their subsidies are inefficient or poorly targeted. Many have been included in CBO's annual Reducing the Deficit: Spending and Revenue Options publication, and have been mentioned in OMB Directors' reviews. However, while the rationale for these subsidies is arguable, eliminating them would not be easy.

[text continues on page 5]

12 Largest PPI Spending Subsidy Cuts		
	\$ billions, 5 year total	% of total
Cut Agricultural Price Supports	(17.0)	(13.0)
Cut target prices 3% per yr	11.1	8.5
Increase ineligible acreage	3.9	3.0
End support unplanted crops	1.3	1.0
Limit to \$50,000 per farmer	0.7	0.5
Charge User Fees for FAA	11.0	8.4
Charge Broadcast Firms User Fees	11.0	8.4
Cancel the Space Station	10.4	7.8
Reduce Mass Transit Subsidies	6.9	5.3
Cut Aid to Medical Schools	(5.9)	(4.5)
Teaching Hospitals Payments	4.8	3.7
Graduate Medical Education	1.1	0.8
Charge Market Rates for Federal Power	4.8	3.7
End Agriculture Export Enhancement	4.2	3.2
SUBTOTAL	71.2	54.3
TOTAL	131.2	100.0

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12 Largest PPI Tax Subsidy Cuts		
	\$ billions, 5 year total	% of total
Limit deductibility of mortgage interest to \$300,000 <i>10yr?</i>	20.6	15.4
Repeal U.S. Territorial Possessions Tax Credit	19.7	14.7
Require <u>20%</u> of Advertising Costs To Be Capitalized	18.3	13.7
? Eliminate Deductibility of Home-Equity Loans	11.6	8.7
Repeal the 15% Exclusion for Foreign Sales Corps.	7.5	5.6
Depreciate Rental Housing like Other Structures	7.3	5.4
Repeal Expensing of Intangible Drilling, Exploration and Development Costs for Oil, Gas, and Mineral Firms	6.1	4.6
Repeal Alternative Fuel Production Credit	5.8	4.3
Repeal Income Deferral by Controlled Foreign Corps.	5.7	4.3
End All Private-Purpose Tax-Exempt Bonds	5.3	4.0
Repeal Percentage Depletion Allowances for Oil, Gas, and Other Mineral Firms	4.8	3.6
Repeal Low-Income Housing Tax Credit	4.5	3.4
SUBTOTAL	117.2	87.5
TOTAL	134.0	100.0

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Some Cuts Conflict with Current Administration Proposals. Some of the PPI proposals are in direct conflict with current Administration policy. Others are already in the 1996 budget, and therefore would yield no savings beyond our current policy baseline. They include:

- Repeal Territorial Possessions Tax Credit.
- Charge user fees to fund the operations of the FAA -- including air traffic control -- or privatize non-safety services.
- Phase out mass transit operating subsidies and reduce the Federal share of construction costs from 80 to 40 percent.
- Rescind all new funding for highway demonstration projects.
- End cargo preference and do not renew the operating differential subsidy program.
- Charge market rates for power generated by federal hydroelectric plants and sold through federally owned Power Marketing Administrations.
- Sell the Government owned Naval Petroleum and Oil Shale Reserves.
- End unnecessary nuclear weapons production services in the Energy Department.
- Reduce energy-related R & D.

A more detailed description of these proposals is appended to this memo.

Some Have Previously Been Proposed and Rejected: Other proposals on the list have been sent to Congress before and rejected. They include:

- Charge commercial boat companies and pleasure boat owners user fees to cover Coast Guard rescue and enforcement activities.
- Charge user fees to firms using inland waterways to cover costs of maintenance and operation.
- Repeal percentage depletion allowances for oil, gas, and mineral firms.
- Suspend purchases for the Strategic Petroleum Reserve. *diff to sell*
- Replace crop insurance with disaster insurance.
- Repeal timber industry tax preferences.

A more detailed description of these proposals is appended to this memo.

Some Have Been Rejected by this Administration. Some of the PPI proposals have been explicitly rejected by the President. They include:

- Repeal low-income housing tax credit and end private-interest mortgage revenue bonds.
- Cancel the space station.
- Charge television and radio broadcasting firms an annual royalty to use the public broadcast spectrum.
- Increase fees paid by electric utilities for the disposal of radioactive waste.

A more detailed description of these proposals is appended to this memo.

Piling On. The PPI plan would hit several sectors of the economy repeatedly. While the long list of subsidies for some industries indicates the need for review, blanket repeal might be thought to be unfair, and to make the adjustment even more difficult. This would be particularly true where the effect would be to reduce the value of existing investments, such that the impact on the beneficiary would be not only in terms of future income, but also current net worth. For two examples:

- **Agriculture.** The PPI plan would cut target prices by 3 percent per year, *and* raise "triple-base" acres to 25 percent, *and* increase dairy assessments, *and* end milk price supports, *and* charge additional fees, *and* end the Export Enhancement Program (and impose many other, smaller cuts).
- **Energy.** The plan would repeal tax expensing of intangible drilling costs, *and* percentage depletion, *and* the tax credit for non-conventional fuels, *and* the tax credit and excise tax exemption for alcohol fuels, *and* the tax credit for enhanced oil recovery costs (and make cuts on the outlay side of the budget).

Implications For The Amount Of Potential Budget Savings. As was noted earlier, a small number of large proposals provides the bulk of the PPI budget savings. In fact, all of the 12 largest spending cuts (constituting more than half of the total spending savings), and virtually all of the 12 largest tax subsidy reductions (constituting well over half of the total revenue savings) are either duplicative of or contrary to current Administration policy. Therefore, barring major changes in Administration policy, the potential budget savings from the PPI list are well below half of the stated total.

However, the total amount of budget cuts proposed -- \$265 billion over 5 years (with only \$158 billion used to reduce the deficit in the overall PPI plan) -- is rather modest next to the roughly \$1 trillion needed to balance the budget by early in the next century, or from the perspective of the current inventory of Federal subsidies. The \$134 billion of tax subsidies suggested for repeal represent a small percentage of total tax expenditures, which amount to over \$460 billion for fiscal year 1996 and \$2.5 trillion over the five year period 1996-2000.¹ On the spending side, the proposed cuts are concentrated in agriculture, energy, and transportation -- leaving aside other large rapidly growing programs.

¹ It is not strictly correct to add up the various tax expenditures, because if they were eliminated in a single package there would be large interaction effects that are not reflected in the estimates for the individual items.

Appendices

Comparison With Last Year's PPI Subsidy Cuts (p. 8)

PPI Cuts That Conflict With Current Administration Proposals (p. 9)

PPI Cuts That Have Previously Been Proposed And Rejected (p. 11)

PPI Cuts That Have Been Rejected By This Administration (p. 12)

The Administration's FY 1996 Subsidy Cuts:

Mandatory

Discretionary

(following p. 12)

Comparison With Last Year's PPI Subsidy Cuts

In January of last year, the PPI put out its first version of these subsidy cuts. The current list largely repeats what was on the list before, though most of the budget estimates have been updated. The current list identifies \$131 billion in cuts, while last year's list claimed \$114 billion. Because the list is largely derivative of CBO's Reducing the Deficit: Spending and Revenue Options, it seems fair to assume that many of the changes in the list simply follow from earlier changes in the CBO document, and that the decisions were more CBO's than PPI's.

The biggest single change is in the "miscellaneous" category. Last year, the largest item on the PPI list was identified as "*Federal Procurement*: Allow federal agencies to buy goods and services directly from private firms at market prices, as urged by the National Performance Review." This was expected to save \$16.8 billion over 5 years. This item has been dropped from the list. It is largely replaced by the proposal to charge radio and television broadcast firms for the use of the electromagnetic spectrum. This proposal is expected to raise \$11 billion and was not included on last year's list. No explanation is given for the switch, but it may have arisen from the major changes in procurement legislation that the Administration achieved last year.

The new list also drops some items that might have been considered reductions in investments in infrastructure, such as airport grants, harbor maintenance and the Essential Air Service Program. Proposed cuts in highway demonstration projects have been scaled back by \$5 billion. Proposals to fund the FAA with user fees and to reduce mass transit operating subsidies have been expanded on the new list, and that partly offsets the deletions and reductions in the transportation area. User fees to fund the Coast Guard have also been added to the new list and are expected to bring in \$3.8 billion.

The proposed reductions in tax expenditures are also very similar to the list put forward last year, although the numerical estimates have all changed slightly. About a dozen new items have been added to the new list. These additions, plus updates of prior estimates, raise the estimated revenue gain by \$23 billion, from \$111 billion to \$134 billion.

PPI Cuts That Conflict With Current Administration Proposals

Some of the PPI proposals are in direct conflict with current Administration policy. Others are already in the 1996 budget, and therefore would yield no savings beyond our current policy baseline.

- Charge user fees to fund the operations of the FAA -- including air traffic control -- or privatize non-safety services. This conflicts with the Administration proposal to spin off the air traffic control operations of the FAA to a wholly owned government corporation which would be supported through user fees (while FAA's safety and regulatory functions continued to be funded through appropriations).
- Phase out mass transit operating subsidies and reduce the Federal share of construction costs from 80 to 40 percent. The 1996 Budget proposes reducing operating subsidies to \$500 million per year, not complete elimination. In response to previous Administration proposals, Congress reduced operating subsidies from \$802 million in 1994 to \$710 million in 1995. Although cuts in operating subsidies are a viable deficit cutting option, there is no economic reason for preferring these cuts to reductions in capital subsidies.
- Rescind all new funding for highway demonstration projects. The 1996 Budget proposes to rescind \$400 million from highway demonstration projects. In the 1995 Budget, the Administration proposed to rescind all highway demos not under construction, but later backed away from this proposal. The House Republican item-veto plan was carefully designed to give the President no authority over authorized demos, suggesting that there would be little help from the other side of the aisle.
- End cargo preference and do not renew the operating differential subsidy program. These proposals would be inconsistent with the Administration's proposal to create a new maritime operating subsidy program.
- Charge market rates for power generated by federal hydroelectric plants and sold through federally owned Power Marketing Administrations. The Budget proposes savings of \$3.7 billion by selling four of the five Power Marketing Administrations to the private sector and transforming the fifth into a government corporation.
- Sell the Government-owned Naval Petroleum and Oil Shale Reserves. This is also proposed in the budget.
- End unnecessary nuclear weapons production services in the Energy Department. The Budget proposes savings of \$3.3 billion over five years in the nuclear weapons production budgets.
- Reduce energy-related R & D. The budget proposes savings of \$1.2 billion through

program reductions in energy-related R & D, and additional savings through improved efficiencies in operation of departmental energy-related activities.

- Suspend purchases for the Strategic Petroleum Reserve. There are no funds in the budget baseline for additional SPRO purchases.

PPI Cuts That Have Previously Been Proposed And Rejected

Other proposals on the list have been sent to Congress before and rejected.

- Repeal Territorial Possessions Tax Credit. In early 1993, the President proposed substantial reductions in this tax credit which benefits investment in Puerto Rico, but the compromise that emerged in OBRA 1993 reduced the credit to a lesser degree. Many proposals, recognizing the fragility of the Puerto Rican economy, would restructure the credit to make it more efficient, but would aim for only small net savings. The PPI figure is for outright repeal.
- Charge commercial boat companies and pleasure boat owners user fees to cover Coast Guard rescue and enforcement activities. Such a fee was proposed under the Reagan Administration and imposed under the Bush Administration. It was repealed in 1992 due to strong public opposition. That fee generated approximately \$200 million annually. The fee proposed by PPI would have to be much larger to generate \$3.8 billion in savings.
- Charge user fees to firms using inland waterways to cover costs of maintenance and operation. This was proposed by the Administration in OBRA 1993 (a \$1/gallon fuel tax), but Congress rejected it. A similar proposal was offered by the Reagan Administration, with similar results.
- Repeal percentage depletion allowances for oil, gas, and mineral firms. These items have been proposed by would-be tax reformers for decades, but the depletion allowance still survives. It even survived the 1986 Tax Reform. Congressman Archer is likely to be at least as supportive of the oil and gas industry as previous Ways and Means Chairmen.
- Replace crop insurance with disaster insurance. The Administration has already reformed the crop insurance program.
- Repeal timber industry tax preferences. This is another popular change with tax reformers, but it is unlikely to receive favorable consideration from Senator Packwood.

PPI Cuts That Have Been Rejected By This Administration

Some of the PPI proposals have been explicitly rejected by the President.

- Repeal low-income housing tax credit and end private-purpose mortgage revenue bonds. The President proposed making both the low-income housing tax credit and mortgage revenue bonds permanent, and this was accomplished in OBRA 1993. At other times the Administration has considered favorably tax-exempt borrowing for infrastructure, although it has not proposed such funding.
- Cancel the space station. The President and Vice President have lobbied strongly for the space station and last year's vote had the largest winning margin in recent history. The station is one of the very few science and technology programs that the Vice President selected to be exempt from the proposed 3-5-7-9 budget savings exercise. It is unclear why PPI calls the space station a business subsidy. Aerospace companies benefit, but they also benefit from the defense budget, and weapons procurement is not called a business subsidy by the PPI.
- Charge television and radio broadcasting firms an annual royalty to use the public broadcast spectrum. This option was considered as a potential GATT offset, and again during the FY 1996 budget deliberations. Both times the proposal was rejected.
- Increase fees paid by electric utilities for the disposal of radioactive waste. Since the early 1980s, utilities have paid about \$9 billion into a trust fund for the disposal of radioactive waste. Only \$4 billion of that sum has been spent on waste disposal activities. We continue to struggle to find a way to put that money to productive use, and the utilities argue effectively that they should not be asked to contribute more until the program is working.

TABLE 1 - MANDATORY PAY-AS-YOU-GO PROPOSALS THAT REDUCE SUBSIDIES
(In millions of dollars)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>1995-2000</u>
Agriculture:							
Recover costs for oversight of marketing agreements and orders.....	--	(9)	(10)	(10)	(10)	(10)	(49)
Reduce spending on farm programs.....	--	--	--	(500)	(500)	(500)	(1,500)
Department of Commerce:							
Expand fisheries management program fees.....	--	(10)	(10)	(10)	(10)	(10)	(50)
Department of Education:							
Accelerate shift to direct student loans.....	--	(299)	(745)	(1,006)	(949)	(1,113)	(4,112)
Recover guarantee agency reserves in the family education loan program.....	--	(350)	(250)	(250)	(150)	(100)	(1,100)
Department of Energy/USEC:							
Provide permanent funding from nuclear waste disposal fund for Yucca Mountain site.....	--	216	486	572	636	590	2,500
Privatize Naval Petroleum Reserves.....	--	--	(2,152)	439	417	395	(901)
Sell Power Marketing Administrations.....	--	(85)	(898)	(3,294)	671	678	(2,928)
Increase BPA revenues or efficiencies to finance Mitchell Act hatcheries.....	--	(14)	(15)	(15)	(15)	(15)	(74)
Department of Health and Human Services:							
Medicare:							
Extend supplementary medical insurance premiums at 25% of costs.....	--	--	--	--	(1,154)	(2,857)	(4,011)
Department of Interior:							
Increase commercial operations fees for Delaware Water Gap.....	--	-*	-*	-*	-*	-*	(2)
Privatize helium fund	--	(4)	5	5	5	5	16
Department of Transportation:							
Extend rail safety user fees.....	--	(45)	(47)	(49)	(51)	(53)	(245)

TABLE 1 - MANDATORY PAY-AS-YOU-GO PROPOSALS THAT REDUCE SUBSIDIES
(In millions of dollars)

	1995	1996	1997	1998	1999	2000	1995-2000
Department of Veterans Affairs:							
Increase fees for manufactured housing loans.....	--	-*	-*	-*	-*	-*	-*
Extend expiring OBRA provisions in order to maintain higher loan fees and reduce resale losses.....	--	--	--	--	(187)	(185)	(372)
Extend authority to recover certain costs from health insurers.....	--	--	--	--	(312)	(319)	(631)
Environmental Protection Agency:							
Use fees to administer program.....	--	7	7	14	14	2	44
Federal Communications Commission:							
Institute royalty fees and/or additional auction authority for spectrum use.....	--	(300)	(600)	(1,000)	(1,400)	(1,500)	(4,800)
Federal Deposit Insurance Corporation:							
Assess examination fee for FDIC-insured banks (outlay component).....	--	(105)	(110)	(115)	(119)	(124)	(573)
General Services Administration:							
Allow agencies to charge a commercial equivalent fee for parking for transit benefit programs.....	--	(45)	(45)	(45)	(45)	(45)	(225)
Spend fees for transit benefit programs.....	--	45	45	45	45	45	225
Securities and Exchange Commission:							
Reform fees collected under securities laws to provide SEC with a sound and stable funding structure (costs offset in revenues).....	--	216	259	271	284	298	1,328
Small Business Administration:							
Impose loan servicing fee on loans made under section 7(a) program.....	--	(9)	(9)	(9)	(8)	(8)	(43)
Use fees for administrative expenses.....	--	9	9	9	8	8	43
TOTAL, mandatory pay-as-you-go proposals.....	--	(782)	(4,080)	(4,947)	(2,829)	(4,817)	(17,460)

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Department of Agriculture:							
Cooperative State Research Service:							
Building and Facilities	63	55	---	56	(63)		1
Agricultural Stabilization and Conservation Service:							
Water Bank Program	1	10	---	10	---		.*
Rural Electrification Administration:							
Rural Telephone Bank	10	10	---	---	(10)		(10)
Food Stamp Program:							
Cattle Tick Eradication	12	12	---	---	(12)		(12)
Subtotal, Agriculture	85	88	---	66	(85)	(22)	4
Department of Commerce:							
International Trade Administration:							
Elimination of grant programs	18	18	---	---	(18)		(18)
Subtotal, Commerce	18	18	---	---	(18)	(18)	47
Department of Energy:							
Fossil R&D:							
Coal R&D Program	9	9	---	6	(9)		(3)
Power Marketing Administration (PMA):							
Privatize Alaska PMA	7	6	4	5 2	(3)		(1)
2 Net sales proceeds from privatization in late-1996 estimated at \$85 million.							
Privatize Southeastern PMA	22	23	20	29 2	(2)		6
2 Net sales proceeds from privatization in 1997 estimated at \$0.5 billion.							
Privatize Southwestern PMA	21	26	30	27 2	9		1
2 Net sales proceeds from privatization in 1998 estimated at \$0.5 billion.							
Privatize Western Area PMA	220	251	302	257 2	82		6
2 Net sales proceeds from privatization in 1999 estimated at \$2.6 billion.							
Elk Hills:							
Naval Petroleum Reserves	191	210	174	189	(17)		(21)
Subtotal, Energy	470	525	530	513	60	(12)	6

* Less than \$500 thousand.

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Department of Education:							
Impact Aid:							
Payments for Federally Connected Children: Payments for Children with Disabilities	40	38	40	39	---	1	
Payments for Federal Property	16	22	---	3	(16)	(19)	
Education for the Disadvantaged:							
Migrant Education: High School Equivalency Program	8	7	---	6	(8)	(1)	
Migrant Education: College Assistance Migrant Program	2	2	---	2	(2)	*	
Higher Education:							
Olympic Scholarships	1	*	---	1	(1)	1	
Bethune-Cookman College	4	3	---	1	(4)	(3)	
National Academy of Science, Space, and Technology	2	*	---	1	(2)	1	
Eisenhower Leadership Program	4	4	---	3	(4)	.*	
Cooperative Education	7	13	---	7	(7)	(6)	
National Early Intervention Scholarships and Partnerships	3	2	---	2	(3)	1	
Teacher Corps	2	2	---	2	(2)	.*	
Native Hawaiian/Alaskan Native Culture and Arts Development	1	*	---	1	(1)	1	
Law School Clinical Experience	15	15	---	13	(15)	(2)	
Aid for Institutional Development:							
Strengthening Institutions	80	86	40	69	(40)	(17)	
Endowment Challenge Grants (non-Historically Black Colleges and Universities portion)	6	9	---	9	(6)	.*	
Innovative Projects for Community Service	1	1	---	1	(1)	.*	
Urban Community Service	13	11	---	11	(13)	.*	
Student Financial Aid Database and Information Line	*	1	---	*	.*	.*	
National Science Scholars	4	4	---	4	(4)	(1)	
Douglas teacher scholarships	15	14	---	12	(15)	(2)	
Harris Fellowships	20	20	---	17	(20)	(3)	
Javits Fellowships	8	8	---	7	(8)	(1)	
Legal Training for the Disadvantaged	3	3	---	3	(3)	.*	
College Housing and Academic Facilities Loans:							
Loan subsidies	*	2	---	---	.*	(2)	
Student Financial Assistance:							
State Student Incentive Grants	63	71	31	57	(32)	(14)	
School Improvement Programs:							
Education Infrastructure	100	12	---	68	(100)	56	
Dropout Prevention Demonstrations	28	36	---	10	(28)	(26)	
Ellender Fellowships	4	5	---	4	(4)	(1)	
Education for Native Hawaiians	12	9	---	10	(12)	1	

* Less than \$500 thousand.

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Law-Related Education (renamed Instruction in Civics, Government, and the Law)	6	7	---	6	(6)	(1)	
Innovative Education Program:							
Strategies State Grants	347	432	---	297	(347)	(135)	
Christa McAuliffe Fellowships	2	2	---	2	(2)	-*	
Training in Early Childhood Education and Violence counseling	14	12	10	13	(4)	2	
Education Research, Statistics, and Improvement:							
21st Century Community Learning Centers	1	*	---	1	(1)	*	
National Writing Project	3	3	---	3	(3)	-*	
Libraries:							
Inter-Library Cooperation	24	23	---	13	(24)	(10)	
Library Education and Training	5	5	---	3	(5)	(3)	
Library Research and Demonstrations	7	5	---	3	(7)	(2)	
Subtotal, Education	872	888	121	703	(751)	(185)	38

* Less than \$500 thousand.

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Department of Health and Human Services (HHS):							
Community Services Programs:							
Community Economic Development	24	21	---	17	(24)	(4)	
Rural Housing and Community Facilities Development	6	5	---	4	(6)	(1)	
Migrant and Seasonal Farmworker Assistance	3	3	---	2	(3)	(1)	
Demonstration Partnerships	8	7	---	6	(8)	(1)	
Subtotal, HHS	41	35	---	29	(41)	(6)	5
Department of Housing and Urban Development (HUD):							
Special Purpose Grants	290	N/A	---	N/A	(290)	N/A	
Subtotal, HUD	290	N/A	---	N/A	(290)	N/A	1
Department of the Interior:							
Bureau of Mines:							
Privatize the Helium Program	---	(9)	---	(13)	---	(4)	
Office of Surface Mining:							
Rural Abandoned Mine Program (RAMP)	8	7	---	7	(8)	---	
Territorial and International Affairs:							
Trust Territory Office/Palau Operations	20	19	---	---	(20)	(19)	
Bureau of Indian Affairs:							
Direct loan program and six additional small programs	7	7	---	---	(7)	(7)	
Subtotal, Interior	34	24	---	(6)	(34)	(30)	11
Department of Labor:							
Training and Employment Services:							
National Center for the Workplace	1	2	---	1	(1)	(1)	
Microenterprise grants	2	2	---	2	(2)	-*	
Subtotal, Labor	3	4	---	3	(3)	(1)	2

* Less than \$500 thousand.

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Department of Transportation:							
Federal Transit Administration:							
Interstate Transfer Grants	48	43	---	37	(48)	(6)	
Office of the Secretary:							
Essential Air Service	---	26 3	---	13	---	(13)	
3 Does not reflect proposed rescission of \$3 million in 1995 outlays and \$2 million in 1996 outlays.							
Subtotal, Transportation	48	69	---	50	(48)	(19)	2
DOD_Civil (Army Corps of Engineers):							
No follow-on funding for uneconomic projects. Additional savings would result from reinvention of the Corps' role in planning, constructing, and operating local water projects. Most reinvention savings would occur in the outyears.....							
	46	25	---	21	-46	-4	
Subtotal, DOD_Civil	46	25	---	21	(46)	(4)	1
7							
Small Business Administration (SBA):							
Tree Planting Program	15	16	---	---	(15)	(16)	
Handicapped Access Direct Loan	2	2	---	---	(2)	(2)	
Subtotal, SBA	17	18	---	---	(17)	(18)	2

* Less than \$500 thousand.

Table 2 - Program Terminations that Eliminate Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996		Number
	BA	OL	BA	OL	BA	OL	
Other Independent Agencies (OIAs):							
Pennsylvania Avenue Development Corporation (to be terminated by end of 1997)	5	159	7	187	2	28	
Subtotal, OIAs	5	159	7	187	2	28	4
	=====	=====	=====	=====	=====	=====	=====
Total, Terminations in 1996 budget	1,929	1,853	658	1,566	(1,271)	(287)	123

* Less than \$500 thousand.

Table 3 - Program Reductions Lowering Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996	
	BA	OL	BA	OL	BA	OL
Department of Agriculture:						
Agricultural Research Service Buildings and Facilities: Buildings and Facilities	44	56	30	45	(14)	(11)
Food Safety and Inspection Service-Salaries and Expenses: Meat, Poultry, and Egg Inspection (effect of proposed user fee)	527	512	488	482	(39)	(30)
Animal and Plant Health Inspection Service (APHIS) (including effect of proposed user fee)	451	448	441	442	(10)	(6)
Grain Inspection Packers and Stockyards Administration (including effect of proposed user fee)	23	23	11	11	(12)	(12)
The Emergency Food Assistance Program (TEFAP): TEFAP	65	72	40	40	(25)	(32)
P.L. 480 Loan Program Account	239	297	134	165	(105)	(131)
Subtotal, Agriculture	1,349	1,408	1,144	1,185	(205)	(222)
Department of Commerce:						
National Telecommunications and Information Administration: Public Broadcasting Facilities, Planning & Construction	29	30	8	28	(21)	(2)
Subtotal, Commerce	29	30	8	28	(21)	(2)
Department of Education:						
Education for the Disadvantaged: Capital Expenses for Private School Children	41	42	20	38	(21)	(4)
Impact Aid:						
Payments for Federally-Connected Children: Basic Support	632	518	550	552	(82)	34
Payments for Federally-Connected Children: Payments for Heavily Impacted Districts	40	33	20	23	(20)	(10)
School Improvement Program:						
Arts in Education	12	10	10	12	(2)	2
Training and Advisory Services	21	24	14	22	(7)	(1)
Student Loans: Federal Family Education Loan Program: Federal Administration	62	60	30	42	(32)	(18)
Subtotal, Education	808	687	644	689	(164)	3
Department of Energy:						
Uranium Enrichment Program	73	100	42	58	(31)	(42)
Economic Regulation	12	13	11	12	(1)	(1)
Strategic Petroleum Reserve	244	224	213	223	(31)	(1)
Subtotal, Energy	329	337	266	293	(63)	(44)

* Less than \$500 thousand.

Table 3 - Program Reductions Lowering Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996	
	BA	OL	BA	OL	BA	OL
Department of Labor:						
Training and Employment Services:						
JTPA Training grants for low-income youth	550	607	290	624	(260)	18
Other Job Training Partnership Act programs	156	171	145	164	(11)	(7)
Employment Service State Grants	846	835	806	838	(40)	3
Subtotal, Labor	1,552	1,613	1,241	1,626	(311)	14
Department of Transportation:						
Grants to the National Railroad Passenger Corporation Program	772	735	750	694	(22)	(41)
Formula Grants: Transit Formula Operating Grants	710	747	500	593	(210)	(154)
Subtotal, Transportation	1,482	1,482	1,250	1,287	(232)	(195)
Department of Veterans Affairs:						
Parking Garage Revolving Fund	16	7	---	4	(16)	(3)
Subtotal, Veterans Affairs	16	7	---	4	(16)	(3)
Environmental Protection Agency (EPA)						
Water Infrastructure Financing: Targeted Wastewater Assistance	834	412	265	506	(569)	94
Subtotal, EPA	834	412	265	506	(569)	94
National Science Foundation (NSF):						
Academic Research Infrastructure	250	116	100	151	(150)	35
Proposed rescission of 1995 funds	132	---	---	39	(132)	39
Academic Research Infrastructure (net)	118	116	100	112	(18)	(4)
Major Research Equipment	126	55	70	57	(56)	2
Subtotal, NSF	244	171	170	169	(74)	(2)

* Less than \$500 thousand.

Table 3 - Program Reductions Lowering Subsidies
(in millions of dollars)

Agency and Program	1995		1996		Change: 1995 to 1996	
	BA	OL	BA	OL	BA	OL
Other Independent Agencies (OIAs)						
Appalachian Regional Commission	282	164	183	202	(99)	38
Subtotal, OIAs	282	164	183	202	(99)	38
	=====	=====	=====	=====	=====	=====
Total, Reductions in 1996 Budget	6,925	6,311	5,171	5,989	(1,754)	(319)

* Less than \$500 thousand.

POLITICS & POLICY

Oregon Tries Its Own Welfare Reform, Offering Companies an Incentive to Put People to Work

By HILARY STOUT

Staff Reporter of THE WALL STREET JOURNAL

Carolina Bowen wasn't an ideal candidate for the new registrar job at New Care Directions, a medical training school in a suburb of Portland, Ore. She had mostly worked in the fast-food industry. She knew little about the medical field. And she had been unemployed and on welfare for more than two years.

But Ms. Bowen got the job. The school's owner, Jeri Hendricks, hired the 30-year-old mother of four in December through a new pilot state program designed to entice private employers to hire welfare recipients and give them the work experience necessary to point them toward self-sufficiency.

The success of the movement to restructure the nation's welfare system largely depends on the willingness of companies to hire people like Ms. Bowen, who now wins praise from her employer. The problem is many aren't. Oregon has come up with a simple carrot: Take the money now being spent to provide food stamps and cash welfare benefits, and use it instead to offer employers temporary subsidies to hire welfare recipients into newly created jobs.

The Senate Finance Committee will take up the cry to move welfare recipients into work today when it begins considering a welfare-overhaul bill that would turn billions of dollars now spent on federal assistance over to states to design their own antipoverty programs. The proposal by committee chairman Bob Packwood, an Oregon Republican, would impose fewer requirements on states than a House-passed bill. But, like the House bill, it would require that welfare recipients work for their benefits after two years of collecting assistance. And just how to achieve that goal would be left entirely up to the states.

Other States Follow Suit

Oregon is already pushing ahead. Its jobs program, which is operating in six counties, is only six months old, and its effectiveness won't be gauged for some time. But the idea has been intriguing enough to lead other states, most recently Ohio and Massachusetts, to set up similar initiatives. And the Oregon legislature is working on a bill to expand the program statewide.

"I think it begins to indicate a way of tackling what I think is a major challenge of welfare employment: not just to connect people with jobs but to get them on a career track where they're not just one [position] away from welfare," says Robert Friedman, chairman of the Corporation for Enterprise Development, a nonprofit research and consulting organization.

Specifically, the program, known as JOBS Plus, works this way: The state of Oregon, using federal money for food stamps and Aid to Families with Dependent Children, agrees to pay the wages and payroll expenses, including workers compensation and Social Security taxes, for nine months for employees hired from the

welfare rolls into a newly created job. The employers agree to provide the new workers with a workplace "mentor."

More important, some people believe, the employers pledge to contribute \$1 for every hour the employees work after 30 days to an "individual education account" that employees can use to continue their education after finding unsubsidized employment. The state continues to pay child care and medical costs, through Medicaid. If the employers decide not to offer the JOBS Plus workers a permanent position after six months, the firms are still obligated to keep them on another three months — and allow them one day off a week, with pay, to search for a job.

Ms. Hendricks used the new enticement to take a risk on Ms. Bowen. Through Oregon's welfare system, Ms. Bowen had received training in word processing and other office skills. Nevertheless, Ms. Hendricks knew she would have to spend more time training the employee, but the nine-month wage subsidy lessened the gamble. "I said . . . I'm going to have to spend 20 hours a month extra because there's such a high learning curve."

Effort Pays Off

Indeed, in the initial weeks Ms. Hendricks found herself teaching Ms. Bowen skills as basic as telephone etiquette. The lesson: "You don't pick up the phone and say, 'Yeah, what do you want.'"

But the effort was well worth it, Ms. Hendricks says. "Yes, it's cost me a couple more hours but so what. I have a very motivated, intelligent lady who's proud of what she's done, and she should be." Ms. Bowen recently received a 50-cent-per-hour raise, to \$6.50, and an offer of a permanent job with increased responsibilities at New Care.

Despite success stories such as Ms. Bowen's, some advocates for the poor believe JOBS Plus amounts mostly to a corporate handout. "It's a free-labor program for business," says Sylvia Mitchell, executive director of the Oregon Human Rights Coalition, a nonprofit organization devoted to "empowering" low-income people.

But state officials point out that most of the 161 employers taking on JOBS Plus employees so far are paying the workers more than the \$4.75-per-hour state minimum wage even though the program will only subsidize pay up to that level. "I think that dispels the myth that employers would be in this only for their personal gain," says James Neely, assistant administrator of the Oregon family services administration.

The program was conceived by a businessman, Dick Wendt, chairman of JELD-WEN Inc., a large door and window manufacturer in Klamath Falls, Ore. The 9,000-employee firm isn't participating in the program for now because it has no facilities in the six counties in which the program is operating. Bill Early, senior vice president of JELD-WEN, says subsidizing wages is critical to bringing welfare recipients into the workplace.

*Classes
This is good
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"It would be much more difficult" to hire someone without the subsidy, he says. "The concept of subsidy is: it's provided during this period of training. We feel an employer can determine within this time whether or not the individual is going to be able to undertake a regular position or not."

However Mr. Friedman of the Corporation for Enterprise Development, while expressing interest in the Oregon program, cautions: "There's a pretty long history of experimentation with wage subsidies, from targeted job tax credit to various wage subsidy schemes. It's a pretty spotty scheme. It sometimes backfires."

For example, he explains, "They stigmatize. An employer says you're offering me money to take this person. They must be damaged goods. I think that's always a concern."

State officials hope to place 5,000 welfare recipients into jobs in the first three years of the program. So far they have placed 183 people. They privately admit that they have been steering their most promising welfare recipients to the JOBS Plus jobs in the initial months. But even so, some haven't worked out.

Linda Carpenter, the owner of Soak Tubs, which sells spas, hot tubs and swimming pool supplies in the Portland suburbs, had been operating the store by herself for 14 years. When she read about JOBS Plus in the newspaper she thought it might be a good way to take on another person.

But the worker Ms. Carpenter hired had never had a job and seemed oblivious to the basic tenets of the workplace — like coming to work on time. She was supposed to start at 10 a.m. "One day she called at 1 p.m. and said she'd overslept," Ms. Carpenter recalls. She also wore inappropriate clothes to work, such as exercise leggings.

The employee quit after a month, but Ms. Carpenter took a chance on another JOBS Plus applicant, this time interviewing candidates more carefully. The new employee, Michelle Haag, a 27-year-old mother of two, has been terrific. Ms. Carpenter says. She's earning \$5 per hour-plus commission on selling spas—and Ms. Carpenter hopes soon to be able to give her a raise.

Farmers React to Plans to Cut Subsidies

Some Towns Are Already Feeling Negative Effects

By SCOTT KILMAN

Staff Reporter of THE WALL STREET JOURNAL
Plans in Congress to cut federal farm subsidies aren't likely to become final until later this year, but towns such as Webster, S.D., already are feeling the effects.

The cuts are the final straw for some farmers frazzled by weak cattle prices and a flooded-out planting season. The Deere & Co. dealership in Webster, a northeastern South Dakota town of 2,400, has seen a few dozen of its steadiest customers quit farming in recent months, contributing to a 30% decline in the dealership's sales. Dacotah Bank says six of its farm customers are selling out. "It's unusual because I didn't push them to do this," says bank Vice President Dan Menking. "Farmers aren't fighting to hold on like they used to."

For most American farmers these are better times. Exports are booming, farm balance sheets are relatively strong and rural banks have had a string of profitable years, trends that suggest the overall farm economy is robust enough to withstand the proposed cuts in government aid.

But the reductions, which could reach \$9 billion over five years and reduce federal payments by roughly 20%, would have an uneven impact on American agriculture, perhaps cooling the economy of some states. That's because some regions and some crops are more dependent on government support than others.

Size of Payments Varies

A much higher percentage of Northern Plains farmers receive federal support than farmers in the Southeast. And the amount that farms collect varies widely by region. The average farm in the Mississippi Delta, where rice and cotton dominate, gets almost twice as much from the government as the typical Great Lakes farm, where dairy and grain farming dominate.

Some agricultural economists say western Plains farmers will take the biggest hits. Farming in wheat states such as Kansas and Oklahoma might become less profitable because the domestic price of wheat is closely tied to exports, and wheat exports are heavily subsidized by the Agriculture Department. Because wheat is about all that thrives in the arid climate, farmers can't just shift to another crop.

Some Plains states are also the most rural, and so the most sensitive to the health of agriculture. Farming is one-third of North Dakota's \$9 billion economy, and farmers there in recent years have received roughly one-fourth of their income from government programs.

"The attempt to balance the budget will cool the North Dakota economy," says Marvin Duncan, an economics professor at North Dakota State University, adding: "It will hasten the departure of the bottom one-fifth of farmers financially."

The changes also could hurt real-estate values. Webster's Steve Aldrich, whose farm doubled in recent years to 5,000 acres, frets that lower crop subsidies will depress land prices. "The land is supposed to be my retirement," he says.

Areas With Fewer Choices

Corn Belt states such as Illinois, Indiana and Ohio are more economically diverse, and thus much less dependent on farming. And their farmers aren't as tied to government subsidies, largely because their climate and soil gives them more

choices of what to produce.

While a smaller farm program might make wheat production less economical on the Great Plains, fertile corn states such as Indiana might increase production. Many Midwest corn farmers will have much less incentive to participate in the farm program, which often requires them to idle land in order to prevent burdensome stockpiles.

"It's borderline now whether we stay in the program," says Alan Kemper, who raises corn, soybeans and livestock on a 1,700-acre farm near Lafayette, Ind. He figures government payments represent just 3% of his gross farm income.

"Government programs have forestalled a lot of regional shifts," says Mark Drabenstott, a vice president at the Kansas City Federal Reserve Bank. "Now we'll see a realignment to market forces."

Crop subsidies are politically vulnerable because much of the money goes to big farms. The top 17% of farms, which generate more than \$100,000 of revenues annually, get two-thirds of government payments, according to Agriculture Department statistics. But budget cuts might sting smaller farmers harder because government payments represent a bigger chunk of their income.

Riches for Rice

Some farming specialties will feel the budget cuts more than others. Rice farmers have long been favored by Congress, often reaping 40% of their income from the government. Their target price — the level the government guarantees farmers will receive from the combination of farm programs and the marketplace — has been set relatively further above the market price than corn and wheat.

A 20% cut in the rice program would probably drive some farmers out of the rice business in Texas, where production costs are among the highest in the industry. And it would depress farmland prices in Arkansas, where rice is the biggest grain

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crop, figures Eric Wailes, a University of Arkansas economics professor.

Some farm sectors, however, will feel less impact because they've already been largely weaned from Uncle Sam. Take dairy farmers. The dairy program, which cost taxpayers \$2.6 billion in 1983, will probably cost less than \$100 million this year. The government has so lowered the levels at which it buys cheese, butter and powdered milk to support milk prices that it intervenes far less frequently now. Faced with more budget cuts, many farmer-owned dairy cooperatives are willing to release the government from its obligation to buy excess butter and powdered milk in hopes of preserving funds for export subsidies.

Surprisingly, economists don't expect consumers to notice the budget cuts much. One rationale for farm programs is that they compensate farmers for producing cheap food. Yet an April study by the influential Food and Agricultural Policy Research Institute, which advises Congress on farm matters, concludes that food expenditures would drop slightly if government subsidies — along with land-idling programs — were eliminated altogether.

The report warns, however, that the elimination of government-owned grain stockpiles, which act as a cushion against crop disasters, would make prices more sensitive to weather shocks.

For investors, budget cuts signal weaker land prices. Farm real-estate values have slowly regained much of what was lost during the mid-1980s debt debacle. But land values are so closely tied to government programs that Kansas State University economist Allen Featherstone figures that land prices in some key farm states might drop 2% to 3% annually if Congress cuts payments by 20% over five years.

That would ripple through the farm economy because land represents about three-fourths of agricultural wealth. A price drop hurts older farmers because many get their retirement money by selling land. And land is the biggest source of collateral for younger farmers, so lower prices shrink their ability to borrow money for equipment and supplies.

While the Clinton administration largely wants to shield farm programs, one of its proposals would rattle land prices. People whose net income outside of farming exceeds \$100,000 couldn't receive crop subsidies. The rule is mostly designed to cut off well-heeled urban landlords, who qualify for subsidies now by taking a share of their tenant's crops as payment instead of cash.

The easiest way for Congress to cut the farm budget is to follow the path it laid in 1991, when crop subsidies were ended on 15% of eligible land. One rough rule of thumb is that disqualifying one-third of eligible land would save roughly \$8 billion over five years. Additional savings might come from cuts in wheat export subsidies and programs that pay farmers to idle environmentally sensitive land.

However the cuts are made, Congress might cushion the blow by changing the way subsidies are calculated. Currently, the size of the subsidy a farmer receives depends on the crop that is grown. Both the Clinton administration and some Republican lawmakers are interested in uncoupling those payments from specific crops, giving farmers more flexibility to make their own planting decisions.

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California Rat Killer Gets Off

When the House Resources Committee's Endangered Species Task Force meets tomorrow to consider changes to the Endangered Species Act, it might consider the case of Tuang Ming-Lin. Mr. Lin, an immigrant from Taiwan, is a farmer in Kern County, Calif. In February 1994 he was arrested for running over five rats with a plow. His plight galvanized the rising property rights movement, and now, more than a year later, the federal government this month dropped all criminal charges against Mr. Lin.

When the story of his arrest first broke, it sounded like something that a clever film studio flack might have

Rule of Law

By Gideon Kanner

dreamed up as a publicity stunt for a farce about life in rural California. But alas, it was all too real. In February 1994, some 20 armed federal and state Fish & Wildlife types descended on Mr. Lin's farm and seized an alleged instrument of crime: his tractor. That's right, a tractor—a big, blue, closed-cab Ford tractor, which the Feds duly impounded and carted off. They also charged Mr. Lin with criminal conduct. Mr. Lin thought he was plowing his land to raise Chinese vegetables. But according to the Feds that was a crime because his plow ran over five rats.

Rats? Is rodenticide a federal offense? According to the Feds the answer is "yes" when it involves Tipton kangaroo rats, a creature protected under the Endangered Species Act. Actually, the question of whether disturbing the habitat of an endangered species is a forbidden "taking" of the critters is an open question now pending before the U.S. Supreme Court. Which is another reason

why the Feds' zeal in turning this trivial incident into a high-profile federal prosecution is rather strange.

Ordinarily, disputes over land-use regulations give rise to administrative or civil proceedings, but here, for reasons that defy comprehension, the Feds decided to flex their muscles in a no-holds-barred criminal prosecution. They threatened Mr. Lin with a three-year prison term and a \$300,000 fine. For good measure, they demanded that he give up title to 363 acres of his 720-acre holding for which he had paid \$1.5 million, and that he also pay another \$172,425 to fund the operation of a wildlife preserve.

These draconian demands bore no rational relation to the severity of the "crime" with which Mr. Lin had been charged. This was hardly some sort of hardened toxics-dumping, stream-polluting, eco-criminal to be made an example of. Mr. Lin is a successful businessman who decided to turn his entrepreneurial talents to raising bok choy and bamboo shoots for the growing local Asian produce market. He may have been victimized by the sellers of the land, who, he charges, failed to disclose that it was the habitat of endangered species. Since Mr. Lin speaks no English, there is at best a serious question as to whether he even knew about these regulations, though the Feds insisted that they had sent letters advising of their existence. Even so, it is difficult to see why serving a cease and desist order or suing for an injunction would not have been quite sufficient without all the pseudo cops-and-robbers dramatics.

Mr. Lin's arrest infuriated California Central Valley farmers, who organized rallies on his behalf. Their protests included high school marching bands, and hundreds of people and tractors jammed Fresno streets to demonstrate solidarity with Mr. Lin. Still, the Feds hung tough.

"Further facts will be shown in open court, and I believe they will substantiate the appropriateness of the actions of the U.S. Fish and Wildlife Service and the U.S. attorney," wrote Marvin L. Plannert, Regional FWS director, in a June 27, 1994, letter to the editor of the Sacramento Bee.

Sure enough, things started looking bad for Mr. Lin. In short order the news media blossomed out with a laundry list

Is rodenticide a federal offense? According to the Feds the answer is "yes" when it involves Tipton kangaroo rats, a creature protected under the Endangered Species Act.



of his alleged transgressions: He was said to have a criminal record and was wanted in Taiwan; he was guilty of tax fraud; and he even falsified information to get a driver's license. But as it turned out, none of it was true.

All right, you say, so maybe Mr. Lin is not Public Enemy No. 1, but what about those criminal charges of willful rodenticide? Won't he have to answer for those? Not really. When push came to shove, the Feds folded and dropped the criminal charges against Mr. Lin. Evidently, they didn't have much of a case, and also, as charged in a stinging Sacramento Bee editorial, they didn't have the stomach to face a jury and have to answer for their campaign of vilification and character assassination. They have now filed charges

against Mr. Lin's corporation instead.

To be sure, the Feds managed to affix a fig leaf onto their settlement with Mr. Lin. He "donated" \$5,000 to a local habitat conservation fund. And he agreed not to farm his land until he gets a permit to do so, which is estimated to take six months. For their part, the Feds will give up trying to seize it. And so, the end of this prosecution came not with a bang, but with a giggle, leaving one to wonder what could have possessed American government officials to behave in such a disgraceful way.

California's late Chief Justice Roger Traynor once wrote that there are notions embedded in the law that have never been cleaned and pressed and might disintegrate if they were. The complex welter of laws and regulations enacted in the past quarter-century, in an emotional atmosphere of "protecting the environment" at all costs, is an illustration of such concerns.

These often unrealistic but zealously enforced laws also implicate the perverse notion at large among the bureaucrats that individual rights in property are some sort of constitutional poor relation that is undeserving of protection, in spite of the Constitution's clear language to the contrary. However well intended these regulations may have been at the time of their adoption, Mr. Lin's travails, and the government attitude they reveal, demonstrate an urgent need for a congressional overhaul and make clear why the property rights movement is growing in strength and conviction.

In the end, a legal regime that exalts human rights in a Bill of Rights but in practice seeks to subordinate those rights to the well-being of rats, is surely in need of some serious "cleaning and pressing." The sooner the better.

Mr. Kanner is professor of law emeritus at Loyola Law School in Los Angeles.

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Hospital Research Falling Victim to Lean Budgets

By ELISABETH ROSENTHAL

Biomedical research, long considered a cornerstone of American medicine, threatens to become a silent casualty of the reorganization of the country's health care system, caught between the nation's relentless search for cheaper medical care and budget-cutting fervor among politicians.

American research has produced myriad discoveries — from new treatments for strokes to drugs for premature babies with damaged lungs. But in today's lean times, nobody seems able or willing to pay for it: not legislators intent on balancing budgets; not hospitals whose reve-

dicted that growth in this industry would help New York out of the economic doldrums. "Research was expected to be one of the engines for long-term job growth in this area," said Kenneth E. Raske, president of the Greater New York Hospital Association, an industry group.

'Being Squeezed From All Sides'

In 25 years as a scientist at Columbia College of Physicians and Surgeons, Dr. Eric Hall has seen research money ebb and flow, but this year he has watched his financing vanish as if carried out on a riptide.

With the National Institutes of Health financing a smaller percentage of applications than ever before, he lost two longstanding Federal grants, together worth more than a million dollars a year. Columbia's medical school, which used to support researchers through such hard times, is tightfisted these days, since its hospital, Columbia-Presbyterian, could well lose more than \$30 million in payments from Medicaid and Medicare. And Dr. Hall's department, radiation oncology, is not likely to bail him out either, with revenues threatened by managed care.

As a result, Dr. Hall's respected Center for Radiological Research, which had a staff of 45 just a few years ago, is down to 30 and "shrinking fast." The scientists who are left, he said, spend much of their time searching for grant money.

"We are being squeezed from all sides," said Dr. Hall, the director of the center, which studies the effects of radon exposure and radiation treatments for cancer. "It's not always been beer and skittles. There have been times in the past where we've lost a big grant and had to retool. But this is a much longer and leaner dry period than ever before."

The National Institutes of Health — the single largest source of research money in the country — is able to pay for only 25 percent of the research proposals it receives, down from more than 33 percent seven years ago. And proposals in Congress would cut its \$11.3 billion budget up to 10 percent. Although spending for medical research is among the most politically popular items for most members of Congress, the overall budget cuts for which both houses have voted will make it very difficult to stave off serious reductions for N.I.H.

For the most part, New York's hospitals and medical schools are also less able than ever before to lend their own support to research. Already financially troubled from the discounted fees they have had to accept from powerful and growing H.M.O.'s in the New York area, they are now facing multimillion-dollar cuts in the payments from Medicaid and Medicare as well.

Grubbing for Grants Turns Off Students

"We see a more treacherous, riskier environment ahead, so we have become more cautious about supporting research, because we know the payoff is way down the line," said Dr. John W. Rowe, president of Mount Sinai Medical Center and the Mount Sinai School of Medicine.

Medical educators say that the research gantlet is now so arduous that promising students are turning away from science; the teachers worry that a whole generation of researchers is being lost. Dr. Veroni-

ca Catanese, a New York University researcher who is president of the American Federation of Clinical Research, says that for the last few years she has hired foreign doctors to help in her experiments, unable to coax American medical graduates into her lab.

Some young doctors say the extreme financial uncertainty of research precludes a career in science, particularly when they emerge from training \$60,000 in debt.

"During your training, you're told that research is the way to go, but starting out can be very discouraging because of the funding situation," said Dr. Nancy Mills, a young cancer specialist trying to begin a research career. In the last two years, she has had to fill out grant applications that were more than 100 pages long, and is now waiting to hear if she is the 1 young scientist in 10 who will receive Federal money. And she is far luckier than most: she has received a rare interim grant from her medical center that sustains her for now.

"I like research, but I've certainly thought at times about going into private practice," she said. "I could take care of patients, make more money, and not have all this worry."

Health economists say that if the medical centers place too much pressure on researchers to see patients, or offer too little support for scientific work, successful scientists could rebel and leave the state, taking thousands of dollars in grant money with them. The New York State Psychiatric Institute is facing tens of millions of dollars in state budget cuts and at least three scientists there, sensing hard times ahead, have found jobs elsewhere.

"The value of the research enterprise to New York is enormous," Dr. Pardes said. "We have research that has produced Nobel Prize winners in droves, great medicine for patients, jobs and various products from drugs to biomedical devices that are an economic force in this country."

Advances in Science Slicing Pie Thinner

A crisis in biomedical research has been building for almost a decade. Success rates for grant proposals submitted to the National Institutes of Health have fallen steadily for the last seven years. In fields like cancer research, they are below 20 percent, from a high of about 35 percent in 1987.

Although the health institutes' budget, adjusted for inflation, has grown slightly over the last decade, advances in genetics and molecular biology have opened up vast new areas of research. So the N.I.H. pie has been overwhelmed by a boom in the number of medical researchers' and proposals.

Today, a new proposal for cancer research has about a 13 percent chance of being financed, and even a research grant previously made by the institutes has only about a 40 percent chance of being renewed.

"Already more than half the projects that are up and running are unable to continue," said Dr. Wendy Baldwin, deputy director of extramural research at the health institutes. "This is an era of scientific opportunity — we have a lot of leads to follow — but there hasn't been the financial expansion to match that."

Dr. Baldwin added that research involving patients — the type in which hospitals excel — is particularly hard to have approved with today's budget constraints, since

clinical trials are very expensive and involve very long commitments of money.

New York's medical centers have previously had mutually fruitful relationships with their laboratories. They receive tens of millions of dollars from Medicare, the Federal insurance program for the elderly, to support their education and research efforts, and typically plow back 5 to 10 percent of revenues from all patient care to pay for research. But that will change when income falls.

Physician's Salary Means Patients' Fees

Mount Sinai used \$10 million that it made from patient care to pay for a variety of research last year, from supporting young researchers to paying the salaries of scientists in between Federal grants.

Dr. Robert Mellins, head of the pediatric pulmonary division at Columbia-Presbyterian, said that as H.M.O.'s steamrolled into New York in the last year, the department's income dropped 25 percent. "It's become very hard to give people interested in academic careers the support they need," he said. As a result, he will hire three new doctors for advanced training in pulmonary medicine and research next year, instead of the usual six.

Hospitals today are far less likely than before to pay doctors a physician's salary for research. Instead, they expect their physicians to "earn" their paychecks from other pursuits, generally a combination of money from research grants or billings from patient care.

Many young researchers say they now see so many patients that it is a struggle to complete experiments.

"It's a vicious cycle," said Dr. Daniel Bloomfield, a cardiologist who is about to finish his training and is interested in a research career. "You spend more time seeing patients, and your research lags and then it's harder to establish yourself and you can't get grants. But the hospital can't afford to have anyone around who doesn't raise money."

Columbia-Presbyterian asked Dr. John T. Krolewski, a pathologist whose main pursuit is cancer research, to run one of its blood-testing labs in exchange for paying part of his salary. The arrangement has been a lifesaver for Dr. Krolewski, since his three-year N.I.H. grant was not renewed in April.

"People are semihysterical," he said. "Every day, you write grants and talk to people about what other grants you can apply for."

"Being a biomedical scientist is not a very viable career at the moment," he said. "But it could be worse. I still have it easier than my wife, who's a violinist."

Health Care Changes Dry Up Financing for Experiments

nues are shrinking in an age of managed care; not the new breed of for-profit health maintenance organizations that will pay hospitals to treat their clients, but not a penny more.

Most research takes place at medical schools and hospitals, where it is paid for by a crazy quilt of sources. Billions of dollars each year from the National Institutes of Health are supplemented by millions more from medical schools, hospitals, insurers, corporations and foundations. And today, all these sources are declining.

"What is happening now is a nightmare," said Dr. Herbert Pardes, dean of Columbia University's medical school. "Every funding stream we have used to pay for research is being hacked apart."

The drying up of research money will hit particularly hard in New York City, with its half-dozen huge medical centers, each chock-full of laboratories. Each plays host to an army of research physicians and other scientists who received more than \$600 million from the National Institutes of Health last year.

In the corridors of New York's medical centers, the signs of trouble are everywhere: longtime researchers quitting their labs to enter private practice, discouraged young doctors unable to find research money or jobs, prestigious medical schools unable to afford to hire the researchers that they welcomed just three years ago. More and more, the hospitals are requiring the researchers who are also physicians to pay their own way, seeing patients in

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clinics part time to bring in money.

Health economists say the repercussions will be felt outside the lab as well, as technicians are dismissed from shrinking projects, successful scientists move out of state and the city's medical centers become unable to pay their bills. Part of each researcher's grant goes to the medical center to subsidize the more mundane aspects of maintaining its infrastructure, like covering heating bills and paying janitors.

A 1993 report by the New York Academy of Medicine estimated that more than 32,000 jobs in New York City were related to biomedical research, and many experts had pre-

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Fear, Inflation and Graft Feed Disillusion Among Iranians

By ELAINE SCIORENO

TEHERAN, Iran — Nearly a generation after turbaned clerics occupied the palaces of kings, Iran is a country of broken promises, a place of unnerving unpredictability and fitful repression intended to keep the Government in power and the population at bay.

There is no serious challenge to the theocracy that has ruled for more than 16 years; even an intelligence analysis prepared by the Clinton Administration last December concludes that Iran's Government is durable, and that neither isolation nor embrace by the outside world is likely to overturn it.

But in periodic visits to Iran since Ayatollah Ruhollah Khomeini overthrew the monarchy in 1979, and in

Khomeini's Legacy

A special report.

dozens of interviews during a recent trip, it became evident that the religious oratory that once drove a nation into the streets no longer has the power to inspire. The masses, in whose name the revolution was made, now long for better days.

Just three years ago, a newly elected Parliament seemed ready to ratify President Hashemi Rafsanjani's bold program of economic reform; today, that movement, and the hopes it aroused, have been abandoned.

It is not that Iranians are concerned about whether their Government is building nuclear weapons or committing terrorist acts around the world. Those are American preoccupations that bear little relationship to day-to-day life for the 65 million people in Iran. But in a country where many still admire America, the Clinton Administration's trade embargo contributes to a general sense that things can only get worse.

In the effort to hold on to power, Iran's leaders have moved in contradictory directions. To keep the system strong enough to govern but supple enough to survive, they have

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simultaneously imposed strict limits and permitted a surprising degree of room to maneuver — allowing the elected Parliament to override the preferences of the President and permitting scholarly journals to criticize the country's one-party system.

Just as there are rigid rules, there are endless ways around them. It is, for example, official Government policy to allow young men to buy their way out of compulsory military service and to sell at high costs permits that allow motorists to violate Teheran's traffic restrictions.

The result is a steady degradation of the ideals that brought the revolutionary leaders to power, an inefficiency that has strangled the economy, a cynicism that has fueled corruption and an unpredictability about everyday life.

"There has been nothing dramatic, just continual deterioration," said Ibrahim Yazdi, the leader of the Freedom Movement, Iran's leading secular liberal party, which has been banned. "We have a political crisis. We have an economic crisis. We have a social crisis. That creates uncertainty and unpredictability, so no one is making any long-term plans. People feel they've been betrayed, that the revolution has been kid-

napped."

Dr. Yazdi, a former professor of medicine at Baylor University in Texas who served as Foreign Minister during the revolution's first year, typifies the tension between the permissible and the forbidden. He is dismissed as a man of the past and allowed to criticize the Government, although only to outsiders. The Government considers him so harmless that the Ministry of Islamic Guidance now offers to arrange visits to his comfortable apartment in central Teheran.

But his party newspaper and headquarters have been closed for a decade, and the party itself has been prevented from holding meetings, publishing documents and fielding candidates in elections. The Government has harassed shopkeepers and expelled university students who support the movement.

"We have set limits on ourselves because we are in a vulnerable situation," Dr. Yazdi said. "It is very difficult for us in this twilight zone."

Restrictions

Arbitrary Curbs On Everyday Life

Iran is not like Syria, where terror of the regime runs so deep that ordinary people avoid political discussions. It is not even like Saudi Arabia, where any criticism of the rulers goes on only behind closed doors. Even in the early days of Iran's revolution, political protest was widespread, although largely anonymous, as people felt that the chaos that came with the end of the monarchy somehow offered them a layer of protection.

Indeed, the last few years have witnessed an explosion of public criticism. The two favorite recent topics are inflation, which has driven up the prices of many goods by 100 percent in the past year, and Parliament's ban last month on the satellite dishes that for two years had enabled Iranians to receive programs like "Baywatch" and BBC News.

"Taking away the satellites is taking away the individual's freedom," one reader wrote in a public opinion column of Salam, a newspaper influenced by clerics that is nevertheless highly critical of the Government. "This is nothing but a ploy to distract people's attention from the country's economic problems."

Another reader wrote, "How come the Government is capable of rounding up all the satellite dishes but is incapable of stopping inflation?"

The satellite dish was one of the most hotly debated issues in Parliament last winter. "We have no right to search people's homes," said Abbas Abbasi, a deputy from Bandar Abbas during the floor debate. "Even with a search warrant, do we have the right to follow everyone to the grave?"

People have responded to the ban by hiding the dishes in trees and under leaves and plastic sheeting, and by dismantling them every morning. That sort of circumvention of the rules is both deceptive and dangerous, because the Government can shift signals suddenly and without warning. The tone of the newspaper Salam, for example, has become much milder after its editor, Abbas Abdi, spent three months in prison in 1993. No charges were ever filed against him.

In February, Jahan-e Islam, which is published by the brother of the spiritual leader Ayatollah Ali Khamenei, was shut down. The official explanation was that the paper "created doubts, printed untrue stories and insulted the religious beliefs of the Muslim nation."

In recent months, the Government has demanded that Iranians working in nearly every embassy in Teheran report on diplomatic activities, several ambassadors said. Other Iranians working with foreigners have been summoned to the Ministry of Islamic Guidance and offered an unappeal-

ing choice: either spy on your employers or sign a statement swearing never to have contact again with foreigners.

A number of the 134 writers who signed a petition last year protesting Government censorship have been interrogated and pressed to withdraw their signatures. By contrast, since last year the Government has allowed the publication of such scholarly opinion journals as Goftegu, or Dialogue, which advocates a more participatory democracy.

"You have to create your own way of saying things," said Ramin Jahanbegloo, a French-educated political philosopher who helped start Goftegu.

For the past few years, it has been official Government policy to ignore what people do in their homes. But carrying it out often depends on the whim of the neighborhood.

At a wedding reception for about 400 people in the garden of a northern Teheran

home this month, the family of the groom paid the official neighborhood committees thousands of dollars to ignore the party.

Homemade — and illegal — vodka was pouring from pitchers and dinner was being served when a handful of stern men burst in. Members of the band threw their instruments onto a nearby roof and escaped. Women in party dresses rushed inside to find their floor-length coats and head scarves.

"They ruined the party," one guest said as she threw a trench coat over her strapless black dress. Other guests sniped that the family did not pay a big enough bribe, most of them leaving even before the cake was cut. The father of the groom spent the night in jail.

Only the most fervent perpetuate the fiction that all is right with the revolution.

"Our life is fine and we have no problem with inflation," said Akram Omrani, a trusted Government watchdog who searched visitors before Friday prayers at Teheran University, confiscating the lipstick and mascara of women guests. "We eat three meals a day — not like my cousin who manages a hotel in Los Angeles. She can afford only one meal a day. In fact, tonight we are slaughtering two sheep to have a big party."

But that assessment was too much for a second official, who ran after the visitors to apologize for the cosmetics confiscation and to explain. "We let a woman take a lipstick inside and she got arrested," the woman said. "We can't really afford to live. Tell that to America, please."

Opposition

Sudden Violence And Deep Fear

There is an air of fear in Akbarabad, a dusty, unexceptional shantytown like dozens of others that sprang up outside Teheran after the revolution, when building codes were abandoned in the name of building cheap housing for the people. Water is scarce, electricity is sporadic and social services are nonexistent.

Those inhabitants lucky enough to have jobs in Teheran commute by minibus every day; the unemployed sit on the stoops in front of shops drinking Zamzan, an Iranian version of cola. All suffer from the crippling inflation.

When independent bus drivers doubled their prices early one morning in April, the commuters rebelled. Witnesses said they blocked the minibuses from leaving the village. The rioters moved on to Islamshahr, a much larger town on the way to Teheran, smashing windows and setting fire to banks, gas stations and government buildings along the way.

By late morning, the Government rushed in elite anti-riot police officers, who opened fire in hit-and-run battles with villagers throughout the day. Plainclothes intelli-

1/2

gence officials patrolled the streets in search of informants. By the time the riots were put down at nightfall, a number of people had died — fewer than “the fingers of the hands” according to Ayatollah Mohammed Yazdi, chief of the judiciary: 15 to 30, according to diplomats in Teheran.

The next day, hundreds of police officers lined the streets as the local authorities bused thousands of people into Islamshahr to march in pro-Government demonstrations. The streets were strewn with broken windows, burned tires, bricks and rubble. Dozens of people were arrested or questioned.

The families of the dead were made to repay the police for the bullets they had fired; public mourning was prohibited. But the bus fares came down again.

The disturbance was not as serious as one in Qazvin last August, when the local commander refused to fire on the crowds. That prompted the Government to expand special rapid-reaction units that did not hesitate to move against the rioters in Akbarabad and Islamshahr.

But people in both places are still afraid to speak. “I heard the shooting,” said one owner of a dry goods store. “Of course, it terrified people. The families of the dead don’t wear black for mourning for fear of retaliation. But people are not going to talk about the deaths, so don’t ask about it.”

At Bank Tejarat in nearby Islamshahr, the rioters set fire to the building. “Don’t ask political questions,” said one of the managers. “We are ordered not to talk.”

Economics

Runaway Inflation And Corruption

Ayatollah Khomeini used to say that the people did not rise up against the monarchy over the price of watermelons and that economics was for the donkeys. But the discontent throughout the country today seems to have little to do with politics and everything to do with money.

“It’s the person with money, not the martyr, who gets the respect,” said Nasser Hadian, a political science professor at Teheran University.

Just a year ago, President Rafsanjani was talking about the need to have only one rate of exchange, to privatize the economy and to eliminate all subsidies. But in recent months, he has abandoned his economic reform program.

Last year, the inflation rate was unofficially pegged at 50 to 100 percent, while the salaries of public officials have remained constant. Per capita oil income in real terms is about one-fourth of what it was in the two years before the revolution.

Public disgust with the economy is so intense that a reader of Salam wrote to the newspaper recently to suggest that since Iran’s money is now so worthless, the Central Bank should remove Khomeini’s image from all Iranian rials.

Prices of most consumer goods fluctuate with the value of the dollar. In fact, the dollar so dominates the Iranian economy that another reader of Salam wrote: “All the Government’s business is done with dollars. Let’s just make the dollar our official currency.”

The inability of Iranians to make ends meet has contributed to rampant corruption. During the monarchy, aides to Shah Mohammed Riza Pahlavi got rich on Government contracts with foreigners. Today, the amounts paid may be smaller, but the corruption extends to every level of the Government — from the heads of foundations who import goods and hand out contracts to the traffic police and garbage collectors.

“If you want a form signed, a visa stamped, a court case decided, a piece of furniture cleared through customs, someone has to be paid,” said one diplomat with longer experience in Iran. “In the Shah’s time, it was only the top echelon. Now everyone has to be paid.”

Ayatollah Khomeini built his revolution on promises to lift Iran’s “oppressed” out of grinding poverty. And when Mehdi Bazargan was named his first Prime Minister in 1979, he was so self-effacing that he refused to use the Government’s chauffeur-driven Mercedes, preferring his Iranian-made Peykan.

But in an interview with the German newspaper Frankfurter Rundschau just before his death last January, Mr. Bazargan revealed a sense of betrayal. “The scale of corruption is breathtaking,” he said. Asserting that the Government enjoys the support of not even 5 percent of the people, he still asked, “Who would take over this Government? The painful question is this: Do we want another Afghanistan?”

Politics

Leaders Jockeying For Succession

President Rafsanjani has more than two years left before he steps down, but as his dream of economic reform has failed miserably, his political standing has steadily declined.

In an interview with ABC News two weeks ago, Mr. Rafsanjani asserted that the United States missed a chance to improve relations when it canceled a \$1 billion deal with an American oil company in April, and said that he opposed the decision by Parliament to ban satellite dishes.

But such politically sensitive statements would have portrayed Mr. Rafsanjani as soft on the United States and Western culture, and when Iranian television broadcast the interview, they both were deleted.

Mr. Rafsanjani has said he has no intention of trying to amend the Constitution to allow himself to run for a third term in 1997, and the talk of Teheran these days is about who will replace him.

One long-shot candidate is Gholam Hussein Karbaschi, Teheran’s Mayor, who was trained as a cleric but wears layman’s clothes. In six years as Mayor, he has bulldozed apartment and office buildings constructed without city approval, removed revolutionary graffiti from walls, planted thousands of trees and opened more than 100 new parks — all in the name of transforming Teheran into a city that works.

To pay for this, Mr. Karbaschi, who is 42, raised taxes and extorted huge sums of money from shopkeepers and traders. If a shopkeeper refused to pay up, he dug up his driveway and planted a tree; when traffic in Teheran paralyzed the city and destroyed the air, he banned all traffic — except by motorists who paid the city a hefty fee; when some small factories refused to move out of the city, he cut off their water supply.

This sort of behavior has made Mr. Karbaschi, the most loved and the most reviled man in Teheran.

“Great people in history are like that,” he said in an interview.

But even Mr. Karbaschi’s powers are limited. He was unable to stop a move by the Revolutionary Guards last year to fence off the 14th, 15th and 16th holes of the only private golf course in Teheran. An official building went up quickly; it was called a mosque and now it cannot be torn down. There are plans to use the 11th and 12th holes for a hotel.

“The work of the disciplinary forces is much more important than golf,” Mr. Karbaschi said. “Maybe we can build a quieter place for the golfers.”

Asked whether he would run for higher office, Mr. Karbaschi said: “This is not the United States where everyone tries to be President. Here there are no advantages to being President, just headaches.”

The front-runner for President, at the moment at least, is Ali Akbar Natiq-Noori, the speaker of Parliament, the position Mr. Rafsanjani himself held before running for President the first time in 1987.

Mr. Natiq-Noori is a hojatolislam, one rank lower than an ayatollah. But unlike most clerics in Iran, he wears well-tailored

robes, looks women straight in the eye and smiles a lot, a plus for any politician, even in Iran.

“It’s a hereditary characteristic,” Mr. Natiq-Noori explained in an interview. “My father smiled a lot. But the real factor that gives me a very pleasant character is that I’m a sportsman. Why just today, I got up at 4 A.M. to climb mountains for two hours.”

Mr. Natiq-Noori is an expert horseman as well. He was shown on Iranian television two weeks ago riding with tribesmen during a visit to Luristan province, which is the Iranian equivalent of kissing babies in an American campaign.

A close associate of Ayatollah Khamenei, the Iranian spiritual leader, Mr. Natiq-Noori is particularly interested in explaining that Iran has been misunderstood in the West. His description of the status of the author Salman Rushdie captures the complexity of decision-making in Iran today.

In a religious decree before his death, Ayatollah Khomeini ordered the assassination of Mr. Rushdie, author of “The Satanic Verses,” which the Iranian leader considered blasphemous.

Mr. Natiq-Noori repeated the Government’s official position that it has no intention of assassinating Mr. Rushdie, but that it cannot rescind a religious decree. “We will never undertake the responsibility of killing him now,” he said. “It’s a religious verdict, not a political verdict.”

In recent weeks, the European Union has tried to persuade Iran’s Government to pledge in writing not to send death squads to kill Mr. Rushdie, to renounce terrorism in all forms and to confirming that its relations with other countries are based on international law. Iran has yet to do so.

Asked whether or not Mr. Rushdie should die, Mr. Natiq-Noori replied, “If he were to die by himself that would be a good solution.”

THE PRESIDENT HAS SEEN 5/31

~~Bony / Sand~~
Interacting
B

To VP / Graham / Sorin

we must do more to
get this out when we go to
Portland or before? Special
brochure? — Johnson or Ag could
probably help. — Green could help. BC

A / 3.0

CC

McGinty



5/29
All - This should be updated. But it's a very good proposal if what we have in fact believed. No one has been asked to say it. THE PRESIDENT HAS SEEN
United States Office of Forestry and Economic Development

333-S.W. First Avenue, P.O. Box 3623, Portland, Oregon 97208-3623

The President's Forest Plan: Breaking Gridlock and Moving Forward

For years, an uncertain future loomed before the people and communities in Oregon, Washington and California as disagreements grew over the management of public forest lands, which created conflict, division, and ultimately gridlock.

To put an end to the gridlock and move the region forward, on April 2, 1993, President Bill Clinton convened the Forest Conference in Portland, Oregon. For the first time in history, environmentalists, timber companies, Native American tribes, and local, state and federal governments sat down together at one table and focused on the future of natural resources management.

From the Forest Conference came the President's Forest Plan, whose goals were clear:

- Support the region's communities during a period of economic transition
- Provide a sustainable timber economy
- Protect and enhance the environment
- Make federal agencies work together as one government

The President's Forest Plan was released only six months ago, yet it is already being successfully implemented on the ground, with many significant accomplishments:

To support the people and their communities through this period of transition, in 1994 more than \$126 million in grants and loans were awarded to more than 100 communities throughout the region creating opportunities for new jobs, job training programs, community infrastructure, small business assistance and other efforts.

To protect and enhance the environment, in 1994 more than 400 watershed restoration projects were completed or initiated, putting people to work repairing and enhancing streams, waterways and other restoration projects.

Years of gridlock were broken within two months after the President released his science-based forest plan, when federal courts lifted injunctions banning timber harvesting on some federal lands, which allowed timber sales in owl habitat to move forward for the first time in three years.

While there is still much to do in the years ahead, a solid foundation is now in place for complete and successful implementation of the President's Forest Plan.

The President's Forest Plan consists of three main components:
Economic Revitalization, Forest Management, and Interagency Cooperation

The following pages outline in more detail the Forest Plan's goals, implementation, and highlight some of the many other accomplishments to date.

Economic Revitalization

The Economic Adjustment Initiative is aimed at providing immediate and long-term relief for people, businesses and communities affected by changes in forest management practices.

The people attending the Forest Conference clearly stated they wanted the opportunity to determine their own economic futures, but in order to do it effectively government red tape had to be cut, and financial and technical assistance had to be delivered where and when it was needed.

To accomplish those goals, ideas from people and communities are gathered and considered by one-stop centers for all types of financial assistance called the **Community Economic Revitalization Team (CERT)**. Each state has one CERT whose membership is individually tailored to deal with the needs of workers, families, businesses and communities in their state.

To eliminate red tape, the CERTs are working to streamline government and overcome bureaucratic barriers. *By the end of fiscal year 1994, 25 barriers of red tape had been removed.*

In FY 1994, more than \$126 million in grants and loans were awarded for more than 160 projects in over 100 communities throughout the region to help with job training, small business assistance, community infrastructure and many other efforts.

While the list of projects and communities is extensive, the economic assistance projects can be placed into four main targeted areas:

Assistance to Workers and Families

Example: \$6.6 million to Oregon and \$1.8 million to Washington to retrain more than 1,750 dislocated workers

Assistance to Business and Industry

Example: \$33 million in grants to stimulate business growth and economic development projects in rural communities in Oregon, Washington and California

Assistance to Communities

Example: More than \$45 million in grants and loans to help rural communities in Oregon, Washington, and California plan and build water and waste treatment facilities and other improvements to community facilities and infrastructure

Ecosystem Investment

Example: \$27 million to fund more than 400 watershed restoration projects in Oregon, Washington and California, restoring the environment and providing jobs

The President's Forest Plan hopes to distribute more than \$900 million to the region over the remaining four years of the Economic Adjustment Initiative. While more than \$248 million in grants and loans were available from a variety of federal programs and agencies in 1994, the overwhelming majority of the money spent was in the form of grants, and the remaining unspent funds were due to a lack of demand for the loans and loan guarantees.

Forest Management

The goal: Create a science-based natural resources management plan that both protects the environment and provides for a sustainable timber harvest.

Recognizing forests are a complex network of biological systems, the Forest Plan calls for innovative ***ecosystem management*** planning. To plan for the future of these ecosystems, Washington, Oregon and California are broken into 12 provinces that share common aquatic and terrestrial characteristics, with watersheds serving as the basis for the planning areas to help assure clean water for people and healthy habitat for fish and wildlife.

When the President's science-based Forest Plan was released on April 13, 1994, within two months ***federal courts lifted injunctions banning timber harvesting on public lands, allowing timber sales in owl habitat to move forward for the first time in three years.*** To protect the environment around riparian areas and aquatic habitat, timber sales are designed to limit impacts on streams in the region. While it will take a few years to reach the forest plan's target level, ***timber sales*** are expected to be about 1.1 billion board feet per year.

In fiscal year 1994, the following was also accomplished:

- * ***252 million board feet of timber was sold from public lands within the range of the northern spotted owl***
- * ***An additional 257 million board feet was sold from public lands outside the range of the northern spotted owl***
- * ***1.28 billion board feet was actually harvested: 851 million board feet within the range of the northern spotted owl/376 million outside of the range of the northern spotted owl***
- * ***Initiated scientific review of proposed management actions in late-successional reserves and allowed ecologically sensitive activities to move forward.***

An Aquatic Conservation Strategy is aimed at restoring and maintaining the ecological health of watersheds. The strategy provides direction for watershed analysis, restoration and monitoring for the region.

Among the accomplishments in 1994 to implement the Aquatic Conservation Strategy:

- * ***Completed or initiated 400 watershed restoration projects, which are restoring streams and putting people to work.*** For example, two teams of displaced timber workers in the Olympic and Willamette National Forests earned family wages while being trained for and implementing watershed restoration projects. This type of successful program will be applied in other forests throughout the region in 1995.
- * ***Completed analysis of 34 watersheds***
- * ***Analysis of an additional 40 watersheds underway***
- * ***Completed a uniform guidebook for watershed analysis***

Forest Management continued

The Forest Plan also develops creative new management techniques such as *Habitat Conservation Plans, which allow landowners to move forward with their economic goals while still conserving forests and waterways for habitat preservation.*

Currently, negotiations are underway with 25 landowners on Habitat Conservation Plans which would cover nearly 3.7 million acres in Oregon, Washington, and California.

A framework was developed for regional research, scientific oversight, and monitoring plans to ensure that the implementation of projects will be monitored now and in the future, and that up-to-date scientific information on ecosystem management will be shared between all participating groups.

The Forest Plan recognizes six different types of *federal land allocations* to preserve old growth forests, protect the environment, and allow for timber harvest of trees less than 80 years old, or salvaging activities that help promote characteristics of ancient forests:

Riparian Reserves: 2.2 million acres along streams and wetlands to protect and enhance clean water and to create habitat.

Adaptive Management Areas: 1.5 million acres consisting of ten areas intended for innovative forest management. They are located near forest-dependent communities.

Matrix Lands: Includes 4.9 million acres outside of reserves and withdrawn areas which are available for timber harvest.

Congressionally Withdrawn Areas: 7 million acres of National Parks, wilderness areas, national monuments and other federal lands where timber harvest is prohibited.

Late-successional reserves: 7.1 million acres of federal lands where old-growth or late successional cutting is prohibited.

Administratively Withdrawn Areas: 1.7 million acres of federal land to be used for various uses such as experimental forestry, research, recreation, and scenic areas.

The plan also establishes ten *Adaptive Management Areas (AMA)* within the forest plan region. These AMA's will become living laboratories where experimenting with innovative, environmentally sensitive forest management techniques will be encouraged and developed.

The AMA's will also allow the opportunity for people to play an important new role in helping determine for the future of their local forests, by working with their local federal agencies at the grass-roots level developing new experimental forestry techniques and plans for their AMA. Federal guidelines establishing this process were put together in the fall of 1994, and the AMA's are now getting their public participation processes underway.

Interagency Coordination

Instead of creating more bureaucracy, the President directed existing federal agencies involved with the forest plan to work together as one government in creative new interagency groups.

In an unprecedented effort by the federal government, the interagency groups have brought the federal agencies who are developing, monitoring, and overseeing the forest plan to the table, where they are effectively working together to implement the forest plan. Agencies are now working as one government and saving money by jointly coordinating efforts, improving communication, sharing information, and eliminating duplication.

With the President continuing with his commitment to downsize federal government, each agency involved with the forest plan redirected their priorities and dedicated time, staff and resources to the interagency groups to make the forest plan work.

The **Interagency Steering Committee (ISC)** establishes overall policies for the forest plan. The committee is chaired by the White House Office of Environmental Policy and its members include the Cabinet-level offices of the Secretary of the Interior, Secretary of Agriculture, Administrator of the Environmental Protection Agency, and the Secretary of Commerce.

The **Regional Interagency Executive Committee (RIEC)** serves as the senior regional body implementing the forest plan, coordinating and communicating policies with agencies in the forest plan area. Members of the committee include the Pacific Northwest and California directors of the Bureau of Land Management, Forest Service, Fish and Wildlife Service, National Marine Fisheries Service, Bureau of Indian Affairs, the Environmental Protection Agency, and the National Parks Service. Advising the RIEC is the **Regional Intergovernmental Advisory Committee (RIAC)**, which ensures key participation from the state and tribes within the region.

The **Regional Ecosystem Office (REO)** provides independent recommendations and scientific, technical and other staff support to the RIEC to help implement the forest plan. Staff of the REO are on loan from federal agencies involved with the forest plan.

Each of the 12 provinces has a **Provincial Interagency Executive Committee (PIEC)**, made up of federal agency directors who oversee the implementation of the Forest Plan within their province. A major component of the PIEC are the **Advisory Committees**, made up of community, business, environmental groups, Native American tribes, and federal, state, and county officials who directly advise the PIEC. The PIEC Advisory Committees are the grass-roots contact for involvement in the Forest Plan process.

Assisting the Economic Adjustment Initiative are the **Multi-Agency Command (MAC)** and the **Regional and State Community Economic Revitalization Teams (RCERT and CERT)**. The MAC members include the sub-Cabinet-level offices of the Secretary of Commerce, Secretary of Labor, Secretary of the Interior, Secretary of Agriculture, Secretary of Housing and Urban Development, Secretary of Transportation, Small Business Administration, and other federal officials. RCERT and state CERT members include representatives from California, Oregon, Washington, Native American tribal organizations, and federal agencies responsible for awarding grants and loans.

CC:
JENNIFER
KLEIN

THE PRESIDENT HAS SEEN 5/30

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

May 26, 1995

MEMORANDUM FOR THE PRESIDENT AND THE FIRST LADY

FROM: Donna E. Shalala

Patricia S. Fleming, National AIDS Policy Director

SUBJECT: HIV TESTING OF PREGNANT WOMEN AND NEWBORN INFANTS

Background

Recent scientific advances in the treatment of infants with HIV infection and in the prevention of perinatal transmission of HIV resulting from the AIDS Clinical Trials Group 076 (ACTG 076) have raised a series of public policy issues. Legislation by Rep. Gary Ackerman (D-NY) to "unblind" an HIV survey of childbearing women has also increased the political tension around these issues. The central policy questions raised by this science are:

- Should a blinded epidemiological survey of HIV in childbearing women be continued, discontinued, or "unblinded"?
- Should the Federal government impose mandatory testing on pregnant women or newborns?

In the last 15 months, the Department of Health and Human Services has responded aggressively to the scientific advances represented by ACTG 076 by issuing additional recommendations regarding HIV testing and treatment of pregnant women and newborn infants. It has also recently suspended the ongoing survey of childbearing women. With the survey suspended, HHS will shortly begin a consultative process with states, affected groups, medical professionals, and ethicists to deal with these issues.

I ACTG 076 Results

In February 1994, researchers funded by the National Institutes of Health (NIH) reported the results of ACTG 076, which found that the use of AZT by an asymptomatic HIV-positive woman during pregnancy, labor, and childbirth and by the newborn for six weeks following birth can reduce the risk of perinatal HIV transmission by as much as 67% (from an average of 25% to 8%). This is the first time we have been able to block transmission of HIV with a drug.

II Testing and Treatment of Pregnant Women

✓ **Pre-ACTG 076:** As early as December 1985, guidelines issued by the Centers for Disease Control and Prevention (CDC) recommended that at-risk pregnant women and their partners should be counseled about HIV and offered a test. In 1987, CDC advised that at-risk women of child-bearing age should be counseled and voluntarily tested in order to discourage those who are HIV-infected from becoming pregnant.

Post-ACTG 076: Following the release of ACTG 076, CDC consulted with outside experts and developed a new set of guidelines for all pregnant women. The new guidelines recommend that doctors counsel pregnant women to accept voluntary HIV testing. Doctors should offer pregnant women who are HIV-positive treatment with AZT to lower the risk of transmission to their babies. The guidelines also recommend that women who have not received prenatal care or do not know their HIV-status at delivery, should be counseled and offered voluntary testing for themselves and their newborns before leaving the hospital. These draft guidelines, which drew strong support from medical, public health, and ethics groups, will be issued in final form in June.

III Testing and Treatment of Newborns

Since all babies carry their mothers' antibodies at birth, a test of a newborn simply reflects the mother's HIV-status -- not the newborn's own HIV-status. However, recent advances make it possible to effectively treat such babies to prevent certain AIDS-related conditions.

Until recently, CDC recommended that only those HIV-positive newborns with suppressed immune systems be treated with antibiotics to prevent *Pneumocystis carinii* pneumonia (PCP), a nearly always fatal opportunistic infection for babies with AIDS. In April 1995, CDC greatly expanded those guidelines to recommend treating all babies born to HIV-positive women with antibiotics beginning at 4-to-6 weeks for perinatally-exposed infants and continuing treatment through 12 months for HIV-infected infants.

It is critical to note that neither mandatory testing of newborns nor the unblinding of the CDC survey would prevent even one case of perinatal transmission of HIV, since to block transmission AZT must be administered during pregnancy and childbirth. Focusing on testing newborns would be too little, too late to save infants from HIV and AIDS.

IV CDC Survey of HIV in Childbearing Women

Beginning in 1988, during the Reagan Administration, CDC, in cooperation with state and territorial health departments in 45 states, DC, Puerto Rico, and the Virgin Islands, conducted an epidemiological survey of childbearing women in the U.S. to determine the prevalence of HIV infection in that population. The current cost of the survey is \$10.5 million a year.

The survey uses leftover blood taken from approximately 45 % of newborns during routine "heel stick" tests for genetic conditions. About 2.5 million babies are tested each year out of a total of 4.5 million babies born in the U.S. No additional blood is taken for this survey. To obtain the most accurate and unbiased scientific data and to conform with scientific and ethical review requirements and informed consent statutes, the results are "blinded," thus the women cannot be informed of the results. In fact, all identifiers are separated from the sample before an HIV test is run.

The CDC survey has been approved by numerous ethical review boards. Anonymous, unlinked testing has been accepted as a standard for monitoring the HIV epidemic by the World Health Organization. It would not be feasible to "unblind" this survey without first obtaining informed, written consent from the mothers. Such a change would fundamentally alter the survey, changing it from a surveillance tool to a testing program. Since some women would refuse testing because of their concern about a record of their infection, such an approach would skew the results and render the survey epidemiologically much less useful for monitoring the epidemic.

The survey has provided useful data on the prevalence of HIV among childbearing women and among women in general. CDC has found that an estimated 7,000 HIV-positive women give birth in the U.S. each year and that an estimated 2,000 of those babies remain HIV-positive themselves. The survey has been used to plan research, prevention, and care programs at the state, local, and federal levels.

However, the results of ACTG 076 and the resulting importance of testing women before or early in pregnancy, as well as the new guidelines for treatment of infants with PCP prophylaxis, dictated that this survey be reexamined. Thus, on May 11, with the concurrence of Secretary Shalala, Dr. Phil Lee, Assistant Secretary for Health, asked State Health Directors to suspend testing under the Survey of Childbearing Women and to join the PHS in a consultative process on the best way to proceed on monitoring the epidemic in women and infants, preventing perinatal transmission, and assuring care for HIV-positive pregnant women and newborns.

CDC and PHS officials currently are finalizing plans for a consultative process that will include Federal, state, and local health officials, medical and public health experts, medical ethicists, and members of affected populations. The process will focus on four issues: Counseling and testing of pregnant women; testing of newborns; treatment of HIV-infected women and infants; and monitoring of HIV in women and children. This process should be underway by July 1.

V The Ackerman Bill

The CDC survey has spurred a great deal of public debate, primarily around legislation by Rep. Gary Ackerman (D-NY) that would require states that conduct HIV testing of newborns to notify the mother or legal guardian of the test results.

The Ackerman bill was first introduced in 1994, shortly after the release of the ACTG 076 findings, but saw no action that year. Congressman Ackerman has reintroduced the bill (H.R.1289), and now has 220 cosponsors (including 160 Democrats) ranging across the political spectrum. Mr. Ackerman has been very successful in gaining support for his bill, in part, due to the fact that he began his efforts before the CDC guidelines on counseling and testing were issued. Therefore, members of Congress who were not comfortable with his approach had nothing to be "for." Many members were approached on the floor before they had a chance to study the bill or consult their staff.

Mr. Ackerman has some misunderstandings about his legislation. While he says it would "save babies," the reality is the testing of newborns comes too late to prevent HIV transmission. It would, however, allow for PCP prophylaxis and warn HIV-infected women not to breast feed.

In reality, the Ackerman bill is a *de facto* proposal for mandatory testing of childbearing women. If it were to become law, the CDC surveillance study would be out of compliance with state statutes regarding informed consent. And it still would not prevent a single case of perinatal transmission of HIV.

Mr. Ackerman has modeled his bill on one by New York State Assemblywoman Nettie Mayersohn. Following a heated debate in 1994, New York agreed to establish guidelines for routine counseling and voluntary testing of pregnant women, much like those recently issued by CDC. Early results show a promising rise in the number of women being tested.

VI Mandatory v Voluntary HIV Testing

Throughout the AIDS epidemic, public health officials have pursued a policy of routine counseling and voluntary testing for HIV. The Federal government and the states have made a small number of exceptions to that policy (military recruits and active duty personnel, some Federal prisoners, Job Corps applicants, immigrants, and blood donors). In all other cases, our goal is to pull people toward testing, not to drive them away from it.

A voluntary approach is critical for HIV-positive pregnant women. The treatment required to prevent HIV transmission requires the woman to take AZT during pregnancy and childbirth, and to administer the drug orally to her child three times a day for six weeks after birth. To ensure success, we need maximum cooperation from the mother.

Evidence suggests that mandatory testing would severely damage the likelihood of cooperation by the mother. Indeed, there is strong evidence that routine counseling and voluntary HIV testing of pregnant women can be highly successful. For example, Atlanta's Grady Memorial Hospital has a 96 percent success rate in getting pregnant women to volunteer for an HIV test. Similar results have been reported at public hospitals in Miami, Los Angeles, and New York. Among the women who have tested HIV-positive, a very high percentage agree to AZT treatment.

Conversely, there are several examples where the use of mandatory testing has had negative effects. They include:

- Efforts to impose mandatory drug testing are reported to have resulted in a sharp decline in the number of people seeking care. For women, the reason most frequently cited was a fear that they would lose custody of their children.
- In 1989, Illinois imposed mandatory HIV testing for marriage license applicants and saw a sharp increase in the number of couples crossing state lines to be married. The state repealed the law in 1991.

The use of routine counseling and voluntary testing has been supported by all of the major professional organizations in the country, including the American Academy of Pediatrics, American College of Obstetrics and Gynecology, the American Nurses Association, the Association of State and Territorial Health Officers, the American Public Health Association, and the Pediatric AIDS Foundation.

VII Additional Actions

In addition to the steps described above, HHS has taken other actions to respond to the results of ACTG 076. They include the following.

- The Food and Drug Administration has changed its labeling instructions for AZT to allow its use in pregnant women and newborns.
- The Health Care Financing Administration has instructed states to include perinatal use of AZT in their Medicaid drug formularies.
- NIH is funding research to follow the women and infants involved in ACTG 076 to determine the long-term effects of AZT treatment during pregnancy and childbirth.
- The Agency for Health Care Policy and Research is developing materials for consumers explaining perinatal transmission and AZT's role in reducing transmission.

VIII Conclusion

HHS's approach of counseling and voluntary testing for all pregnant women is a sound public health approach to preventing perinatal transmission of HIV. It has been demonstrated to be effective in getting women tested and to ensure that they cooperate with the full course of treatment for themselves and their newborns. We believe some thoughtful questions have been raised about continuing the CDC Survey of Childbearing Women. The upcoming consultation should produce several viable alternatives to the suspended survey that will allow us to continue vital surveillance of the epidemic and direct Federal resources where they will do the most good.

THE PRESIDENT HAS SEEN 5/30

THE WHITE HOUSE

WASHINGTON

95 MAY 27 P2:04

27 May 1995

MEMORANDUM TO THE PRESIDENT
CC LEON PANETTA
FROM HAROLD ICKES (H)
RE Regulation of Militias and Terrorist groups

Attached is a copy of a 25 May 1995 memorandum to Leon and me from Abner Mikva, et al. regarding the above referenced subject.

cc: Ab Mikva (w/o enc.)

THE WHITE HOUSE
WASHINGTON

May 25, 1995

~~CONFIDENTIAL~~
PRIVILEGED AND CONFIDENTIAL

MEMORANDUM FOR LEON PANETTA
HAROLD ICKES

DETERMINED TO BE AN ADMINISTRATIVE

CC: RAHM EMANUEL

MARKING INITIALS: M DATE: 1/29/19
2018-0662-5

FROM: ABNER MIKVA
JAMES CASTELLO J.E.C.
CHRIS CERF

SUBJECT: Regulation of Militias or Terrorist Groups

Two weeks ago, you asked White House Counsel to provide a "quick" legal judgment as to the constitutionality of several proposals to regulate militias. Our provisional opinion was reflected in a memo of May 10, which was forwarded to Leon and a copy of which is attached. To summarize, we concluded that one of the proposals--to require militias to publish membership lists--was almost surely unconstitutional, while others--such as to require militias to register with the federal government--raised less serious constitutional issues, which probably could be surmounted.

More recently, you asked DOJ to provide, by this weekend, definitive judgments about the constitutionality of several similar proposals to regulate "organizations that support terrorism." These questions *may* yield different answers from those that we gave with respect to regulating "militias." But, in any event, it is not possible for DOJ to give *definitive* answers to these questions quickly, since many of the questions are ones of first impression and will require surveying a number of relevant but not dispositive constitutional cases and then determining their likely application to the proposals now under review. Given the time and effort this will require, both our office and the lawyers at DOJ thought it would be advisable at the outset to share our policy views about the proposals under review.

All of the lawyers analyzing these proposals (in this office and at DOJ) strongly believe it is a serious mistake--as a policy *but especially* as a political matter--to impose militia controls of the type now being discussed, even if they would be constitutional.

- As a *policy* matter, such controls are of doubtful necessity, given that 41 states already have laws that ban either the creation of private military organizations or private paramilitary training that threatens civil disorder. Nor does it seem likely that the proposed federal controls would enhance federal law enforcement, given DOJ's reinterpretation of the terrorism investigation guidelines and Congress' expected passage of an anti-terrorism bill. Rather, the most likely effect of the proposed controls would be to greatly increase fears about government encroachment on individual freedom and thus, paradoxically, to fuel public sympathy for militia organizations. A recent Gallup poll found that 39% of Americans already believe the federal government "has become so large and powerful it poses an immediate threat to the rights and freedoms of ordinary citizens."
- It follows, in our judgment, that as a *political* matter the proposed controls would be extremely ill-advised. The President's anti-terrorism legislation has already brought about an unprecedented alliance on legal issues between groups like the ACLU and the NRA, who have issued a joint public statement warning that an overreaction to the bombing will jeopardize "basic freedoms." If the President were now to call for registration of militias, for publication of their membership lists, or for reporting of their activities, he would likely prompt these and other groups on the left and right to join together in even stronger opposition, with renewed calls for investigation of Waco and so on. A recent Los Angeles Times poll found that, among those who owned guns or who described themselves as "conservative" or "white fundamentalist Christians," substantially more people were "concerned that government would excessively restrict the average person's civil liberties" than were worried that government "would fail to enact strong new anti-terrorism legislation." Only respondents describing themselves as "liberals" disagreed.

Thus far, we believe the President's statements and actions in the wake of the Oklahoma City tragedy have placed him just where he should be: a) with a clear record of responding to a new threat with sensible new policies, and b) with an equally clear record of sensitivity to the rights of individuals. We worry that further proposals of the type now being discussed could be depicted in very menacing terms to average citizens and could tip the political balance against the President.

Attachment

THE WHITE HOUSE

WASHINGTON

May 10, 1995

MEMORANDUM TO ABNER MIKVA

FROM: CHRIS CERF *Che*

RE: Federal Regulation of Paramilitary Groups

Leon has asked for your "quick" reaction to a proposal to regulate paramilitary groups by requiring them (1) to release membership lists; (2) report military-style maneuvers and training to the FBI and local authorities; (3) release an inventory of weapons; (4) and register with federal authorities.

The question raises two constitutional issues: whether congress has the power to regulate such groups and whether the exercise of that power would violate the first amendment rights of the groups or its members. OLC is currently considering these issues and will report back on Thursday. My preliminary conclusion, however, is that Congress has the power to regulate paramilitary organizations under either the Commerce Clause (with appropriate findings) or Article I Sec. 8, which gives it the power to "discipl[ine] the Militia." This power should provide a sufficient basis for federal regulation along the lines of items (3) and (4) above, and probably item (2) as well.

Requiring such an organization to release its membership list, however, would likely contravene the associational rights identified in NAACP v. Alabama. Congress nonetheless could take even this step in the case of a true paramilitary organization bent on terrorist activities or acts of intimidation. In such an instance, Congress presumably would have a sufficiently substantial interest to trump the First Amendment.

The fact that the above-described regulations may be constitutional does not make them a good idea. The biggest problem is one of definition: How do you distinguish between a hunt club that favors military-style characteristics (fatigues, officers, etc.) and a true paramilitary organization? My strong view is that, no matter how carefully crafted the statute is, the Administration would be picking a huge fight with such organizations and the interest groups that represent them. My sense is that we would reap more political negatives than positives if we choose to go down this road.

An Alternative: Many states already ban true paramilitary operations, which prohibitions have survived constitutional challenges. Why not simply urge the states to take an even more aggressive stance in monitoring, regulating and, where appropriate, banning such activities.

cc:

Jennifer
Klein

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN 5/30

May 26, 1995 95 MAY 26 P5:19

MEMORANDUM TO THE PRESIDENT

FROM: CAROL H. RASCO 
SUBJECT: The Agency for Health Care Policy and Research

You had asked for my thoughts on the Agency for Health Care Policy and Research (AHCPR). As the article in The Washington Post stated, the Senate Budget Committee has proposed cutting AHCPR's budget by 75 percent, and the House Budget Committee has suggested that the agency be eliminated completely. Your FY 1996 budget proposed to fund AHCPR at \$142 million, a \$3.9 million (2.8%) increase over its FY 1995 funding of \$139 million. The House Appropriations Committee is expected to begin action on the fate of the agency in late June.

The agency funds three major activities: (1) research on cost, quality and access to health care; (2) the National Medical Expenditure Survey (NMES) (which is the only survey collecting information on both health care expenditures and utilization); and (3) the Medical Treatment Effectiveness Program (MEDTEP) that funds patient outcomes research, grants to study appropriateness and cost-effectiveness of alternative clinical practices, and grants to develop and disseminate clinical practice guidelines.

The agency's funding of cost, quality and access research is not controversial, and the research is generally perceived as reliable and useful. The NMES study is uniformly regarded as a valuable and unique tool for health policy development. MEDTEP, however, has been criticized. The hope in creating AHCPR in 1989 was that studying and disseminating information about appropriateness and effectiveness of health care practices (through MEDTEP) would lead to decreased health care costs. The Office of Technology Assessment (OTA) recently released a report concluding that AHCPR provides important information for the medical community but questioning the Federal role in evaluating treatment effectiveness through programs like MEDTEP. The OTA report noted that the private sector and other Federal agencies, including CDC and NIH, sponsor clinical practice guidelines, and that many of these guidelines overlap and contradict each other.

The agency's supporters argue that AHCPR is best situated to produce clinical guidelines with input from a broad spectrum of health care providers. According to Dr. William Roper -- the HCFA Administrator in the Reagan Administration who is now Senior Vice President and Chief Medical Officer of Group Health Policy for the Prudential Insurance Company -- it would be impossible for even a large company to duplicate AHCPR's work. As part of Reinventing Government II, we have also responded to some of the concerns raised about the duplication of efforts by "privatizing" some AHCPR functions, including the development of practice guidelines and technology assessment. These changes would save \$18 million through FY 2000.

*// In addition, while critics charge that the hoped for cost savings have not yet been realized, practice guidelines and other recommendations about appropriateness and cost-effectiveness may have real impact on health care costs over time. However, there is no mechanism in place to demonstrate cost savings that are directly attributable to the agency's work. The Institute of Medicine did find that AHCPR's technology assessment program saves Medicare \$200 million each year. In addition, anecdotal evidence indicates that the agency's work on practice guidelines has produced savings. For example, hospitals in Utah and Minneapolis have reported savings of \$240,000 to about \$290,000 by using the AHCPR pressure ulcer prevention guideline for six months.

[Despite recent criticisms, Senators Kassebaum, Jeffords and Hatch and Congressman Porter strongly support the agency. In addition, Senators Mitchell and Durenburger (who were instrumental in the establishment of the agency) and Bill Gradison remain strong supporters of AHCPR.

As always, in thinking about whether this is "worth fighting for" we need to balance it against our other priorities. The agency does good work and may be more and more useful as time goes on in trying to reduce health care costs.

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gpus

Chas. W.
Is now working
for
FSC

THE PRESIDENT HAS SEEN
8/16/95

Republican Budget Proposals Put Cost-Cutting Initiatives at Risk

House Would Kill New Agency Comparing Medical Treatments

By David Brown
Washington Post Staff Writer

It doesn't take long to go from being a solution to waste to simply waste.

That, at least, is the congressional budget committees' view of the Agency for Health Care Policy and Research. The \$162 million agency is the government home for "medical effectiveness research."

When it was created by Congress in 1989, the AHCPR was viewed as an essential tool in the effort to control medical costs without damaging medical care. Last week, the Senate Budget Committee proposed cutting its budget by 75 percent, and the House Budget Committee said it should be eliminated altogether.

AHCPR was launched with the great hope—much of it enunciated by politicians—that it would help the country cut health care costs painlessly by comparing competing treatment strategies to see which works best, and at the least cost.

Over the last five years, the agency has sponsored 20 Patient Outcomes Research Teams (PORTs), each headquartered at a different hospital or university, which studied such topics as back pain, schizophrenia, prostate enlargement, knee joint replacement, cataracts, breast cancer and heart attack.

The teams reviewed the published medical literature on the topic, delineated the variations in treatment, attempted to uncover links between specific treatments and patient outcome (often using large data banks kept by Medicare or private insurance companies), and occasionally devised new tools. For example, the prostate PORT created a video to educate patients about what to expect with certain treatments—including no treatment—and formally incorporated the tool into medical decision-making.

Recently, AHCPR has begun funding randomized controlled trials, which are generally the best way to compare one treatment with another. The topics are ones unlikely to appeal to the National Institutes of Health, where new therapies, not old ones (or low-tech ones), are the

preferred subjects of clinical research.

AHCPR trials, for instance, are comparing chiropractic treatment to physical therapy in low back pain; testing a mathematical equation that identifies which patients are most likely to benefit from "clot-busting" drugs for heart attacks; and comparing homemade vs. commercial rehydration fluids for children with diarrhea.

The agency also has sponsored 15 "clinical practice guidelines," which, based on the best medical evidence, suggest how to treat such common (and unexciting) problems as cancer pain, urinary incontinence and chronic ear infections.

In a recent example of that program's effects, researchers at Intermountain Health Care System in Utah reported they had cut the incidence of bedsores in high-risk (generally paralyzed) patients from 33 percent to 9 percent at LDS Hospital in Salt Lake City, after implementing a modified version of AHCPR's guideline on pressure ulcers. Incidence of ulcers—which cost an average of \$4,200 to treat—also fell among lower-risk patients, and the hospital estimated the annual savings will be at least \$750,000.

"To defund a relatively modest effort like that at a time when the questions they need to answer are becoming even more critical doesn't make a lot of sense to me," said Jay Crosson, an executive in charge of quality assurance at Permanente Medical Group, the physician organization of the Kaiser Permanente health maintenance organization (HMO). "There's a lot more work that needs to be done than even AHCPR can fund."

In explaining its recommendation of a 75 percent budget cut, the Senate Budget Committee said AHCPR "was to be the primary administrator of comprehensive health reform."

This, however, is not true. Although data-gathering by AHCPR-funded researchers presumably would have helped assess the equity of a national health care program, the agency had no official role in the defunct Clinton administration plan.

IN THE LOOP

Silencer

By Al Kamen
Washington Post Staff Writer

The National Rifle Association has staunchly defended its interpretation of the Second Amendment to the Constitution: the "right to bear arms."

But not all amendments are equal.

It seems NRA assistant general counsel **James Warner** was scheduled to testify today at a House Judiciary subcommittee hearing in opposition to a proposed constitutional amendment to prohibit physical desecration of the American flag.

The idea behind the legislation is to get around the Supreme Court's ruling that the First Amendment protects even flag burning as a form of expression.

Warner, a former Marine pilot and Vietnam prisoner of war, was not going to testify as an NRA official, but only, according to his prepared testimony, as "an attorney with an association in Fairfax."

But somehow the witness list sent around yesterday included his NRA affiliation.

That's when another witness, NRA life member Rep. **Gerald B.H. Solomon** (R-N.Y.), called the NRA demanding to know what the NRA was doing by getting involved in flag burning. Solomon did not object to Warner expressing his personal views.

Whatever the case, Warner won't be talking. An aide to ranking minority member Rep. **Barney Frank** (D-Mass.) said Warner called yesterday afternoon to say that **Joe Phillips**, the NRA's legislative director, nixed the appearance because some friends of the NRA were upset.

Asked about this, Phillips said, "No comment." Warner could not be reached.

Right to Bear Nuclear Arms

■ More nuggets in the "Foreign Relations Revitalization Act," which passed the Senate Foreign Relations Committee last week. Under Title V, on the Arms Control and Disarmament Agency, there is the following very important amendment to the Arms Control and Disarmament Act:

"Nothing contained in this chapter shall be construed to authorize any policy or action by any government agency which would interfere with, restrict, or prohibit the acquisition, possession, or use of firearms by an individual for the lawful purpose of personal defense, sport, recreation, education, or training."

Outraged Democrats are howling that the insertion was demanded by the gun lobby. Actually, we understand the phrase was put in at the behest of peaceful owners of nuclear weapons who use them strictly for recreational purposes.

Republicans say the language was part of the law since 1963 and was taken out by President Clinton and the Democrats in the last Congress. A GOP committee aide said the language would appear to be meaningless, but if the Democrats wanted it out that's a good enough reason to put it back in.

In any event, this will keep a tight rein on those "jackbooted government thugs" from ACDA, as the Soviets used to call them.

To Hill and Back

■ The revolving door has never spun so fast between the administration and the Hill. We noted on April 28 that **Jonathan M. Winer**, deputy assistant secretary of state for international narcotics matters and counselor for 10 years to Sen. **John F. Kerry** (D-Mass.), was leaving at Kerry's urging to go back to the Hill and run the Democratic Steering and Coordination Committee, part of the party leadership's effort to synchronize policy strategies.

And so he did. And he was there for all of two days before he decided his work at State was more fun and he hustled back to Foggy Bottom. He changed his mind so quickly—and the paperwork goes so slowly—that Winer was able to catch his termination papers at State before they were processed.

His departure opened up the Hill slot for **John S. Gomperts**, formerly at People for the American Way and then legislative director for former Pennsylvania senator **Harris Wofford** and more recently a policy aide for **Eli J. Segal** at the Corporation for National Service.

Smoke Seen, Fire in Seville Ruled Out

■ When last we left U.S. Ambassador to Spain **Richard N. Gardner**, disgruntled Foreign Service types, worried about tighter budgets, were complaining about his building a movie theater in the embassy and his weekend jaunts with his wife to entertain the Spanish who's who in an old consulate building in Seville. The complaints sparked an investigation by State's inspector general.

State Department spokesman **R. Nicholas Burns** said yesterday that the IG had completed "a review of all the allegations, including sending investigators to Madrid and Seville, and found no evidence of waste, fraud and abuse on the part of Ambassador Gardner."

Burns said the inspectors left open the question of whether the landmark building in Seville, rented for peanuts from the Spaniards, though costly to maintain, should be kept or whether consular matters there should be moved to a smaller office. That's an issue to be considered separately, Burns said.

Headings: Overseas, Alabama

■ Career Foreign Service officer **John Beyrle**, director of the Russian directorate at the National Security Council, returns next month to the State Department, where he will be spending a year at the National Defense University before taking an overseas posting. **Monica Lewis**, now an aide to Health and Human Services public affairs chief **Avis La Velle**, and before that at the Department of Housing and Urban Development, is leaving this week to wed Air Force aviator and former White House military social aide, **Maj. Victor E. Lofton**, and move to Alabama.

U.N. Links G.O.P. to Boat People's Riots

Bill Offering Asylum Set Off Melee in Hong Kong, Officials Say

By PHILIP SHENON

BANGKOK, Thailand, May 23 — United Nations officials asserted today that a Republican-sponsored proposal to offer asylum to thousands of Vietnamese boat people in the United States set off riots last weekend that left more than 200 wounded in Hong Kong.

They also warned that the bill could lead to a new exodus from Vietnam.

Refugee officials say the riots last Saturday began when 1,500 Vietnamese, many of them carrying handmade metal spears, refused to be transferred from one detention camp in Hong Kong to another in preparation for their deportation to Vietnam. It was the most violent clash in years between the boat people and the Hong Kong police.

The Office of the United Nations High Commissioner for Refugees, which oversees the detention camps in Hong Kong, said the Vietnamese were emboldened to riot by the recent move by Republicans in the House of Representatives to offer asylum to as many as half of the 40,000 Vietnamese still held in detention camps in Asia.

"Absolutely," said Jahanshah Assadi, head of mission for the United Nations High Commissioner for Refugees, when asked if there was a connection between the legislation

ugees who could be persecuted by Vietnam's Communist Government if sent home.

While the Republican-drafted legislation is opposed by the Clinton Administration and faces an uncertain fate in Congress, word of the Republican plan is already circulating in the camps in Hong Kong, where nearly 21,000 Vietnamese are now detained. Mr. Assadi said in a telephone interview that the Vietnamese who joined in the riots "have the false hope of going to the United States."

Even if the bill is defeated in Congress or vetoed by President Clinton, he said, "the damage has been done," since many Vietnamese now believe that they can resist deportation because "they have strong support from influential members of Congress."

Mr. Assadi said the American asylum proposal could also lead to a new exodus of Vietnamese, taking to rickety boats and pushing off into the dangerous waters of the South China Sea in the hope of becoming one of the lucky 20,000 who might be offered resettlement in the United States.

"That risk is definitely there now," he said. The \$30 million asylum plan is part of a foreign affairs appropriations bill now before the full House of Representatives. The bill, opposed by the Clinton Administration, has already been approved by the House International Relations Committee.

While some of the Vietnamese rioters waved photographs of President Clinton last weekend, the Clinton Administration is in fact a strong advocate of a United Nations-backed plan to send virtually all of them home to Vietnam.

While the United States granted asylum to most of the more than one million Vietnamese who fled their homeland after the Vietnam War, sympathy for the boat people has mostly run out. The State Department says that virtually all of the Vietnamese who remain in Asian detention camps are economic migrants who have no legitimate fear of persecution in Vietnam and are not entitled to asylum.

The deportation program, known as the Comprehensive Plan of Action, was supposed to empty most of the detention camps around Asia — there are also large camps in Indonesia, Malaysia, the Philippines and Thailand — by the end of the year.

The Hong Kong Government is clearly outraged that the moves in Congress may have contributed to the violence in the camps.

Rebuke by White House

By The New York Times

WASHINGTON, May 23 — Administration officials said today that they had predicted that the proposed

Republican measure would encourage thousands of boat people who were not qualified for refugee status to refuse to be returned to Vietnam.

"We are opposed to the proposed legislation which, at the 11th hour, seeks to abrogate an international undertaking," said one State Department official. "The proposed legislation would reopen large-scale screening of those already found to be ineligible for refugee status."

Administration officials predicted the bill would encourage further riots like the one that occurred on Saturday in Hong Kong.

"The proposed legislation will end voluntary return to Vietnam and create new levels of false hope and result in further disturbances," a State Department official said.

Administration officials assert that the \$30 million the bill sets aside to handle the Vietnamese migrants would mean less money would be available to handle those found to be legitimate refugees from Vietnam, Cuba, Bosnia and Russia.

Desperate hopes of a people hoping to emigrate.

and the riots. During the riots, he said, "you saw U.S. flags all over the place, you saw portraits of President Clinton all over the place."

At least 180 Hong Kong firemen, police and corrections officers were hurt in the clashes on Saturday in the Whitehead detention center, the largest of the Hong Kong camps used to detain the Vietnamese. Dozens of Vietnamese were also hurt in battles in which the camp was blanketed by thick clouds of tear gas.

Representative Chris H. Smith, a New Jersey Republican who is a key sponsor of the legislation, said in a statement today in Washington that there was no evidence of a connection between the legislation and the violence in Hong Kong. It is "grossly unfair to blame resistance to forced repatriation on the very people who are trying to come up with a peaceful and gentle solution to the problem of these refugees," he declared.

Mr. Smith has said that many of the Vietnamese residents of the camps, including Buddhist monks and former soldiers of the American-backed South Vietnamese Government, are legitimate political ref-

THE NEW YORK TIMES, WEDNESDAY, MAY 24, 1995

Labels
What's
status of this?
R

the House, would reorder last year's Democratic priorities and eliminate funding for many prevention programs.

But it would boost spending for prisons, as called for in the House GOP's "Contract With America." Nevertheless, the House budget resolution makes no mention of increasing prison and police spending.

Senate Republicans do not call for a trust-fund cut in their budget plan, but that doesn't mean they've gone soft on prevention. "I want to keep the monies there," said Sen. Orrin Hatch (R., Utah), chairman of the Senate Judiciary Committee, "but I want to keep them for law enforcement. They won't disappear in any event."

In fact, the Senate plan slates a \$2.7

cases could be the loss of a family's home, or its only source of income, or the breakup of the family itself."

The House would purge other justice-related programs, including Death Penalty Resource Centers that provide lawyers for convicted murderers appealing their verdicts; the community relations service, which seeks to ease racial tensions; the State Justice Institute, which funds research and demonstration projects; and child-protection programs, which would be replaced by a proposal in the GOP's welfare restructuring plan.

In addition, the House plan would eliminate the associate attorney general's office. "I don't think it's personal," said John Schmidt, the associate.

THE PRESIDENT HAS SEEN

5/30

Senate Panel Clears Bill Limiting Investor Suits

By JEFFREY TAYLOR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The Senate Banking Committee approved legislation that would make it harder for investors and their class-action lawyers to sue for securities fraud, setting the stage for a vote in the full Senate next month.

The bill, like a similar one recently approved by the House, provides sweeping protection from investor lawsuits to publicly traded corporations, the accounting firms that audit them and the securities firms that issue their stock. The Banking Committee, which approved the bill by an 11-4 vote, ignored last-minute pleas from Securities and Exchange Commission Chairman Arthur Levitt, among others, that some parts of the legislation might hurt investors.

For instance, one key provision of the bill creates a "safe harbor" for companies to make public statements about their

earnings and products, with drastically reduced risk of being sued if these statements turn out to be false and their stock prices drop as a consequence. In a letter to Banking Committee Chairman Alfonse D'Amato (R., N.Y.), Mr. Levitt said the provision sets a standard of protection for corporate statements that "may be so high as to preclude all but the most obvious frauds" from lawsuits by investors.

At the request of Mr. Levitt and other regulators, Mr. D'Amato and his colleagues did drop a controversial requirement that investors who sue prove that they "relied" on a false corporate statement in making an investment decision. Critics said this was impossible to prove and would discourage investors from filing even legitimate securities-fraud lawsuits.

Approval of the bill followed a long lobbying campaign by accounting firms, the securities industry and corporate leaders, who complain that class-action law-

yers have harassed them with frivolous lawsuits in hopes of winning settlements. Accounting firms, in particular, had backed up their lobbying efforts with about \$4 million in campaign contributions last year after being forced to pay an estimated \$1.6 billion in legal penalties and settlements related to the savings-and-loan crisis of the 1980s.

In the Banking Committee last night, Mr. D'Amato rebuffed an effort by Democrat Richard Bryan of Nevada to soften the part of the bill that offers protection to the big accounting firms that audit corporations' financial results. The provision scraps the current "joint-and-several" legal liability system that allows accountants to be held fully liable for fraud perpetrated by a company whose books they audited. Instead, it limits their liability to the proportion of their actual involvement in the fraud, which would be determined by a judge.

↳ Leon (Gutman) we have to determine
on bottom line on this —

BC

THE WALL STREET JOURNAL FRIDAY, MAY 26, 1995

May 22, 1995

THE PRESIDENT HAS SEEN
POTUS 5/30

MEMORANDUM FOR: LEON PANETTA
ERSKINE BOWLES
HAROLD ICKES

FROM: GEORGE STEPHANOPOULOS
BILL GALSTON *WAG*

SUBJECT: JUNE 21 MEETING

We met this morning with a group including Public Liaison, the Counsel's Office, DPC, and the Department of Education to move the planning for the June 21 meeting into high gear. We agreed on the following items and strategy:

Name: a National Meeting on Healing, Civility, and Common Ground.

Duration: full day (roughly 9:30AM to 3:00PM).

Location: the largest available room in the East Wing.

Size: as many invitees as can fit comfortably into the largest available room.

Categories of invitees: broad-based, including religious leaders, academics and educators, corporate leaders, voluntary institutions and foundations, entertainment and media, sports, and parents and community leaders. No elected public officials would be invited. Members of the Cabinet would come for parts of the day, as appropriate.

Invitees should include a number of prominent conservatives who would participate constructively in this discussion.

Agenda: The meeting would begin with a discussion of the general principles and commitments that unite us as Americans in spite of our differences. The participants would then take up some specific issues under two headings--strengthening families and rebuilding communities. The question of religious expression (including prayer) would be addressed in the section on rebuilding communities.

Press strategy: The meeting should be treated as a significant event. The press should be carefully backgrounded in advanced, and the entire meeting should be open.

News possibilities: Beyond the fact of the meeting itself, we discussed three possible announcements that could make news--

* making public our legislative proposals clarifying the Equal Access Act concerning legitimate religious expression in schools and other contested public places;

* announcing the leadership of the National Campaign against Teen Pregnancy, which the President urged during his State of the Union address;

* calling for a bipartisan National Commission on the Renewal of Citizenship (the President has received and reviewed a memorandum on this subject and seems interested).

Concrete outcomes and followup: In addition to the followup that would result from adopting one or more of the news possibilities just sketched, we considered two documents (or alternatively, one two-part document) that could come out of this meeting--

* a "Declaration of Common Ground" summarizing the principles and commitments that unite us as Americans;

* a "Compact of Mutual Responsibilities" which would follow the outlines of the President's State of the Union and speech this Saturday to the Character Conference by outlining the key responsibilities of different sectors of our society.

Next steps:

* Starting today, the President's most trusted advisors on religion and related issues will be consulted on specifics of the agenda and guest list.

* Lists of potential invitees will be obtained from Secretary Riley, the Vice President, the First Lady, and Linda Lader.

* A staff working group will be set up, with representatives from the Vice President, the First Lady, Public Liaison, Cabinet Affairs, the Counsel's Office, DPC, press/communications, and the Department of Education. Linda Lader will also be asked to join this group.

* Someone needs to be designated as the day-to-day operational lead for this event. We would like to consult with you--soon--on this choice.

THE PRESIDENT HAS SEEN
5/30
MEMORANDUM

to VA/Leon/Guskin/Gearan
1 Lin Tin

TO: Mark Gearan
FROM: Greg Principato

DATE: May 26, 1995

FILE:

Should pursue by
w/ Baliles -
good hit!
BC

To Abolish or Not To Abolish?

Governor Baliles and I were talking the other day about these various congressional proposals to abolish certain federal departments. The particular focus of our conversation was the Commerce Department. As you might guess, with our long involvement in trade, the Governor has some fairly strong views about the value of, and need for, the Department's trade-related activities.

(X) He made the observation that, while all the rhetoric on the Hill involves "eliminating" the department, what they are really doing is just parceling most of its functions out to other agencies. Therefore, they can get credit for wanting to eliminate government, while not actually having to do it. (They can also use it as a substitute for cutting other tax incentives and so forth).

(X) The Governor's idea involves taking a brinkmanship approach. Call them on it. Say, if you really want to eliminate the Department, fine, then propose eliminating it. Get rid of the weather service, the Census Bureau and so forth. Make them defend doing those things (in addition to defending eliminating an effort that has led to \$25 billion in new contracts, i.e. new jobs, for Americans).

Don't let them get away with saying, for all intents and purposes, we'll remove these drawers to make this dresser lighter to move - and then placing the drawers right back on top of the dresser.

(X) There is some risk to this approach, but it accomplishes a couple of things. It shows that their talk about abolishing parts of the government is just that - talk (while you have actually trimmed government through the NPR effort). It makes them defend getting rid of specific things that have identifiable benefits. And it might be just what is needed to win the overall argument about saving a department your administration has really turned around.

If you have any questions about this, you can reach me at 202-955-1663, or 703-370-8326. If you want to talk to Baliles directly, that can also be easily arranged.