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THE WHITE HOUSE
WASHINGTON

May 18, 1998

THE PRESIDENT HAS SEEN

5-25-98

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MEMORANDUM FOR THE PRESIDENT

FROM:

John Podesta

Martha Foley

SUBJECT:

Op-ed Article in the Wall Street Journal on Mexico City Issue

You asked for a response to an op-ed article in the Wall Street Journal on the Mexico City issue.

The article implies that UN abortion funding policy is the same as the "Mexico City policy" of the Reagan and Bush administrations. It also asserts that the pending State Department authorization conference report contains a "watered-down" version of the Reagan-Bush policy.

The article errs with respect to UN abortion funding policy and, in one key respect, the severity of the abortion restrictions included in the pending State Department conference report.

First, according to OMB, State Department and US/UN staff, the UN's own policy on abortion is identical to that of the US Government under your Administration. The UN does not fund abortions or advocacy on abortion and it does not restrict recipients' use of their own funds. This has been the policy of your Administration from the beginning. The Reagan-Bush policy that you overturned did, of course, restrict USAID recipients' use of their own funds for these purposes.

Second, while the conference report is less restrictive than the Reagan-Bush policy on the provision of abortion services, it is more restrictive on lobbying on abortion. It bans more than just "overt lobbying" and, for example, even prohibits distributing public statements on "alleged defects" in abortion laws. (The bill is less restrictive on abortion services because it allows you to waive those prohibitions and covers fewer services. The bill, however, would cap population programs at 11% below the FY 98 level every year you exercised the waiver.)

STRA

MAARTHA foret is
in there going to give
A memo TO POTUS please follow up

On Abortion, It's Clinton vs. the U.N. *TO (K)*

By MARY ANN GLENDON

Those who hold hopes for the United Nations, especially in the developing world, must be baffled and disappointed by President Clinton's announced intent to veto a bill that provides, at long last, for payment of U.S. arrears to that organization. What great principle justifies the sacrifice of such an important goal of this administration? The U.N. has a well-established policy that "abortion is never to be promoted as a means of family planning." Mr. Clinton is threatening a veto over a provision of the bill that would prevent federal money from going to organizations that lobby against the U.N.'s longstanding abortion policy.

Watered Down

The U.N.'s position on abortion was adopted at its 1984 International Population Conference in Mexico City by the votes of an overwhelming majority of member states. It was reaffirmed at the 1994 Cairo population conference and again at the 1995 Beijing women's conference. The Reagan and Bush administrations accepted the U.N.'s Mexico City policy; their policy was that abortion would not be part of the population programs sponsored by or through the U.S. Agency for International Development. President Reagan issued an executive order barring the use of federal money for international organizations, such as the International Planned Parenthood Federation, that perform abortions as a family planning method or that lobby for unrestricted abortion overseas. That remained U.S. policy until 1993, when, in one of his first acts on his first day in office, Mr. Clinton reversed Mr. Reagan's executive order.

The current bill on U.N. dues contains

a watered-down version of the Reagan-Bush policy. It would bar federal funding for groups that perform abortions in violation of foreign laws (late-term abortions, for example) or that lobby for abortion in foreign countries.

Though hotly contested, this modest restriction is no threat to family planning groups. Organizations like Planned Parenthood, the world's largest abortion provider, are hardly suffering from a lack

control over the funds. Rather, its agencies must submit proposals for approval by a foundation headed by a man Mr. Turner chose because "he thinks as I do." The individual who will have the chief say in allocating the Turner millions is Timothy Wirth, a Democrat who has served as a senator from Colorado and as Mr. Clinton's undersecretary of state for global affairs.

Mr. Wirth's main claim to fame is that he led an unsuccessful attempt at the

The president is apparently ready to sacrifice the payment of U.N. dues rather than endorse the U.N.'s own policy established 14 years ago in Mexico City.

of funds. They are bankrolled by foundations such as Rockefeller and Packard with assets that dwarf the budgets of most countries. They already exert great influence, within U.N. agencies and upon domestic political processes in many member states.

Much of their political energy is aimed at population control on the cheap, through programs in developing countries that pressure poor women into abortion, sterilization or the use of risky contraception methods. The U.N.'s chronic financial distress, together with the relative distance of its agencies from public scrutiny, has rendered it especially vulnerable to the influence of such special-interest groups.

A case in point is CNN founder Ted Turner's \$1 billion gift to the U.N., announced last fall. Many who remain committed to the original purposes of the U.N.—promoting peace, freedom and humanitarian aid—were overcome with joy when Mr. Turner announced his donation "to help the poorest of the poor." Paid out in annual installments of \$100 million for 10 years, the Turner gift would rank behind the annual contributions of only the U.S., Japan and Germany.

It seemed too good to be true. It was. It now appears that the U.N. will not have

U.N.'s 1994 Cairo population conference to make abortion part of "reproductive rights" and therefore an integral part of family planning. Mr. Wirth's lengthy paper trail, forging links between population, the environment and immigration, epitomizes the world view of those who see the poor as a threat to their own consumption, a menace to the ecosystem and a portent of social unrest.

As its details have unfolded, Mr. Turner's massive donation looks less like a gift and more like an offer to acquire the services of U.N. agencies with privileged access to target populations. In view of Mr. Turner's challenge to his fellow philanthropists to follow his lead, this will be a time of testing for the U.N. Are its prestige and organizational resources literally for sale?

Given the power of private groups bent on channeling humanitarian and development aid into "reproductive services," the funding restrictions in the dues bill before the president would likely have little practical impact on aggressive population controllers. But the restrictions would send an important message from an affluent nation to the poorest and most vulnerable citizens of the world: that American taxpayers do not endorse a program to reduce the

size of the world's poor population by any means possible.

The congressional bill, which has bipartisan support, reinforces both the great purposes for which the U.N. was founded in the aftermath of World War II and the largely sensible population-stabilization efforts to which the U.N. has long been committed—family planning, education of women and development aid. All these measures respect the freedom of people to decide for themselves how many children to have and when.

To reject the bill's restrictions would send a very different message to peoples and nations without political clout. Oxford economist and social philosopher Amartya Sen described it best when he noted a "dangerous tendency" on the part of affluent nations to search for solutions to overpopulation that "treat the people involved not as reasonable beings, allies faced with a common problem, but as impulsive and uncontrolled sources of great social harm, in need of strong discipline."

Woman Flatly Opposed

Adding injury to insult, the president is apparently ready to sacrifice the payment of U.N. dues rather than endorse the U.N.'s own policy established 14 years ago in Mexico City.

What principle is important enough to justify his veto? It is the one principle from which Mr. Clinton has never wavered: unrestricted abortion, up to and including birth itself. That principle, let it be said, has nothing to do with women's rights. The majority of women are flatly opposed to it—more so than men. As with his veto of the ban on partial-birth abortions, the president is preparing to demonstrate his loyalty once again to the only constituency he has never disappointed—a loose-knit coalition of abortion extremists whose "solution" to poverty is to get rid of poor people.

Ms. Glendon is professor of law at Harvard University.

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to this - B.*



Ted Turner

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S. Matthews*

GLOBAL ECONOMIC FORUM

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May 15, 1998

Global: Fear Not the Asian Endgame

THE PRESIDENT HAS SEEN
5-25-98

Stephen Roach (from Zurich)

The news from Asia has once again taken a sudden turn for the worse. Riots in Indonesia, a nuclear surprise from India, signs of slippage in China, and evidence of an ever deeper quagmire in Japan all seem to paint a picture of a region that is entering a new phase of the crisis that burst forth with a vengeance in late 1997. Is it time to batten down the hatches for yet another Asian shock wave?

While the recent events in Indonesia and India should not be taken lightly, I continue to believe that Japan and China hold the key to the Asian endgame. Collectively, these two countries account for 57% of pan-Asian GDP, according to the purchasing power parity weighting metrics of the IMF. By contrast, while the world press screams with headlines about mounting social unrest in heavily-populated Indonesia, the nation accounts for just 2.8% of pan-Asian GDP and has an equity market capitalization of just \$24 billion (as of April 30), literally 1% the combined market cap of Japan and Greater China (Hong Kong, Taiwan, and China). However disconcerting the escalating violence appears in Indonesia, I continue to believe that the main event for the region is the potential interplay between the Japanese yen and the Chinese renminbi. While we all know it's game over if China's currency goes, I do not think that the recent events in Asia materially alter the chances of this low probability scenario. For that reason alone, I think renewed fears of another implosion in Asia are overblown.

Don't get me wrong - there's nothing pretty about the prognosis for Japan. Over the past six weeks, I have criss-crossed the US and Europe with our new Japanese economist, Robert Feldman. He lays out a very tough scenario, reflecting a self-reinforcing confluence of renewed cyclical pressures and lingering structural impediments in Japan. But his forecast of -0.5% average declines in Japanese real GDP over the 1998-99 interval hardly represents a staggering break from the outcome of the preceding six years, when real GDP growth averaged only around 2%. Indeed, given Japan's 8% weight in the global economy, the shallow contraction we envision through 1999 lowers Japan's contribution to world GDP growth by just 0.2 percentage point per annum relative to the paltry positive impetus it provided over the 1992-97 period. In other words, since Japan has not been much of a force at all in driving the global economy during most of the 1990s, a renewed, but shallow, downturn for Japan should not be viewed as a devastating

shock to Asia or to the world at large. It's simply more - or, to be precise -- only a little bit less of the same.

As for China, the macro risk scenario now making the rounds has a familiar ring that was heard in late 1997 - the country is increasingly perceived by western investors as having little choice other than to devalue its currency. A recent weakening of Chinese export orders has heightened concerns in the regard. My own view is that China has been pleasantly surprised by the resilience of its external sector thus far in 1998; in the aftermath of the Asian crisis, senior Chinese officials were hunkering down for a year of "zero" export growth. In that context, the nearly 13% increase in exports in 1Q98 - which added about two percentage points to annualized GDP growth -- came as a welcome and pleasant surprise. Nor was this outcome an accident. It reflected the ongoing vigor of China's largest trading partner - the United States - and a mix of Chinese exports that is skewed toward low-value-added products where foreign demand is relatively inelastic. The real question is why does China have to devalue? It has a closed capital account, limited exposure to foreign debt, a nearly \$15 billion trade surplus in the first four months of 1998, and an ample cushion of foreign exchange reserves (more than \$140 billion). On this last point, Japan is often viewed as having the largest stash of currency reserves in the world; however, as Andy Xie notes, China's reserves are currently equivalent to 13% of its broad money (M2), compared with just 4% for Japan. These are not the characteristics of external vulnerability that are normally associated with an overvalued currency in need of depreciation.

By now, the pyrotechnics of the Asian meltdown scenario are well known. It largely hinges on a new round of competitive devaluations triggered by a lethal interplay between the yen and the renminbi that has the clear potential to unleash a new round of currency contagion that could quickly spread to Latin America, Eastern Europe, and even Canada and Australia. In my view, however, the yen is not nearly weak enough to set such a process in motion. Japan's seeming implosion is, little different from the country's anemic performance over the past six years, and China's relative resilience is coming through loud and clear. There's always a chance that could change, triggering a correction in world equity markets that would prompt an all-too-familiar safe-haven rally into US Treasuries. But as I see it, Indonesia is not the spark that might unleash such an outcome. Yes, the geopolitical implications of that nation's social unrest are frightening, but Japan and China still hold the trump cards. I'm headed out to China again next week - you'll be the first to know if the story is different. In the meantime, I see little reason to sound the alarm for the dreaded Asian endgame.

THE WHITE HOUSE

WASHINGTON

May 19, 1998

'98 MAY 19 PM 5:23

THE PRESIDENT HAS SEEN

5-25-98

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Global Humanitarian Demining

Purpose

To provide you an update on the "Demining 2010" initiative.

Background

The United States continues to lead the world in humanitarian demining efforts, having spent over \$153 million since the beginning of your Administration. We have train-the-trainer programs in over 19 countries and, at your prior direction, will expand that number to 21 by the end of this year. We also have the largest effort in the world underway to develop improved mine detection and demining equipment.

Demining 2010: Building on our own demining programs, Madeleine and Bill Cohen announced "Demining 2010" late last year. It is a new presidential initiative to accelerate the pace of global humanitarian demining. The stated goal of this initiative is to rid the world, by the year 2010, of those landmines in the ground that threaten civilians. Ambassador Rick Inderfurth was named as the Special Representative to lead this effort for the U.S. government.

International Coordination: "Demining 2010" will focus on improving coordination among donor countries, mine-afflicted nations, and international organizations to increase the efficiency of global efforts. It will also seek new ways to tap private sector funds, with the goal of a worldwide combined public/private contribution to demining of one billion dollars annually. In addition, we want to enhance international cooperation on new demining technologies. To help accomplish these goals, we will host a "Washington Conference" for key donors and international organizations between May 20 and May 22.

cc: Vice President
Chief of Staff

Need to report regularly on actual progress - how much mine response for, where, how much remains to be done

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total effort now

Though many of the "core" Ottawa countries were initially skeptical of our motives for launching this initiative, they are coming to understand our seriousness and value of our commitment. Madeleine has worked particularly closely with Lloyd Axworthy to put us on a sound cooperative footing with the Canadians in this area. We expect solid attendance at the conference of about 20 key donor countries, 15 international organizations, and 20 NGOs. Many feel that the conference will help set the agenda for how the international community plans coordinate on this challenge -- in finance, technology, civil-military cooperation, public/private partnerships and victim assistance.

Progress to date: Over the last six months we've worked closely with UN Mine Action Support Group, a core group of major donors, as well as bilaterally with the Canadians, who held their own demining conference in March and drew heavily from our agenda. The Germans are also planning a conference near the end of the summer that will likely follow up on any outstanding issues from our conference. We are optimistic that cooperation on humanitarian demining will continue to grow and that it will genuinely improve the way the international community contributes to demining.

The conference also promises improved cooperation between the Administration and some NGOs and Congress. Senator Leahy and the co-founder of the Campaign to Ban Landmines, Bobby Muller, have agreed to participate and will show support for U.S. humanitarian demining efforts.

THE WHITE HOUSE
WASHINGTON

'98 MAY 22 PM5:30

May 22, 1998

THE WHITE HOUSE

5-25-98

MEMORANDUM TO THE PRESIDENT

FROM: ANN F. LEWIS *Ann*

SUBJECT: MESSAGE ANALYSIS

Attached is an analysis of your message events since the State of the Union. We are working with the offices of the Vice President and the First Lady to complete the chart and include their message events.

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5-25-90

ISSUE	PRESIDENTIAL MESSAGE EVENTS
<u>Child Care</u> : General	2/24: Remarks to the National Council of Jewish Women on Child Care 3/10: Announcement of Executive Directive to Improve Child Care, in Bridgeport, CT 4/23: Remarks releasing Reports on Business Efforts in Child Care 5/9: Radio Address on Mother's Day and Child Care
<u>Child Care</u> : After School	<i>Mentioned in Chicago Schools Commission</i>
<u>Crime</u> : General	1/30: In remarks to US Conference of Mayors launched Initiative in FY 99 to fund up to 1000 new prosecutors 3/28: Radio Address on Jonesboro, AK school shootings 4/6: Announced Assault Weapons Ban on more than 50 modified assault weapons.
<u>Crime</u> : Juvenile Justice	3/19: Released outline of New Report on School Safety 4/24: Youth Violence and School Safety Roundtable
<u>Crime</u> : Drugs 3/3: Transmittal to Congress: 1998 National Drug Control Strategy	2/14: Radio Address on Department of Justice study; 1998 National Drug Control Strategy
<u>.08</u>	3/3: Remarks endorsing legislation that would establish a national impaired driving standard of .08 blood alcohol level.
<u>Economic/Budget</u> : General 2/10: Release of Economic Report of the President	2/2: Remarks at Budget Submission - Zero Deficit Event 3/2: Statement in opposition to calls to eliminate tax code. 3/6: Statement on positive jobs numbers. 4/30: Announcement on GDP and Strong Economy 5/5: Dedication of Reagan Building, Remarks on World Trade
<u>Education</u> : General	1/28: Remarks on Education and SOTU Recap in Champagne-Urbana, IL 1/28: Remarks on Education and SOTU Recap in Lacrosse, WI 2/4: Remarks on High Hopes College-School Partnerships 2/5: Ed-Tech Event with Prime Minister Blair 2/23: Remarks at NGA Event promoting K-12 as priority 2/28: Radio Address on America Reads 3/16: Education Roundtable - issued challenge regarding TIMSS 3/19: Released outline of New Report on School Safety 4/24: Teacher of the Year Event 4/24: Youth Violence and School Safety Roundtable 5/7: US Conference of Mayors Meeting on Urban Education Agenda
<u>Education</u> : Class Size	5/8: Remarks at the Delaware State Legislature on Class Size and on School Violence in Dover, DE
<u>Education</u> : Modernization	4/8: Remarks at School Construction Event in Chicago, IL 4/21: Congressional Meeting on School Modernization

<u>Environment: General</u>	2/19: Clean Water Event in Baltimore, MD 2/28: California Damage Tour 2/25: Kissemmee, FL Damage Tour 4/15: Birmingham, AL Damage Tour 4/18: Radio Address on Damage in Tennessee 4/22: Earth Day Event
<u>Environment:</u> Climate Change	1/31: Radio Address on Climate Change 5/4: Remarks at Partnership for Advancing Technologies in Housing Event in Los Angeles, CA
<u>Food Safety</u>	3/4: Announced introduction of Mikulski-Kennedy Food Safety legislation for all imported foods.
<u>Health Care: General</u>	2/21: Radio Address on Minority Access to Health Care 3/13: Statement accepting report from Advisory Commission on Consumer Protection and Quality
<u>Health Care:</u> Patients Bill of Rights	2/20: Remarks on Presidential Directive on Patients Bill of Rights 3/9: AMA Remarks on Patients Bill of Rights, Tobacco, and Medicare Buy-In
<u>Health Care:</u> Children's Health	2/18: Remarks on Presidential Directive on Children's Health Care Initiative (CHIP State eligibility)
<u>IRS Reform</u>	5/2: Radio Address
<u>Medicare: Extension</u> Medicare Buy-In Legis	3/5: Medicare Commission Meeting 3/9: AMA Remarks on Patients Bill of Rights, Tobacco, and Medicare Buy-In 3/17: Remarks Unveiling Medicare Buy-In Legislation 4/28: Remarks at briefing by Social Sec and Medicare Trustees
<u>Race</u>	2/21: Radio Address on Minority Access to Health Care 4/14: Health ESPN Conversation on Race in Houston, TX
<u>Science/Technology</u>	2/3: Announcement of NIH Grants in Los Alamos, NM 2/13: Remarks at Satcher Swear-In 2/13: Remarks at American Association for the Advancement of Science in Philadelphia, PA 2/26: Remarks at Internet Expansion Event in San Francisco, CA 3/5: Announcement of the first female NASA Space Mission Commander 3/6: Stephen Hawking Millennium Lecture Series 4/14: Johnson Space Center Tour in Houston, TX
<u>Social Security/Retirement</u>	2/9: Remarks calling for National Discussion on Soc Sec 3/21: Radio Address on Social Security 3/21: Satellite Remarks to Pew Trust Forum 4/7: Social Security Regional Conference in Kansas City, MO 4/25: Radio Address on Prisoners and Social Security

<u>Tobacco:</u> Bill sponsored by Senator McCain is pending in Congress with Presidential support.	3/7: Tobacco Radio Address 3/9: AMA Remarks on Patients Bill of Rights, Tobacco, and Medicare Buy-In 3/12: Tobacco Remarks to National Association of Attorneys General 4/3: Tobacco Legislation Radio Address 4/9: Event with Tobacco Farmers: Carrollton, KY 4/20: Statement on Smoking Legislation 4/27: Release of Satcher Report on Minority Smoking 5/20: Tobacco Event with Children from the Campaign for Tobacco Free Kids
<u>Welfare:</u>	4/27: Remarks at Welfare to Work Anniversary Event
<u>Workers:</u>	3/18: Address to AFL-CIO Convention: Las Vegas, NV 5/1: Meeting with Workers in Palo Alto, CA 5/4: Breakfast for California Labor Initiative in Los Angeles, CA
<u>Workers: Equal Pay</u>	
<u>International/Security</u> 2/11: Transmittal to the Senate: Protocols to NATO on Accession of Poland, Hungary and Czech Republic 3/11: CEDAW Letter to Daschle, Helms, Biden 3/11: Executive Memorandum: Steps to Combat Violence against Women	1/29: Meeting with CINCs and Secretary Cohen 2/5: Prime Minister Blair Official Visit 2/6: Press Conference with Prime Minister Blair 2/7: Joint Press Conference with Prime Minister Blair on Iraq 2/10: Departure Statement on Iraq 2/11: NATO Expansion Event 2/17: Remarks at Pentagon Meeting 3/11: Kofi Annan Meeting 3/11: International Women's Day Event 3/20: NATO Enlargement Event 3/22-4/2: Africa Trip 4/10: Remarks on Peace in Ireland 4/11: Radio Address on Easter and Ireland 4/16-19: Summit of the Americas, Chile 4/27: Remarks at 50th Anniversary of Israel Celebration 5/6: Prime Minister Prodi Official Visit 5/12: Remarks on International Crime Strategy 5/12-18: Trip to Germany and Summit of Eight 5/16: Radio Address on India Nuclear Tests 5/21: NATO Event 5/22: Commencement Address at Naval Academy
<u>Miscellaneous</u>	2/11: Remarks at Ron Brown Award for Corporate Leadership 2/12: Democratic Unity Event 3/14: Radio Address on Emergency Bill-Riders 4/23: 1993 Reception 4/29: Reception with Olympic and Paralympic Athletes

THE WHITE HOUSE
WASHINGTON

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May 21, 1998

THE WHITE HOUSE
5-25-98

MEMORANDUM TO THE PRESIDENT

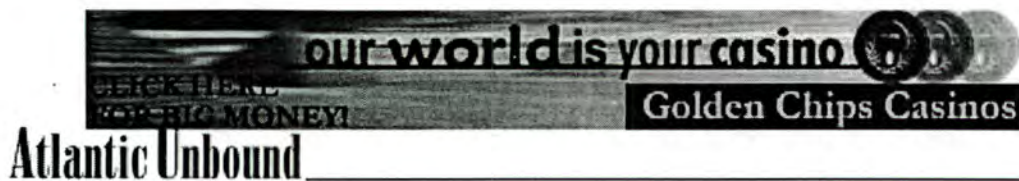
FROM: SIDNEY BLUMENTHAL *SB*

*cc: Beatty
Hun Lewis*

SUBJECT: BEATTY ARTICLE

I thought that you would find this article which appeared at *The Atlantic Monthly* website, by senior editor Jack Beatty, on opportunity today, of interest.

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Politics & Prose

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Without a return to public-sector investment the United States may follow in the path of California's decline

by Jack Beatty

May 13, 1998

Discuss this topic in the Body Politic forum of Post & Riposte.

Previously in Politics & Prose:

Games of Monopoly -- April 1998

A look at the tactics of John D. Rockefeller shows that capitalism, like history, repeats itself.

The Price of Longevity -- March 1998

Medicare and what we have to look forward to.

The King of Drudge -- February 1998

A review of a new biography of the man behind the assembly line -- whose ideas need to be acknowledged and abandoned.

Color Us Green -- January 1998

The capital of inequality in the 1990s is California, where income inequality -- with new immigrants at one end of the income scale and venture capitalists at the other -- has increased at more than twice the national rate since the start of the decade. (This based on a just-released Conference Board quarterly report on income inequality in America.) High in every state when compared to the mid-1970s, income inequality today remains sharpest in the Middle Atlantic region -- New York, New Jersey, and Pennsylvania -- where the incomes of the households at the eightieth percentile are more than five times higher than those at the twentieth. During the past decade inequality has declined in the Rocky Mountain states and the South Central states. The industries that were attracted by low wages in these regions, however, could someday be attracted by even lower ones in the Third World.

The twenty-year trend toward inequality has stabilized, it now appears -- but at a point where the average hourly wage, when adjusted for inflation, is about one dollar lower than it was in 1973. The key to higher wages, not surprisingly, is education. According to the Conference Board report, each year of education results in a future gain in wages of more than ten percent; twenty years ago the gain was six percent. The report cites "growing evidence" that not just the quantity but the quality of education -- and particularly smaller class size -- also boosts later earnings. By this last criterion California could remain the capital of inequality for years to come: whereas the national average in class size is one teacher for every seventeen students, in California the ratio is one for every twenty-four. California, which before the tax revolt of the 1970s was the most progressive state in the country, now has fewer school librarians than Alabama, and 20 percent of its

January 1998

A heretical new approach to economics puts ecology first -- and may change the way we think about growth.

The Deep Slumber of Decided Opinion -- December 1997

Those who hail the virtues of trade without limits are this era's reactionaries.

A Barbarous Frenzy -- November 1997

A new book documents the Rape of Nanking, China's "forgotten Holocaust."

Let Them Eat Empathy -- October 1997

The era of big government has given way to the era of sharing leftovers.

More by Jack Beatty in Atlantic Unbound

school librarians than Alabama, and 20 percent of its school children learn in temporary classrooms. California is doing its worst to assure that its children will grow up to have lower incomes than children lucky enough to live elsewhere. The Golden State is betraying its place in the national imagination. So long the cynosure of material hope, California is becoming the graveyard of the American Dream.

Is the stark two-class split that is developing in California between the haves and the have-nots a portent of the American future, as Peter Schrag wonders in his eloquent new book, *Paradise Lost?* In the post-war era, California's middle-class prosperity rested on superb public schools, excellent low- or no-tuition public colleges and universities, public libraries and recreation centers, and thousands of miles of newly built public freeways. This vibrant public sector not only *created* but also *democratized* opportunity. The taxes that paid for it were investments; their return was higher future incomes. Thirty years of conservative polemic has obscured this link between public-sector investment and prosperity. Just as public investment leveraged upward mobility in the post-war era, so the nationwide decline in public investment over the past generation has leveraged the downward mobility indicated by the fall in real incomes since 1973.

The conservative model of replacing a robust public sector with every-man-for-himself individualism has failed to deliver middle-class prosperity. That is what the statistics cited in the Conference Board report mean. We can't all be entrepreneurs, at least not without the kind of public investment by the Defense Department in research and technology that created Silicon Valley and the high-tech industry. But we can raise real incomes and mitigate inequality. The public-sector model of prosperity worked, and can work again -- provided it is paired with a resurgent labor movement. It may be the only thing, to use Schrag's subtitle, that can keep the California experience from becoming America's future.

Discuss this topic in the Body Politic forum of Post & Riposte.

More by Jack Beatty in *Atlantic Unbound*

Jack Beatty is a senior editor at *The Atlantic Monthly* and the author of *The World According to Peter Drucker* (1997) and *The Rascal King: The Life and Times of James Michael Curley* (1992).

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THE PRESIDENT'S OFFICE
5-26-98

THE WHITE HOUSE
WASHINGTON

98 MAY 21 PM 4:14

May 21, 1998

MEMORANDUM TO THE PRESIDENT

FROM: ANN LEWIS *Ann / CC to Mrs. Sumner*
SUBJECT: WIRTHLIN RESEARCH

I thought you would enjoy seeing this research done by Richard Wirthlin's firm for Colin Powell's organization.

*This is a part of
contract to get people
to sign up for Medicaid
CHP program - ~~for the~~
! women & unmarried
Joint PR campaign
w/ Colin's group
Pls look into, advise -
PK*

*copied
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Jennings*

Health Care PulseLine: *Preliminary Results*

prepared for
America's Promise



WIRTHLIN WORLDWIDE

21 May 1998

RESEARCH METHODOLOGY

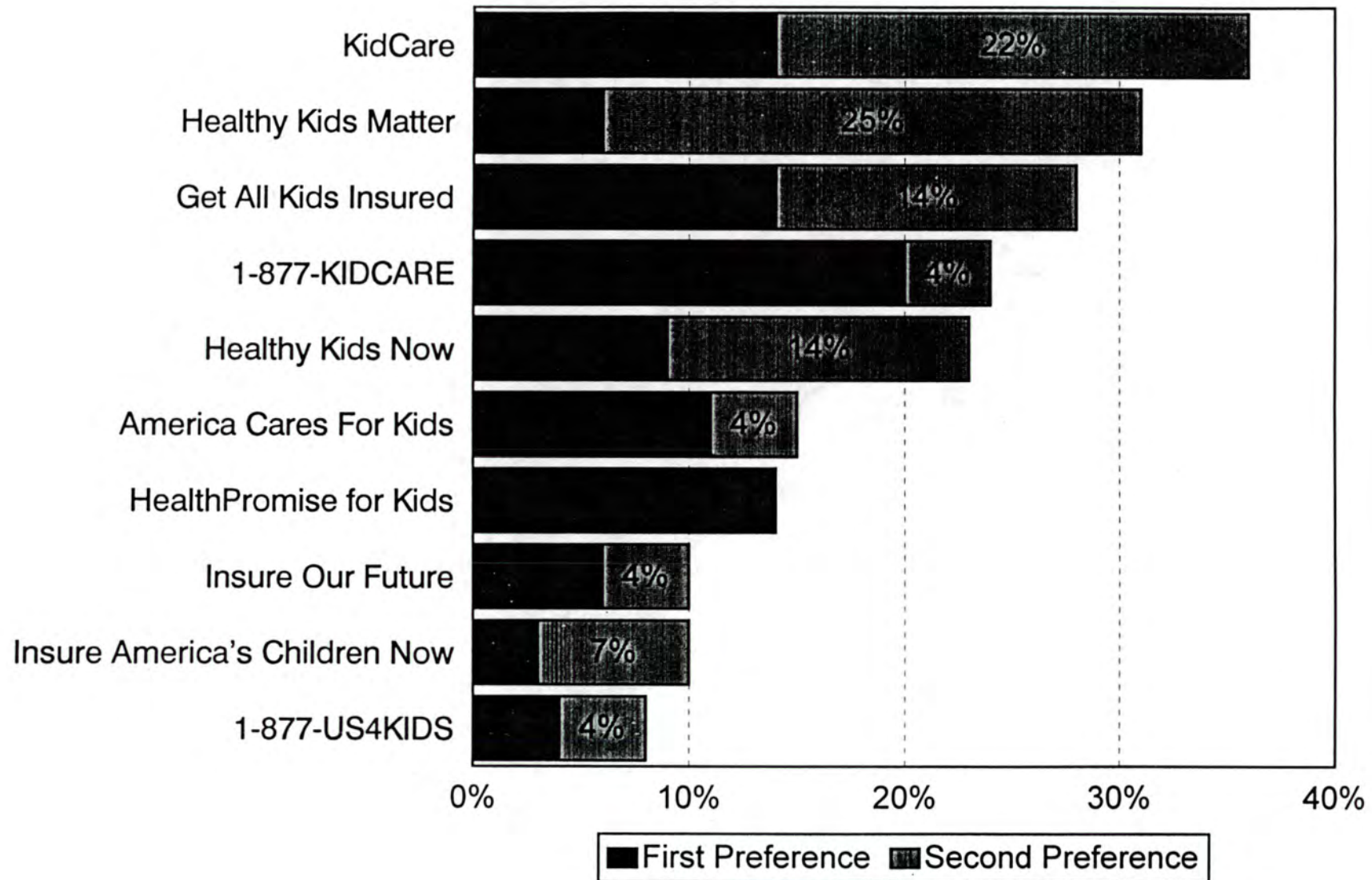
- Two PulseLine Groups
 - Parents of 'at risk' children
 - Social Workers / Health Care Professionals that deal with parents of 'at risk' children
- Approximately 20 respondents per group
- First hour of each group consisted of extensive quantitative evaluation of potential promotional materials
 - 'Ballot Box' technology for instantaneous data display on multiple promotional iterations
- Second hour consisted of in-depth qualitative Focus Groups

RESEARCH METHODOLOGY

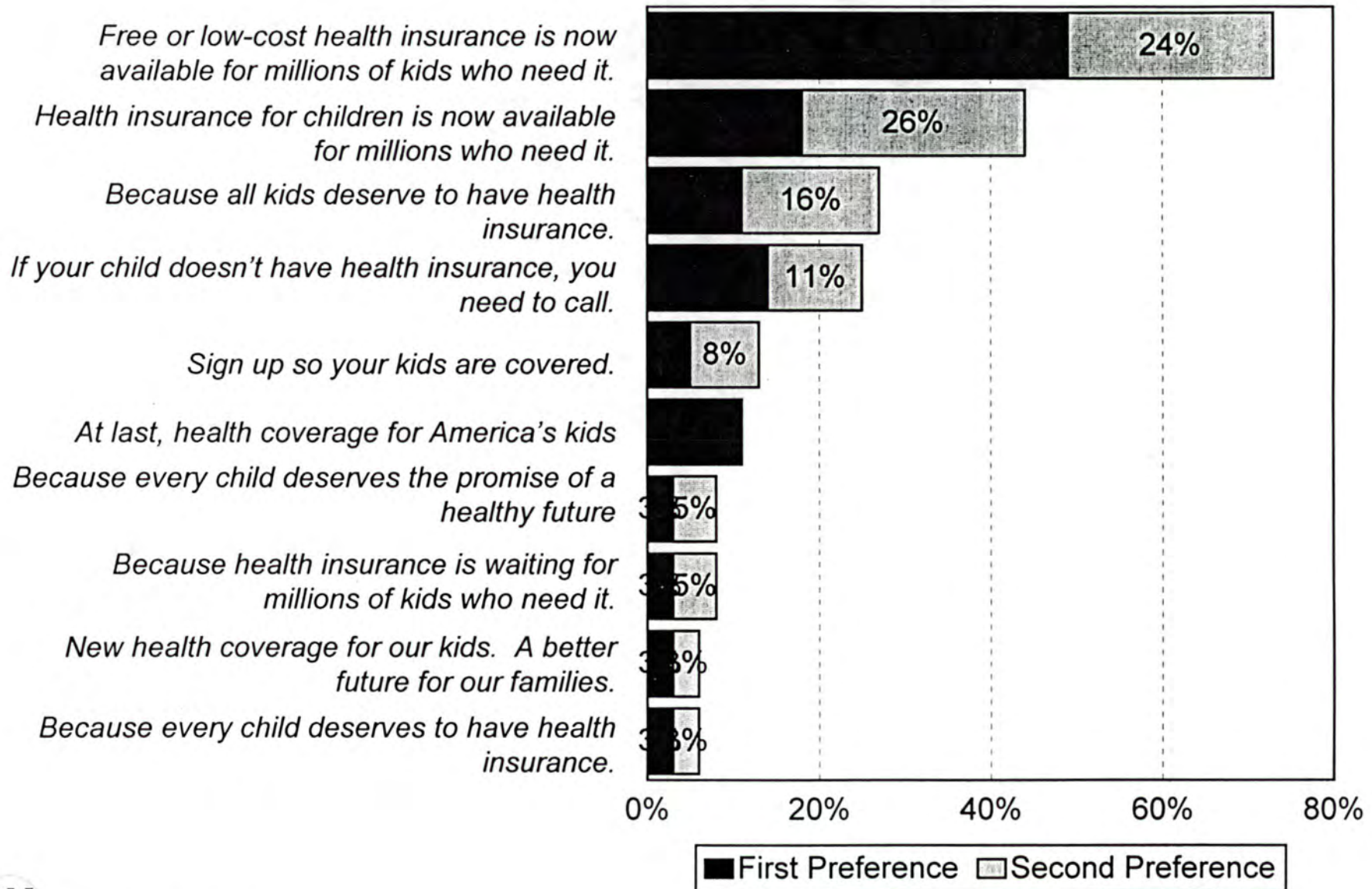
- Ten different 'story board' iterations
- Each story board included:
 - Potential initiative name
 - Tagline
 - Toll-free phone number
 - Program descriptive
- Respondents provided preferences for and against each component of each story board
- Given the instantaneous data display, the subsequent qualitative follow-up was fluid, allowing exploration of key issues unearthed in the quantitative portion

Preference for Name of Initiative

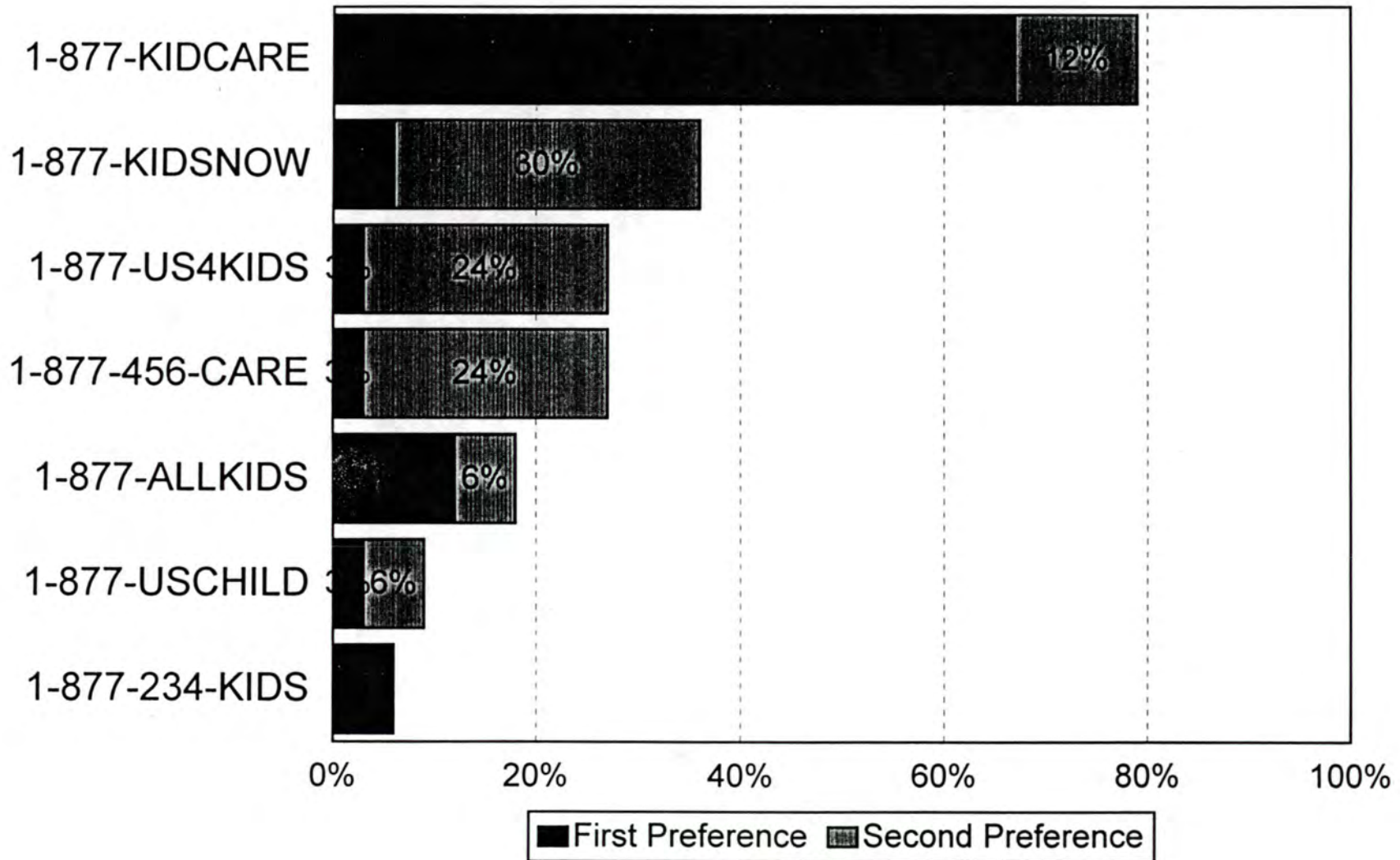
(Among both groups)



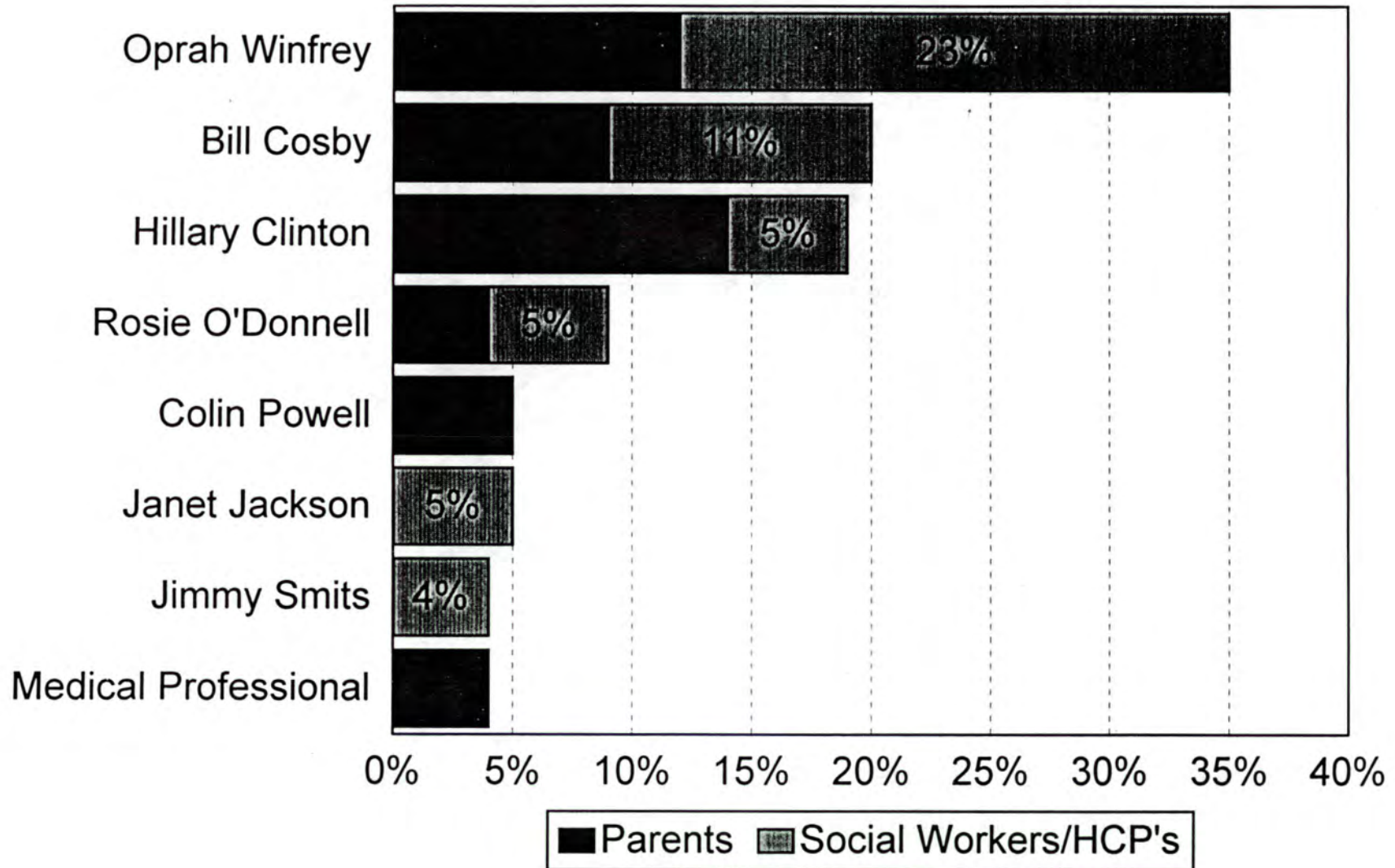
Preference for Tagline (Among both groups)



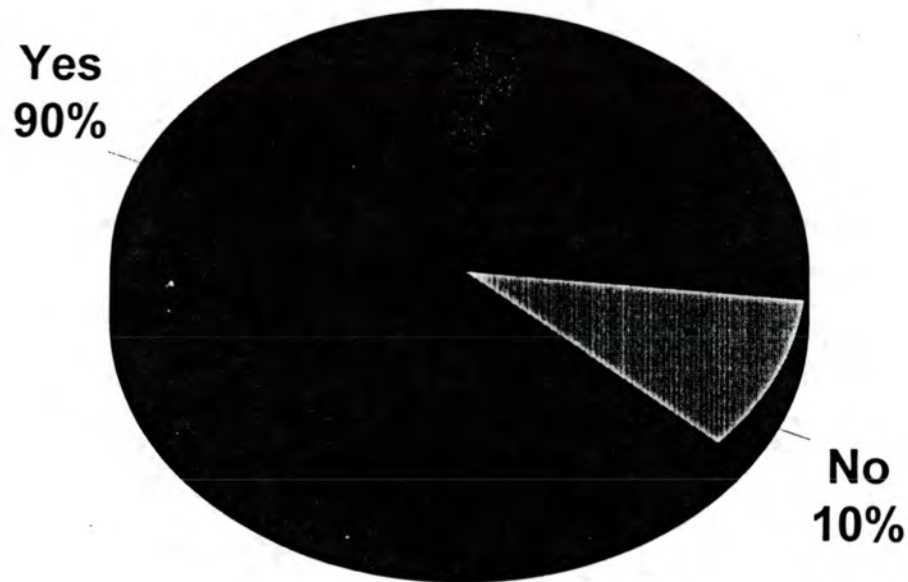
Preference for Toll Free Number (Among both groups)



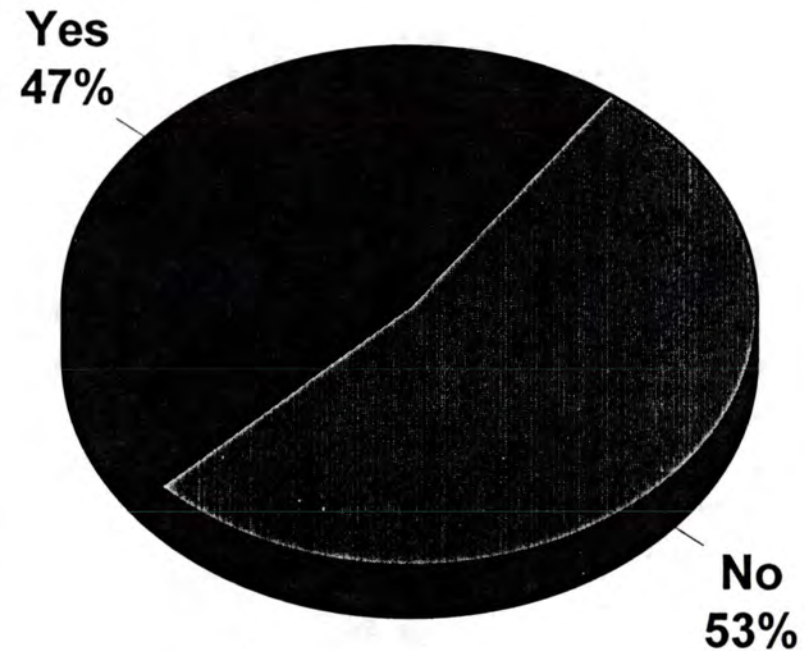
Preferences for Initiative Spokesperson



Do you (your clients/patients) feel that it is valuable to take children in for check-ups if they are not sick?

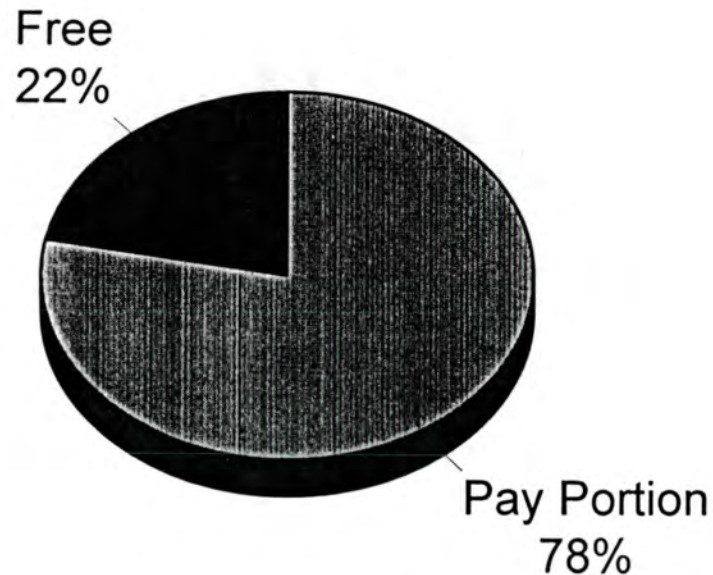


Parents / Caregivers

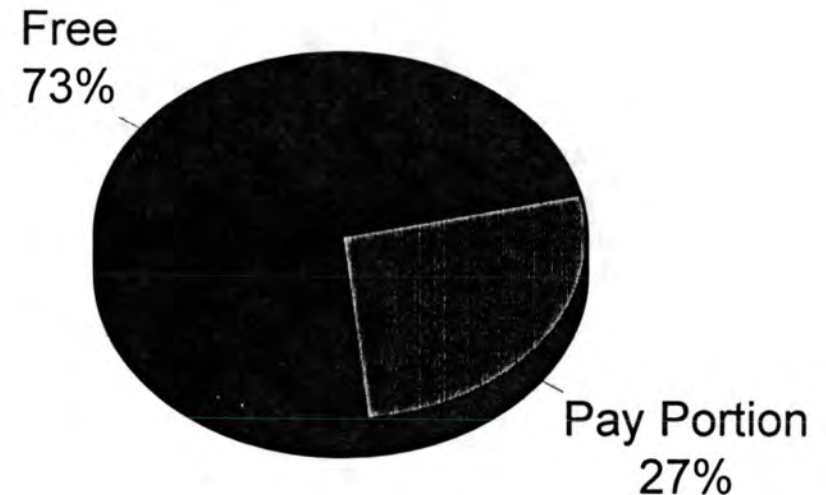


Social Workers / HCP's

Would you (your clients/patients) rather the government provide access to free health insurance for your (their) kids, or would you (they) prefer to pay a small portion, say \$10 per month?



Parents / Caregivers



Social Workers / HCP's

COMMUNICATIONS IMPERATIVES

- Cost will be the number one concern among this audience. We absolutely must mention that this initiative is 'free' or 'low-cost'
- Emphasize that this initiative is something that is available NOW or available TODAY
- Acknowledge the efforts of these people despite their difficult situation
- Provide assurance that our target audience is eligible for this program



COMMUNICATIONS IMPERATIVES

- Emphasize that this program is 'new'. The fact that this is not something that they've seen or heard about before is appealing
- Somewhat less important, but still on the mental radar screen of these respondents, was the quality of this health care. We should emphasize that this is not a watered-down version of the insurance that middle-class America receives
- Our target audience lives from day to day - any references to *the future* make them distrustful (again, confirming the need to include the term 'today' or 'now' in our messages)

COMMUNICATIONS IMPERATIVES

- Avoid any terminology that connotes a 'Federal Program'. Pride will influence many of the individuals we are targeting into non-action. The term 'National Initiative' is a good alternative.
- Avoid limits such as *millions* and *ten million*. These people are eternal pessimists. The majority of the group voiced the opinion that 'if there are ten million slots, my child would be number ten million and one.'
- Avoid tone that 'we know what's best you.' Pride is very important and they prefer to make up their own mind about issues concerning their child. Phrases such as "you need to call" or "don't risk your child's health" can be a turn-off. They are, however, open to good advice.



'98 MAY 22 AM 12:35

THE WHITE HOUSE

WASHINGTON

May 20, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

JANET MURGUIA *JM*

SUBJECT:

CONGRESSIONAL CORRESPONDENCE

Attached for your review is a letter from Sen. Daniel Patrick Moynihan (D-NY), that I thought you would want to see.

cc letter to HRC

*copied
HRC
COS*

Daniel P. Moynihan
New York

United States Senate
Washington, D. C.

May 6, 1998

Dear Mr. President:

You were wonderfully generous at the Reagan Building ceremony yesterday; and was it not a wonderful occasion! In all truth it took thirty seven years, but the Federal Triangle is done.

President Kennedy's statement on the Redevelopment of the Avenue in 1962 had this passage: "Pennsylvania Avenue should be lively, friendly and inviting, as well as dignified and impressive." This means people. In the main, people means housing. That is what we now need in the Pennsylvania Avenue Quarter, as it is termed. I understand from Herb Miller that Mrs. Clinton would like to get involved. (Sid Blumenthal confirms.) If I can be of any assistance, as someone who has been down that way, I do hope she will call on me.

Best,

A handwritten signature in dark ink, appearing to be 'D. Moynihan', written over the printed name of the recipient.

The Honorable William J. Clinton
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

THE WHITE HOUSE

WASHINGTON

May 18, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: JANET MURGUIA *JM*

SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review are three letters that I thought you would want to see.

- 1) Sen. Patty Murray (D-WA)
- 2) Sen. Gordon H. Smith (R-OR)
- 3) Rep. Sylvestre Reyes (D-TX)



UNITED STATES SENATE
WASHINGTON, D. C.

PATTY MURRAY
WASHINGTON

May 4, 1988

Dear Bill,

Thank you so much for the
appointment of Judi Johansen
as DPA Administrator. This was
very important to me and I
appreciate it.

Thank you,
Patty Murray

GORDON H. SMITH
OREGON



UNITED STATES SENATE
WASHINGTON, D.C.

Dear President & Mrs. Clinton,

The evening with you
and Italy's leader is one
Sharon and I will long remember.
We are honored that you
would invite us to the President's
House for such an occasion.
With appreciation & best wishes, *G. H. Smith*



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

SILVESTRE REYES
SIXTEENTH DISTRICT
TEXAS

May 8, 1998

William Jefferson Clinton
President of the United States
The White House
Washington, DC 20502

Dear Mr. President:

On behalf of the people of El Paso, Texas, I want to thank you for the support you have given us in our efforts to address the needs of the hundreds of dislocated workers who have lost their jobs as a result of the North American Free Trade Agreement.

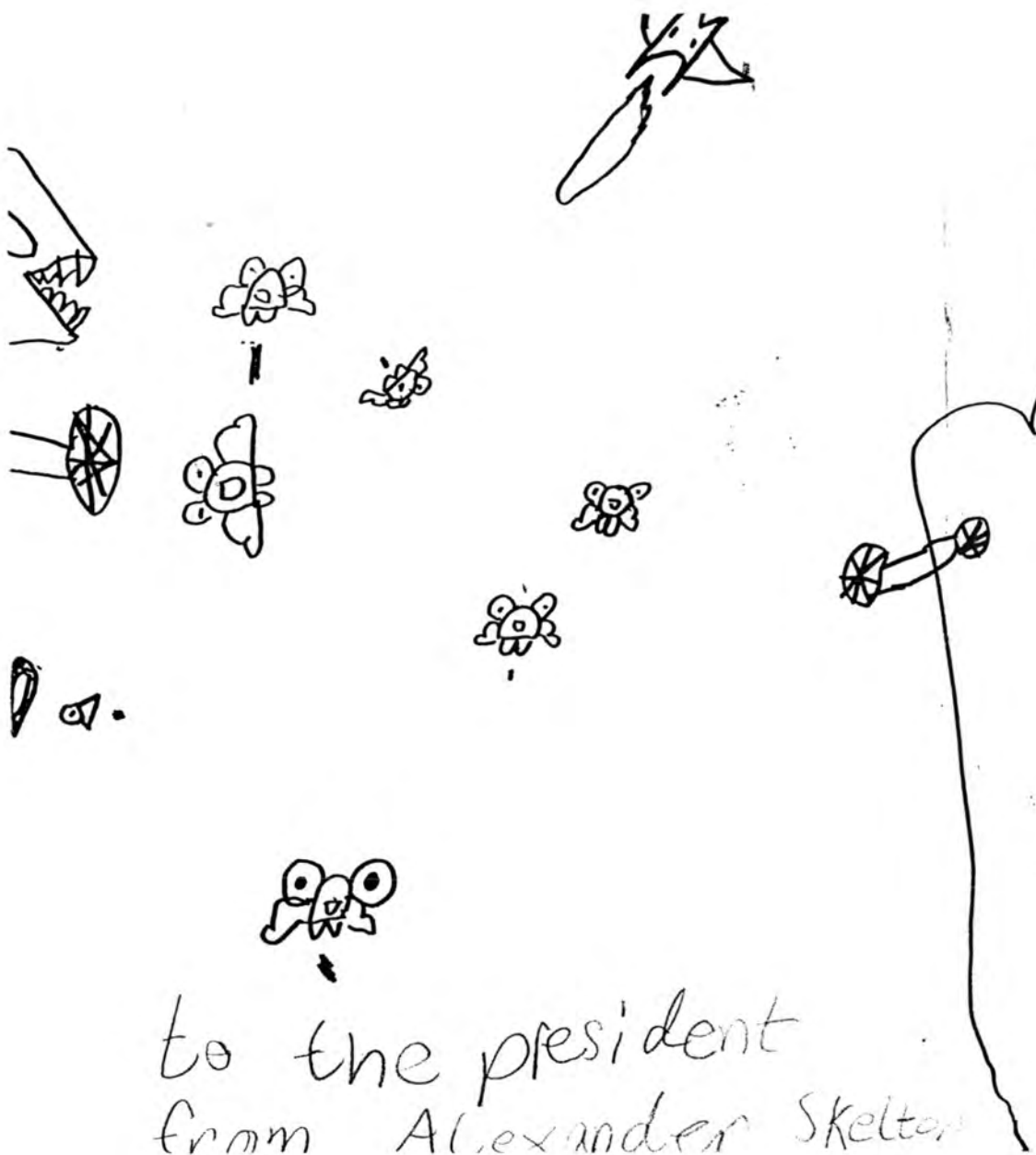
I also want you to be aware of the personal efforts of Secretary of Labor Alexis Herman on behalf of my constituents. Yesterday, she announced that the Department of Labor would award up to \$45 million over the next two years for a comprehensive retraining effort to assist 3,500 workers. With these funds, we will be able to provide necessary job skills so that these workers can once again join the workforce and be the productive, hard-working citizens they want to be.

Thank you again, Mr. President, for your commitment to the working men and women of El Paso and the nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Silvestre Reyes", written over a horizontal line.

Silvestre Reyes
Member of Congress



Cong Ike Skelton's
son gave this to
^{or grandson?}
Petus --- do thanks

5/28/98

Boley

Send to Burkhardt

Yes ☒
No ☐

coordinate w/ Legislative Affairs?

Yes ☒
No ☐

**NationsBank/BankAmerica Community Development
Commitment
Areas of Initiative**

*cc. GUNS
Bones
ACUARD
VP*

Affordable Housing – \$115 Billion

- Home mortgage and refinance loans to minority applicants;
- Home mortgage loans to low- and moderate-income individuals below the median income;
- Loans to buy or build properties in low- and moderate-income census tracts;
- Predevelopment, construction, term finance and equity for multi-family housing serving families below 100% median income, but predominantly 80%;
- Predevelopment, construction and equity for production and rehabilitation of single-family housing for low- and moderate-income families and in low- to moderate-income geographies.

*copied
Speaking
Reed
Cuomo
VP*

Small Business – \$180 Billion

- Conventional small business loans (including commercial real estate), lines of credit and letters of credit for \$1 million or less. (More than half of these loans are expected to for less than \$100,000).
- Government-related and government guaranteed small business loans and lines of credit.
- Direct and indirect investments in small and minority-owned businesses, small business investment corporations, minority business venture capital funds and other special programs.

Economic Development – \$25 Billion

- Loans and investments to non-profits, including community development financial institutions, community development corporations and financial intermediaries.
- Loans and investments for rural and urban-core economic development.
- Loans and investments which generate an incremental increase of 25 or more jobs for a rural and low- and moderate-income community.

Consumer Loans – \$30 Billion

- Home-related loans and lines of credit for borrowers below median income.
- Direct and indirect consumer and auto loans to borrowers at or below 80% of median income.
- Credit card borrowings are not included.

###

FOR IMMEDIATE RELEASE

May 20, 1998

Contacts: Scott Scredon, NationsBank, (404) 607-5255
Cary Walker, BankAmerica, (213) 228-2558

Bridge Line Information

NationsBank and BankAmerica today unveiled a \$350 billion, 10-year commitment to community development lending and investment, by far the largest and most comprehensive program ever for community development lending by a United States bank.

Hugh L. McColl, Jr., chief executive officer of NationsBank, and David Coulter, chairman and chief executive officer of BankAmerica, made the announcement in a joint statement today.

"As we create America's bank, our opportunity -- and our responsibility -- to make a difference in our communities increases," McColl said. "This unprecedented goal underscores that the greater our financial resources, the greater our investment will be in the future of the communities we serve. This \$350 billion commitment sets us apart as the clear leader in lending to communities and small businesses.

"We will be the leading bank in home mortgage lending to minority and to low- and moderate-income borrowers in our nation," McColl continued. "We will be the number one lender to businesses. And we will continue to be a leader in the communities we serve."

The \$350 billion commitment includes specific lending and investment goals for affordable housing, small business, consumer lending and economic development. As part of this unique commitment, the new company pledges to acquire, build or rehabilitate 50,000 affordable housing units during the next 10 years.

"Our two companies bring to their new organization and exceptional commitment to community investment," said Coulter. "Take a look at the record: Both Bank of America and NationsBank have consistently earned 'outstanding' ratings for their efforts to meet the needs of underserved markets. And both have repeatedly demonstrated that it can be done profitably.

"America's bank will help build economic opportunity in America's communities. It's worth noting that our commitment roughly equals the combined total of all community lending goals made by the rest of the banking industry since 1977 when the Community Reinvestment Act became law."

McColl added: "As a company, we remain committed to building strategic alliances with community development partners, such as ACORN Housing Corporation, Low Income Housing Fund, the National Council of La Raza and the Neighborhood Assistance Corporation of America."

The details of the \$350 billion commitment include:

- \$180 billion for small business. This includes conventional and government-assisted loans, as well as investments in small business investment corporations, minority business venture capital funds and other products. NationsBank is currently the largest lender to small businesses in the United States.

- \$115 billion for affordable housing. This includes single- and multi-family lending and investments to low- and moderate-income borrowers, low- and moderate-income neighborhoods and minority applicants.

- \$25 billion for economic development. This includes loans and investments to non-profit organizations, such as community development corporations.

- \$30 billion for consumer loans, including home-related loans for borrowers below median income and other auto and consumer loans for borrowers with an annual household income at or below 80% of median income. Credit card borrowing is not included in this commitment.

Building on the framework established by BankAmerica in 1997, this commitment honors and extends that company's \$140 billion

community development goal. The new company will begin reporting its results annually beginning in 1999.

It also will hold an annual meeting to discuss the results and will invite community organizations to attend and meet with senior-level management. Similar meetings will be held with community organizations at the state and local levels.

The \$350 billion lending commitment encompasses several related initiatives. These include:

- \$10 billion in lending and investments to foster community and economic development opportunities in rural America. Leveraging BankAmerica's rural initiatives and recognizing the critical and complex needs of rural America, the new bank will take the lead role in promoting lending opportunities that stimulate affordable housing, job creation and economic opportunity in rural areas and Indian country.

- Community Development Intermediary Finance. Recognizing the important role of community development intermediaries, the new company will provide more than \$2 billion in loans and investments to support the growth of these existing and newly created organizations.

Examples of key partners include Enterprise Foundation, Local Initiative Support Corporation, Rural Community Assistance Corporation and Neighborhood Housing Services. Also included would be minority-owned financial institutions and community development financial institutions.

- Special Purpose Lending. Critical to achieving our goal is support for organizations fundamental to the stability and prosperity of our communities, yet not often in the mainstream of traditional access to capital. These organizations include child care facilities, religious and educational institutions, non-profit organizations and community foundations. Specific goals will be established following completion of the merger.

- The new company will form an Office of Community Development Policy Advocacy to support national and regional public policy efforts that advance community development objectives. Further, as a community development leader, the new company will be a catalyst for private sector investment in distressed neighborhoods.

On April 13, NationaBank and BankAmerica announced a definitive agreement to merge that will create the first truly national United States banking franchise. The proposed merger must be approved by state and federal regulators and shareholders of both companies. It is expected to close by October 1998.

www.nationsbank.com

www.bankamerica.com



NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA

1001 CONNECTICUT AVENUE, NORTHWEST, SUITE 919

202 223-6846

WASHINGTON, D.C. 20038-5504

UPDATE LINE: 202 659-0133

May 22, 1998

5-26-98

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Sincerely
- how to achieve this
we've produced more results
for them than anybody
B.L.

Mr. President:

The National League of Families extends an invitation to you to address our 29th Annual Meeting to be held Thursday, June 18th - Saturday, June 20th, at the Washington Marriott Hotel, here in D.C.

Since before you were elected, you have made strong public commitments to resolve the POW/MIA issue for the families. Each step you have taken to improve relations with Vietnam has been prefaced by statements from you and Secretary Albright that resolution of this issue is the highest priority objective of bilateral relations. You have also stated that the steps were taken not only in response to Vietnam's cooperation, but to encourage greater results.

As you know, the League agreed with your initial statements and criteria, but the criteria were changed by your bureaucracy and you were advised to certify that Vietnam is cooperating in full faith. The League does not believe the facts support this certification.

Mr. President, we have had 21 addresses to us by Presidents and, in their absence, Vice Presidents or Cabinet members. We have never had such support in your administration. Your personal support for and public messages focused on achieving the fullest possible accounting can be key factors in the success of U.S. efforts. You can signal Hanoi that you take seriously your commitment to obtain answers and stand behind those who serve. It is very important to those of us who still await answers to know that the Commander-in-Chief stands with us and our missing loved ones.

I look forward to your response in the hope that you will agree to address us this year. Should your schedule preclude attendance, we would hope that you will encourage full participation by your administration in this critical meeting.

Respectfully,

Ann Mills Griffiths
Ann Mills Griffiths
Executive Director

copied
Beyer
COS

cc: Mrs. Jo Anne Shirley
Chairman of the Board



E. R. ZUMWALT, JR.
ADMIRAL, U.S. NAVY (RET.)

May 7, 1998

5-25-98

98 MAY 25 09:47

Phil -

To NSC For Reply?

— yes

— no

President William J. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

You have been gracious in soliciting my views on national security on several occasions over the years. I am hopeful that you will find time to give consideration to what follows.

I am seriously concerned about the current and, likely, future ability of the U.S. Navy to satisfy critical missions in support of national security strategies and foreign policy objectives. You, perhaps more than any President since the end of World War II, know and understand the unique value that the Navy-Marine Corps Team brings to the nation. During the Cold War, at the direction of every President from Harry Truman to George Bush, the Navy and Marine Corps responded to about 190 international crises, about one crisis every 11 weeks -- as well as two major conflicts. Since the end of the Cold War, a period spanning some 93 months and your presidency, the Navy and Marine Corps have responded to 90 crises -- roughly one crisis response every four weeks, not to mention the Persian Gulf War.

It is abundantly clear that the operational flexibility and global reach of sea power have underscored your foreign policy and national security vision perhaps more than any other peacetime President. Like President Teddy Roosevelt's Great White Fleet that signaled America's entry onto the world stage, your reliance upon the nation's naval forces ensures that the United States stands ready to enhance security, bolster prosperity, and promote democracy in the new millennium. When the latest confrontation with Iraq drew to a close in February, Kofi Annan paraphrased President Roosevelt's dictum of "speak softly but carry a big stick," saying that "You can do a lot with diplomacy, but you can do a lot more with diplomacy backed up with firmness and force." In large part, it was America's sea power that provided the force which together with your firmness guaranteed that diplomacy would succeed.

But America's sea power is at risk; Since the height of the Cold War military buildup in 1985, severely constrained defense resources for research and development, acquisition, and operations have created significant challenges for all of America's armed forces. Nevertheless, the

resident William J. Clinton

May 7, 1998

Page Two

precipitous drop in naval forces -- from 560 battle-force capable ships in 1985 to less than 345 today -- and projections for a fleet of no more than 250 ships by 2020, call into question the ability of future Presidents to safeguard American citizens, important national interests, and allies that may be in jeopardy.

The result of Les Aspin's Bottom-Up Review confirmed that a navy of at least 346 multi-mission surface and amphibious warships, aircraft carriers, submarines, and support vessels is needed to support peacetime presence, crisis response, and wartime operations. The 1997 Quadrennial Defense Review re-affirmed the need for a 300+ ship navy. And yet the Navy's planned shipbuilding program of less than seven ships per year simply cannot sustain essential force levels. Indeed, numerous studies and assessments have concluded that a program of at least ten ships per year is the minimum needed to ensure that we can sustain readiness, maintain a decent level of quality of life for our service personnel, and still meet operational commitments.

Without reversal of the decline in numbers, our naval personnel will be increasingly over deployed and quality will seriously decline. Even with today's number of ships, the extended deployments necessary to deter Saddam is having a serious impact. If we should have to reinforce elsewhere at the same time, the effect on our personnel would be very serious. I am convinced that you do not wish to have as your legacy a Navy that is fundamentally hamstrung in its ability to satisfy the demands of the National Command Authority.

I strongly urge that you find time to work with Secretaries Cohen and Dalton and Admiral Jay Johnson to add the resources (\$5 billion per year above currently programmed levels in my judgement) which will lay the foundation for the 21st Century Navy -- the ships, aircraft, weapons, systems, and especially the people -- that will be the sine qua non for America's continued greatness in the decades to come.

Respectfully,



E. R. Zumwalt, Jr.
Admiral, USN (Ret.)

1000 Wilson Boulevard, Suite 3105
Arlington, VA 22209-3901

Tel: (703) 527-5380

Fax: (703) 528-5795



Port of Portland

Box 3529, Portland, Oregon 97208
(503) 231-5000

198 MAY 26 AM 9:42

FAX-MEMO Cover Sheet

**To: Todd Stern
The White House**

FAX: 202-456-2883

From: Tom Decker

FAX: 503-731-7080

Phone: 503-731-7045

Date: May 22, 1998

Pages: 3

5/26/98

Phil -

Come in on our

Fax -

Send to USC?

Yes ☒

No ☐

A complete packet (including attachments) will be sent by overnight mail on Tuesday (5/26). Please call if you have questions. Thank you.



Port of Portland

Box 3529, Portland, Oregon 97208, U.S.A.
503/231-5000

May 22, 1998

The Honorable William Clinton
President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

As you prepare for your trip to China, the Port of Portland would like to suggest including the Portland Street of Dreams in Suzhou, China on your itinerary. Suzhou is Portland's sister city. Your visit to the Portland Street of Dreams, would highlight the success of the sister city program and would underscore U.S. skills in meeting Chinese housing needs. Equally important, a Presidential visit also would stimulate much needed attention for U.S. homebuilders within the Chinese market.

Putting this stop on your schedule also would emphasize how this type of housing provides mutual benefits to both countries. With components built in the Pacific Northwest, these homes feature U.S. building technology, products and energy efficiency.

The homes are packaged in containers and shipped to China, where they are assembled by Chinese workers. Dessen International, Inc. which has provided homes for the Street of Dreams, also has established a carpentry school to teach western-style building techniques to local workers.

Thus, this project represents a partnership where the U.S. provides the skilled labor to add value to our natural resource products. Chinese consumers, in turn, benefit by having high quality, affordable housing. Detailed background information on the Portland Street of Dreams is enclosed for your consideration.

As you may be aware, Portland and the Columbia River have a strong record of complementing the U.S. trade picture by exporting more than we import. However, the wood products segment is one market where that robust export record has been challenged. Thus, the Port and the region would be very supportive of your visit to Suzhou and the Street of Dreams.

Portland's sister city program with Suzhou is celebrating its 10th anniversary in June. Portland is building an \$8.4 million Suzhou-style classical Chinese garden with the aid of Suzhou master garden designers and craftsmen. So your visit could highlight the economic and cultural ties developing between Portland and Suzhou.

The Honorable William Clinton
Page 2
May 22, 1998

Thank you for your attention to this suggestion. If you need any assistance from the Port on this matter, we would look forward to working with you and your staff.

Yours very truly,



Mike Thorne
Executive Director

Enclosure

cc: Todd Stern, The White House
Senator Ron Wyden
Senator Gordon Smith
Representative Earl Blumenauer
Representative Elizabeth Furse

THE WHITE HOUSE
WASHINGTON

To: *Rahm*
Stephanie
From: The Staff Secretary

Date 5/26

Is this on your
radar screen? How do you
want to handle?

Phil



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

Personal

May 22, 1998

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

'98 MAY 25 PM 12:23

Dear Mr. President:

The purpose of this letter is to invite your participation in the nationwide kick-off of the Youth Anti-Drug Media Campaign. The Campaign, which has been ongoing in twelve test cities since January 1998, will be expanded to the entire nation this July. As a result, every community in America will be exposed to our anti-drug messages on a daily basis.

Our intent is to conduct a high visibility event during the second week of July in order to emphasize this historic effort. Suggest that we hold this activity in the East Room of the White House. Participants would include members of the President's Drug Policy Council, stake holders like Jim Burke of PDFA, and key congressional members. A highlight of the national roll out will be an advertising "road block" during prime time in which advertisements appear on all networks simultaneously around the nation.

Results of the pilot phase of our Media Campaign have far exceeded our expectations, with community coalition groups reporting nearly a 25% increase in inquiries for information on drug prevention. This indicates that advertising is having a profound impact, changing attitudes about illicit drugs among the nation's youth, parents, and other adults who influence our young people.

Would welcome your guidance and thoughts on this proposed White House roll out. Look forward to making the national launch of the Youth Anti-Drug Media Campaign as successful as possible.

Very Respectfully,

Barry R. McCaffrey
Director

MICROSOFT ACCUSED

THE PRESIDENT HAS SEEN

5-26-98

copied
Spelling
COS



Play nicely, or not at all

The antitrust suit launched against Microsoft on May 18th is the most important in two decades. The outcome will determine the future of the world's most successful technology firm, and of computing itself

WHEN it came, there was almost a sense of relief. The posturing and the sparring were at an end. This was the real thing—an antitrust action to close the century, as central to the functioning of the modern economy as was the case against John D. Rockefeller's Standard Oil which opened it. There was also a feeling that this storm had been brewing for most of the decade. For years Microsoft has been wrestling with the American government over how it has used its Windows monopoly of PC operating systems, built in the 1980s, to extend its grip on the software market.

Remarkably, this long phoney war—which has seen a deadlocked Federal Trade Commission investigation, a consent decree to head off earlier Justice Department attentions and an escalating legal tussle that began last October—leaves Microsoft little changed. Other firms might have seen what was coming, but Microsoft either did not or decided to ignore the warnings. The way it does business and the super-aggressive culture personified by the founder, Bill Gates, have softened hardly at all. At no point has Microsoft deviated from its insistence that any action to circumscribe it would so obviously be contrary to the public good that it would rather fight than concede. Anyway, fighting and winning is what makes Microsoft what it is.

Despite the enervating effects on its business of a long-drawn-out antitrust case—never mind the penalties that may be exacted if Microsoft loses—the company's top brass, not least the pugilistic Mr Gates, appear to be rolling up their sleeves with something approaching relish. They are convinced of the justice of their cause and the government's inability to grasp what makes the computing industry tick.

Joel Klein, the Justice Department's quietly spoken top trustbuster, is also confident. He is convinced there is evidence of monopoly abuse at the company. As he said on Monday at the press conference which launched his own suit and that of 20 state attorneys-general: "What cannot be tolerated—and what the antitrust laws forbid—is the barrage of anti-competitive practices that Microsoft uses to destroy its rivals and to avoid competition."

Mr Klein and economic advisers to the Justice Department, such as Carl Shapiro of the University of California at Berkeley, are clear that the case he is bringing and the remedies he is seeking stand squarely within the bounds of the Sherman act's antitrust doctrine. Professor Shapiro says: "The case is carefully crafted to push the law a little perhaps, but not so much that a court is being asked to embrace sweeping new theories about how antitrust applies to the soft-

ware industry." That said, neither Mr Klein nor Mr Shapiro would deny that the government is trying to do something remarkably bold: to set the framework for competition in the high-tech economy, no less.

Dominance games

The attorneys-general have complained about the means by which Microsoft has managed to dominate the lucrative market for office suites (applications that combine word processors, spreadsheets and presentation tools). But everyone knows that it is the treatment of Netscape Communications and its Navigator Web browser—a piece of software that enables computer-users to navigate the Internet easily—that is at the heart of the complaint.

Mr Klein alleges that Microsoft acted illegally to counter Netscape's Navigator browser. Microsoft feared that Navigator, with its rival user interface, could subordinate Windows as people increasingly used their PCs to access the Web. To add to the menace, the new Java programming language, developed by another Microsoft enemy, Sun Microsystems, had the potential to create applications programmes that could be pulled down from servers linked to the Internet and would run on any operating system. If Netscape remained the leading supplier of browsers, Windows would risk being turned into an almost irrelevant commodity, and Netscape rather than Microsoft would control the gateway that leads to the Internet.

Over many months, Mr Klein's team has unearthed Microsoft documents which appear to confirm that Microsoft really did see the threat in these apocalyptic terms. Moreover, the firm hatched a strategy to see Netscape off by deploying its financial strength, the unmatched distribution of Windows and its control over the PC desktop—the "first screen" displayed after a computer is booted up.

Mr Klein's first, and new, charge is that Microsoft initially tried to push Netscape into colluding with it. At a meeting with Netscape in May 1995, he alleges that Microsoft proposed that it would supply the browser for Windows, while Netscape could have all the non-Windows operating systems. Perhaps because that would have meant forsaking about 90% of the market, Netscape declined. Then Microsoft "un-

MICROSOFT ACCUSED

lawfully" obliged PC manufacturers to install its browser, Internet Explorer (IE), as a condition for receiving licences for Windows 95. The Department of Justice has interviewed PC makers such as Compaq and Hewlett-Packard; they tell of bullying letters and telephone calls from Microsoft employees. Knowing that without Windows they have only inert beige boxes to sell, few put up more than a token protest.

It was these tactics that first alerted the Justice Department last year, when it called for a \$1m-a-day fine to punish Microsoft for breaking the consent decree it had signed in 1994 forbidding it to tie the sale or distribution of applications to the licensing of Windows. Microsoft's response was that it considered IE to be part of the operating system and that in its negotiation of the consent decree it had established the right to develop enhancements of Windows. Microsoft's insistence that it and it alone defines what Windows is and what goes into Windows is central to the dispute.

The Justice Department protests at Microsoft's insistence that computer-makers must not alter the "first screen". This prevents customers from having a competing browser displayed on equal terms. Implicitly, Microsoft is betting that its browser will win because PC makers and their customers, when offered a prominently displayed, pre-installed, wholly adequate and free Microsoft browser, will take the path of least resistance.

Another bone of contention is the supposedly anti-competitive agreements that Microsoft has entered into with most of the large Internet service and online providers (ISPs), such as America Online. In exchange for having their services displayed on lists within Windows, the ISPs distribute their product exclusively with Microsoft's browser software. Mr Klein claims that nearly a



third of browser users get their software from ISPs. Microsoft describes these agreements as perfectly normal cross-marketing deals, apparently forgetting that monopolists are obliged to behave less aggressively than normal firms. Under the Justice Department's scrutiny, Microsoft has modified some of these arrangements, but Mr Klein dislikes the new ones nearly as much as the old.

The Justice Department also refers to "predatory pricing". Microsoft gives its browser away. (Netscape did the same, initially. However, it was vital to Netscape's business model to begin charging for Navigator once people knew what it was.) Mr Klein suggests that versions of Windows 98 without IE, which he wants to see licensed to computer makers, should be cheaper than those with the browser. This could be extended to other new features, leaving other software companies more confident that they will not see their innovations subsumed into the Windows maw. PC makers and consumers could choose between a basic Windows product (adding their own preferred applications) that would fall in price over time and a more expensive Windows that would incorporate new features.

Perhaps most damaging to Microsoft is the slew of memos that have been unearthed. Jim Allchin, a senior vice-president, wrote at the end of 1996 that unless Microsoft was to "leverage Windows... I

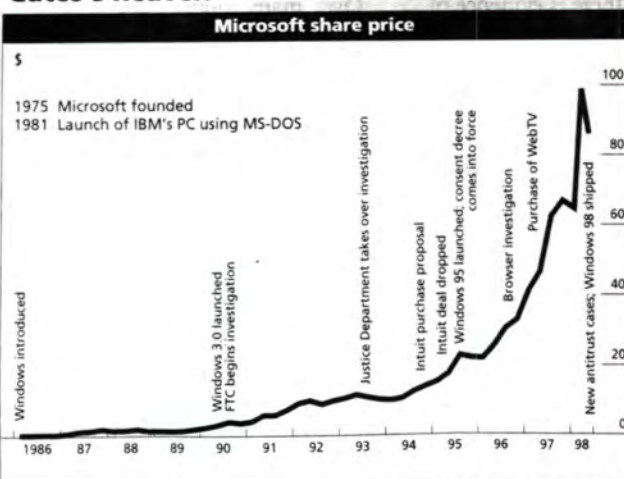
don't understand how IE is going to win. Maybe free helps, but once people are used to a product it's hard to change them. My conclusion is that we must leverage Windows more. Treating IE as just an add-on to Windows... loses our biggest advantage—Windows market share." A month later Mr Allchin urged: "If you agree that Windows is a huge asset, then it follows quickly that we are not investing sufficiently in finding ways to tie IE and Windows together." He concluded, "Memphis [the in-house name for Windows 98] must be a simple upgrade, but most importantly it must be a killer on OEM [original equipment makers—industry jargon for PC manufacturers] shipments so that Netscape never gets a chance on these systems." Other memos talk of "eradicating" the "Netscape pollution", "killing cross-platform Java" and "stealing" the Java programming language.

Er, what we meant to say...

Assuming these documents are genuine, and nobody has suggested otherwise, it seems that the main purpose of Windows 98, which was released to PC makers on Monday, was to deliver the knock-out blow to Netscape. Certainly, few computer analysts see much in Windows 98 that is new. A few bugs have been eliminated, a so-called Universal Serial Bus should make it easier to configure things like printers and modems (Windows 95's "plug and play" became known as "plug and pray"), files are stored more economically and there are one or two other useful features such as better management of notebook-battery consumption. But you don't have to be a cynic or a conspiracy theorist to suspect another purpose behind Windows 98.

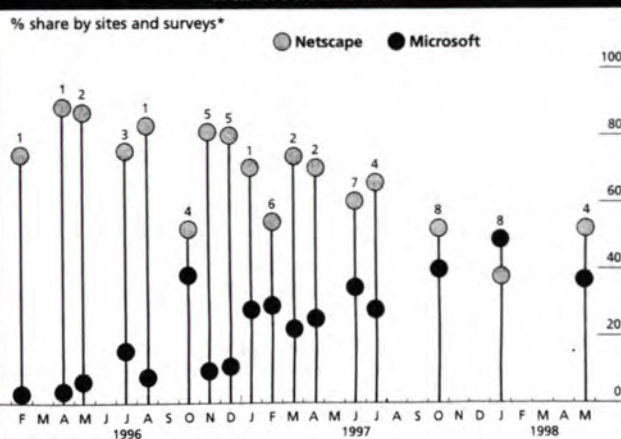
Mr Klein is determined to get a preliminary injunction to require Microsoft either to remove IE from Windows 98—impossi-

Gates's heaven



Sources: Datastream/ICV; company and press reports

Web browser market



* 1 Zona Research (survey); 2 www.webtrends.com; 3 Interq; 4 www.browserwatch.com; 5 Netscape; 6 IDC (survey); 7 www.economist.com; 8 CRN (survey)

ble, much too tightly integrated says Microsoft—or include Navigator within Windows. The states go further, demanding that a third browser be installed. Computer makers would have the right to remove any or all of them according to their customers' preference. The injunction would also give the manufacturers the right to replace Microsoft's first screen with one of their own, giving other software companies a piece of what Microsoft has described as the most valuable real estate in the world.

However much Microsoft is relishing the fight, it is furious at the injunction. Mr Gates says it is like telling Coca-Cola to include three cans of Pepsi in every six-pack. This misses the point: since when did Coke have a monopoly of distribution in the soft-drinks market? Even so, the injunction may give rise to serious legal objections. Is it right to create a legally sanctioned duopoly in browsers? What about infringement of Microsoft's intellectual property rights over the look and feel of Windows?

A ruling on the injunction can be expected within the next six weeks (a preliminary hearing is scheduled for May 22nd). The Justice Department is delighted that the judge involved will be Thomas Penfield Jackson, who showed his frustration with Microsoft in arguments over the 1995 consent decree. Even if the government is successful, Microsoft is certain to appeal.

Relief for Netscape cannot come a moment too soon if it is to survive as a viable browser competitor. It may still have about 50% of browser use, but its installed base is falling fast. The combination of Windows 98 and the planned launch next Spring of Microsoft's NT 5.0 operating system for corporate networks should just about finish the browser war in Redmond's favour. Even now, it is debatable whether Netscape, bruised and battered, really wants to be hosed down and sent in for another 12 rounds with Microsoft.

The mother of all battles

Microsoft's approach to the legal war of attrition is clear. It regards the contracts with computer makers and ISPs as a "sideshow". The implication is that with the launch of Windows 98 they have already done their job. The real battle for Microsoft is the same as always: to defend the company's right to add features to Windows and to defeat what it sees as the government's attempt to define and design the operating system. To Microsoft that is not only a frontal assault on its business—without Windows upgrades every three years, what else do we do?, Microsofters wail—but a threat to its ability to innovate and give customers what they want. As the PC evolves, most recently as a device for Web-surfing and e-mailing, so Windows must evolve with it.

Microsoft is convinced that its custom-

ers are satisfied with the Windows price/performance equation in which they get more bells and whistles for relatively little extra money (never mind that prices of other software have fallen and prices of PCs are tumbling). When people know more about its plans to introduce natural-language commands and software that adjusts to the way individuals work, they will start to wonder whose interests the government is serving. The company may drag the investigation out as long as possible. With little chance of the main case coming to court for two or three years, Microsoft can expect a changing of the guard at both the White House and the Justice Department.

It is also more than possible that the technology caravan may have moved on before the case reaches its bitter end, as it



did during the 13-year investigation of IBM. Whether technology moves on in a way that is favourable to Microsoft is something that the company is less keen to speculate about. Microsoft says it is determined that the investigation should not paralyse its business. Windows enhancements will be introduced when they are ready and the government will have to get fresh, and perhaps increasingly unpopular, injunctions to stop them.

The price you pay

For all Microsoft's swagger, there is a whiff of tragedy in all this. Whatever the firm may say, the investigation will take its toll. Microsoft will be distracted. A wonderful company, one of the best in any industry, will be damaged.

Just how much, is far from clear. The scope of the investigation is unlikely to be as narrow as the initial complaint or the sought-for remedies indicate. Given Microsoft's history, nobody has much confidence that new attempts to change its ways will succeed. More radical solutions, such as declaring Windows a regulated "essential facility", will probably gain mo-

mentum. The government also has time on its side when deciding what to do about NT 5.0—the real future money-spinner, which incorporates features that may crush Netscape's server-software business and Novell's directory-service product.

If this escalation comes to pass it will be because Microsoft has a flaw at its heart. Bill Gates has an ability to visualise and implement a business strategy that is almost unmatched. But the clarity of vision is too often accompanied by blinkers. The flip side of flawless execution is a ruthlessness that takes Microsoft to the edge of—and perhaps beyond—the law. Mr Gates dominates his company as few men do. The reporting structure is flat, he controls every detail. For the bright, aggressive, relentlessly striving people who work for him "face-time with Bill" is everything.

The Redmond campus, a few miles from Seattle, though superficially relaxed is in fact a tense, nervy place that feels far removed from the other technology centres of America. Without the day-to-day contact with rivals and partners that shapes the ecology of Silicon Valley, Microsoft's tendency to see itself as permanently embattled is intensified. Noticeboards at Redmond carry slightly sinister cartoons showing how erstwhile rivals like Lotus and Novell have met their match.

The thing that strikes anybody who has followed the fortunes of this extraordinary company and which puzzles both friend and foe is the absolute refusal of Bill Gates to accept the responsibilities that go with monopoly—or even that he has a monopoly. Intel's Andy Grove, though not averse to the occasional act of brutality, realised more than 12 years ago that his company was heading for dominance and would consequently need to watch its act.

Everyone at Intel who has dealings with other companies is schooled in antitrust law. Intel insiders regard the macho memos circulating in Redmond, and which the Department of Justice has netted in such numbers, as, at best, examples of near-suicidal indiscipline. Intel has its own problems with regulators—it is once again under investigation by the FTC—but seems confident that at least it hasn't created a veritable arsenal of smoking guns.

It may be that this antitrust case will prove unnecessary. The advance of technology may in time be unkind to Microsoft. The firm could be left with its monopoly of the desktop PC—but big fully-featured operating systems like Windows might come to seem like IBM's mainframes, important only as one element in a computing world of great diversity. With hindsight, then, the case could seem beside the point, an instance of generals continuing to fight the previous war. But for now, and on the basis of the evidence revealed so far, it is justified.

To Donna Shalala

THE PRESIDENT HAS SEEN
5-26-98

THE PRESIDENT HAS SEEN

5-26-98 copied
Shalala
COS

Is there anything we
can do to help these
kids & their parents?

BC

Attachment Theory:

The traumatized orphans adopted from eastern Europe have not only brought despair to some American couples but have also become Exhibit A for those who argue that a mother's place is with her child.

The Ultimate Experiment
By Margaret Talbot

On a bright, cold day in February, at a clinic in the mountains outside Denver, a mother sits with her arms folded across her chest and a polite, bewildered smile on her face. She is talking about her adopted son, the boy whose troubles have brought her here to the Attachment Center at Evergreen, where she hopes he can be taught to love her. It's just that the boy is so "strange," she says, his emotions so "artificial." When she and her husband brought him home from Romania in June 1991, the boy was 4 and his sister, whom they also adopted, was 8. Their mother was dead, the Romanian adoption broker had said, and their father was an alcoholic and nearly blind. When he wasn't forcing them to beg in the streets or looking for ways to fob them off on childless foreigners, he neglected them.

"We knew all that," the mother says, "so don't think for a minute that we headed down this path naively." She was well into her 30's when she traveled to Bucharest, and though she had been unable to conceive children, she and her husband had been foster parents for "difficult" children from the States. They weren't wealthy people — he drove a truck for a living and she kept house — but they came from a small town in Ohio where they felt they could rely on their friends and neighbors and where they were deeply involved in their church.

And yet everything was so much harder than they had imagined. While the girl seemed to settle in and find some comfort in the ordinary routines of domestic life, the boy could neither accept his new family nor control his overwhelming anxiety. He was clumsy and awkward and subject to night terrors and at the same time oddly reckless. He would deliberately ride his bike in front of cars, darting into traffic at high speed. He lied — instinctively, it seemed, and extravagantly. He couldn't stand it when his mother touched him, but he sought creature comfort in more oblique ways — sneaking into the refrigerator in the middle of the night to "steal" food, for instance. He was rarely invited twice to a schoolmate's house, and the boys he called his best friends never seemed to think they were friends at all.

Yet his mother knows that in some ways they are lucky. Her son is unusual in that he was never in a Romanian orphanage, one of those warehouses where, so she has heard, babies lay in their cribs for 18 or 20 hours a day, curled against feeding bottles, their heads flattened and

Photo montages by Gerald Slota



their faces peaked. So many of the children here at Evergreen did come out of such places, and she has heard some of their stories. There was, for instance, the woman whose 5-year-old daughter, adopted from a Moscow orphanage, arrived at her new home in the States so angry at herself and everyone else that she crawled around on the floor for three months until her knees were bloody, refusing to stand up when anyone was looking. One night, the girl threatened to kill her new mother and father and her three new siblings while they slept. This boy, on the other hand, is not violent and can even show genuine tenderness. He loves to hold babies; he loves the marzipan softness of their skin and their buttery smell; his tactile remoteness seems to dissolve in their presence.

At times, his mother sounds solicitous, motherly. She wouldn't allow me to use her family's name or too many identifying details because she worries that her son will read this some day and she wants to save him from embarrassment. She is pale and mild-looking, with rimless glasses and eyes the color of milky blue marbles. Over her pink dress, she wears a parka, which she seems too shy or preoccupied to remove, though the room is overheated. But there is something obdurate about her too. Now that her son's problem has been diagnosed — attachment disorder — much of what he does seems to strike her as pathological, "oppositional." And when I ask her if she loves her son, she says, "That's hard to say."

For every theory of human behavior, there is a diabolically perfect experiment that can never be performed — not, anyway, by ethical scientists in a democratic society. To test human tolerance of extreme cold, you cannot immerse a naked human subject in freezing water. To test the effects of maternal and sensory deprivation on infants, you cannot take a population of newborns and confine them to cribs in a gloomy, ill-heated orphanage with a small, rotating staff of caretakers who might spend an average of 10 minutes a day talking to them or holding them. But let's say that such an experiment has already occurred — in nature, as it were, far from the laboratory. And let's say that assessing its impact on the children who endured it would not only help them but might also shed light on an issue that has long intrigued developmental psychologists and tormented so many working mothers.

This is precisely the experiment being carried out today with many children adopted from eastern Europe — chiefly Romania — and the former Soviet Union since the collapse of Communism in 1989. There are more than 18,000 of



Now that her 10-year-old has a diagnosis — attachment disorder — much of what he does seems to strike his mother as pathological. When I ask if she loves her son, she says, 'That's hard to say.'

Margaret Talbot is a senior editor at The New Republic. She wrote about "whiteness" studies in academia for The Times Magazine in November.

The Disconnected

here were adopted by upper- or middle-class families, and those families tend to respond to studies at a very high rate."

But beyond that, many of the adoptees constitute a unique sample group: babies who were surrendered to the kind of institutional care that few other countries practice on a large scale anymore and then adopted, usually as toddlers and usually by people prepared to lavish on them the kind of affection and sensory stimulation they had almost entirely lacked. By comparison, even the most wounded children adopted out of the foster system in the United States have had at least some history of family life and one-on-one attention. And most babies adopted from China, the other rapidly growing source of foreign-born adoptive children, are both younger — less than a year old on average — and receive better institutional care.

The orphans from Romania and the former Soviet Union are "by far the biggest group of deprived babies" available for study so far, Michael Rutter, a child psychiatrist at the London Institute of Psychiatry, told *Science* magazine. Or, as Groza put it in a recent paper, "The children adopted from Romanian institutions represent an opportunity to examine the effects of deprivation on child development" comparable to "experimental research conducted on primates." Which is to say, those studies familiar to all psychology undergrads demonstrating that infant monkeys, separated for six months from their mothers, became anxious and then remote and as adults showed persistent signs of psychological distress.

Above all, the eastern European orphans have become Exhibit A in the emotional debate over the body of thought known as attachment theory. It might seem self-evident that human babies, notoriously helpless creatures that they are, need mother love or something much like it in order to thrive and develop emotionally and cognitively. "Continuity of affectionate care by one or a small number of caregivers who can give of themselves emotionally, as well as in other ways, originates the development of the child's love relationships," wrote Linda Mayes and Sally Provence, both professors of child development at Yale University. "Having repeated experiences of being comforted when distressed," for instance, "is a part of developing one's own capacity for self-comfort and self-regulation, and later, the capacity to provide the same for others."

But the fact is that in certain hands, a bland and clinical phrase like "continuity of affectionate care" can be loaded. If that continuous affectionate care is to be provided primarily by a mother, as so many attachment theorists seem to think, can she be a working mother? Does day care count as a discontinuity? How small is "a small number" of caretakers?

The original attachment studies found a startling consistency in the psychological and even

physical reactions of very young children separated from their parents. But those studies — done by people like the British psychiatrist John Bowlby and the French psychoanalyst René Spitz in the late 40's and 50's — were of modest scale, conducted in a foundling home here or a hospital there. It was the aftermath of World War II, and a child's longing for parents during a brief separation — a frightened child hospitalized, say, for a routine operation — must have seemed a rather small thing in the grand scale of sorrows. Moreover, Bowlby and Spitz were publishing their findings at a time when there were fewer working mothers with whom they might resonate.

Now, though, many more of us want to know what happens to children for whom the bonds of attachment have snapped, because many more of us fear that those bonds are being pulled and stretched. Mother-child separations are part of the warp and woof of life these days, and so are our worries about them. The research on eastern European adoptees matters not only to them and their parents but also to many of the rest of us as well.

Some of the more fervent attachment therapists do not hesitate to draw these connections. "Child care — especially when it's not the best — going back to work at 6 weeks, these are all risk factors" for insecure attachment of the kind, if not the degree, that the orphans display, says Paula Pickle, the soft-spoken, rather somber director of the Attachment Center at Evergreen. "You know, I think we forget that the hand that rocks the cradle really does rule the world." But even if you regard such statements as ideologically suspect, even if you recognize that a vast gulf separates the experience of a baby in an orphanage from that of a toddler in day care, there may still be observations that apply to both. As studies on post-institutionalized children help to isolate precisely which aspects of orphanage life hamper a child's development, it becomes possible to consider how these factors, in more moderate form, might affect young children who spend many hours in poor-quality day care or who have a frequently shifting cast of parental surrogates in their early years. And it also becomes possible to think anew about what it is that good parents and caretakers do to nourish children emotionally.

FEMINISTS HAVE LONG CRITICIZED attachment theory as a sentimental scheme for shooing mothers back home. But to write it off at that would be to misconstrue it. Above all, the theory argues that emotional engagement is the necessary precursor to healthy development, engendering trust in the world and the ability to make sense of it.

"Without someone specifically oriented to his

these adoptees in the United States now, and the most traumatized among them — roughly 20 to 30 percent, according to researchers — are becoming one of the most scrutinized and therapeutically manipulated populations in the annals of psychology. This is in part because they, or rather their adoptive parents, have proven to be such cooperative subjects. "To some degree it's a class issue," says Victor Groza, an adoption specialist at Case Western Reserve University who has conducted several studies on the emotional and behavioral development of Romanian adoptees. "Most of the eastern European kids

needs," wrote the psychoanalyst D.W. Winnicott, whose work helped inform attachment theory, "the infant cannot find a working relation to external reality. Without someone to give satisfactory instinctual gratifications, the infant cannot find his body, nor can he develop an integrated personality. Without one person to love and to hate, he cannot come to know that it is the same person that he loves and hates, and so cannot find his sense of guilt, and his desire to repair and restore." Without what the prominent psychologist Mary Ainsworth called a "secure base" — a reliably loving person to whom a toddler can return periodically for emotional refueling — he will not feel free to explore. Relaxing into his dependency is, paradoxically, the first step to independence. And though attachment theorists generally assume that the person with whom a baby is figuring all this out will be her mother, nothing in the theory excludes a loving father from filling the same role.

It is certainly true that John Bowlby took a dim view of day care, and indeed of almost anything else that kept mothers apart from their babies and toddlers. Bowlby's own early research had been with children who had undergone traumatic separations from their parents — delinquents in foundling homes and child-guidance clinics, young evacuees from the London blitz and otherwise happy children confined to the hospital in an era when visiting hours, even for mothers and fathers, were normally restricted to once a week. In all of these cases, Bowlby detected an initial stage of protest, followed by a kind of passive grief or dejection that could sometimes appear to be cooperative behavior to busy nurses or social workers, followed by a deeper and lasting emotional detachment — the child might be cheerful with others, but defensively reject his mother when she appeared again.

"This whole business of women going to work," he told the psychologist Robert Karen in 1989, a year before he died, "it's so bitterly controversial, but I do not think it's a good idea. I mean women go out to work and make some fiddly little bit of gadgetry, which has no particular social value, and children are looked after in indifferent nurseries. . . . Looking after your own children is hard work. But you get some rewards in that. Looking after other people's children is very hard work, and you don't get many rewards for it." For Bowlby, attachment was monotropic; that is, it occurred with a single other person. But later attachment theorists have argued that young children live comfortably within a hierarchy of attachments. Maybe an 18-month-old's mother is the apple of his eye, but an affectionate father is a close runner-up, followed by other relatives, a nanny or a particularly attentive day-care worker. The important thing is that these be empathetic people, consistent presences "at-

tuned," as the attachment theorists like to say, to babies in general and to one baby in particular.

If further refinements of the theory have made some feminist objections irrelevant, they have hardly shut down the criticisms. The psychologist Diane Eyer (the author of "Mother-Infant Bonding: A Scientific Fiction") has made a career of denouncing attachment theory and its more simplistic variants as a new and ingenious version of an old game: pinning the blame on Mom when a child grows up insecure or worse. Placing too much emphasis on the early relationship between mother and child, she argues, allows society to abdicate responsibility for its role in shaping children. "Children are profoundly affected by an array of people who interact with them," Eyer writes, "by the foods they eat, by the music they hear, by the television they watch, by the hope they see in the adult world and by the institutions — especially schools — they attend."

From another angle, critics like Jerome Kagan, a Harvard University child psychologist, have argued that while attachment theory is intuitively appealing — it sounds right to parents who find it agreeable to their own style of child-rearing — it is extremely difficult to measure the emotional content of relationships. Inborn temperament, Kagan contends, is at least as important as early experience in determining whether an infant will morph into a happy and secure adult or a miserable one. Some children are simply more susceptible to separation and loss than others.

It doesn't exactly help that on its pop-psych fringes, attachment theory has spawned more than its share of wild-eyed one-noters. In the 70's and 80's, as Eyer points out, there were the "experts" who insisted that immediate skin-to-skin contact between mothers and their newborns acted almost as a vaccine, inoculating children against future psychological woes and antisocial tendencies. These days, there are the crude Casandras who speak darkly of legions of "unattached kids" who cannot love and who grow up to be charmers, con artists and, yes, psychopathic killers. One example is the overheated 1987 best seller "High Risk: Children Without Conscience," which blithely equates the trauma of day care with the trauma of child abuse. Even more disturbing is the idea that some version of attachment disorder could be warped into a legal defense in child abuse cases: the lawyers for a woman named Renee Polreis, who was convicted in Colorado last year of beating to death her Russian adopted son, argued that the 2-year-old was so traumatized by his orphanage experience that he had inflicted the beating on himself.

WITH OVERWROUGHT EXAMPLES LIKE these out there it might be tempting to dismiss attachment theory altogether. After encountering a few of them myself, I had the vague impression of a faddish and slightly his-

trionic diagnosis and a handful of questionable therapies to go with it. Yet after talking to some of the parents of eastern European orphans I felt otherwise. What they told me about the ways their children seemed to struggle every day with the legacies of early deprivation — "it's like the grooves were cut in the orphanage and that's the music he's playing now," said the mother of a 9-year-old — made the tenets of attachment theory real in a way they had not quite been for me before.

Consider, for example, a woman named Thais Tepper. Tepper is an adoptive mother who turned herself into an advocate — "the Ralph Nader of attachment," a friend calls her — and like a lot of advocates she can be blunt and ornery and single-minded. Some of the adoptive parents she claims to represent consider her an alarmist. But there is no doubt that she knows the research in this field intimately, and she has talked to hundreds of parents who, like her, adopted children from institutions in eastern Europe. "You know, you read in the newspaper all the time about mothers who locked their kids in the basement in a crib, and somebody found them and lo and behold the kids turned out to be eggplants," says Tepper, who brought her son Drue home from a Romanian orphanage in 1991 when he was 18 months old. "Well, think of that on an industrial scale."

Tepper is 45, a former Pennsylvania State health inspector with a degree in environmental science. She is an energetic, choleric sort who boiled over when she discovered that her son suffered from all sorts of health problems that she felt the adoption agency should have warned her about. (One difficulty with some of these children is sorting out what might be a result of medical conditions like fetal alcohol syndrome, lead exposure or malnutrition from emotional and psychological damage.)

"His head was flat as a pancake and his neck flopped over," she says. "At 18 months, he couldn't walk, he couldn't talk, he couldn't hold a baby bottle and he couldn't make eye contact." A year after they brought him home to the suburbs of Pittsburgh, when he still didn't talk and darted away from her every chance he got, she began to read Bowlby and others on the behavioral and biochemical fallout of early neglect — the rocking and other self-comforting behaviors that reminded researchers of autistic children, the tangle of cognitive delays, the distrust of new caretakers, often accompanied by an inappropriate charm and effusiveness with strangers.

In 1993, Tepper founded a support organization called the Parent Network for the Post-Institutionalized Child, which now has about 1,500 members. "These kids don't just have psychological problems," Tepper says. "They have cognitive problems. If you don't have a mother to sit there and read to you, or coo at you, or, if



you're in Pango Pango, to plop him down next to a hole in the ground and show you how to eat termites off a stick, then you're going to be way, way behind cognitively."

Across the country, in a prosperous Los Angeles suburb called Rolling Hills Estates, a woman named Nancy Beck has helped to start a smaller support group for adoptive parents of eastern European and Russian children. She is an altogether different sort of person than Tepper — a 50-year-old full-time mother with three grown children and a soft, almost girlish voice — but what she says doesn't sound so different at all. Five years ago, when Beck brought Alexander, 4, and Natasha, 5, home from Moscow, her biological children were 11, 18 and 21. "I feel embarrassed and a little trite telling people why I adopted," she says. "I live in an upper-middle-class area, and at that point in my life, I was supposed to go play tennis. But I didn't have a career that was all-consuming. I didn't have a niche in the world. I looked around and said, What do I do best? Well, I have three wonderful children."

From the beginning, though, it seemed to Beck that nothing she had learned or felt as a mother

applied to the rearing of these two children. The first night in the hotel room in Moscow, Natasha rocked back and forth so violently that the bed shook. On the plane home, she talked to herself in a low, soft voice that got louder and louder and more and more frantic, until other passengers started saying, "Can't you stop her?" "Maternal deprivation," Beck says, "just matters so much — not getting fed when you need to be fed, not hearing language come back at you when you begin to babble. In that case, I think there is hardwiring that is meant to happen and doesn't, and there are these little places in the brain that are dead. Maybe if the orphanages had one caretaker for every two or three babies. But hers had one caretaker for every 10."

Natasha is well enough now to talk sometimes about her memories of the orphanage, but getting to this point has taken years of therapy, special schools, the sale of the family home to pay for it all and, Beck says, her own willingness to put nearly everything else in her life aside. "And what she remembers is being in a crib — she calls it her cage — with another child. A nurse would walk into the room and

A year after his parents took him home to the suburbs of Pittsburgh, Drue Tepper still didn't talk and darted away from his mother every chance he got. She began to read Bowlby and others on the behavioral and biochemical fallout of early neglect.

put a bottle in each cage. Then she'd turn around, walk out and close the door. 'Some people didn't know how to feed themselves, Mommy,' Natasha will say, 'but I did.'"

THE MERE EXISTENCE OF A PLACE like the Attachment Center at Evergreen — where the clientele of formerly abused and neglected children includes a growing proportion of eastern European orphans — is a kind of index of the lengths to which parents will go in seeking therapy for these children. The efficacy of the center's unorthodox stock in trade, a method known as holding therapy, has never been demonstrated by any large-scale study. And holding therapy has plenty of fierce detractors. It requires a child to lie prone across the therapist's lap, with the therapist's arms wrapped around him tightly enough so that he will feel "secure" while he shouts out his anger at the people who neglected or abused him. Some critics contend that holding therapy is a form of restraint that risks traumatizing children all over again.

To charges like this, Neil Feinberg, a social worker who treats patients at Evergreen and practices holding therapy regularly, replies simply that "it is my experience that these kids are already re-experiencing their trauma all the time, but without any effective resolution."

The day I spent at Evergreen I saw a videotape, made five years ago, of a holding treatment in which Feinberg cradled a 10-year-old Korean boy. "How could you do that to me?" the boy screams — at Feinberg's prompting — at his pretty blond adoptive sister, who wanly acts the part of the teen-age mother who abandoned the boy to the Korean foster system. At the end of

Children raised in deprived circumstances have to be taught the ability to recognize emotions by visual and auditory cues, one neuropsychologist argues, before they can learn to feel them. 'Love is an abstract concept,' he says.

the session, the boy's real adoptive mother enters the room, and Feinberg urges the boy, his face now gleaming with tears, to climb into her lap, which the boy does, and then says, genuinely enough: "I have been treating you like [expletive]. . . . I want to love you." "I think you've got to learn how," his mother says softly. "I know how," the boy replies. "The guy told me."

Later, I ask Feinberg, an intense man with an indelible Brooklyn accent, what had happened to the boy. Unable to live with his adoptive family, he is in a residential placement center in another state. "It's a measure of our success," Feinberg says, "when a kid doesn't end up in jail for having committed violent crimes."

The handy label "attachment disorder" favored by the diagnosticians at Evergreen strikes many other doctors and therapists who work with post-institutionalized children as inadequate. "I don't think we have the proper diagnostic codes to describe these kids," says Laurie Miller, a pediatrician at the New England Medical Center's International Adoption Clinic. "I saw one kid who had been in a Russian orphanage till he was 2½ and then was adopted by a single mom in the U.S. They moved several times, and he'd see new doctors in each new city, and each one would have a new diagnosis: attention-deficit disorder, schizophrenia, autism, Tourette's syndrome, obsessive-compulsive disorder. None of them was accurate, but each had a grain of truth. I'd diagnose it as complex neuropsychological behavior disorder of the post-institutionalized child. Only insurance doesn't cover that one."

The truth is that the damage caused by early neglect — or even by physically adequate but emotionally indifferent care — can be deeply intractable, not least because it may have neurological as well as psychological dimensions. Harry Chugani, a neurologist at the Children's Hospital of Michigan, has been comparing PET scans of the brains of eight apparently healthy Romanian children adopted by Americans with a control group of children reared in normal family settings. Although the results are very preliminary (and unpublished), all eight orphanage children show evidence of abnormal metabolism in a specific area of the brain's temporal lobe thought to be involved in social functioning. "I think we can hypothesize," Chugani says, "that what we saw in these scans is related to neglect, to a lack of maternal-infant interaction at a critical phase."

In the absence of more physiological studies like Chugani's, the handful of doctors and re-

searchers who have worked with post-institutionalized children are left to reach conclusions as much by hunch as with hard data. "It's clear to me that not only lack of nutrition, but also of stimulation and of emotional contact, can inhibit the development of brain systems," says Ronald Federici, a developmental neuropsychologist in Alexandria, Va., who has evaluated about 1,000 adoptees from eastern Europe and the former Soviet Union. "Can those effects be undone? Many times, yes. Many times, no. It depends in large part on the age of the child." Federici believes in "moving slow and easy" in treating these children, "almost as if you were rehabilitating a brain injury." They have to be taught the ability to recognize emotions by visual and auditory cues, he argues, before they can learn to feel them. "Love is an abstract concept," he says.

And they may have cognitive impairments — visual problems, sensory-integration deficits, trouble processing language at the pace at which it is usually spoken — that make the learning process especially difficult. So Federici teaches emotions with the aid of charts, pictures and role-playing: Who's smiling? Who's frowning? What's sad? What's happy? "The emotions of the children may always be," he says, "a little off" — a little rote — "but their behavior will change. They may not be so defensive or afraid."

THERE ARE, TO BE SURE, IMPORTANT caveats to this pessimistic picture. In a study of 229 American families who adopted Romanian children, Victor Groza found that 78 percent of the parents rated the "overall impact of the adoption on the family" as "very positive," and 97 percent said they "never thought" about relinquishing the child. Moreover, using the parents' own assessments of their children, Groza divided the adoptees into three distinct groups, each with a fairly different prognosis. About 20 percent of the adoptees in his study were what he called "challenged children" — those who had been "severely affected by their institutionalization" and continued to have alarming emotional problems and marked developmental lags up to four years after their adoption. Another 60 percent were what he called "wounded wonders" — those who clearly fell behind their peers in social and developmental growth but who had managed to make big leaps forward in their adoptive homes. And a third group, the

"resilient rascals," haven't displayed any obvious ill effects of their institutionalization at all. Perhaps, Groza speculates, they had been "pets" in the orphanage, charming the staff into giving them more attention.

Moreover, in what many researchers in the field say is the most thorough study yet of Romanian children adopted in North America, a group headed by Elinor Ames at Simon Fraser University in British Columbia concluded that all 46 of the orphanage children in the sample had been able to form some sort of attachment to their adoptive parents. Nonetheless, 60 percent of the parents reported that three years after the adoption they still worried about their children's "overly friendly" attitude toward adult strangers, and a third of the children displayed what the study called "atypical insecure attachment patterns."

All of these studies have found that the earlier a child was adopted — which is to say, the less time he or she spent in an orphanage — the likelier he or she was to develop normally. In the Ames study, a control group of Romanian infants adopted from homes and institutions before they were 4 months old did better on virtually every measure than the children adopted at 8 months or older, though the two groups had a similar history of prenatal care, environmental stresses and so on.

"Orphanage experience tends to dampen all areas of intelligence," concluded the Ames study, which found that 78 percent of the Romanian orphanage children it evaluated (on the basis of standardized tests and parental assessment) were delayed in "fine motor, gross motor, personal-social and language" skills when they were adopted. Groza's study specified two sensitive windows — the second half-year of life and the period between 25 and 36 months — when institutionalization was especially likely to cause delays in both emotional and cognitive development.

But no legitimate researcher will say that there is an age beyond which a child cannot be helped. And though there is a general feeling among doctors and researchers that certain ages are more sensitive than others, and a rough consensus on what those ages are, that's not to say that there is unanimity on these points. "If kids are adopted from an orphanage before 6 months of age, the data are pretty good that they do comparably to birth children," says Dana Johnson, co-director of the International Adoption Clinic at the University of Minnesota, who has examined about 300 eastern European adoptees. "At 6 to 12 months, you have some kids who start to fall behind in certain areas, particularly in language development, and by 1 year nearly all are behind. Still, if you adopt a child from an orphanage before he's 2, most of the evidence would suggest that his recovery could be pretty good. After 2, it just depends on the in- *Continued on page 38*



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ATTACHMENT

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of the young child of maternal care may have grave and far-reaching effects" on a child's "character and so on the whole of his future life." (Note that he said "may" and that he described the deprivation as "prolonged.") We are still left with the question of what, if anything, this tells us about the emotional lives of children who undergo separations from their parents but not the stark sensory deprivations of an orphanage. We are still left wondering whether there is anything at all to what one writer has called the "implicit Bowlbian argument" that "since absent mothers lead to disturbed children, ever-present mothers will produce happy children."

For two decades now, attachment researchers have most often chosen to address this question through their classic experiment, the miniature melodrama known as the Strange Situation. As trained observers look on behind two-way mirrors, a mother (or in some versions a father) and her 12-month-old baby are led into a room where there is always an inviting heap of toys to distract him. Twice during the 20-minute-long experiment, the mother leaves the baby in the room — once with a researcher whom the baby has never seen before, once all alone. Twice she comes back. The idea — and for many people it is a stretch to accept — is that what can be observed in these closely choreographed separations and reunions is a capsule history of the relationship between parent and infant.

Over the years, the Strange Situation has been criticized for being too artificial or too dependent on the mood of the child that day, or for assessing the temperament of the child but not the quality of the child's relationships. But it remains,

as Phillip Shaver, a University of California at Davis psychologist and attachment researcher, puts it, "the gold standard in attachment research." Jay Belsky, a professor at Pennsylvania State University and a leading attachment researcher, says: "It may be artificial, but so is a treadmill test for the heart. That's a physical stress test — this is an emotional stress test. They're both artificial, but they're both diagnostic too."

What matters most, according to the logic of the Strange Situation, is not what happens in the separations but what happens in the reunions. If the baby is upset, as most are, when his mother leaves him in this strange place, but if he also seeks comfort from her when she returns, then he is considered securely attached. If he isn't particularly upset, but still pads over to her or looks up at her and smiles when she comes back into the room, then he is considered secure too. Insecure children, on the other hand, fall into two main categories. The "avoidant" types scarcely seem to notice their mother when she's in the room, show few overt signs of distress when she leaves it and mostly ignore her when she returns. And the "ambivalent" types often wail inconsolably when she leaves — but are not pacified by her return; they may reach for her to pick them up but once in her arms will typically stiffen and arch away and sometimes sob all the harder, as if despairing of ever getting the comfort they seek.

It was the insight of Mary Ainsworth, the University of Virginia developmental psychologist who in the late 60's devised the Strange Situation, that these different ways of coping with separation could be traced to particular patterns of maternal care. "Sensitive" mothers — those who had been observed in the first three months of their ba-

bies' lives responding quickly when they cried, handling them deftly and affectionately and reading their signals of pleasure and distress accurately — were most likely to have babies who were deemed securely attached at 1 year. The mothers of children labeled "insecure-avoidant" at 1 year were more gruff and dismissive; they seemed to enjoy physical contact with their babies less, and were sometimes mocking or sarcastic with them. "Insecure-ambivalent" children had mothers who sometimes responded to their distress, but usually didn't, and who seemed especially anxious and overwhelmed.

It was a child-rearing theory with a particular bias — one not at all attractive to the many parents then and now who believe that responding promptly to a crying baby will spoil her. But it wasn't, strictly speaking, a cultural bias; Ainsworth conducted her original research, in which she first identified the different styles of mothering, with a population of Ugandan villagers and later replicated it with a sample of middle-class families in Baltimore.

Though attachment theorists haven't always liked to say so, this link between sensitive care and security of attachment actually undermined pure Bowlby-ism, with its blanket injunctions against mother-child separations. For if it is true that, as Ainsworth once put it, "it's very hard to become a sensitively responsive mother if you're away from your child 10 hours a day," it is also true that responsiveness is not an attribute only of mothers and certainly not of all mothers. It is not hard, for instance, to picture a stay-at-home mother who is physically present but emotionally distant. And it is not hard to imagine a father, a grandparent or a baby sitter who would be more attuned to a particular child — more

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maternal, if you like — than the child's own mother. If sensitivity is the key, then maternal omnipresence cannot be construed as a good in itself.

Moreover, the most recent and reliable studies that have looked at the attachment security of children in child care have found that while there are some negative effects, they are quite small — statistical flutters. The ambitious National Institute of Child Health and Human Development Study of Early Child Care released in October concluded, for example, that "there were no significant differences in attachment security related to child-care participation." Even when children were in day care for especially long hours, or at especially early ages, even if they were in "unstable, or poor-quality care," they were no more likely to be insecurely attached to their mothers. The study did find, however, that children were somewhat more likely to be insecurely attached if they had mothers whose own care was deemed to be insensitive and if they were also in poor-quality or unstable child-care arrangements. In other words, no feature of child care by itself predicted insecurity, but in combination with certain parental shortcomings it might.

However small such effects might be, it may not do to ignore them. For one thing, there is evidence that the categories of attachment — secure and insecure — tend to persist and to shape the personalities of older children and young adults. In an extensive longitudinal analysis known as the Minnesota Studies, two researchers, Alan Sroufe and Byron Egeland, followed up on a group of 267 babies who had been labeled securely or insecurely attached in Strange Situation experiments (and other diagnostic tests) conducted in the mid-70's. On nearly all psychological measures — from ego resiliency to independence to empathy to the capacity for fun — the children who as babies had been securely attached scored highest. Teachers who knew nothing of these labels and were asked simply to evaluate the children tended to like the secure ones best. They described the avoidant ones as obnoxious and arrogant and the ambivalent ones as clingy and ineffectual. These findings do not establish a causal link, only a correlation, between security of attachment and later personality traits, and it may still be, for example, that the insecure children were simply born more aloof or fretful. But the results are suggestive, especially since they have been replicated in other studies and at later ages. And if they are accurate, then anything that increases the number of anxiously attached children ought to concern us.

It sometimes seems that the kind of caretaking that attachment theory advocates and yes, sentimentalizes — the tender, tedious ministrations of what the psychoanalyst D.W. Winnicott called "the ordinary devoted mother" — have little place and even less prestige in the current debate about how we ought to rear children. It sometimes seems that we are in the midst of a mini backlash against the notion that children require sacrifice of convenience and ambition, that getting to know and un-

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derstand a new infant can be like a slow courtship that ambles along to its own rhythm. In the popular, tough-love advice of the Christian family counselors Ann Marie and Gary Ezzo, for instance, you will find new arguments for keeping babies on rigid feeding schedules, letting them cry it out so that they don't develop a "predisposition for immediate gratification" and training them to sleep through the night as early as 5 weeks so that they don't disrupt their parents' schedules any longer than necessary. And from some working parents and some feminists, you hear the steely insistence that child care is just fine for every child, thank you very much, and don't go singing the praises of maternal love like some besotted Irish tenor.

Maybe there is no way to acknowledge publicly what an ordinary devoted mother — or father or baby sitter — does every day without sounding hopelessly soppy. Maybe it will always hover below the radar of any policy debate, in the dailiness where most of us do for our children what goes without saying. Then again, if you

have devoted yourself to a child for whom such things were never done — a child who as a baby was not held and jostled just so, or fed just when he wanted to be, or calmed when all the strangeness of the world seemed too much — maybe you can be forgiven for thinking that the ordinary things matter a great deal.

Those thoughts occurred to me as I was sitting in Linda Crumpecker's kitchen one day while she poured tea and gave Nicholas his medication so he could go out and join the neighborhood street hockey game. A few minutes earlier, he had dashed in to tell her, haltingly but happily, that he had just found a leftover Easter egg in the backyard. And a few minutes before that, Crumpecker had been saying that she would "go to the ends of the earth" for him. "In some ways I feel I have, and I feel he knows that, and that has brought us closer." But now what we are talking about, in effect, is what somebody didn't do for Nicholas. "If nothing else," she says, "these past five years have made me think about parenthood anew. They've given me an appreciation of all the ordinary, everyday things that mothers do for ordinary infants. I just can't say enough how much those matter." ■

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Yeshivish at Yale

Five religious freshmen refused to live in Yale's 'immoral' dormitories — and opened a schism between Orthodox Jewry and the very idea of a liberal university.

By Samuel G. Freedman

As Batsheva Greer was leaving a class several months ago, she mentioned to a fellow Yale freshman that she needed to make a telephone call. The classmate invited Batsheva to use the phone in her dormitory room. And the offer filled Batsheva with distress.

She quailed at the thought of insulting the woman by spurning her offer. To most Yale students, nothing could be more prosaic than strolling into one of the residential colleges, where most of them live, eat and even attend classes. But to Batsheva, those same dormitories represent immorality itself, an arena of coed bathrooms, safe-sex manuals and free condoms, a threat to her very soul.

"That's all right," Batsheva told her classmate. "I've got to be going now." She had grown used to giving such polite, if abrupt, demurrals. Only rarely, with a classmate who understood the depth of her Orthodox Judaism, would Batsheva answer candidly, "I can't go up, and I know you'll understand."

The line that Batsheva Greer would not cross to enter a friend's dorm runs through a Federal lawsuit in which she and three other Orthodox students have charged Yale with religious discrimination for requiring all freshmen and sophomores to live on campus. The line divides Jew from Jew, and separates two irreconcilable worldviews: should the sacred accommodate the secular or the other way around?

As Yale holds its commencement this weekend, the suit remains in United States District Court in Hartford, as intractable as on the day it was filed last December. The plaintiffs argue that, in terms of protecting constitutional rights, Yale should be considered a public institution and therefore subject to Federal antidiscrimination laws. But the legalities hardly hint at the emotions the "Yale Five" case has conjured. (One

prospective plaintiff, Rachel Wohlgelemtner, married and was then allowed to live off campus.) Even if the Federal court dismisses the suit, as the university has asked, the theological and social implications of the case will continue to resonate.

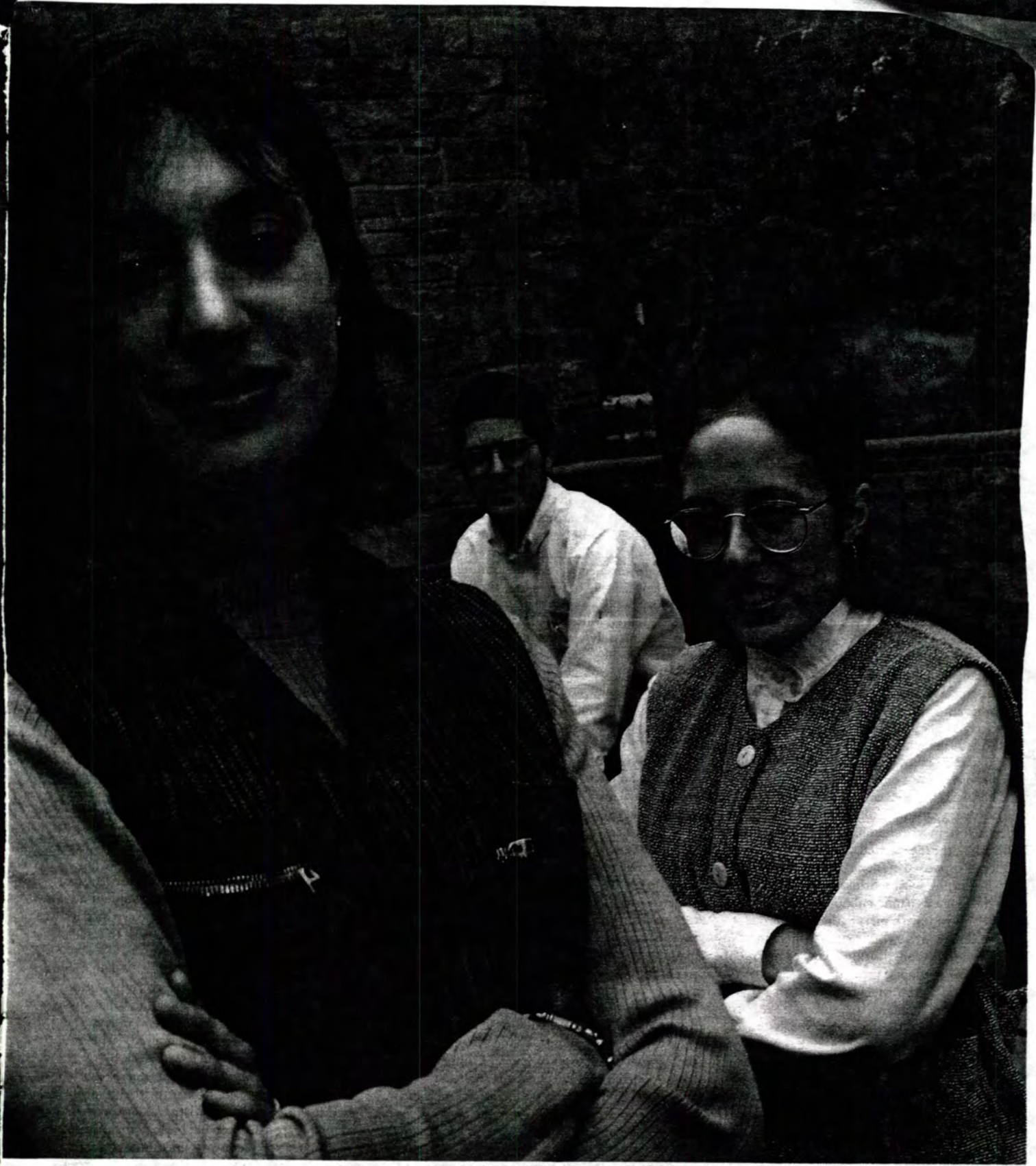
Through all this hurly-burly moves Batsheva Greer, a 19-year-old history major with delicate features, wire-rim glasses and a presence so gentle that she doesn't seem to displace any air when she enters a room. Her rabbi father has watched her wince at gossip, even the favorable kind. "She is," Daniel Greer explains with pride, "the least likely revolutionary."

His use of "revolutionary," though, is correct. Batsheva's timidity coexists with a steely resolve, one shaped partly by her family and partly by an Orthodox Jewish education in America and Israel. "It's not like I was debating the issue," she says of her decision to join the lawsuit. "It was definite in my mind. There was just no question that I would be sacrificing my religious upbringing to live on campus. My personal feelings about being in the spotlight are irrelevant."

Her primary worry, in fact, is that Yale might settle the case out of court, returning the money that each student has paid for the dorm rooms in which they never spent a single night. That would deprive the plaintiffs of their opportunity to triumph on principle, both legal and moral. "You never think people will have such low regard for religion," she says of Yale officials. "Anyone can see we're serious about this."

FOR A UNIVERSITY THAT HAD A JEWISH QUOTA UNTIL THE early 1960's, Yale has changed markedly to address the sensitivities of observant Jews. The university now has a Jewish president, a Jewish dean of undergraduates and a student body estimated to be as much as one-quarter Jewish. Yale allows students to use their meal plan in the kosher cafeteria of a privately financed Jewish center. It provides old-fashioned keys to Orthodox students so they will not violate the Sabbath by

Samuel G. Freedman is the author of three books. His next one is about the schisms in American Jewry.



Orthodox Jewish students — from left, Rachel Wohlgelernter, Elisha Hack and Batsheva Greer — outside a Yale dormitory they consider potentially harmful to their spiritual well-being.

'They're making a bold statement that attending Yale is strictly utilitarian. They're saying, basically, "There are things we can learn from Yale, but its values are decrepit."'

using electronic card-keys to enter their dorms. It supplied Batsheva Greer with a female tutor in a music course so she would not broach religious law by singing for a man.

But Yale has traditionally insisted that virtually all students, Orthodox Jews included, must live in the residential colleges their first two years. The university argues that living on campus means living in the real world, with all of its complexities and challenges. "We believe the undergraduate experience is more than just the classroom," says Richard Levin, Yale's president. "And we believe these aren't just dormitories, but communities. This university has been committed to offering an encounter with difference as part of its educational mission. These students want the education, but they don't want the encounter."

In their way, the Yale Five seek nothing less than to reverse the course of Jewish history in America. Ever since Jews began immigrating here in great numbers, the impulse toward assimilation has driven the debate about how a Jew should engage America. Jewish immigrants eagerly embraced secular education, as the New York University historian Hasia Diner points out, neither trying to shape it in their image, as 19th-century Protestants had, nor establishing a countersystem of parochial schools like their Irish-Catholic contemporaries. On American soil, the Reform and Conservative branches of Judaism far outpaced Orthodoxy in membership. The image of the Old World father studying Talmud became one of anachronism, if not outright ridicule.

Only with the rise of Modern Orthodoxy in the postwar years did American Jews begin to develop a system of religious day-schools. Yeshiva University, the intellectual capital of Modern Orthodoxy, espoused a code of *Torah Umadda*, Jewish learning with worldly knowledge. It was thought that a dynamic encounter with America could confirm Jewish piety rather than erode it.

Both Rabbi Greer, Batsheva's father, and Nathan Lewin, the constitutional lawyer representing the Yale students, grew up in New York in such a climate. And their memories of Modern Orthodoxy are of a faith insecure in its adoptive land. Lewin recalls being instructed, as an elementary-school student at the Ramaz School in the 1940's, to remove his yarmulke when waiting outdoors during fire drills.

In recent years, Orthodoxy has increasingly split into factions of Modern and *haredi* (also known as ultra-Orthodox). So named for a word describing a Jew's imperative to "tremble" before God, the *haredi* embrace the technical aspects of modernity — including

higher education, when it serves a practical purpose — while rejecting the cultural ones.

The sociologist Chaim Waxman of Rutgers University contends that the last decade has seen "the haredization of American Orthodox Jewry." Just last year, a spokesman for the ultra-Orthodox group Agudath Israel denounced the Yeshiva University president, Norman Lamm, as a "hater of God" for supporting religious pluralism in Israel. The very term "Modern Orthodox" has become so pejorative — it is to observant Jews what "liberal" is to Democrats — that even its practitioners prefer to call themselves "centrist" or "traditional."

Elisha Hack, one of the Yale plaintiffs, eschews both "Modern" and "haredi" for a term that might well describe all the plaintiffs. "There is an expression floating around — 'yeshivish,'" says Hack, a 20-year-old freshman from New Haven. "It doesn't exist in a dictionary. It's 'yeshiva' made into an adjective. And it connotes a level of observance, a way of thought, a type of dress."

So just as Elisha wears a plain white shirt and a dark suit, just as he flourishes *tzitzis*, the fringes that remind a Jewish man of his 613 religious obligations, he likens the Yale residential colleges to Sodom and Gomorrah.

Rachel Wohlgelemler felt so strongly that, in order to circumvent the requirement to live on campus, she underwent a civil marriage last September, three months before the religious wedding she had long planned. "I could not place myself in an environment potentially harmful to my spiritual well-being," says Wohlgelemler, a 21-year-old psychology major from Los Angeles.

FAIRLY OR NOT, THEN, A DORMITORY address at Yale has emerged as the signifier of an Orthodox Jew's readiness to engage the larger society. Some of the most indignant letters to The Yale Daily News opposing the Yale Five have come from other Jewish students, blaming the plaintiffs for everything from misrepresenting Judaism to ruining the admission chances of future Orthodox applicants. The Orthodox rabbi in charge of the campus's kosher cafeteria has criticized the students for taking their complaints to court. While the president of the Union of Orthodox Jewish Congregations has supported the Yale Five for their desire "to live a moral life," its public-affairs chairman called the lawsuit "a serious mistake."

Steven Bayme, director of Jewish Communal Affairs for the American Jewish Committee, considers the lawsuit a statement of self-assurance. "The assumption 40 years ago that Ortho-

doxy was something you have to apologize for has receded," he says. "Yet the fact these five students are making it a matter of principle that they won't live in the dorm is troubling. They're making a bold statement that attending Yale is strictly utilitarian. They're saying, basically, there are things we can learn from Yale, but its values are decrepit."

HER POLITICAL-SCIENCE CLASS OVER, HER E-mail answered, Batsheva Greer slid into a chair in the Yale library for her weekly Torah study session with an Orthodox friend. In a domain of sweat pants and flapping shirttails, both women wore skirts to the ankle and sleeves to the wrist, their voices shifting effortlessly from English to Hebrew and back.

Their studying went unnoticed by nearby students, and such easy coexistence suits Batsheva. In myriad ways, the lawsuit being only one of them, she tries to reconcile the Yale she sought for its world-class education with the Yale she rejects for its social values.

Batsheva, who lives with her family a mile from Yale, never set foot in the dorm she was assigned to last fall. Her mother, Sarah, did inspect it, and to this day insists she cannot describe the wantonness within. But to safeguard Batsheva's enrollment, the Greers paid Yale the annual \$7,000 room-and-board fee. Like all incoming freshmen, Batsheva was invited to attend orientation sessions on topics ranging from safe sex to diversity. She boycotted every one. "They weren't the place for a nice religious Jewish girl," she says. Her absence from the safe-sex lecture in particular drew the notice of her student adviser, who, she says, called her repeatedly. Batsheva, feeling harangued, threatened to call a lawyer, and the adviser desisted.

In choosing her classes, Batsheva sought the advice of a rabbi. The required composition course included a reading on abortion. When discussion turned to such a topic, Batsheva says, she sought refuge in silence. "I figured," she explains, "that I can always talk next week."

The other plaintiffs tell similar stories. Elisha Hack took a course in Roman history that included lessons in early Christian doctrine. Jeremy Herschman, a 20-year-old biology major from Cedarhurst, N.Y., regularly encountered evolutionary theory and acknowledges that he tries "not to think" about whether it squares with the





Greer, center, and Hack, right, are suing Yale. Wohlgelernter married to avoid living on campus.

Torah's account of creation. Yet each of the Yale Five insists on a fundamental distinction between the intellectual challenges of course work and the moral challenges of living arrangements.

"When something is said in a classroom, you can listen and write notes and it doesn't make an impression on you," Batsheva says. "But when you're in an immoral environment, it has a detrimental effect. Actions are just more detrimental than words. They aren't good for one's soul."

As freshmen, Batsheva and the other plaintiffs would have resided on a single-sex floor. But no residential college at Yale prohibits visits by either gender, so some students would inevitably have boyfriends or girlfriends spend the night, and use the hallway bathrooms. As a sophomore, Batsheva could have chosen Orthodox roommates and occupied a suite with an internal, single-sex bathroom.

The rules have not always made piety easy for the several dozen Orthodox Jews who do live in the dorms, like Evan Farber, a 20-year-old from New Rochelle, N.Y. During Farber's freshman year, one of his suitemates had his fiancée visit on many weekends. Farber agreed to tolerate the couple sleeping in the suite's living room, separated from him by a closed door, as long as they tolerated him walking through the room at 7 A.M. on his way to morning worship. "Confronting and solving an issue is a strengthening process," Farber says. "But I know this arrangement wouldn't have been acceptable to those who sued. I assume they'd also be unhappy about taking an art history class with paintings of nudes. And probably they'd have a problem walking across campus on a hot spring day when people are sunbathing. Part of the difference is a strictness in interpreting *halacha*, religious law, and part of it is the willingness to compromise."

Indeed, the Yale Five have earned more visible support from gentiles than from Jews. Elisha Hack received an encouraging letter from a local Catholic priest. Jeremy Hershman speaks of be-

ing hailed on the street by an evangelical Christian student. And Batsheva Greer has received unsolicited E-mails of support from observant Christians and Muslims. "I would like to commend you on your bravery and tenacity in this matter," went one message, from a Muslim student at U.C.L.A. "I just want to say don't give up. ... Good things come to those with patience. Think of Joseph in the Bible for inspiration."

WHEN BATSHEVA GREER WAS A CHILD in New Haven, her father owned a half-size refrigerator a quarter-century old. The relic came with a story told so often that it became the family's parable of principle.

In September 1956, as Daniel Greer's fellow freshmen were dining in the Princeton University Commons, he ate every meal alone in his dorm room. An Orthodox Jew some 10 miles from the nearest Orthodox congregation, only 16 years old because he had skipped grades, Greer kept kosher throughout college with the aid of the refrigerator, a hot plate and home-cooked meals he picked up on weekend visits to his parents.

"We were brought up to believe one goes out into the world," says Dov Greer, Batsheva's older brother, who has also attended Yale. "But one doesn't accommodate one's religion for one's college. All Orthodox Jews know they live in a society that has some values that aren't ours. My father's main point is that the most important thing is that you are an Orthodox Jew."

With degrees from Princeton and Yale Law School, Daniel Greer moved easily into the secular world. He became an associate at Simpson Thacher & Bartlett, general counsel for the Commissioner of Investigation under Mayor John V. Lindsay and a candidate for New York State Assembly in 1972. But by the late 1970's, Greer had become a rabbi and moved with his wife, Sarah, to New Haven.

Unable to find an appropriate Jewish nursery school for Dov, their oldest child, the Greers founded one. Under Daniel as chairman and Sarah as principal, the school grew to include elementary and secondary grades serving 260 students, among them Batsheva Greer, who attended from pre-kindergarten through 12th grade.

Not that she grew up sheltered. The Greers lived in a relatively poor neighborhood with a large black population; it was being revived by a nonprofit housing program led by Batsheva's father. As a teen-ager, Batsheva volunteered in a soup kitchen, took meals to house-bound senior citizens, organized an informal day camp for local children. "And I didn't do it," she says with a rare flash of edge, "as 'community service.'"

In 1995, as a high-school senior, Batsheva won admission to Yale. Dov and Batsheva's two older sisters, Esther and Hannah, preceded her there, and Batsheva took notice of their approach to the institution. "One thing I saw from them is that on no grounds were they going to compromise," she says in the admiring tones of a kid sister. "My

brother walks around campus with his *tzitzis* out, looking like a yeshiva *bochur*, a yeshiva student."

The details of Yale's housing policy have varied over time, and none of Batsheva's older siblings were required to live on campus. Dov and Esther entered Yale when New Haven residents were excluded from the residency rule. By the 1995-96 academic year, Yale had decided that only married underclassmen could live off campus. Hannah sought a religious exemption, never received one in writing and was evidently "grandfathered" in under the prior policy.

Batsheva deferred her admission from 1996 to 1997 to allow for a year of religious study in Jerusalem. During that time, a confrontation was building between Orthodox students and the Yale administration. As freshmen in the fall of 1996, two future plaintiffs, Jeremy Hershman and Lisa Friedman, refused to move into the dormitories. While their families paid Yale thousands of dollars a year in housing fees, Hershman rented an off-campus apartment and Friedman settled into a dormitory associated with Rabbi Greer's yeshiva.

Efforts to mediate the dispute with Yale officials failed, and by the time Batsheva was enrolled, the disagreement had hardened into a standoff. In April 1997, Batsheva and three future plaintiffs met with Betty Trachtenberg, the dean of student affairs.

Batsheva and Trachtenberg had actually met once before, on a Sabbath night a year earlier. Trachtenberg's husband, who teaches American studies at Yale, was a favorite professor of Hannah Greer, Batsheva's sister. So the Greers invited the Trachtensbergs to join them for worship and Shabbos dinner, an evening that, as Betty Trachtenberg would later recall, suffused her with warm memories of her own Orthodox grandfather.

But that warmth had dissipated by the following April, when Trachtenberg met with the Orthodox students. Neither side was willing to budge. Trachtenberg asked the students why they hadn't simply applied to Harvard or M.I.T. instead, since they knew Yale's housing policy; in response, Batsheva Greer thought to herself, If Presidents went to Yale, why can't I?

Eight months later, Trachtenberg opened her office mail to find the complaint initiating the Yale Five case, with herself listed as a defendant and Batsheva Greer as a plaintiff. "I don't understand," Trachtenberg says now of the Yale Five's refusal to compromise. "I just don't understand."

As for Batsheva, the gentle absolutist, she has just finished final exams. This weekend she will watch Dov and Hannah accept their degrees, in history and architecture, respectively. Both will soon leave for Israel, Hannah to teach in a seminary and Dov to study Talmud. Even as she is suing Yale, Batsheva anticipates her own graduation day in the quadrangle framed by the dormitories she abhors. "I don't think Yale needs to be improved," she says. "We're not out to change the university. We're just trying to live in accordance with Judaism." ■

Assault Rifles Dirt Cheap ... and Legal

Despite the new gun-control laws, it's still easy to get your hands on a

By David C. Anderson

CARS PACK THE LOT OUTSIDE HUGO'S SHOW HALL THIS BRIGHT Saturday morning — but it's not clear what has brought the crowd here to Bealeton, Va., a small town not far from the nation's capital. That's all right with both the promoters of the event and the people showing up for it. For this is a gun show, and everyone involved seems to understand that they'll all be better off if it doesn't attract too much attention.

At a gun show, anyone with firearms to peddle can rent space for \$100 or so and sell to crowds of shoppers numbering in the thousands. Arrayed on tables as if for a brunch buffet, some of these guns are collectibles: decoratively etched hunting pieces, rifles and bayonets from the Civil War. But these days, many tables bear more sinister goods — guns popular among criminals who make up part of the show crowd. They've been lured by a loophole in current gun-control law that exempts sales of private gun collections from the record-keeping and waiting periods required of licensed firearms dealers. At a show, anyone can pay a private vendor cash for a gun and walk away with it, no questions asked.

The Violence Policy Center, in a 1996 report titled "Tupperware Parties for Criminals," called gun shows "a readily available source of weapons and ammunition for a wide variety of criminals — including street gangs, white supremacists, would-be Presidential assassins and domestic terrorists." Representative Charles Schumer, the New York Democrat who has introduced a series of gun control measures, asserts that gun shows are "a 10-foot hole in the law. People who want to get guns can just go to a show and buy as many as they want."

No organization tracks how many gun shows take place each year. But the National Association of Arms Shows claims an annual attendance of more than 5 million. And the Bureau of Alcohol, Tobacco and Firearms has estimated that there are 2,000 shows a year. By all accounts, the business has grown significantly since the 1986 Firearms Owners' Protection Act made it legal for licensed dealers to sell at shows. These dealers — who offer the kind of heavy-duty arsenals that attract large crowds — sit side by side with "hobbyists" hawking their "personal collections." As for criminals, their interest in shows can be

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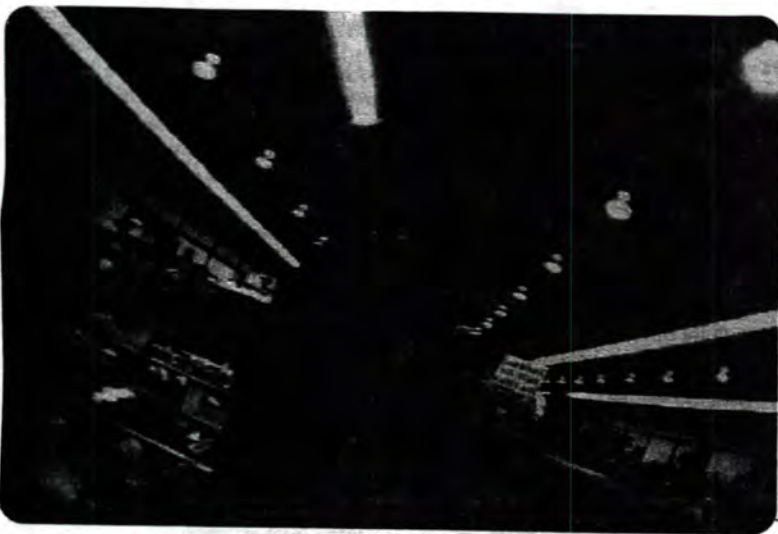
Scenes from a recent California gun

traced to recent changes in Federal gun policy. While dealers must wade through red tape to sell a firearm, they can purchase guns at will. For many years, dealer licenses were so easy to get that even gang members could use them as a hassle-free way to acquire arms. In 1993, however, Washington cracked down on dubious license-holders, forcing crooks to seek guns in other ways — like buying from collectors at shows.

On display at the Virginia show are handguns by the hundreds, everything from the high-end 9-millimeter pistols the cops carry to the cheap .22's they take off kids on the street. And the prices look good — guns going for \$400 in stores are tagged at \$250 to \$300. In addition, there are semiautomatic military assault rifles of all shapes and sizes. An AK-47 from eastern Europe bears a tag proclaiming it "the gun Clinton banned"; it remains legal to sell because it was imported before restrictions imposed by the 1994 crime bill. Then there are the notorious Tec-9's and Mac-10's — clunky, vicious-looking "ugly guns" that, in the 1980's, became weapons of choice for street gangs and psychotic killers. (These guns were also banned in 1994.) Individuals roam the aisles with rifles slung over their shoulders, their asking prices taped to



deadly weapon. Just visit a gun show.



show, taken with a hidden video camera for the lobbying group Handgun Control Inc., show a variety of high-powered weapons for sale.

signs on their backs or fluttering from pennants stuck in the barrels. Walking around Hugo's, one feels the anxiety and fascination one might in a porno shop. Can all this really be legal?

Here at one table, a crew-cut boy who looks no older than 10 ogles a display of machine pistols. A long-haired young man and his denim-clad date study the book rack containing a convict's treatise on how to attack someone with a knife and manuals giving detailed instructions for converting semiautomatic assault rifles into fully automatic machine guns. A thin fellow with a sour expression stands at a table laden with Nazi paraphernalia. On the wall behind him, a poster features a photo of Hitler with the caption: "When I come back, no more Mr. Nice Guy."

Naomi Paiss, communications director for Handgun Control Inc., a gun-control group based in Washington, spotted two women at Hugo's approaching a third who presided over a show table full of handguns. The mother, a middle-aged housewife, explained why they were looking for a gun: the daughter was moving from their rural community into her own apartment closer to the dangers of Washington. They wanted to complete the transaction as discreetly as possible. The moth-

er wanted to know: could they buy the gun without having to fill out forms or notify the police? She and the daughter exchanged glances of relief as the seller explained that since the guns were from her private collection, none of those formalities would have to be observed.

While Paiss marveled at this unusual moment of female bonding, the story's larger point has been appreciated by criminals for years. In 1993, for example, an Ohio man named Thomas Lee Dillon pleaded guilty to shooting five people to death in a series of random attacks. He purchased his guns at local shows, then began disposing of them at other shows. (He was charged with homicide only after the man to whom he sold the last murder weapon at a Massillon gun show saw his picture in a newspaper.) Last year, Manhattan prosecutors convicted Richard Yarmy, a notorious East Coast gun trafficker, of illegally selling firearms he purchased at shows. Yarmy made hundreds of high-volume purchases at gun shows—buying everything from assault pistols to Street Sweeper shotguns.

Such stories have prompted some Federal prosecutors to take a closer look at gun shows. Last fall, for example, Federal authorities in southern Florida arrested four people for selling guns without licenses at shows. Because all four were found to have sold significant quantities of street guns on a regular basis—one was peddling 50 per week—the Government argued that the four were conducting commercial businesses rather than liquidating private collections. (So far, three of the four have pleaded guilty.) Despite such prosecutions, the question of who is a legal hobbyist and who is an illegal purveyor remains unclear.

So long as the discussion of shows focuses on legal intricacies, however, it misses the forest for the trees. Gun shows undermine the gun lobby's argument that too much regulation imposes unfairly on the rights and pleasures of innocent hunters and hobbyists. The handguns, assault rifles and machine guns that dominate the shows are designed to shoot people rather than targets or wild game, and only a handful at the typical show are historically interesting. To own such a weapon is to acquire the easy means to kill someone. The gaps in law that allow, now even encourage, gun shows mock highly publicized victories like the Brady Bill and the assault weapons ban. They make clearer than ever the need for a more serious response.

What should be done? For one thing, the gun lobby has yet to advance a plausible argument against a simple parallel: treat the gun just like that other fantasy-inspiring, dangerous modern appliance, the automobile. That is, register all guns, and maintain records of all gun transfers in a central database accessible to any law enforcement officer. License all gun owners, and require them to demonstrate that they are over 21, law-abiding, sane, sober and insured for personal liability, and know how to handle and store guns safely. Block the sale of any unregistered gun to anyone who can't produce a license, and require that records of all sales be filed.

Such steps won't stop crooks from getting guns, but they would at least force them into a black market and out of a market that operates under a gloss of collector responsibility. And the database of registrations, licenses and transfers would give law enforcement powerful tools to pursue the crooks and black marketers. Equally important, universal licensing and registration would force the young woman who wants a gun for self-protection to demonstrate that she knows what she is doing.

Back inside Hugo's, meanwhile, the gun culture feels thick enough to stir, serious regulation seems remote and business thrives. At a table full of assault weapons, a shopper fingers an AK-47 as the seller approaches. The gun bears a \$325 price tag. "Now's the time to buy," the seller urges, explaining that demand remains high and inventories are in decline. "Next week, it will cost \$50 more." ■

Jim Hoagland

Charm War

MOSCOW—President Clinton insists he will not come to Moscow for a summit with Boris Yeltsin unless the Duma ratifies the START II nuclear arms treaty. But Clinton's attempt to revive the politics of linkage is backfiring. Russian-American relations, adrift for months, are now dead in the water.

The Communist-dominated Duma is hostile to Yeltsin and to improved relations with Washington. By insisting that he will not come to Moscow before ratification, Clinton gives the Duma a whip hand over his diplomacy.

"The prospects of ratification are worse than they were three months ago," Foreign Minister Yevgeny Primakov told me in an interview. "We are doing everything we can, and I think it will be ratified, in this year. But when . . . well, I cannot say. It does not depend on the executive branch of the government."

Primakov's careful statement, made in tones of regret, reverses the official, unrealistic optimism previously voiced in Moscow and in Washington about imminent ratification. Earlier this month, Secretary of State Madeleine Albright indicated that she saw the Duma moving closer to ratification.

But the Duma last week postponed consideration of the treaty until September. Primakov said Yeltsin's recent battle with the Communists over a vote of confidence for Prime Minister Sergei Kiriyenko's new government, and the country's mounting labor strife, "may make this not the best time to raise the question" of linkage.

Primakov, who speaks with an authority Yeltsin allows no other minister, suggested that it is time for a summit without conditions. "It is not so necessary to connect the visit of President Clinton to ratification. In fact, this connection is creating some obstacles in the Duma now."

obstacles in the Duma now."

Primakov asserts that Duma ratification of the START II accord, negotiated by Yeltsin and President Bush, is clearly in Russia's interest. Already ratified by the U.S. Senate, the treaty obligates the United States in effect to match nuclear arsenal cuts that Russia is being forced to make unilaterally for budgetary reasons. Passage would also clear the way for Clinton to start his own strategic negotiations with Moscow.

The once promising Russian-U.S. partnership today looks wilted and wan. The American president has not set foot on Russian soil in two years; recent summits have been held in the United States or Europe. Albright has not visited in a year. Russian opposition to U.S. policies in Iraq, Yugoslavia and elsewhere has grown more spirited as Clinton has concentrated on NATO expansion and improving ties to China as his strategic priorities.

Primakov, a Middle East specialist who previously served as head of Russian external intelligence, minimized the problems in U.S.-Russian relations, saying "today we are not in a zero-sum game." He lavished praise on Albright, who had been "very strong, very able" in their frequent encounters at diplomatic meetings in Europe. "I trust her."

Albright has said the same of Primakov publicly and privately. But their mutual admiration society has not added great new content to the diplomatic relationship of the world's two greatest nuclear powers.

Primakov, who is as subtle and cunning as Albright is pugnacious and direct, replied in a rumbling baritone and with a shadow of a hidden smile when I suggested the United States and Russia still had conflicting interests in the Middle East and the Balkans. He focused on U.S. mediation between Israel and the Palestinians:

"Both the U.S. and Russia want stability in the region. We don't want to interfere. We think the Americans are doing a good job. A good job. Especially by Albright. And secondly, the United States doesn't want anybody else to be involved. They want to monopolize this. So I am content not to share their failure."

U.S. officials have accepted his assurances that Russia "does not have a state-sanctioned policy" to help Iran develop nuclear and missile technology, he added. "I have explained this to Albright. The CIA and the Russian

cussed this as well, and we have similar contacts with Israel. It is clear to everyone we have no interest in helping Iran with weapons of mass destruction."

U.S. absolution of Russia on Iran does not go as far as Primakov suggests. But Washington has not directly challenged his public professions of wanting to curb Iran's access to missiles that could strike Russia. Clinton last week waived economic sanctions the Russian oil giant Gazprom had risked by dealing with Iran.

A survivor with the instincts of a Talleyrand, Primakov has invested heavily in building a strong personal relationship with Albright, and she has reciprocated. The Cold War has given way to a Charm War.

But the failure to move toward a new summit at a time when Yeltsin has made a strong recovery from his periodic illnesses underscores that serious partnership fatigue has developed between the world's two most powerful military nations. Clinton should reassess summit linkage, and his strategic priorities.

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Japan in recession

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Trouble in the engine-room

OSAKA

The second in our series on Japan's economic pains looks at Kansai

THE industrial heartland of Japan is a vast conurbation of some 20m people who live and work within an hour or so of the centre of Osaka. Unlike the beehive of bureaucracy and international business that Tokyo has become, the three principal cities of the Kansai region—Osaka, Kobe and Kyoto—are noted for their wealth of small and medium-sized manufacturers and their networks of merchants. Several of these firms have grown to become household and even global names: Matsushita, Sumitomo, Kawasaki, Sanyo, Nintendo, Kyocera, Suntory, Nomura and Nippon Life are among them.

That Kansai should be considered the engine-room of Japan is no surprise in view of the region's history of entrepreneurial imagination. The world's first futures contract—for rice—was developed by Osaka merchants some 250 years ago. The small but innovative Osaka Securities Exchange continues to handle 80% of the country's trading in derivatives—a business considered too tricky for the dunderheads in Tokyo. Since the end of the second world war, Kansai has produced an astonishing 59 of Japan's new industries (karaoke, video-games, instant noodles and the like) out of the 74 that have been identified by the Nomura Research Institute. "Look to Kansai," goes the old saying, "and you will see what is in store for the rest of Japan."

For bad, as well as good, might be the latter-day rejoinder. Though other parts of the country may be worse off—Hokkaido, for one—Kansai is suffering badly, and certainly more so than Japan as a whole. In the Bank of Japan's latest quarterly *Tankan* survey of business confidence, the unfavourable responses from the greater-Kansai region were far gloomier than the national average. So is Kansai a special case, with problems unique to the region? Or does it, as the bedrock of the Japanese economy, represent a harbinger of worse to come for the country as a whole?

At about ¥80 trillion (\$610 billion), Kansai's gross regional product is slightly larger than that of Canada. Its broad mix of textiles, chemicals, shipbuilding, steel and engineering represents 16% of the Japanese GDP, down from 20% two decades ago. And thereby hangs a sorry tale of neglect and reluctance to let go.

The rustbelt around Osaka Bay—from the Mitsubishi shipyards in the west to the blast furnaces of Kobe Steel in the east and the former Hitachi Zosen yards to the south—is testament to the region's metal-



bashing past. The textile mills scattered throughout Senshu farther south is a reminder of what Manchester in England was like decades ago. "Kansai contains a lot of old smokestack industry but very little in the way of modern brainware," says Yoshinori Shiozawa, an economics professor at Osaka City University.

Over at Moriguchi, the centre of Kansai's appliances industry, Masaru Yamano, of Sanyo Electric, traces the region's slide to the political climate 20 years ago. Both Osaka and Kyoto prefectures had left-wing governors during the 1970s. Both were fiercely anti-Tokyo because of the ruling Liberal Democratic Party's venal ways. Both refused to go cap-in-hand to the central government for handouts.



When Kobe was wrecked

To this day, Kansai gets only a quarter of what it contributes in taxes to the central government back as public spending. The taxpayer has picked up some of the bill for repairing damage done by the Kobe earthquake in 1995, but road-building in the region has not kept pace with road-building in the rest of the country. The slowdown has taken its toll on Kansai's business.

Over the years, local giants such as Sumitomo, Itochu, Marubeni and Nomura Securities have largely upped and gone. Most have either moved their headquarters to Tokyo or now do most of their decision-making there. This has been to the detriment of local business. For instance, with few around to set the pace, Kansai has been slow to grasp the significance of the new information-based industries. Only one major software company, Capcom, has made Osaka its home.

Although the recession sweeping Japan has hurt Kansai, so have several problems peculiar to the region. First, explains Akio Fujimoto of the Kansai Economic Federation, Kansai has been hit harder than other parts of Japan by the collapse of East Asia's currencies: Asia accounts for more than 30% of the trade flowing in and out of the ports of Osaka and Kobe. Second, last year's increase in consumption tax savaged Kansai's huge appliance industry. Third, the recent completion of the world's largest suspension bridge—between Akashi, near Kobe, and Awaji Island in Osaka Bay—spells the end of Kansai's few remaining public-works programmes.

The Kansai Economic Federation still dreams of government handouts for huge new projects—including a second unnecessary bridge to Awaji Island—in order to keep regional building firms busy for another decade. But most local economists agree that Kansai's recovery will depend on finding home-grown solutions for its problems. They point to three new research-and-development centres being established by the private sector in partnership with local government to alleviate the region's paucity of high-tech innovation. They want to see the grimy jobs being lost in steel, shipbuilding, chemicals and textiles replaced with something better.

"Once big was better, but nowadays nimbler is better," says Shigeru Matsushita, director of Sanwa Research Institute in Osaka. Whether that gives Kansai, with its plethora of small firms, a definite advantage is not clear. The region's problems are structural and would exist even if the rest of Japan were thriving. What is clear is that the current national recession is making the region's troubles even worse. And yet in Kansai, the economic forces sweeping Japan are providing a stimulus for change. That is more than can be said for many other parts of provincial Japan.

Sao Paulo

Brazil's troubled megalopolis

SAO PAULO

South America's biggest industrial city is painfully reinventing itself as a service centre. To complete the job, it needs better government

EVER since a coffee boom over a century ago brought money and migrants to Sao Paulo, Brazilians have seen the city as the locomotive of economic growth. By the 1970s, Sao Paulo had not only surpassed in size and wealth its traditional rival, Rio de Janeiro, but it had become the largest industrial city in the southern hemisphere. In those years of Brazil's economic "miracle", the city swelled by a dizzying 5% a year, as the prospect of a job in its factories brought the poor and landless flocking in by the busload from Brazil's north-east. By 1995, the city itself had a population of 10.1m, and the Sao Paulo metropolitan region had 17m people, making it one of the world's largest conurbations, rivalling Mexico city and Tokyo.

Now, however, the "city that cannot stop", as it was once proudly known, appears to many to have crawled, rusting, into a siding. By the official count, open unemployment in the Sao Paulo metropolitan region has jumped to 9% in March, the highest figure since 1982. Throw in the underemployed, and the figure is double that, or 1.5m people. With unemployment have come rising crime and violence, especially in poorer districts. In the first three months of this year, 2,129 people were murdered in greater Sao Paulo (up from 1,900 in the same period last year), or roughly one an hour. Add to that pollution, traffic and general ugliness, and it is not surprising that polls suggest 60% of *Paulistanos* would like to leave the city.

Behind this malaise lies a structural change in the city's economy, and in Brazil's. Poor communications, protective tariffs and chronic inflation meant that from the 1950s factories for new industries such as car making came to cluster round the city, heedless of costs, since that was where the consumer market lay. Today, more open trade, better roads and low inflation mean that many industries no longer need to be in the city—and have many reasons to cut costs by fleeing it.

First, new factories began to sprout on green-field sites in pleasant, fast-growing towns in the interior of Sao Paulo state. More recently, to Sao Paulo's chagrin, other states such as Parana, Rio Grande do Sul and Minas Gerais have offered tax breaks to lure big new car factories. Such deals make headlines, yet they are misleading. In 1996, Sao Paulo state still accounted for 53% of Brazil's industrial output, a share that has barely changed since 1990. The difference

is that industry is now spread out over a much wider area: in economic terms, Sao Paulo's metropolitan region today has a radius of roughly 100 kilometres (60 miles), including satellite cities such as Campinas and Sao Jose dos Campos. State officials like to compare this area, with its universities, research institutes and new computer and telecoms equipment plants, to North Carolina's "research triangle".

In the traditional industrial belt on the city's southern fringe (an area known as ABC, after its towns' initials), officials invoke, with fear, a different parallel: Detroit. Car factories made these towns prosperous. Now they struggle to attract new industry. Powerful trade unions pushed up wages, to 40% higher than in neighbouring states.



Land is expensive, and traffic congestion makes just-in-time supply difficult.

Such places have acquired the air of dormitory towns, as shopping centres and supermarkets sprout where once factories stood. But these ventures are lured by a consumer market formed by industrial workers, argues Celso Daniel, the mayor of Santo Andre. ABC, he says, must hang on to the industry it still has by helping it to modernise. Mr Daniel is involved in a pioneering "regional consortium" of the ABC towns, which is trying to improve infrastructure and workers' training.

Post-modern miasma

If some parts of Sao Paulo have carried the costs of Brazil's opening to foreign trade and investment, others have grabbed many benefits. One face of the future is the jagged line of post-modern skyscrapers on the Marginal (the inner-ring road) beside the river Pinheiros. This area now accounts for 70% of deals in Sao Paulo's market for offices, which booms despite Brazil's slump.

THE PRESIDENT HAS SEEN

5-26-98

In 1997, 300,000 square metres of office space was sold—three times the annual average in the decade to 1993, according to CB Richard Ellis, a property firm.

Sao Paulo is Latin America's largest financial centre, and companies'—especially multinational companies'—first choice for head offices. In their wake come consultants, accountants and international law firms. The trade fairs and conferences, fashion shows and cultural events that also come, plus Brazil's best restaurants and shops, mean that, improbably, the city now claims to attract more tourists than Rio. In short, Sao Paulo has become the business capital of Mercosur, the putative common market centred on Brazil and Argentina. Proof of that came last year, when a consortium headed by Bell South paid a huge \$2.5 billion for a licence to set up a mobile phone service in the city.

Yet the Marginal Pinheiros also shows another side of the city: the river is a stinking cess-pit, the ring-road is choked at rush hour, and some offices overlook shanties. For decades, South America's most robustly capitalist city grew through its own, restless momentum, while public services failed to keep up. A quarter of the population lives in *favelas*, or shanty towns. And unlike some of the 1950s migrants, who quickly prospered, the average *favela*-dweller is now stuck there, in unhealthy surroundings, for around 15 years, according to Pedro Jacobi, of the University of Sao Paulo.

The city's air and waterways are polluted and its drains overwhelmed by storms, producing floods that stop traffic for hours. A helicopter fleet larger than that of Los Angeles is an alternative few can afford. Mexico city has over 200km of metro lines. Sao Paulo has less than 50km.

The administration of Sao Paulo is complicated by a division of responsibility between the state (which handles schools, police and railways), the city and the 39 other mayoralities that make up the metropolitan region. Politicians have not improved matters. The state government went bust in the early 1990s. Only now has it started work on an orbital motorway, more metro lines and improvements to the suburban railway. More recently, the mayor's office has been to blame for mismanagement. Paulo Maluf, a conservative populist who was mayor from 1992 to 1996, broke the budget by building expensive tunnels which, predictably, failed to get the traffic flowing. His successor, Celso Pitta, is struggling to find the money for a better idea, a souped-up trolleybus system.

At last, as Sao Paulo's population growth rate has slowed to under 0.5% a year, the opportunity exists to make good the shortfall in services. If it is to get back on the tracks, Brazil's locomotive needs to offer a better quality of life to its residents.

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5-26-98

Joachim Bitterlich, Europe's quiet string-puller

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Benger
COS

FOR as long as he can recall, Joachim Bitterlich has detested borders. The one between the Germanies, for instance, separating his parents in the west from his grandfather, a pastor, in the communist east. Or the one between Germany and France, in the days when trains still halted there for ages and travellers were cross-examined by officials who seemed fearsome to a child. Small wonder that when Helmut Kohl, close to tears, talks about building the open Europe his generation never had, Mr Bitterlich is not one of those who smile behind their hands at the old man's pathos.

True, there are those who find it hard to imagine the chancellor's top foreign-policy adviser smiling much at all. Various known as "Kohl's *éminence grise*", the "secret foreign minister" and the "biggest string-puller in Bonn", he excites awe and envy in just about equal measure. Part of that comes from the job itself. Ever since Konrad Adenauer, chancellors have used their personal staff both to launch initiatives of their own and to block unwanted actions elsewhere in government. Helmut Schmidt, for example, laid the groundwork for the European Monetary System with his personal economic adviser without informing the economics and finance ministries or the Bundesbank. All were peeved, not to say outraged, when they found out. Mr Kohl is rarely as secretive. But there are occasions—a snap visit to Moscow for talks with Boris Yeltsin, for instance—when only he and Mr Bitterlich have at first been in the know. And those occasions have increased over the years along with Mr Kohl's ever greater dominance in foreign affairs.

Then there is the personal side. Mr Bitterlich, as one of his foreign-office colleagues elegantly puts it, "does not suffer from an excess of modesty." Is that jealousy speaking, perhaps? At any rate the discretion of the chancellor's man has been aptly described as so complete as to make a Trappist monk seem like an inebriate babbler. Admirable, of course, but irritating to the curious. Even when inviting his interlocutor to a cup of tea, Mr Bitterlich is liable to sink his voice to a whisper as if imparting a state secret.

His reputation as a chain-smoking workaholic is legendary too. At the height of the Rhenish carnival season, when everyone takes time off and clowns cavort to oompah music even in the chancellery's hallowed halls, there is Mr Bitterlich still in his air-conditioned oasis—toiling over the latest international crisis. Doesn't he have a sense of humour? Of course he has, but he was brought up in the Saarland (next to France), where they amuse themselves with, perhaps, a trifle more finesse than elsewhere in Germany. Or friends? Indeed he does, and what friends they are. Some of them date from his time in the mid-1970s at ENA, France's elite school for civil servants: Yves-Thibault de Silguy, for instance, now the EU's commissioner for monetary affairs, and Christian Noyer, vice-president-to-be of the European Central Bank. Another pal is Hubert Védrine, long an aide to Fran-

çois Mitterrand and now France's foreign minister.

Throw in the fact that Mr Bitterlich ("Monsieur Bitterrand", as some used to call him) has a French wife, Martine, and it is not surprising if some diplomats, not least British ones, reckon his dedication to the Gallic cause to be all but total. "Completely wrong," breathes the accused with the hardly audible sigh of contempt he reserves for the silliest of charges. He has plenty of good American pals, such as that master diplomatic trouble-shooter, Richard Holbrooke, and he holds the British diplomatic service to be the world's best (*pace* the Quai d'Orsay). One of his sons is studying at Oxford. So there. It is also an utterly baseless "legend" that chancellery and Elysée simply have to get one another on the telephone, and things fall happily

into place. Only the ignorant, he reckons, could possibly believe that.

Indeed, recently published documents, including some by Mr Bitterlich himself, show how fraught relations between France and Germany were during the reuniting of Germany in 1989 and 1990. Mr Kohl's ties with President Jacques Chirac have their ups and downs, but those with Mitterrand were—Mr Bitterlich says—far from trouble-free either.

That said, it was surely the soft-spoken Saarlander's Francophile background that most caught Mr Kohl's fancy when he recruited him. That and his experience at the German embassy to the European Union in Brussels, his analytical lawyer's mind—and, of course, his famous ability to keep mum. Since 1987 Mr Bitterlich has been in the chancellery, from 1993 as boss of the entire foreign-policy department, and in his laid-back way he obviously loves it: always close to the centre of power, often able to hop on a plane for informal trouble-shooting over a snack with his foreign counterparts.

And his influence on the chancellor? "I serve," he says, then (quietly) repeats the word. Well, yes. But plenty of Mr Bitterlich's recommendations have demonstrably made their mark. His point to his boss, for instance, that the phrase "United States of Europe" could be misinterpreted. Quite so. And Mr Kohl, be it noted, has stopped using it. Isn't Mr Bitterlich an integrationist then, with a keen taste for demolishing borders? Yes, but he is also, he claims, a pragmatic one, not a fetishist. The British, he constantly hopes, are listening.

If Mr Kohl wins in September, Mr Bitterlich will have his work cut out preparing the EU's presidency in the first half of next year. And if the chancellor loses? Purely hypothetical, of course. In principle, Mr Bitterlich could then retire, but he is rather too young (turning 50 in July) and much too active. He might get an embassy of his own. Or how about the soon-to-be-created job of "high representative" for the EU's foreign policy? The French might be piqued if he got it because Germans, unusually for them, are picking up quite a lot of plum European jobs these days. Still, he is not ill-placed when it comes to pulling strings in Paris. Listen hard for the silent German's next move.



THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Andrew Cuomo

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

Information ☒

Action ☐



Thank you.

.. Staff Secretary
(x6-2702)

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May 20, 1998

Bridge Line Information

NationsBank and BankAmerica today unveiled a \$350 billion, 10-year commitment to community development lending and investment, by far the largest and most comprehensive program ever for community development lending by a United States bank.

Hugh L. McColl, Jr., chief executive officer of NationsBank, and David Coulter, chairman and chief executive officer of BankAmerica, made the announcement in a joint statement today.

"As we create America's bank, our opportunity -- and our responsibility -- to make a difference in our communities increases," McColl said. "This unprecedented goal underscores that the greater our financial resources, the greater our investment will be in the future of the communities we serve. This \$350 billion commitment sets us apart as the clear leader in lending to communities and small businesses."

"We will be the leading bank in home mortgage lending to minority and to low- and moderate-income borrowers in our nation," McColl continued. "We will be the number one lender to businesses. And we will continue to be a leader in the communities we serve."

The \$350 billion commitment includes specific lending and investment goals for affordable housing, small business, consumer lending and economic development. As part of this unique commitment, the new company pledges to acquire, build or rehabilitate 50,000 affordable housing units during the next 10 years.

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"Our two companies bring to their new organization and exceptional commitment to community investment," said Coulter. "Take a look at the record: Both Bank of America and NationsBank have consistently earned 'outstanding' ratings for their efforts to meet the needs of underserved markets. And both have repeatedly demonstrated that it can be done profitably.

"America's bank will help build economic opportunity in America's communities. It's worth noting that our commitment roughly equals the combined total of all community lending goals made by the rest of the banking industry since 1977 when the Community Reinvestment Act became law."

McColl added: "As a company, we remain committed to building strategic alliances with community development partners, such as ACORN Housing Corporation, Low Income Housing Fund, the National Council of La Raza and the Neighborhood Assistance Corporation of America."

The details of the \$350 billion commitment include:

- \$180 billion for small business. This includes conventional and government-assisted loans, as well as investments in small business investment corporations, minority business venture capital funds and other products. NationsBank is currently the largest lender to small businesses in the United States.

- \$115 billion for affordable housing. This includes single- and multi-family lending and investments to low- and moderate-income borrowers, low- and moderate-income neighborhoods and minority applicants.

- \$25 billion for economic development. This includes loans and investments to non-profit organizations, such as community development corporations.

- \$30 billion for consumer loans, including home-related loans for borrowers below median income and other auto and consumer loans for borrowers with an annual household income at or below 80% of median income. Credit card borrowing is not included in this commitment.

Building on the framework established by BankAmerica in 1997, this commitment honors and extends that company's \$140 billion

community development goal. The new company will begin reporting its results annually beginning in 1999.

It also will hold an annual meeting to discuss the results and will invite community organizations to attend and meet with senior-level management. Similar meetings will be held with community organizations at the state and local levels.

The \$350 billion lending commitment encompasses several related initiatives. These include:

- \$10 billion in lending and investments to foster community and economic development opportunities in rural America. Leveraging BankAmerica's rural initiatives and recognizing the critical and complex needs of rural America, the new bank will take the lead role in promoting lending opportunities that stimulate affordable housing, job creation and economic opportunity in rural areas and Indian country.

- Community Development Intermediary Finance. Recognizing the important role of community development intermediaries, the new company will provide more than \$2 billion in loans and investments to support the growth of these existing and newly created organizations.

Examples of key partners include Enterprise Foundation, Local Initiative Support Corporation, Rural Community Assistance Corporation and Neighborhood Housing Services. Also included would be minority-owned financial institutions and community development financial institutions.

- Special Purpose Lending. Critical to achieving our goal is support for organizations fundamental to the stability and prosperity of our communities, yet not often in the mainstream of traditional access to capital. These organizations include child care facilities, religious and educational institutions, non-profit organizations and community foundations. Specific goals will be established following completion of the merger.

- The new company will form an Office of Community Development Policy Advocacy to support national and regional public policy efforts that advance community development objectives. Further, as a community development leader, the new company will be a catalyst for private sector investment in distressed neighborhoods.

On April 13, NationaBank and BankAmerica announced a definitive agreement to merge that will create the first truly national United States banking franchise. The proposed merger must be approved by state and federal regulators and shareholders of both companies. It is expected to close by October 1998.

www.nationsbank.com

www.bankamerica.com

**NationsBank/BankAmerica Community Development
Commitment
Areas of Initiative**

*cc Guss
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VP*

Affordable Housing – \$115 Billion

- Home mortgage and refinance loans to minority applicants;
- Home mortgage loans to low- and moderate-income individuals below the median income;
- Loans to buy or build properties in low- and moderate-income census tracts;
- Predevelopment, construction, term finance and equity for multi-family housing serving families below 100% median income, but predominantly 80%;
- Predevelopment, construction and equity for production and rehabilitation of single-family housing for low- and moderate-income families and in low- to moderate-income geographies.

Small Business – \$180 Billion

- Conventional small business loans (including commercial real estate), lines of credit and letters of credit for \$1 million or less. (More than half of these loans are expected to for less than \$100,000).
- Government-related and government guaranteed small business loans and lines of credit.
- Direct and indirect investments in small and minority-owned businesses, small business investment corporations, minority business venture capital funds and other special programs.

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VP*

Economic Development – \$25 Billion

- Loans and investments to non-profits, including community development financial institutions, community development corporations and financial intermediaries.
- Loans and investments for rural and urban-core economic development.
- Loans and investments which generate an incremental increase of 25 or more jobs for a rural and low- and moderate-income community.

Consumer Loans – \$30 Billion

- Home-related loans and lines of credit for borrowers below median income.
- Direct and indirect consumer and auto loans to borrowers at or below 80% of median income.
- Credit card borrowings are not included.

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THE WHITE HOUSE
WASHINGTON

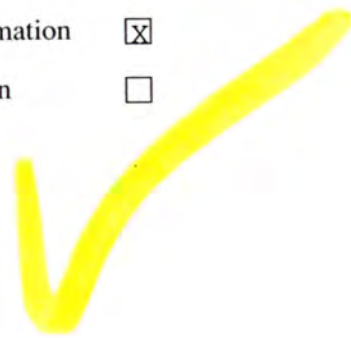
DATE: May 26, 1998

NOTE FOR: The Honorable Donna E. Shalala

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

Information ☒

Action ☐



Thank you.

- Staff Secretary
(x6-2702)

cc:



To Donna Shalala

THE PRESIDENT
5-26-98

THE PRESIDENT - 135 754

5-26-98 copied
Shalala
COS

Is there anything we
can do to help these
kids & their parents?

BC

Attachment Theory:

The traumatized orphans adopted from eastern Europe have not only brought despair to some American couples but have also become Exhibit A for those who argue that a mother's place is with her child.

The Ultimate Experiment
By Margaret Talbot

On a bright, cold day in February, at a clinic in the mountains outside Denver, a mother sits with her arms folded across her chest and a polite, bewildered smile on her face. She is talking about her adopted son, the boy whose troubles have brought her here to the Attachment Center at Evergreen, where she hopes he can be taught to love her. It's just that the boy is so "strange," she says, his emotions so "artificial." When she and her husband brought him home from Romania in June 1991, the boy was 4 and his sister, whom they also adopted, was 8. Their mother was dead, the Romanian adoption broker had said, and their father was an alcoholic and nearly blind. When he wasn't forcing them to beg in the streets or looking for ways to fob them off on childless foreigners, he neglected them.

"We knew all that," the mother says, "so don't think for a minute that we headed down this path naively." She was well into her 30's when she traveled to Bucharest, and though she had been unable to conceive children, she and her husband had been foster parents for "difficult" children from the States. They weren't wealthy people — he drove a truck for a living and she kept house — but they came from a small town in Ohio where they felt they could rely on their friends and neighbors and where they were deeply involved in their church.

And yet everything was so much harder than they had imagined. While the girl seemed to settle in and find some comfort in the ordinary routines of domestic life, the boy could neither accept his new family nor control his overwhelming anxiety. He was clumsy and awkward and subject to night terrors and at the same time oddly reckless. He would deliberately ride his bike in front of cars, darting into traffic at high speed. He lied — instinctively, it seemed, and extravagantly. He couldn't stand it when his mother touched him, but he sought creature comfort in more oblique ways — sneaking into the refrigerator in the middle of the night to "steal" food, for instance. He was rarely invited twice to a schoolmate's house, and the boys he called his best friends never seemed to think they were friends at all.

Yet his mother knows that in some ways they are lucky. Her son is unusual in that he was never in a Romanian orphanage, one of those warehouses where, so she has heard, babies lay in their cribs for 18 or 20 hours a day, curled against feeding bottles, their heads flattened and

Photo montages by Gerald Slota



their faces peaked. So many of the children here at Evergreen did come out of such places, and she has heard some of their stories. There was, for instance, the woman whose 5-year-old daughter, adopted from a Moscow orphanage, arrived at her new home in the States so angry at herself and everyone else that she crawled around on the floor for three months until her knees were bloody, refusing to stand up when anyone was looking. One night, the girl threatened to kill her new mother and father and her three new siblings while they slept. This boy, on the other hand, is not violent and can even show genuine tenderness. He loves to hold babies; he loves the marzipan softness of their skin and their buttery smell; his tactile remoteness seems to dissolve in their presence.

At times, his mother sounds solicitous, motherly. She wouldn't allow me to use her family's name or too many identifying details because she worries that her son will read this some day and she wants to save him from embarrassment. She is pale and mild-looking, with rimless glasses and eyes the color of milky blue marbles. Over her pink dress, she wears a parka, which she seems too shy or preoccupied to remove, though the room is overheated. But there is something obdurate about her too. Now that her son's problem has been diagnosed — attachment disorder — much of what he does seems to strike her as pathological, "oppositional." And when I ask her if she loves her son, she says, "That's hard to say."

For every theory of human behavior, there is a diabolically perfect experiment that can never be performed — not, anyway, by ethical scientists in a democratic society. To test human tolerance of extreme cold, you cannot immerse a naked human subject in freezing water. To test the effects of maternal and sensory deprivation on infants, you cannot take a population of newborns and confine them to cribs in a gloomy, ill-heated orphanage with a small, rotating staff of caretakers who might spend an average of 10 minutes a day talking to them or holding them. But let's say that such an experiment has already occurred — in nature, as it were, far from the laboratory. And let's say that assessing its impact on the children who endured it would not only help them but might also shed light on an issue that has long intrigued developmental psychologists and tormented so many working mothers.

This is precisely the experiment being carried out today with many children adopted from eastern Europe — chiefly Romania — and the former Soviet Union since the collapse of Communism in 1989. There are more than 18,000 of



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Margaret Talbot is a senior editor at The New Republic. She wrote about "whiteness" studies in academia for The Times Magazine in November.

here were adopted by upper- or middle-class families, and those families tend to respond to studies at a very high rate."

But beyond that, many of the adoptees constitute a unique sample group: babies who were surrendered to the kind of institutional care that few other countries practice on a large scale anymore and then adopted, usually as toddlers and usually by people prepared to lavish on them the kind of affection and sensory stimulation they had almost entirely lacked. By comparison, even the most wounded children adopted out of the foster system in the United States have had at least some history of family life and one-on-one attention. And most babies adopted from China, the other rapidly growing source of foreign-born adoptive children, are both younger — less than a year old on average — and receive better institutional care.

The orphans from Romania and the former Soviet Union are "by far the biggest group of deprived babies" available for study so far, Michael Rutter, a child psychiatrist at the London Institute of Psychiatry, told *Science* magazine. Or, as Groza put it in a recent paper, "The children adopted from Romanian institutions represent an opportunity to examine the effects of deprivation on child development" comparable to "experimental research conducted on primates." Which is to say, those studies familiar to all psychology undergrads demonstrating that infant monkeys, separated for six months from their mothers, became anxious and then remote and as adults showed persistent signs of psychological distress.

Above all, the eastern European orphans have become Exhibit A in the emotional debate over the body of thought known as attachment theory. It might seem self-evident that human babies, notoriously helpless creatures that they are, need mother love or something much like it in order to thrive and develop emotionally and cognitively. "Continuity of affectionate care by one or a small number of caregivers who can give of themselves emotionally, as well as in other ways, originates the development of the child's love relationships," wrote Linda Mayes and Sally Provence, both professors of child development at Yale University. "Having repeated experiences of being comforted when distressed," for instance, "is a part of developing one's own capacity for self-comfort and self-regulation, and later, the capacity to provide the same for others."

But the fact is that in certain hands, a bland and clinical phrase like "continuity of affectionate care" can be loaded. If that continuous affectionate care is to be provided primarily by a mother, as so many attachment theorists seem to think, can she be a working mother? Does day care count as a discontinuity? How small is "a small number" of caretakers?

The original attachment studies found a startling consistency in the psychological and even

physical reactions of very young children separated from their parents. But those studies — done by people like the British psychiatrist John Bowlby and the French psychoanalyst René Spitz in the late 40's and 50's — were of modest scale, conducted in a foundling home here or a hospital there. It was the aftermath of World War II, and a child's longing for parents during a brief separation — a frightened child hospitalized, say, for a routine operation — must have seemed a rather small thing in the grand scale of sorrows. Moreover, Bowlby and Spitz were publishing their findings at a time when there were fewer working mothers with whom they might resonate.

Now, though, many more of us want to know what happens to children for whom the bonds of attachment have snapped, because many more of us fear that those bonds are being pulled and stretched. Mother-child separations are part of the warp and woof of life these days, and so are our worries about them. The research on eastern European adoptees matters not only to them and their parents but also to many of the rest of us as well.

Some of the more fervent attachment therapists do not hesitate to draw these connections. "Child care — especially when it's not the best — going back to work at 6 weeks, these are all risk factors" for insecure attachment of the kind, if not the degree, that the orphans display, says Paula Pickle, the soft-spoken, rather somber director of the Attachment Center at Evergreen. "You know, I think we forget that the hand that rocks the cradle really does rule the world." But even if you regard such statements as ideologically suspect, even if you recognize that a vast gulf separates the experience of a baby in an orphanage from that of a toddler in day care, there may still be observations that apply to both. As studies on post-institutionalized children help to isolate precisely which aspects of orphanage life hamper a child's development, it becomes possible to consider how these factors, in more moderate form, might affect young children who spend many hours in poor-quality day care or who have a frequently shifting cast of parental surrogates in their early years. And it also becomes possible to think anew about what it is that good parents and caretakers do to nourish children emotionally.

FEMINISTS HAVE LONG CRITICIZED attachment theory as a sentimental scheme for shooshing mothers back home. But to write it off at that would be to misconstrue it. Above all, the theory argues that emotional engagement is the necessary precursor to healthy development, engendering trust in the world and the ability to make sense of it.

"Without someone specifically oriented to his

these adoptees in the United States now, and the most traumatized among them — roughly 20 to 30 percent, according to researchers — are becoming one of the most scrutinized and therapeutically manipulated populations in the annals of psychology. This is in part because they, or rather their adoptive parents, have proven to be such cooperative subjects. "To some degree it's a class issue," says Victor Groza, an adoption specialist at Case Western Reserve University who has conducted several studies on the emotional and behavioral development of Romanian adoptees. "Most of the eastern European kids

needs," wrote the psychoanalyst D.W. Winnicott, whose work helped inform attachment theory: "the infant cannot find a working relation to external reality. Without someone to give satisfactory instinctual gratifications, the infant cannot find his body, nor can he develop an integrated personality. Without one person to love and to hate, he cannot come to know that it is the same person that he loves and hates, and so cannot find his sense of guilt, and his desire to repair and restore." Without what the prominent psychologist Mary Ainsworth called a "secure base" — a reliably loving person to whom a toddler can return periodically for emotional refueling — he will not feel free to explore. Relaxing into his dependency is, paradoxically, the first step to independence. And though attachment theorists generally assume that the person with whom a baby is figuring all this out will be her mother, nothing in the theory excludes a loving father from filling the same role.

It is certainly true that John Bowlby took a dim view of day care, and indeed of almost anything else that kept mothers apart from their babies and toddlers. Bowlby's own early research had been with children who had undergone traumatic separations from their parents — delinquents in foundling homes and child-guidance clinics, young evacuees from the London blitz and otherwise happy children confined to the hospital in an era when visiting hours, even for mothers and fathers, were normally restricted to once a week. In all of these cases, Bowlby detected an initial stage of protest, followed by a kind of passive grief or dejection that could sometimes appear to be cooperative behavior to busy nurses or social workers, followed by a deeper and lasting emotional detachment — the child might be cheerful with others, but defensively reject his mother when she appeared again.

"This whole business of women going to work," he told the psychologist Robert Karen in 1989, a year before he died, "it's so bitterly controversial, but I do not think it's a good idea. I mean women go out to work and make some fiddly little bit of gadgetry, which has no particular social value, and children are looked after in indifferent nurseries. . . . Looking after your own children is hard work. But you get some rewards in that. Looking after other people's children is very hard work, and you don't get many rewards for it." For Bowlby, attachment was monotropic; that is, it occurred with a single other person. But later attachment theorists have argued that young children live comfortably within a hierarchy of attachments. Maybe an 18-month-old's mother is the apple of his eye, but an affectionate father is a close runner-up, followed by other relatives, a nanny or a particularly attentive day-care worker. The important thing is that these be empathetic people, consistent presences "at-

tuned," as the attachment theorists like to say, to babies in general and to one baby in particular.

If further refinements of the theory have made some feminist objections irrelevant, they have hardly shut down the criticisms. The psychologist Diane Eyer (the author of "Mother-Infant Bonding: A Scientific Fiction") has made a career of denouncing attachment theory and its more simplistic variants as a new and ingenious version of an old game: pinning the blame on Mom when a child grows up insecure or worse. Placing too much emphasis on the early relationship between mother and child, she argues, allows society to abdicate responsibility for its role in shaping children. "Children are profoundly affected by an array of people who interact with them," Eyer writes, "by the foods they eat, by the music they hear, by the television they watch, by the hope they see in the adult world and by the institutions — especially schools — they attend."

From another angle, critics like Jerome Kagan, a Harvard University child psychologist, have argued that while attachment theory is intuitively appealing — it sounds right to parents who find it agreeable to their own style of child-rearing — it is extremely difficult to measure the emotional content of relationships. Inborn temperament, Kagan contends, is at least as important as early experience in determining whether an infant will morph into a happy and secure adult or a miserable one. Some children are simply more susceptible to separation and loss than others.

It doesn't exactly help that on its pop-psych fringes, attachment theory has spawned more than its share of wild-eyed one-noters. In the 70's and 80's, as Eyer points out, there were the "experts" who insisted that immediate skin-to-skin contact between mothers and their newborns acted almost as a vaccine, inoculating children against future psychological woes and antisocial tendencies. These days, there are the crude Casandras who speak darkly of legions of "unattached kids" who cannot love and who grow up to be charmers, con artists and, yes, psychopathic killers. One example is the overheated 1987 best seller "High Risk: Children Without Conscience," which blithely equates the trauma of day care with the trauma of child abuse. Even more disturbing is the idea that some version of attachment disorder could be warped into a legal defense in child abuse cases: the lawyers for a woman named Renee Polreis, who was convicted in Colorado last year of beating to death her Russian adopted son, argued that the 2-year-old was so traumatized by his orphanage experience that he had inflicted the beating on himself.

WITH OVERWROUGHT EXAMPLES LIKE these out there it might be tempting to dismiss attachment theory altogether. After encountering a few of them myself, I had the vague impression of a faddish and slightly his-

trionic diagnosis and a handful of questionable therapies to go with it. Yet after talking to some of the parents of eastern European orphans I felt otherwise. What they told me about the ways their children seemed to struggle every day with the legacies of early deprivation — "it's like the grooves were cut in the orphanage and that's the music he's playing now," said the mother of a 9-year-old — made the tenets of attachment theory real in a way they had not quite been for me before.

Consider, for example, a woman named Thais Tepper. Tepper is an adoptive mother who turned herself into an advocate — "the Ralph Nader of attachment," a friend calls her — and like a lot of advocates she can be blunt and ornery and single-minded. Some of the adoptive parents she claims to represent consider her an alarmist. But there is no doubt that she knows the research in this field intimately, and she has talked to hundreds of parents who, like her, adopted children from institutions in eastern Europe. "You know, you read in the newspaper all the time about mothers who locked their kids in the basement in a crib, and somebody found them and lo and behold the kids turned out to be eggplants," says Tepper, who brought her son Drue home from a Romanian orphanage in 1991 when he was 18 months old. "Well, think of that on an industrial scale."

Tepper is 45, a former Pennsylvania State health inspector with a degree in environmental science. She is an energetic, choleric sort who boiled over when she discovered that her son suffered from all sorts of health problems that she felt the adoption agency should have warned her about. (One difficulty with some of these children is sorting out what might be a result of medical conditions like fetal alcohol syndrome, lead exposure or malnutrition from emotional and psychological damage.)

"His head was flat as a pancake and his neck flopped over," she says. "At 18 months, he couldn't walk, he couldn't talk, he couldn't hold a baby bottle and he couldn't make eye contact." A year after they brought him home to the suburbs of Pittsburgh, when he still didn't talk and darted away from her every chance he got, she began to read Bowlby and others on the behavioral and biochemical fallout of early neglect — the rocking and other self-comforting behaviors that reminded researchers of autistic children, the tangle of cognitive delays, the distrust of new caretakers, often accompanied by an inappropriate charm and effusiveness with strangers.

In 1993, Tepper founded a support organization called the Parent Network for the Post-Institutionalized Child, which now has about 1,500 members. "These kids don't just have psychological problems," Tepper says. "They have cognitive problems. If you don't have a mother to sit there and read to you, or coo at you, or, if



you're in Pango Pango, to plop him down next to a hole in the ground and show you how to eat termites off a stick, then you're going to be way, way behind cognitively."

Across the country, in a prosperous Los Angeles suburb called Rolling Hills Estates, a woman named Nancy Beck has helped to start a smaller support group for adoptive parents of eastern European and Russian children. She is an altogether different sort of person than Tepper — a 50-year-old full-time mother with three grown children and a soft, almost girlish voice — but what she says doesn't sound so different at all. Five years ago, when Beck brought Alexander, 4, and Natasha, 5, home from Moscow, her biological children were 11, 18 and 21. "I feel embarrassed and a little trite telling people why I adopted," she says. "I live in an upper-middle-class area, and at that point in my life, I was supposed to go play tennis. But I didn't have a career that was all-consuming. I didn't have a niche in the world. I looked around and said, What do I do best? Well, I have three wonderful children."

From the beginning, though, it seemed to Beck that nothing she had learned or felt as a mother

applied to the rearing of these two children. The first night in the hotel room in Moscow, Natasha rocked back and forth so violently that the bed shook. On the plane home, she talked to herself in a low, soft voice that got louder and louder and more and more frantic, until other passengers started saying, "Can't you stop her?" "Maternal deprivation," Beck says, "just matters so much — not getting fed when you need to be fed, not hearing language come back at you when you begin to babble. In that case, I think there is hardwiring that is meant to happen and doesn't, and there are these little places in the brain that are dead. Maybe if the orphanages had one caretaker for every two or three babies. But hers had one caretaker for every 10."

Natasha is well enough now to talk sometimes about her memories of the orphanage, but getting to this point has taken years of therapy, special schools, the sale of the family home to pay for it all and, Beck says, her own willingness to put nearly everything else in her life aside. "And what she remembers is being in a crib — she calls it her cage — with another child. A nurse would walk into the room and

A year after his parents took him home to the suburbs of Pittsburgh, Drue Tepper still didn't talk and darted away from his mother every chance he got. She began to read Bowlby and others on the behavioral and biochemical fallout of early neglect.

put a bottle in each cage. Then she'd turn around, walk out and close the door. 'Some people didn't know how to feed themselves, Mommy,' Natasha will say, 'but I did.'"

THE MERE EXISTENCE OF A PLACE like the Attachment Center at Evergreen — where the clientele of formerly abused and neglected children includes a growing proportion of eastern European orphans — is a kind of index of the lengths to which parents will go in seeking therapy for these children. The efficacy of the center's unorthodox stock in trade, a method known as holding therapy, has never been demonstrated by any large-scale study. And holding therapy has plenty of fierce detractors. It requires a child to lie prone across the therapist's lap, with the therapist's arms wrapped around him tightly enough so that he will feel "secure" while he shouts out his anger at the people who neglected or abused him. Some critics contend that holding therapy is a form of restraint that risks traumatizing children all over again.

To charges like this, Neil Feinberg, a social worker who treats patients at Evergreen and practices holding therapy regularly, replies simply that "it is my experience that these kids are already re-experiencing their trauma all the time, but without any effective resolution."

The day I spent at Evergreen I saw a videotape, made five years ago, of a holding treatment in which Feinberg cradled a 10-year-old Korean boy. "How could you do that to me?" the boy screams — at Feinberg's prompting — at his pretty blond adoptive sister, who wanly acts the part of the teen-age mother who abandoned the boy to the Korean foster system. At the end of

Children raised in deprived circumstances have to be taught the ability to recognize emotions by visual and auditory cues, one neuropsychologist argues, before they can learn to feel them. 'Love is an abstract concept,' he says.

the session, the boy's real adoptive mother enters the room, and Feinberg urges the boy, his face now gleaming with tears, to climb into her lap, which the boy does, and then says, genuinely enough: "I have been treating you like [expletive]. . . . I want to love you." "I think you've got to learn how," his mother says softly. "I know how," the boy replies. "The guy told me."

Later, I ask Feinberg, an intense man with an indelible Brooklyn accent, what had happened to the boy. Unable to live with his adoptive family, he is in a residential placement center in another state. "It's a measure of our success," Feinberg says, "when a kid doesn't end up in jail for having committed violent crimes."

The handy label "attachment disorder" favored by the diagnosticians at Evergreen strikes many other doctors and therapists who work with post-institutionalized children as inadequate. "I don't think we have the proper diagnostic codes to describe these kids," says Laurie Miller, a pediatrician at the New England Medical Center's International Adoption Clinic. "I saw one kid who had been in a Russian orphanage till he was 2½ and then was adopted by a single mom in the U.S. They moved several times, and he'd see new doctors in each new city, and each one would have a new diagnosis: attention-deficit disorder, schizophrenia, autism, Tourette's syndrome, obsessive-compulsive disorder. None of them was accurate, but each had a grain of truth. I'd diagnose it as complex neuropsychological behavior disorder of the post-institutionalized child. Only insurance doesn't cover that one."

The truth is that the damage caused by early neglect — or even by physically adequate but emotionally indifferent care — can be deeply intractable, not least because it may have neurological as well as psychological dimensions. Harry Chugani, a neurologist at the Children's Hospital of Michigan, has been comparing PET scans of the brains of eight apparently healthy Romanian children adopted by Americans with a control group of children reared in normal family settings. Although the results are very preliminary (and unpublished), all eight orphanage children show evidence of abnormal metabolism in a specific area of the brain's temporal lobe thought to be involved in social functioning. "I think we can hypothesize," Chugani says, "that what we saw in these scans is related to neglect, to a lack of maternal-infant interaction at a critical phase."

In the absence of more physiological studies like Chugani's, the handful of doctors and re-

searchers who have worked with post-institutionalized children are left to reach conclusions as much by hunch as with hard data. "It's clear to me that not only lack of nutrition, but also of stimulation and of emotional contact, can inhibit the development of brain systems," says Ronald Federici, a developmental neuropsychologist in Alexandria, Va., who has evaluated about 1,000 adoptees from eastern Europe and the former Soviet Union. "Can those effects be undone? Many times, yes. Many times, no. It depends in large part on the age of the child." Federici believes in "moving slow and easy" in treating these children, "almost as if you were rehabilitating a brain injury." They have to be taught the ability to recognize emotions by visual and auditory cues, he argues, before they can learn to feel them. "Love is an abstract concept," he says.

And they may have cognitive impairments — visual problems, sensory-integration deficits, trouble processing language at the pace at which it is usually spoken — that make the learning process especially difficult. So Federici teaches emotions with the aid of charts, pictures and role-playing: Who's smiling? Who's frowning? What's sad? What's happy? "The emotions of the children may always be," he says, "a little off" — a little rote — "but their behavior will change. They may not be so defensive or afraid."

THERE ARE, TO BE SURE, IMPORTANT caveats to this pessimistic picture. In a study of 229 American families who adopted Romanian children, Victor Groza found that 78 percent of the parents rated the "overall impact of the adoption on the family" as "very positive," and 97 percent said they "never thought" about relinquishing the child. Moreover, using the parents' own assessments of their children, Groza divided the adoptees into three distinct groups, each with a fairly different prognosis. About 20 percent of the adoptees in his study were what he called "challenged children" — those who had been "severely affected by their institutionalization" and continued to have alarming emotional problems and marked developmental lags up to four years after their adoption. Another 60 percent were what he called "wounded wonders" — those who clearly fell behind their peers in social and developmental growth but who had managed to make big leaps forward in their adoptive homes. And a third group, the

"resilient rascals," haven't displayed any obvious ill effects of their institutionalization at all. Perhaps, Groza speculates, they had been "pets" in the orphanage, charming the staff into giving them more attention.

Moreover, in what many researchers in the field say is the most thorough study yet of Romanian children adopted in North America, a group headed by Elinor Ames at Simon Fraser University in British Columbia concluded that all 46 of the orphanage children in the sample had been able to form some sort of attachment to their adoptive parents. Nonetheless, 60 percent of the parents reported that three years after the adoption they still worried about their children's "overly friendly" attitude toward adult strangers, and a third of the children displayed what the study called "atypical insecure attachment patterns."

All of these studies have found that the earlier a child was adopted — which is to say, the less time he or she spent in an orphanage — the likelier he or she was to develop normally. In the Ames study, a control group of Romanian infants adopted from homes and institutions before they were 4 months old did better on virtually every measure than the children adopted at 8 months or older, though the two groups had a similar history of prenatal care, environmental stresses and so on.

"Orphanage experience tends to dampen all areas of intelligence," concluded the Ames study, which found that 78 percent of the Romanian orphanage children it evaluated (on the basis of standardized tests and parental assessment) were delayed in "fine motor, gross motor, personal-social and language" skills when they were adopted. Groza's study specified two sensitive windows — the second half-year of life and the period between 25 and 36 months — when institutionalization was especially likely to cause delays in both emotional and cognitive development.

But no legitimate researcher will say that there is an age beyond which a child cannot be helped. And though there is a general feeling among doctors and researchers that certain ages are more sensitive than others, and a rough consensus on what those ages are, that's not to say that there is unanimity on these points. "If kids are adopted from an orphanage before 6 months of age, the data are pretty good that they do comparably to birth children," says Dana Johnson, co-director of the International Adoption Clinic at the University of Minnesota, who has examined about 300 eastern European adoptees. "At 6 to 12 months, you have some kids who start to fall behind in certain areas, particularly in language development, and by 1 year nearly all are behind. Still, if you adopt a child from an orphanage before he's 2, most of the evidence would suggest that his recovery could be pretty good. After 2, it just depends on the in- *Continued on page 38*



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of the young child of maternal care may have grave and far-reaching effects" on a child's "character and so on the whole of his future life." (Note that he said "may" and that he described the deprivation as "prolonged.") We are still left with the question of what, if anything, this tells us about the emotional lives of children who undergo separations from their parents but not the stark sensory deprivations of an orphanage. We are still left wondering whether there is anything at all to what one writer has called the "implicit Bowlbian argument" that "since absent mothers lead to disturbed children, ever-present mothers will produce happy children."

For two decades now, attachment researchers have most often chosen to address this question through their classic experiment, the miniature melodrama known as the Strange Situation. As trained observers look on behind two-way mirrors, a mother (or in some versions a father) and her 12-month-old baby are led into a room where there is always an inviting heap of toys to distract him. Twice during the 20-minute-long experiment, the mother leaves the baby in the room — once with a researcher whom the baby has never seen before, once all alone. Twice she comes back. The idea — and for many people it is a stretch to accept — is that what can be observed in these closely choreographed separations and reunions is a capsule history of the relationship between parent and infant.

Over the years, the Strange Situation has been criticized for being too artificial or too dependent on the mood of the child that day, or for assessing the temperament of the child but not the quality of the child's relationships. But it remains,

as Phillip Shaver, a University of California at Davis psychologist and attachment researcher, puts it, "the gold standard in attachment research." Jay Belsky, a professor at Pennsylvania State University and a leading attachment researcher, says: "It may be artificial, but so is a treadmill test for the heart. That's a physical stress test — this is an emotional stress test. They're both artificial, but they're both diagnostic too."

What matters most, according to the logic of the Strange Situation, is not what happens in the separations but what happens in the reunions. If the baby is upset, as most are, when his mother leaves him in this strange place, but if he also seeks comfort from her when she returns, then he is considered securely attached. If he isn't particularly upset, but still pads over to her or looks up at her and smiles when she comes back into the room, then he is considered secure too. Insecure children, on the other hand, fall into two main categories. The "avoidant" types scarcely seem to notice their mother when she's in the room, show few overt signs of distress when she leaves it and mostly ignore her when she returns. And the "ambivalent" types often wail inconsolably when she leaves — but are not pacified by her return; they may reach for her to pick them up but once in her arms will typically stiffen and arch away and sometimes sob all the harder, as if despairing of ever getting the comfort they seek.

It was the insight of Mary Ainsworth, the University of Virginia developmental psychologist who in the late 60's devised the Strange Situation, that these different ways of coping with separation could be traced to particular patterns of maternal care. "Sensitive" mothers — those who had been observed in the first three months of their ba-

bies' lives responding quickly when they cried, handling them deftly and affectionately and reading their signals of pleasure and distress accurately — were most likely to have babies who were deemed securely attached at 1 year. The mothers of children labeled "insecure-avoidant" at 1 year were more gruff and dismissive; they seemed to enjoy physical contact with their babies less, and were sometimes mocking or sarcastic with them. "Insecure-ambivalent" children had mothers who sometimes responded to their distress, but usually didn't, and who seemed especially anxious and overwhelmed.

It was a child-rearing theory with a particular bias — one not at all attractive to the many parents then and now who believe that responding promptly to a crying baby will spoil her. But it wasn't, strictly speaking, a cultural bias; Ainsworth conducted her original research, in which she first identified the different styles of mothering, with a population of Ugandan villagers and later replicated it with a sample of middle-class families in Baltimore.

Though attachment theorists haven't always liked to say so, this link between sensitive care and security of attachment actually undermined pure Bowlby-ism, with its blanket injunctions against mother-child separations. For if it is true that, as Ainsworth once put it, "it's very hard to become a sensitively responsive mother if you're away from your child 10 hours a day," it is also true that responsiveness is not an attribute only of mothers and certainly not of all mothers. It is not hard, for instance, to picture a stay-at-home mother who is physically present but emotionally distant. And it is not hard to imagine a father, a grandparent or a baby sitter who would be more attuned to a particular child — more

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maternal, if you like — than the child's own mother. If sensitivity is the key, then maternal omnipresence cannot be construed as a good in itself.

Moreover, the most recent and reliable studies that have looked at the attachment security of children in child care have found that while there are some negative effects, they are quite small — statistical flutters. The ambitious National Institute of Child Health and Human Development Study of Early Child Care released in October concluded, for example, that "there were no significant differences in attachment security related to child-care participation." Even when children were in day care for especially long hours, or at especially early ages, even if they were in "unstable, or poor-quality care," they were no more likely to be insecurely attached to their mothers. The study did find, however, that children were somewhat more likely to be insecurely attached if they had mothers whose own care was deemed to be insensitive and if they were also in poor-quality or unstable child-care arrangements. In other words, no feature of child care by itself predicted insecurity, but in combination with certain parental shortcomings it might.

However small such effects might be, it may not do to ignore them. For one thing, there is evidence that the categories of attachment — secure and insecure — tend to persist and to shape the personalities of older children and young adults. In an extensive longitudinal analysis known as the Minnesota Studies, two researchers, Alan Sroufe and Byron Egeland, followed up on a group of 267 babies who had been labeled securely or insecurely attached in Strange Situation experiments (and other diagnostic tests) conducted in the mid-70's. On nearly all psychological measures — from ego resiliency to independence to empathy to the capacity for fun — the children who as babies had been securely attached scored highest. Teachers who knew nothing of these labels and were asked simply to evaluate the children tended to like the secure ones best. They described the avoidant ones as obnoxious and arrogant and the ambivalent ones as clingy and ineffectual. These findings do not establish a causal link, only a correlation, between security of attachment and later personality traits, and it may still be, for example, that the insecure children were simply born more aloof and fretful. But the results are suggestive, especially since they have been replicated in other studies and at later ages. And if they are accurate, the anything that increases the number of anxious attached children ought to concern us.

It sometimes seems that the kind of caretaking that attachment theory advocates and yes, sentimentalizes — the tender, tedious ministrations what the psychoanalyst D.W. Winnicott called "the ordinary devoted mother" — have lit place and even less prestige in the current debate about how we ought to rear children. It sometimes seems that we are in the midst of a backlash against the notion that children require sacrifice of convenience and ambition, that

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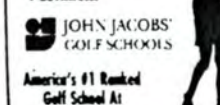
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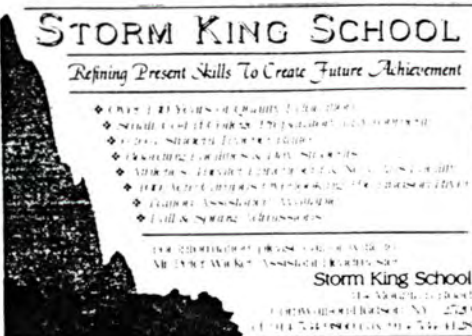
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ATTACHMENT

Continued from page 50

derstand a new infant can be like a slow courtship that ambles along to its own rhythm. In the popular, tough-love advice of the Christian family counselors Ann Marie and Gary Ezzo, for instance, you will find new arguments for keeping babies on rigid feeding schedules, letting them cry it out so that they don't develop a "predisposition for immediate gratification" and training them to sleep through the night as early as 5 weeks so that they don't disrupt their parents' schedules any longer than necessary. And from some working parents and some feminists, you hear the steely insistence that child care is just fine for every child, thank you very much, and don't go singing the praises of maternal love like some besotted Irish tenor.

Maybe there is no way to acknowledge publicly what an ordinary devoted mother — or father or baby sitter — does every day without sounding hopelessly soppy. Maybe it will always hover below the radar of any policy debate, in the dailiness where most of us do for our children what goes without saying. Then again, if you

have devoted yourself to a child for whom such things were never done — a child who as a baby was not held and jostled just so, or fed just when he wanted to be, or calmed when all the strangeness of the world seemed too much — maybe you can be forgiven for thinking that the ordinary things matter a great deal.

Those thoughts occurred to me as I was sitting in Linda Crumpecker's kitchen one day while she poured tea and gave Nicholas his medication so he could go out and join the neighborhood street hockey game. A few minutes earlier, he had dashed in to tell her, haltingly but happily, that he had just found a leftover Easter egg in the backyard. And a few minutes before that, Crumpecker had been saying that she would "go to the ends of the earth" for him. "In some ways I feel I have, and I feel he knows that, and that has brought us closer." But now what we are talking about, in effect, is what somebody didn't do for Nicholas. "If nothing else," she says, "these past five years have made me think about parenthood anew. They've given me an appreciation of all the ordinary, everyday things that mothers do for ordinary infants. I just can't say enough how much those matter." ■

ANSWERS TO PUZZLES

OF MAY 17, 1998

PRESUME CABALA METHOD
RACEGOER BANANAS IGUANA
IDOWOTLIKEMYDADSBROTHER
WILD LOD MEAL ASE
POISONEDKINGWEDMYMOTHER
CAME MILA ARHAT
TOT ASS DEL SEANCE
I LET THEM THINK THAT I AM MAD
TIME ABOUT TOAST EURO
OOPS I STABBED OPHELIA'S DAD
TRI ABBE EST I DO
APO KLU TABITHA ELO MOS
DRX ELS SHAG ILK
NOBODY HELPS SWEETIN MY FLIGHT
AMOI ERICH TELE RAIN
NOW LAERTES AND I WILL FIGHT
IRISES DOE PIE SOS
SKEIN OWNS DELI
SWORD SARES SWITCHED IN A JAM
WAS RAMP UAR DOGE
AT THEATRICAL ENDING HAN I AM
SHELVE DECIDES SAIL INTO
HERMAN SEESAW TSETSES

ASH
DIPLOMA
MUSLIMERA
TEACH UNBELLIA
WEAR SEN BOWS
CULTIST SEAR OBINS
ALLIANCE VINEGAR
BAINEDCATS AND DOGS
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SQUALLY
SAVES
LES

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Donna E. Shalala

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

Information ☒

Action ☐



Thank you.

- Staff Secretary
(x6-2702)

cc:

THE PRESIDENT'S OFFICE
5-26-98

THE WHITE HOUSE
WASHINGTON

198 MAY 21 PM 4:14

May 21, 1998

MEMORANDUM TO THE PRESIDENT

FROM: ANN LEWIS
SUBJECT: WIRTHLIN RESEARCH

Fin / CC [unclear] [unclear]

I thought you would enjoy seeing this research done by Richard Wirthlin's firm for Colin Powell's organization.

*This is a part of
contract to get people
to sign up for
CHP program for
women of color
Joint PR campaign
w/ Colin's group
P's with [unclear], [unclear]
[unclear]*

*copied
Lewis
COS
shalala
Jennings*

Health Care PulseLine: *Preliminary Results*

prepared for
America's Promise



WIRTHLIN WORLDWIDE

21 May 1998

RESEARCH METHODOLOGY

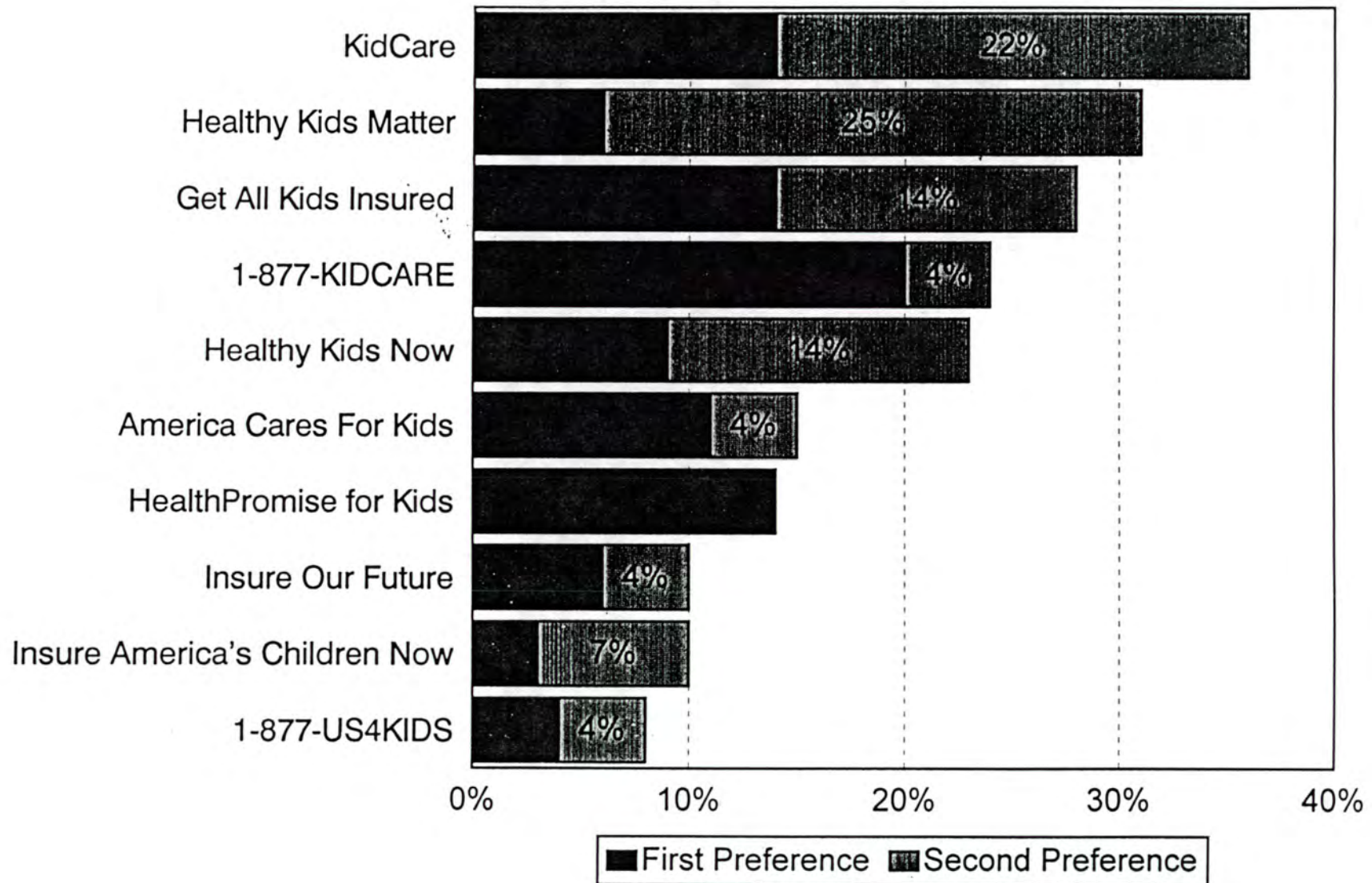
- Two PulseLine Groups
 - Parents of 'at risk' children
 - Social Workers / Health Care Professionals that deal with parents of 'at risk' children
- Approximately 20 respondents per group
- First hour of each group consisted of extensive quantitative evaluation of potential promotional materials
 - 'Ballot Box' technology for instantaneous data display on multiple promotional iterations
- Second hour consisted of in-depth qualitative Focus Groups

RESEARCH METHODOLOGY

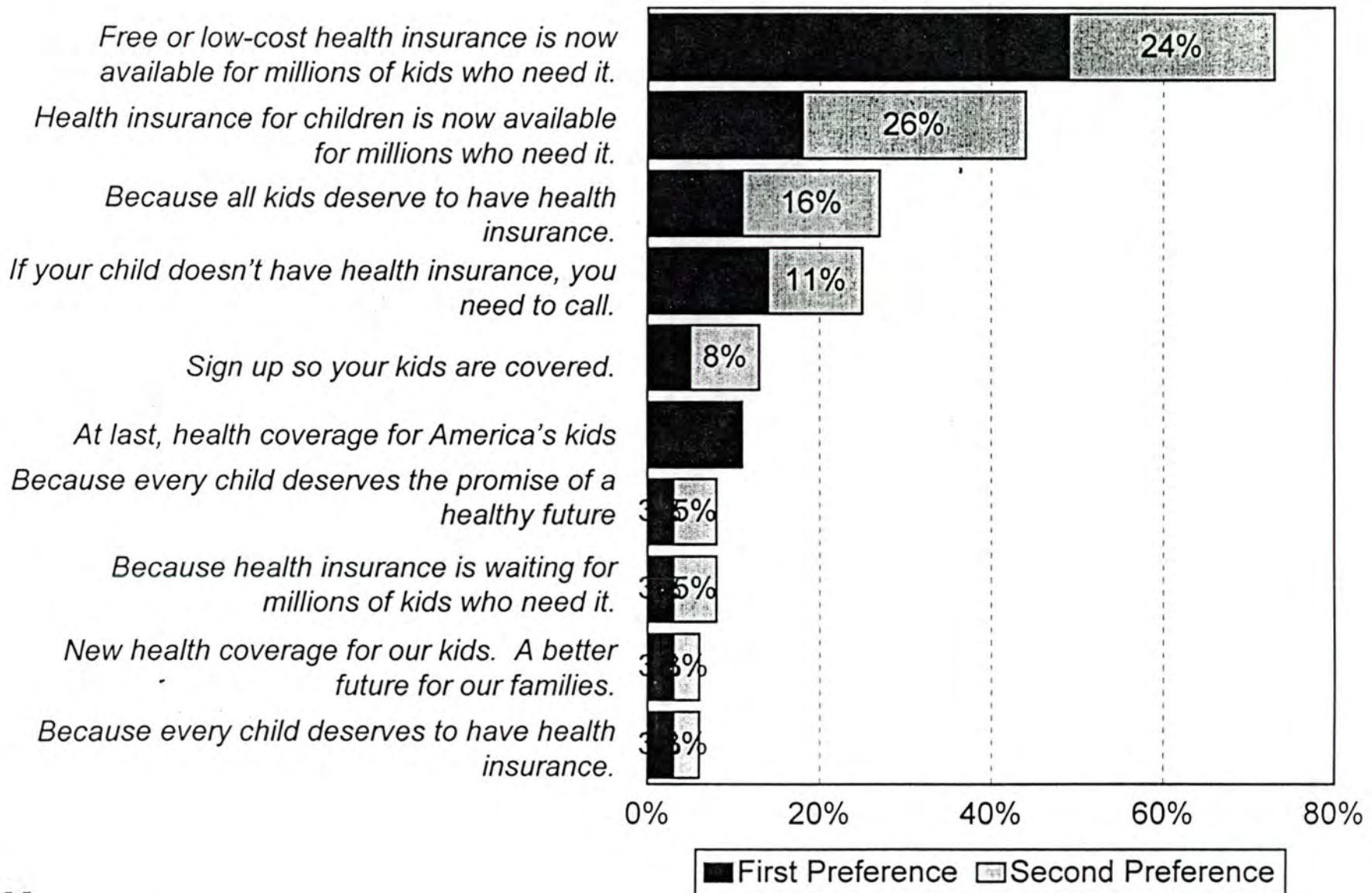
- Ten different 'story board' iterations
- Each story board included:
 - Potential initiative name
 - Tagline
 - Toll-free phone number
 - Program descriptive
- Respondents provided preferences for and against each component of each story board
- Given the instantaneous data display, the subsequent qualitative follow-up was fluid, allowing exploration of key issues unearthed in the quantitative portion

Preference for Name of Initiative

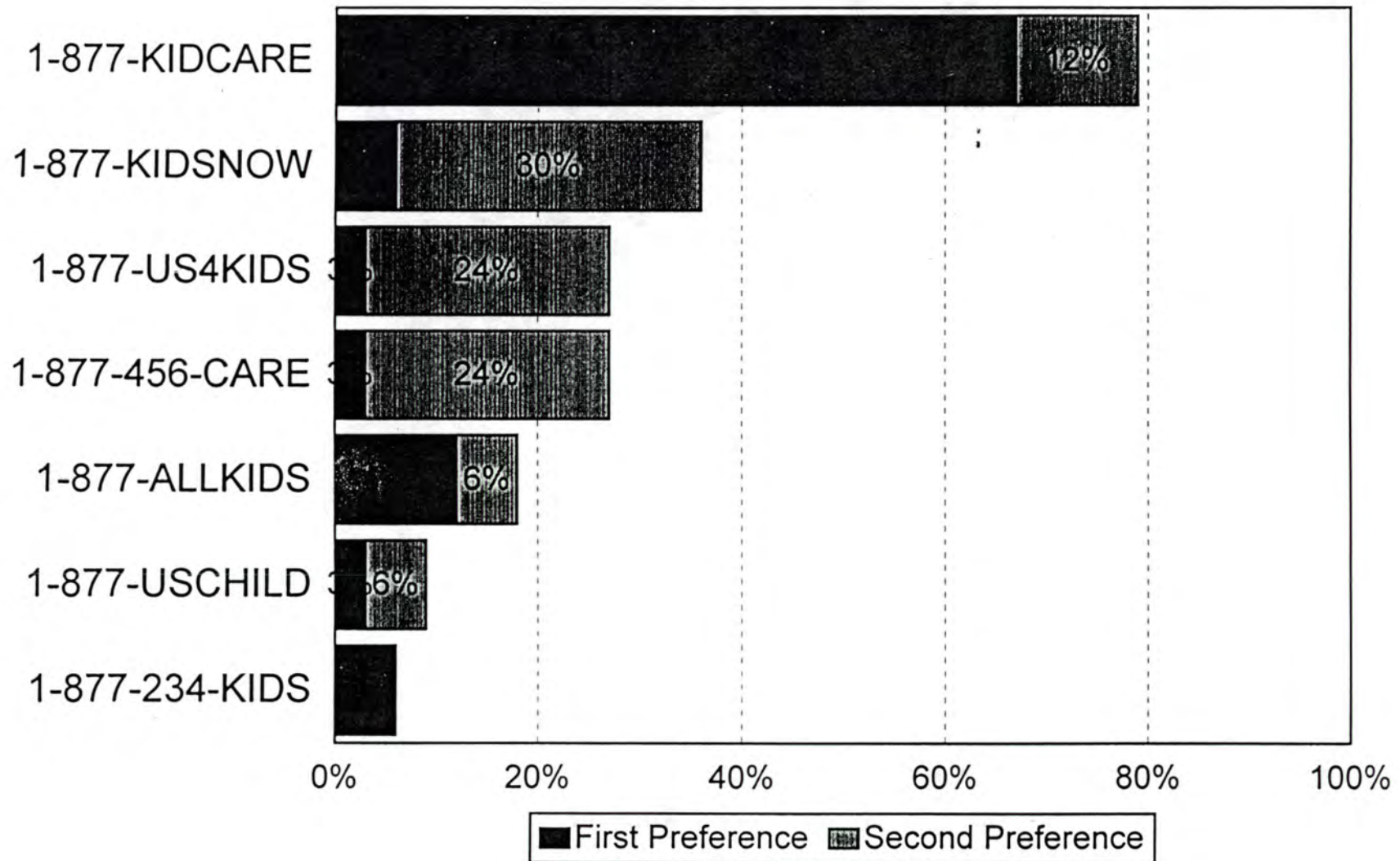
(Among both groups)



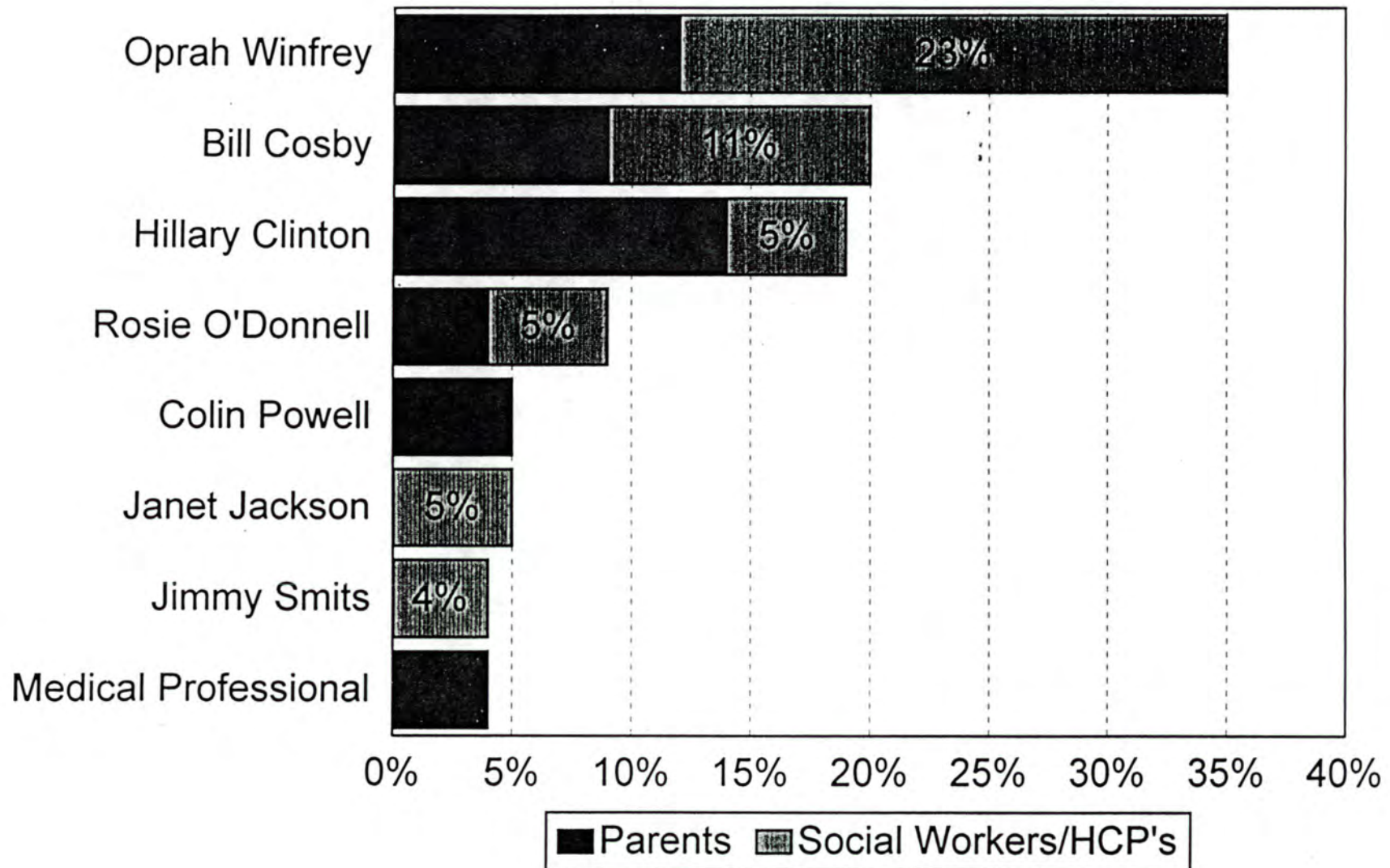
Preference for Tagline (Among both groups)



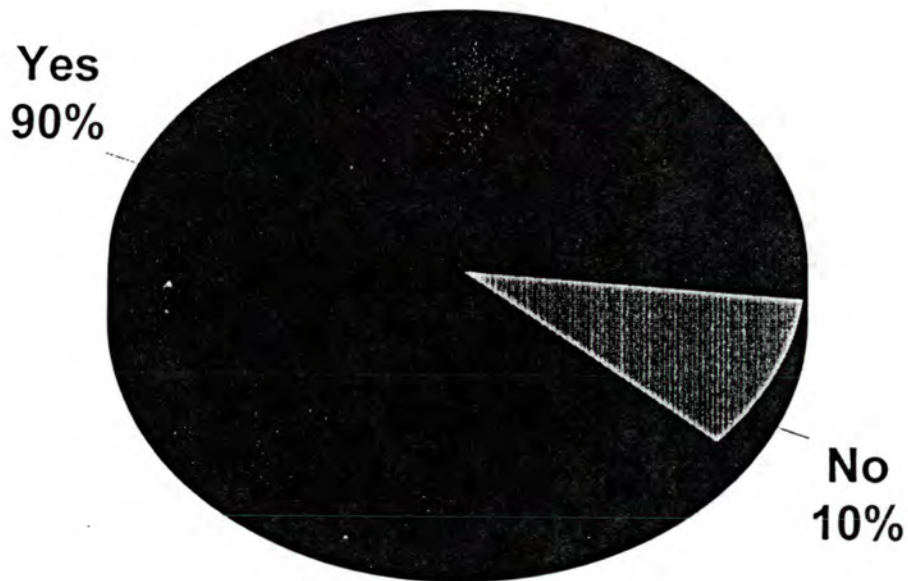
Preference for Toll Free Number (Among both groups)



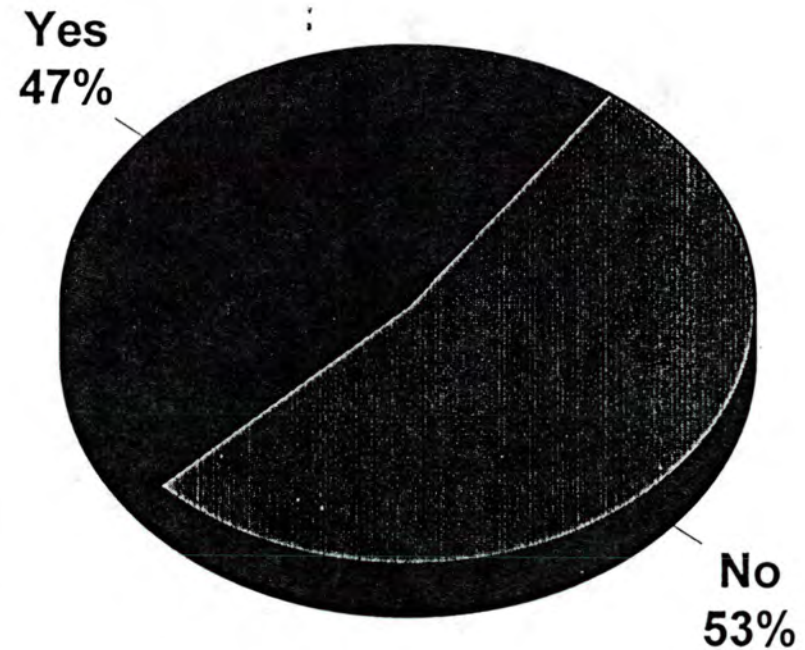
Preferences for Initiative Spokesperson



Do you (your clients/patients) feel that it is valuable to take children in for check-ups if they are not sick?

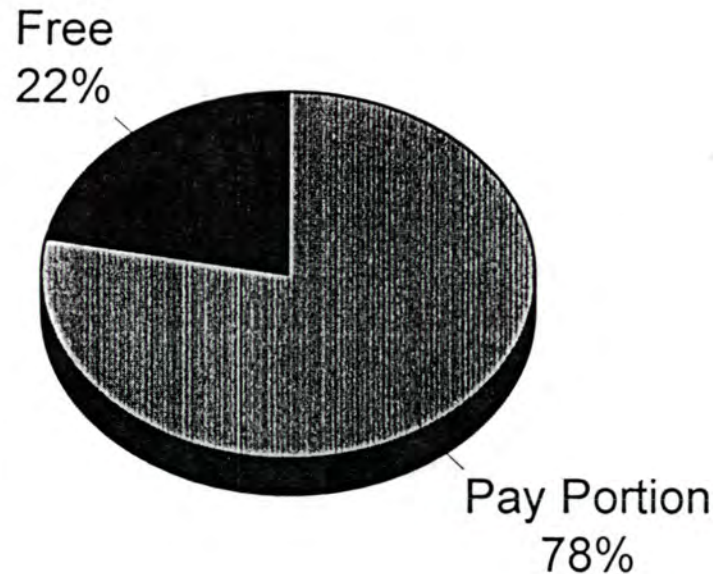


Parents / Caregivers

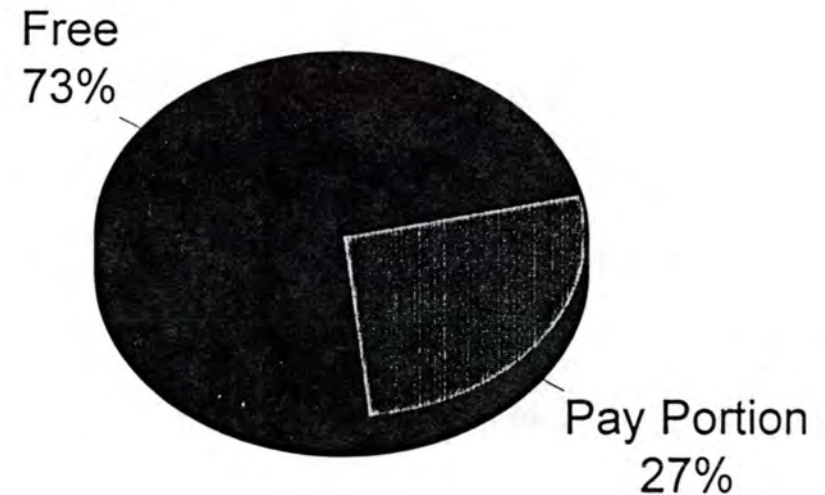


Social Workers / HCP's

Would you (your clients/patients) rather the government provide access to free health insurance for your (their) kids, or would you (they) prefer to pay a small portion, say \$10 per month?



Parents / Caregivers



Social Workers / HCP's

COMMUNICATIONS IMPERATIVES

- Cost will be the number one concern among this audience. We absolutely must mention that this initiative is 'free' or 'low-cost'
- Emphasize that this initiative is something that is available NOW or available TODAY
- Acknowledge the efforts of these people despite their difficult situation
- Provide assurance that our target audience is eligible for this program

COMMUNICATIONS IMPERATIVES

- Emphasize that this program is 'new'. The fact that this is not something that they've seen or heard about before is appealing
- Somewhat less important, but still on the mental radar screen of these respondents, was the quality of this health care. We should emphasize that this is not a watered-down version of the insurance that middle-class America receives
- Our target audience lives from day to day - any references to *the future* make them distrustful (again, confirming the need to include the term 'today' or 'now' in our messages)



COMMUNICATIONS IMPERATIVES

- Avoid any terminology that connotes a 'Federal Program'. Pride will influence many of the individuals we are targeting into non-action. The term 'National Initiative' is a good alternative.
- Avoid limits such as *millions* and *ten million*. These people are eternal pessimists. The majority of the group voiced the opinion that 'if there are ten million slots, my child would be number ten million and one.'
- Avoid tone that 'we know what's best you.' Pride is very important and they prefer to make up their own mind about issues concerning their child. Phrases such as "you need to call" or "don't risk your child's health" can be a turn-off. They are, however, open to good advice.

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Robert E. Rubin

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

Information ☒

Action ☐



Thank you.

Staff Secretary
(x6-2702)

cc:

TO Gene (Bob Rubin - Good piece - Bk

THE PRESIDENT HAS SEEN
5-25-98

BY BRIAN BREMNER

If only Japan would listen. That sentiment, in one form or another, has been a favorite among foreign governments, executives, and commentators for years. In the 1970s, as the Japanese created the world's most dynamic automobile industry, Americans urged them to curb their exports. When Japan rode a wave of prosperity in the 1980s, Western governments demanded that the country open up its restricted markets. And today, as Japan staggers into recession, finance ministries around the world are begging the government of Prime Minister Ryutaro Hashimoto to spend, spend, spend. Cut taxes, Mr. Hashimoto. Prime the pump by tapping Japan's \$10 trillion in savings. Just act, and you can kick off a recovery in Asia that will prevent a global slowdown and end the region's crisis.

In recent weeks, the chorus from the world's money-men and heads of state has grown louder. Michel Camdessus of the International Monetary Fund, Treasury Secretary Robert Rubin, and Prime Minister Mahathir Mohamad of Malaysia, among others, have called on Japan to act. President Clinton plans to have a stern talk with Hashimoto at the upcoming G-7 conference in Britain. Japan has responded in its grudging fashion, offering tax cuts of \$34 billion over two years and making pledges to boost a public-spending program that already dwarfs the U.S. defense budget.

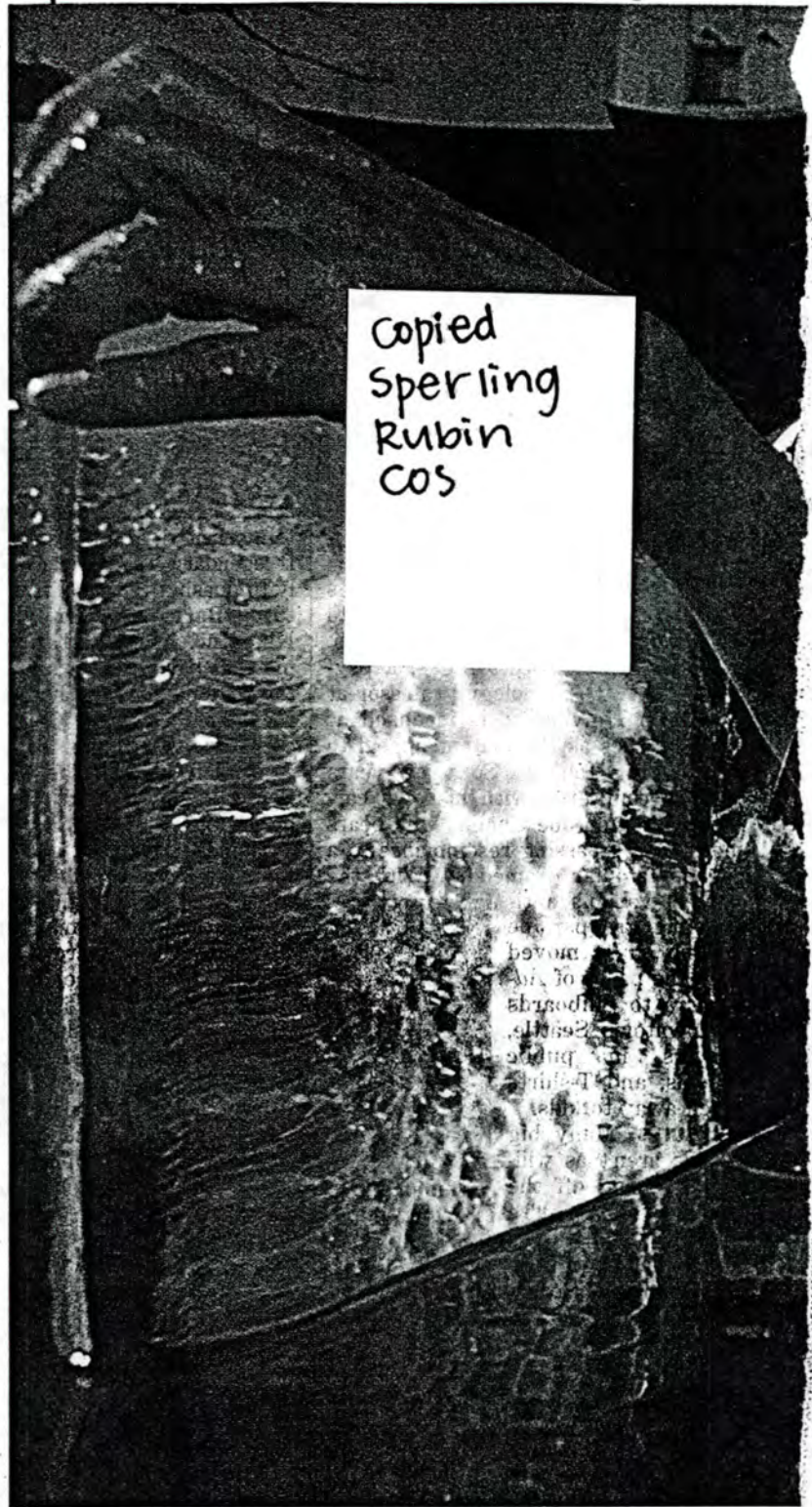
The market, which had wanted \$120 billion in tax cuts over three years, drove the Nikkei down. The gloom deepened. If Japan would only listen.

Yet the world's leaders may want to consider that their calls for a tax cut represent dangerous wishful thinking. A tax cut to put some life into the economy would certainly give a temporary lift to Japan. Yet fiscal stimulus, however deep, may not do much to resolve the Japanese crisis at this point. The challenges facing Tokyo are far more multifaceted than simply putting more money in the pockets of Japanese consumers. Japan faces a debt trap of its own making that involves the banks, households, and corporations of the whole nation. Japan must dismantle this trap. Otherwise, its struggles could weaken the yen further and destabilize the world economy, forcing other Asian nations to devalue and eventually hurting U.S. exports. A dysfunctional Japan could slow global growth for years.

NEW LIGHT. The problem is not just the reported \$600 billion in bad loans that plague the nation's banks. It involves hundreds of billions of dollars of debt that lurk off the balance sheets of government bodies and corporations. It includes millions of families struggling to pay off mortgages on houses that have lost 70% of

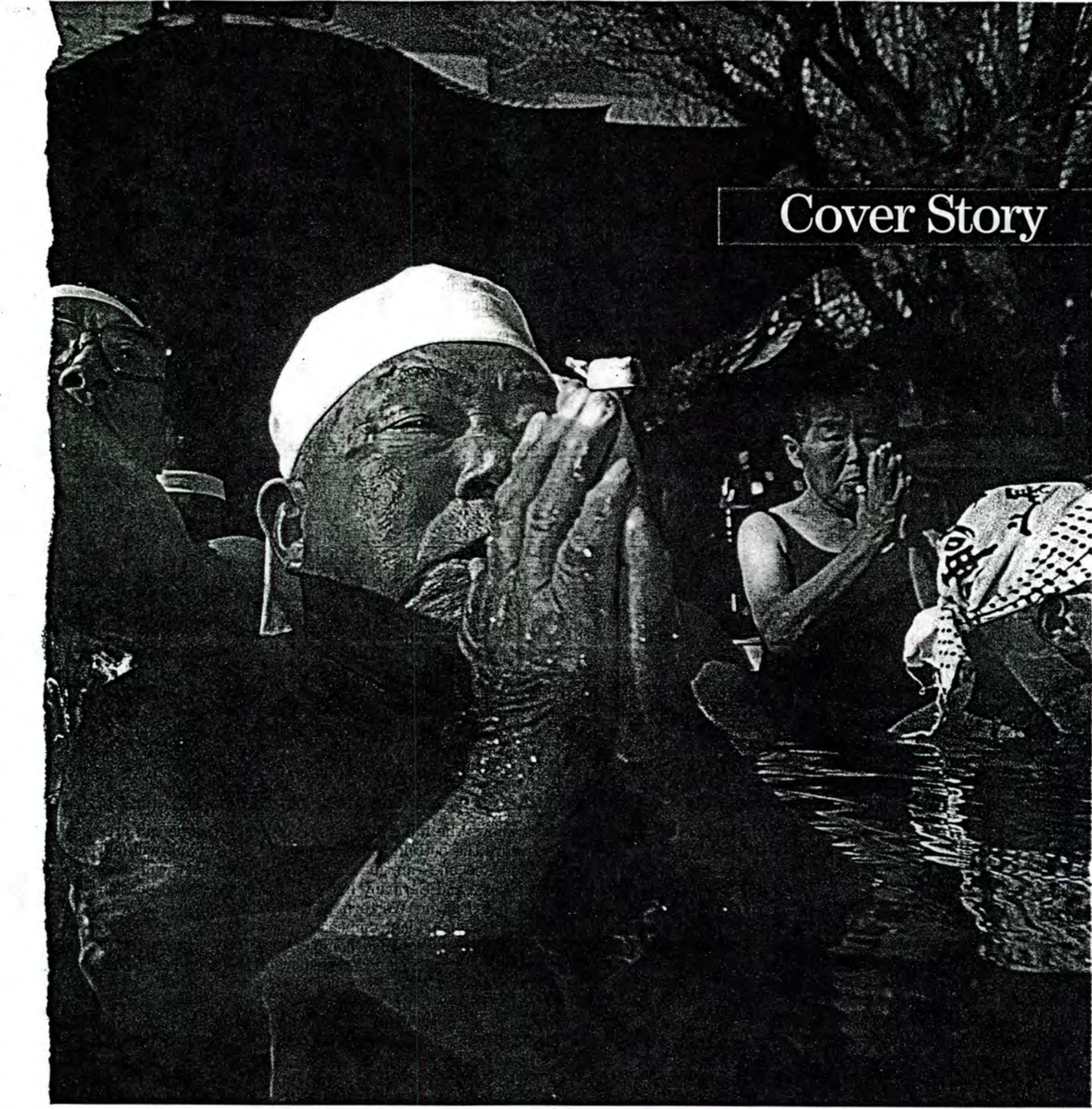
PRAYING AT A SHRINE

Ordinary Japanese are anxious about their job security, living standards, and retirement savings



Copied
Sperling
Rubin
Cos

JAPAN'S REAL



Cover Story

KAKU KURITA / GAMMA-LIAISON

CRISIS

Until its hidden-debt mess is cleared up, no recovery is possible

Japan's Debt Trap

	OFFICIAL LEVEL	PROBABLE LEVEL
PUBLIC DEBT	About 100% of GDP, or \$4.5 trillion. That's on a level with such highly leveraged Western countries as Belgium, Canada, and Italy.	Actual public debt could be as much as 250% of GDP, making Japan the most indebted nation in the industrialized world. To reach that number, analysts throw in the debt of <i>Zaito</i> , an off-balance-sheet government lender.
NONPERFORMING BANK LOANS	About \$600 billion. The government has recently admitted to that much after claiming for years that it was only about \$200 billion.	More like \$770 billion, according to the ratings firms. The extra \$120 billion is bank declared nonperforming but probably not being serviced by distressed corporate borrowers.
CORPORATE LIABILITIES	Debt exceeds equity by an average of 4 to 1 in the corporate sector. That level is forcing companies into bankruptcy at a record rate.	The situation is likely to be worse, since poor accounting does not reveal borrowings overseas or pledges to cover the debt of corporate affiliates. Private pension plans totaling \$600 billion are underfunded by as much as 40%.
PROPERTY PRICES	Official Level. Japan's commercial and household real estate is still valued at \$17.5 trillion.	A markdown of 10% to 30% is probably necessary. That means households with mortgages are sitting on \$250 billion in paper losses.
THE BOTTOM LINE		ACTUAL PUBLIC DEBT: \$11 trillion ACTUAL PROBLEM LOANS: \$1 trillion

DATA: BUSINESS WEEK

SAFES FOR SALE

Many Japanese may be stashing yen at home. Banks pay only 1% interest, so why risk a collapse?

tions. And a steady flow of capital to the equity and bond markets of America and Europe could aggravate the crisis.

Taken together, the liabilities cast a new light on the Japanese problem. Despite the country's \$800 billion in overseas assets and \$200 billion in foreign exchange reserves, Japan's troubles may run a lot deeper than even the pessimists may realize.

Cover Story

were growing briskly. Canada, for example, has sizable public debt, but its economy is sound, so concern about these liabilities is minimal. In the U.S., once regulators resolved the savings and loan crisis, the economy rebounded, and many of the problem debts were eventually paid off.

Yet Japan is not growing. Instead, a crisis of confidence has gripped the nation. In the midst of the financial fog, no one in

their value. It encompasses billions of dollars in pension liabilities that no one wishes to acknowledge and \$700 billion in offshore liabilities of Japan's banks and corporations. The opacity of Japan's accounting compounds the problem, since not even the most skilled financiers can measure the depth of Japan's obligations. Perhaps the size of the debt would not matter if the country

Japan knows the full extent of the problem, no one can predict where the bottom is, no one knows which bank will fold next, and no one can guess whether the market will ever clear. France and Germany have high debt levels and pension crises, too. But no Western nation needs to grapple with the problem of hidden, unmeasured debt in the way Japan does. "The debt is a time bomb," says Clyde Prestowitz, a veteran Japan watcher and president of the Economic Strategy Institute. "The crazy thing is that the Japanese could take care of it, but they aren't doing anything."

Now, analysts and executives are openly talking about what could go wrong. According to Kunji Okue, an analyst at Dresdner Kleinwort Benson, the government is earmarking 46% of its effective tax revenue for servicing the debt. If interest rates rise again, the government's borrowing costs will jump, and its ability to cover expenses would deteriorate. Okue figures that if long-term rates were at 1990 levels of 7% or so, the cost of debt servicing would make it impossible for the government to cover its payroll. The government may also have to handle more debt than it bargains on, since it has made implicit guarantees to cover much of the bad debt in the bank system.

"DEMORALIZING." This scenario has compelled Moody's Investors Service to put Japan's sovereign debt on Credit Watch. "Japan could become like the Latin American governments of the 1980s, when debt service ate up expenditures," says Moody's senior analyst Thomas Byrne. Although Japan is far

richer than the Latins, it has little room left for further tax hikes, which would lead to slower growth and even more deflationary pressure on assets. And to keep capital at home, Japan may have to raise rates, since deregulation makes it easier for Japanese to put their money in investments overseas.

The situation is unstable. Banks dare not lend any more, and corporations are desperate for credit. Yes, Japan is immensely rich, and it can still resolve its crisis, given its deep pool of talented workers, its tradition of sacrifice, and a history of remaking itself. But at this point, its liabilities would strain a country far better governed than it is. "When the economic history of this century is written, one of the great stories will be Japan's mishandling of its own economy," says Jay W. Chai, chief of Itochu International Inc., a subsidiary of the big Japanese trading house. "It's a sad, demoralizing tale."

A MONSTER. To get a sense of how bad things are, look at institutions that get little mention in the papers. In Japan, there's a sprawling shadow budget that few outside the country ever hear about. It's called the Fiscal Investment & Loan Program, or *Zaito*. But it's a monster, with spending that approaches two-thirds of government outlays. Over the years, it has been a stealthy source of financing for favored enterprises of bureaucrats and the Liberal Democratic Party. Funding for the projects has come from Japanese savers, through public pension assets and the vast state-owned Postal Savings system. All told, *Zaito's* loans come to some \$2.8 trillion, all backed by the government. The suspicion is that perhaps 9% of these loans, some \$250 billion, are invested in useless projects that aren't generating enough return to pay back the debt.

The shadow *Zaito* budget, controlled by the Ministry of Finance, steers lending into nearly 50 government-linked entities. These include the National Forest Service, the Japan Development Bank, public companies such as Japan Highway Development Corp. and Japan National Railways, and local governments and special firms such as Kansai International Airport Co., which is underwriting the Osaka airport. Environmental Hygiene Financial Corp. has extended \$7.6 billion in loans, mostly to restaurants and bars, for cockroach control and other public-health matters. At least 5% of these loans are in trouble, since many restaurants have folded during the stagnant 1990s.

Zaito also supplies low-interest loans to the Housing Loan Corp. (HLC), which holds 40% of all mortgages. The HLC claims to have only \$1.4 billion in questionable loans. Yet that may be understated, given the blowout in the property market and the fate of the *jusen*, the seven private housing-loan corporations that needed a \$6 billion bailout three years ago. *Zaito* loans are also indirectly propping up many local governments. Kleinwort Benson's Okue thinks a dozen municipalities are effectively bankrupt and rely on *Zaito* funds to cover debts and payroll.

It's only a matter of time before the problem loans of the localities and the govern-

ment corporations end up on the central government's books. One big hit will come in October, when the government assumes \$213 billion in loans from the now-defunct Japan National Railways Settlement Corp. That was a special outfit set up to manage assets and debts left over from the privatization of Japan Rail in 1987. The plan was to pay off the debts by selling off some of Japan Rail's real estate. Yet when the bubble burst, there weren't many takers, and the debt has lingered. "We already have a debt crisis in the private sector," says Schroders Securities Japan economist Andrew Shipley. "The next bomb that will hit will be a debt crisis in the public sector." Eventually, the central government will have to write this debt off, at a huge cost to taxpayers.

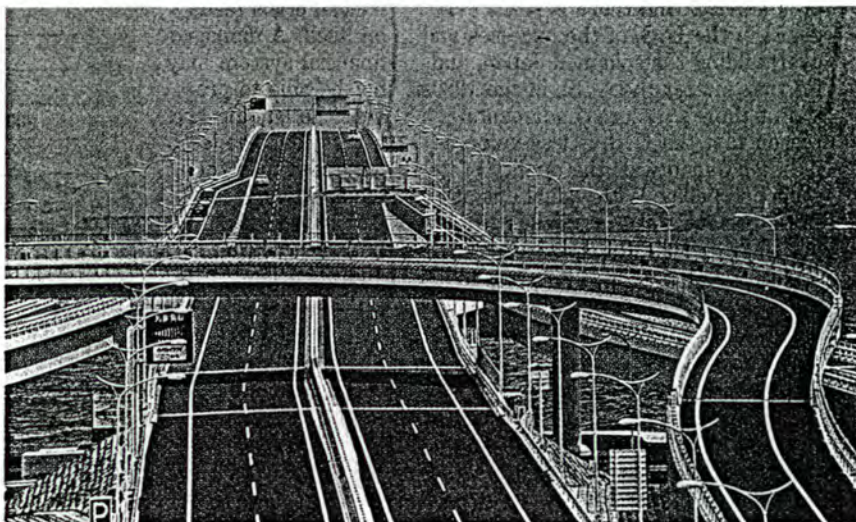
SCARY MATH If outstanding loans to government-funded entities, such as airports and railroads, are included, Japan's public debt may be \$11 trillion, or 250% of GDP

The math gets scary pretty fast. Official statistics already place the gross debt of Japan's central and local governments at about 100% of gross domestic product, or \$4.5 trillion. That's one of the highest in the industrialized world. Yet the real debt may equal 250% of Japan's output, or \$11 trillion, figures Oxford University's David L. Asher, who co-wrote a study on Japan's debt mess. Asher reaches that number by figuring in liabilities buried in *Zaito* and other government-controlled corporations, and adding unfunded public-pension obligations, which come to 100% of GDP.

Clearly, the Japanese are masters at running up deficits, and Asher takes a dim view of foreign policymakers who prod Japan to keep spending. "That's like telling a heroin addict to take another fix," he says. Ordinary Japanese and the corporate sector love their debt, too. Corporate balance sheets are burdened with debt levels that run at four times equity, compared with 1.5 times in the U.S. Mitsubishi Motors has \$15 billion in debt, four times its equity. It can service that debt only because it has forgiving banks that are tight with the Mitsubishi *keiretsu*. Meanwhile, Daiwa Research Insti-

TOKYO'S BAY BRIDGE

The LDP has spent billions on public works projects. Many doubt they will pay off



tute has scanned the data of 24 big companies that list their unfunded pension liabilities. Extrapolating from the data, Daiwa figures 40% of pension plans are underfunded.

Among ordinary consumers, thanks to a 70% meltdown in property prices since 1992, households are probably sitting on \$250 billion in paper

losses. And amazing as it seems, land prices and the already depressed Nikkei index may have to fall much further before they accurately reflect the true value of property and corporate assets. Such drops could wipe out an additional \$3 trillion in wealth, on top of the \$10 trillion that already has been va-

porized in the past decade. No wonder consumers refuse to spend. "These days, if you have 100,000 yen [\$760], you contemplate carefully what to spend the money on," says Yoko Ishikawa, a homemaker and mother of three in the Tokyo suburb of Chiba. "In the past, we would jump on things without giving a careful thought."

PIGGY BANKS. These hidden liabilities help explain why Hashimoto and his LDP are wary of tax cuts. Cuts are a sop to the foreign crowd, because few in Japan think tax breaks will boost consumer spending. "Tax breaks aren't as effective as most people think," says LDP Secretary General Koichi Kato. Ordinary Japanese are so anxious about job security, living standards, and retirement that they probably would just save

Cover Story

COMMENTARY

By Michael J. Mandel

WHY AMERICA WON'T BE NEXT

It could happen in America, too. That's what some observers are saying about the U.S. economy, which has some disturbing resemblances to Japan's in the late 1980s. In both cases, a substantial boom was propelled by a single leading sector—manufacturing in Japan, high tech in the U.S. Both countries evinced an overflowing confidence. And not least, the stock market in both countries soared to astounding heights. At its 1989 peak, the Nikkei Index was five times its level in the first quarter of 1982. The U.S. market is even hotter—it's up tenfold from the same point (chart). To pessimists, the message is clear: Since Japan saw its bubble burst, the U.S. could easily suffer the same fate.

Pessimists overlook some crucial differences, though. U.S. companies and individuals are less dependent on leverage and debt than the Japanese were. U.S. execs are still downsizing, restructuring, and investing to boost productivity. And there is scant evidence in the U.S. of the excesses and overbuilding that plagued Japan, and for that matter the U.S., in the 1980s.

But there's a more fundamental reason that the U.S. is less vulnerable than Japan was: the quality of its economic policy. With valuations at sky-high levels, it's impossible to rule out the possibility of a sharp decline in U.S. stock prices. But in recent years, U.S. policymakers such as Federal Reserve Board Chairman Alan Greenspan have shown that they understand how to limit the damage of a financial crisis. By contrast, Japan's central bankers, politicians, and bureaucrats still pretend that the economic lessons of the past 70



FED CHAIRMAN GREENSPAN

years—learned at great cost by the U.S. and Western Europe—don't apply to them. That's an important reason why the long decline of the Nikkei sent the Japanese economy into a tailspin.

By itself, a crash is not a disaster. Certainly, financial firms suffer, and consumers cut back. But after a crash, the productive muscle of the economy—factories, human capital—are still there.

The long-term danger arises when a financial crisis feeds on itself. A damaged financial system may not be able to provide the lending and investment needed for growth. In the most extreme case, people stop trusting financial institutions, and financial institutions stop trusting borrowers.

That's what happened in the Great Depression. Based on that disaster, and 70 years of subsequent experience, there's a clear rule book for a central banker faced with a stock market crash or other financial crisis in an otherwise healthy economy.

First, flood the economy with money, because in a crisis liquidity dries up and sound institutions go under when everybody gets scared. Most economists now believe the Federal Reserve's reluctance to open the monetary spigots turned the crash of 1929 into the Great Depression. Second, get the financial system functioning again by closing insolvent institutions and taking bad debt off the books of the private sector.

U.S. policymakers have shown they understand these lessons. After the 1987 crash, the Fed pumped large amounts of money into the economy, guaranteeing that large brokerages and banks would not go under. And the savings-and-loan bailout of the 1980s effectively freed up the banking system for the boom of the 1990s.

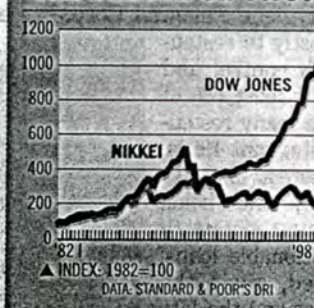
The same cannot be said of the Japanese. The Tokyo stock market

started slumping at the end of 1989, but policymakers kept a tight rein on money growth until well into the 1990s—the same mistake made in the U.S. in 1929. Subsequent inaction allowed this financial crisis to damage the real economy in ways that are difficult to reverse.

Stock markets can dive—that's a normal part of any capitalist economy. Banks can make loans and lose money. But the key is whether policymakers can address the problems—and that's where the U.S. has Japan beat, hands down.

Mandel is economics editor.

ONE BUBBLE OR TWO?



the money from a tax cut. Consumers are already shifting their savings out of banks and into the Postal Savings system, aggravating the problems of private institutions. Judging from the brisk sales of home safes, they also may be lugging suitcases of yen back home. With bank deposits yielding less than 1% in interest, why park your savings in a bank that could go under?

Cash is also disappearing into foreign bonds and equities. Last year, Japanese purchases of overseas equities surged by 77%, to \$13 billion, and, save for a collapse of the bull market overseas, the Japanese should keep up that pace in 1998. But if the outflows grow large enough, the yen could weaken to 150 to the dollar, from 130 now.

Cover Story

The impulse to hoard or invest abroad could slowly bring the consumer economy to a stop. Retail sales at department stores are falling by 15% or so a month. "Japanese citizens have the money, but they don't use it because they can't see a future," says outgoing Honda President Nobuhiko Kawamoto. Like other auto makers, Honda is coping with double-digit declines in domestic sales. Meanwhile, personal bankruptcies shot up 21% in 1997, to about 71,299 households. Because of the social stigma of filing, one bankruptcy lawyer, Kenji Utsumiya, thinks the figure is closer to 500,000.

While consumers stay scared, the banks are unwilling or unable to lend further. Fear is growing that the banks, which have acknowledged \$600 billion in sour loans, are sitting on an additional pile of nonperforming assets. Analysts think many small and midsize companies are just not servicing their loans. Companies sometimes cannot collect debts, either. After Shimizu Corp., a big construction outfit, announced a write-off of \$360 million in doubtful debt, analysts concluded that other construction companies faced a similar crisis.

HARD SLOG. The destructive cycle is reinforcing itself. Many banks are cutting off credit to companies they were once willing to keep afloat. The aggregate debt of bankrupt companies, at 3% of GDP, is higher than the U.S. had during the Great Depression. "This is the worst credit crunch Japan has ever experienced," says Richard Koo, an economist at Nomura Research Institute Ltd. It will get worse. According to some estimates, about \$250 billion in loans is technically sound—but only because banks have lowered interest rates to practically zero to keep customers paying. A chunk of these loans could slip into default at any moment, boosting nonperforming loans to an estimated \$770 billion.

The tax code is contributing to the crisis. High marginal rates encourage companies to report as little profit as possible. Companies borrow heavily to invest more than they should, so they can get rapid depreciation on the equipment they buy and earn big interest deductions on the loans they take out. This system works fine in a rising economy. But

when a crunch comes, the near-total absence of profits turns these companies into debt disasters.

Meanwhile, staggering amounts continue to flow into public works of questionable value. How else to describe a state-funded German-theme park in tropical Okinawa? Or the special roads and airstrips built just for farmers to transport vegetables around Japan? In Fukui Prefecture, the government has spent \$346 million to build a harbor to accommodate 5.9 million tons of cargo a year. Today, it's largely empty, and wags call it "the 10 billion-yen fishing pond."

A WAY OUT? In the months to come, Japan's recession will show how much damage the dysfunctional economy can inflict on the world. A recent Morgan Stanley Dean Witter & Co. report figures that a recession in Japan will clip 2.5% off the region's GDP. It's time, then, for foreign businesses and policymakers to imagine a global economy in which Japan—the world's biggest creditor and Asia's most important player—spends perhaps a further five years in the wilderness searching for a solution to its problems. That means living

with a much weaker yen and securing the global banking system against the shocks of Japanese financial failures.

The Japanese can still work their way out of this trap. But it will take a sustained effort at overhauling the banking sector, letting equity and land markets finally hit bottom, and shaking out a largely unproductive domestic economy that will cause plenty of short-term pain (table). Japan's bureaucrats also need to adjust their world view. For years, the Ministry of Finance has been plotting a strategy to ease Japan into a new era as a pension state. The idea was to supply a graying population with income and security by investing Japan's savings in dynamic economies such as the U.S. and Asia, to make up for slower growth at home.

That strategy is now in tatters with Asia's slump and the domestic debt debacle. Indeed, one big reason policymakers are afraid to write down Japanese assets and debt is

that it would wipe away a big chunk of the principal on Japan's retirement savings. Paralysis results.

As Japan seeks a way out, a current TV hit offers insight on the public mood. Every week, millions tune in to watch a historical drama on the downfall of the Tokugawa shogunate in the 19th century. It's the saga of a military dictatorship done in by indecision, rebellious barons, and the threat of U.S. warships off the coast. The costumed actors act out the unraveling of the old feudal order and the rise of modern Japan.

Some commentators suggest the show's popularity is a clue to a public yearning for some sort of event that will do away with the old ways. A few politicians even talk of the need for a great upheaval on the order of the Meiji Restoration of the 1860s, or the arrival of U.S. occupation troops in 1945. Japan certainly has been able to reinvent itself through crisis. But no one seems ready to inflict the kind of shock the country needs now. □

What Needs To Be Done

FIX THE BANKS The banks must submit to independent audits to determine the true extent of their bad loans and mark them to market. Regulators must shut down or sell insolvent banks. A trust fund must sell off bad loans at a discount and auction off distressed real estate.

CHANGE THE ACCOUNTING To determine the true quality of assets and profits, Japanese companies must adopt international accounting standards. That means consolidated balance sheets, pricing assets according to their market value, and opening up books to independent auditors and credit agencies.

REWRITE THE TAX CODE Japan's tax system encourages excessive investment and borrowing by corporations to mask profits. So corporate taxes need to be lowered to international levels.

AUDIT THE GOVERNMENT The government must disclose the true level of off-book liabilities contained in the so-called *Zaito* budget controlled by the Finance Ministry. Bad debts should be disclosed quickly and dealt with.

STOP THE MARKET RIGGING The government must stop using postal savings and pensions to prop up the stock and property markets. Only then will prices accurately reflect the actual value of assets.

DATA: BUSINESS WEEK

By Robert Neff

WHY JAPAN WON'T ACT TO SAVE ITSELF

From the ashes of World War II, Japan built the world's second-largest and arguably most competitive economy. It seemed unstoppable, and books such as Ezra F. Vogel's *Japan as Number One: Lessons For America* fueled the fear that Japan Inc. would conquer all.

Now, students of Japan are busy figuring out the puzzle of how it has stumbled into crisis and why it seems unable to dig itself out. Some of the best explanations come from the "revisionists." These theorists first explained how the Japanese political economy, operating by different rules from orthodox free-market economies, is incompatible with global free trade. Their ideas explained why Japan would resist all moves to open its markets. Today, revisionists point to how Japan's uniqueness has gotten the country into trouble.

Probably most telling is the argument put forth by Dutchman Karel Van Wolferen. In his seminal *The Enigma of Japanese Power*, published in 1989, van Wolferen says that Japan's government lacks any center of accountability. Conflicting bureaucracies contend for power. Meanwhile, politicians remain toothless. One reason is that parliamentarians can afford only about three staffers each, vs. dozens for a U.S. congressman. Even the Prime Minister's staff is on loan, mainly from the bureaucracy.

This means that in a Confucian tradition where bureaucrats count the

telligence on economic affairs, in effect, from a vested interest. Since the Ministry of Finance (MOF) is devoted to fiscal discipline, its bureaucrats have repeatedly advised Hashimoto to raise taxes. Lacking staff advisers to hammer out an alternate policy, he took the MOF's advice. The resulting

less politicians and vote in a government that stands up to the bureaucrats. But Japan's uniqueness gets in the way here as well. Voters don't cast ballots according to issues. Instead, they vote according to longtime personal contacts. At least 25% of Japan's Diet members are second-, third-, or fourth-generation holders of the same seats. They get votes because of who their ancestors were, not their positions on issues.

POOR VISION. What's more, the Japanese are preternaturally conservative. Even while the signs of financial distress mount, they lack the sense of crisis that might provoke some action. Since they sit on top of the world's largest household-savings trove of \$10 trillion, that may not be surprising—even though the debt crisis worsens every day. Besides, opposition parties haven't offered a much better vision than that of the long-ruling Liberal Democratic Party, so an increasingly apathetic and risk-averse electorate continues to vote for it.

The web of personal connections in politics is reproduced in corporate practices. In the notorious *keiretsu* system of cross-shareholdings, related companies hold shares in each other, propping up stock values. Banks belonging to the *keiretsu* keep lending to weak members. Letting these banks fail would cause such a shock that the MOF is terrified of letting that happen.

Politicians who cannot rule. Bureaucrats who cannot regulate. Voters who do not care. Corporations that do not change. It looks pretty dismal for Japan. "There are differences among capitalist systems that are not trivial and that under the right circumstances can blow the system apart," says Chalmers Johnson, one of the leaders of the revisionist school. Japan's uniqueness is now turning into a dangerous liability.

Contributing Editor Neff covers Japanese politics and finance.



tax hikes stopped Japan's growth in its tracks last year.

The MOF's devotion to fiscal rigor is in general a fine guiding principle. The trouble is, the MOF has another, unofficial priority: protecting the financial industry it is meant to regulate. So the banks' disclosure requirements remain minimal. And, in return for being wined and dined, MOF bureaucrats forewarn the institutions under their care of impending audits. The result: Learning the true state of bank balance sheets is almost impossible. And the MOF has hesitated to disclose the size of the bank problem or release funds to solve it. So the debt crunch just gets worse.

Surely, voters could throw out gut-

Cover Story

most, politicians suffer an information deficit. *Asahi Shimbun*, Japan's most influential daily newspaper, recently did a study showing that Prime Minister Ryutaro Hashimoto met more often during the last fiscal year with the finance vice-minister than with anyone else. The implication: Hashimoto is getting most of his in-

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Robert E. Rubin

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and watered-down Thatcherism are far more of style than of substance. But to say this is not to criticise the government. Look, in politics, presentation really matters. Tiresome as the third-way nonsense is to curmudgeons such as *The Economist*, its success as a marketing device is not in doubt. Voters

are happy, leading thinkers are happy, everyone bewildered souls who believed in Old Labour is happy. Thatcherism's main defect was that it was badly aimed, it needed it, and knew it needed it, but never much. Britain likes New Labour, and so far there is little n

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China's coming recession

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Far from thriving amid the turmoil, China has already caught a dose of Asian flu

IT IS surreal, but a winner is deemed to have emerged from Asia's financial chaos. Three cheers for China! While beggar-thy-neighbour devaluations tore through the region late last year, China's communist leaders stoutly ensured that their currency, the yuan, remained rock-solid. Since then, though other Asian leaders seemed to lose their heads and blame it on each other or else outsiders, China's statesmen have unveiled a seemingly breathtaking array of reforms to the country's socialist banks and enterprises, which have been given three years to shape up. An axe is to be taken to the unwieldy, but hitherto untrimmable, government bureaucracy. Government and business are to be separated, and 4m civil-service jobs lost. All this, and China's leaders have tossed out a further promise: growth of 8% this year. "China", one evangelist lauds, "pulls away from the pack."

The euphoria is dangerously misplaced. Far from having escaped the Asian flu, China has already been smitten by a virulent strain. In order to counter looming deflation, China's political leaders are now planning to stimulate demand on a massive scale. It is far from obvious that such a stimulus can successfully stave off a short-term slump. Even if it does, it poses a threat to the new commitment to reform.

Before the Asian crisis had a chance to infect the country, deflationary forces in China's own economy were already apparent. These stemmed partly from four years of austerity imposed after the boom of the early 1990s. Annual economic growth fell from a peak of 14% in 1992 to 8% (by official, optimistic reckoning) last year. By the end of 1997 prices in China's cities were falling.

The Asian shock has added to these deflationary pressures at home. True, exports are still increasing, at over 12% in the first quarter of this year. But such year-on-year growth has fallen by half since last June. Two-fifths of China's exports are to other parts of Asia, so the export figure might soon actually begin to shrink. Moreover, the growth in foreign investment in China—well over three-fifths of which comes from within the region—looks certain to stall this year.

Stagnant domestic demand and a grim situation abroad are beginning to take their toll. Last week it was announced that year-on-year profits at state companies fell by over 80% in January and February. First-quarter GDP growth slumped to 7.2%, the lowest quarterly figure in at least six years. At a time when state enterprises are furiously sacking workers in an attempt to reform, every percentage-point fall in growth creates 2m-4m more unemployed. Last week the head of the World Bank in China gave warning that growth below 5% would have serious consequences for social stability.

Any normal country would deal with falling demand by

loosening monetary policy. China is denied that option, because its quasi-socialist central bank still lacks the monetary levers that western central banks use to influence short-term interest rates. The government's only choice, then, is to increase spending. Li Lanqing, a deputy prime minister for the economy, talks of a \$750 billion infrastructure programme. In all likelihood, that figure is meaningless. But the government is probably looking for \$60 billion-70 billion of extra public-works spending, equivalent to over 6% of GDP. The budget deficit this year, however, is due to shrink by nearly a fifth, to roughly \$6 billion. Unless this is breached, fresh money for spending must therefore come from one of two sources: raising the arbitrary taxes and fees that fall under the banner of "extra-budgetary" revenues; or, alternatively, further directing the lending of state banks.

With ordinary Chinese fearing for their jobs, such a stimulus could well fail. Meanwhile, the recent promise to let the market allocate capital looks in danger of being compromised. And not just temporarily. The prime minister, Zhu Rongji, who is disliked in China's provinces for his bluntness, relies upon sheer momentum to push his reforms forward. Recommitting the state to capital-allocation now will make it that much harder to carry through reforms later.

Compete or crash

A stimulus would also hide the deeper fact that China's "gradualist" approach—of which the new reforms proposed under Mr Zhu are merely an accelerated kind—has probably run its course. Fully 20 years since China began to loosen central controls on the economy, two-thirds of the country's investment spending remains state-directed. The big four state banks that hog the country's savings are technically insolvent. They are being exhorted to become more efficient. Yet they face no serious competition, the most important tool for knocking them into shape (see page 65). There is no question of their being privatised. Ruled out, too, is any suggestion that China's 500-odd biggest companies be sold or allowed to fail. "Privatisation" is still a dirty word in China.

Meanwhile, the development of capital markets is thwarted by the state banks' control of resources. Proper capital markets—and in particular corporate bond markets—would allow China's most deserving companies to get their hands on the country's savings. Markets are essential if China is to solve a growing pension crisis as the population ages. Most of all, it is upon market-allocated capital that China's growth and job-creation will depend. Until China learns this lesson, it does not look a winner under anybody's rules.

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Madeleine K. Albright

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LETTER FROM JERUSALEM

THE OUTSIDER

Can Benjamin Netanyahu overcome the complexity of his own family history and make peace with the Palestinians?

BY DAVID REMNICK

IF Paris is the City of Light, Jerusalem is the City of Opinion. Here it rains opinions. The desert blooms on the moisture of harangue. The rarest phrase in the fifty-year-long history of Israel is "No comment," and certainly no one has ever uttered the following sentence: "I have no comment on Bibi."

Left or right, everyone refers to the Prime Minister, Benjamin Netanyahu, by his childhood nickname, though familiarity in his case has not bred affection. The strangest thing about Netanyahu is that although he commands support—his stalling tactics on the peace process have won him a center-right majority—he commands little respect. One afternoon, I went to see David Bar-Illan, a former concert pianist, who is among Netanyahu's closest aides and very few friends. On matters of policy, Bar-Illan is a spinmeister extraordinaire, the fellow who happily goes before the camera crews to defend the latest action of the Prime Minister. And yet when we were talking about Bibi's attempts to win over the ultra-Orthodox vote despite his own ultra-secular habits, even his admission of adultery, Bar-Illan rolled his eyes and spoke on the record in a way no Washington equivalent ever would.

"Finessing his being secular was nothing compared to other things, like adultery," Bar-Illan said. "One thing is to have an affair with a shiksa—but a married woman! With a shiksa, even the rebbes do it. But a married woman! Now Bibi'll go to synagogue on Rosh Hashanah, Yom Kippur, maybe he's gone to the Western Wall, or he'll say the phrase 'With God's help.' But he's not fooling anyone."

The rhetoric of Israeli democracy has always been noisier than the American brand, but talk about Netanyahu is untinged. One of the first things I did on arriving in Jerusalem was to call Yitzhak

Shamir, the previous Likud Prime Minister. Shamir picked up his phone on the first ring, as if he'd been waiting for the call all week. "Bibi?" Shamir said in his exhausted Old World accent. "He is not a very trustworthy man."

There was a long pause at the other end of the line, as if Shamir felt he had said quite enough to cover the subject. In his view, after all, Bibi concedes *too much* to the Arabs and has diluted the Likud Party. "He's too egotistical. I personally have no contact with him," Shamir went on. "He's a man who is not very popular. He's a talented, successful man. He made it at a young age. He had many advantages. But people don't like him. I wouldn't say he is admired. I don't believe he believes in anything. He has a huge ego. People don't like such people. I don't like him."

And so on. After Shamir had unburdened himself, I called Shimon Peres. Running on a platform of moving quickly on the Oslo peace accords with the Palestinians, Peres lost the 1996 election to Netanyahu, who captured the support not merely of the hard right but also of many Israelis who thought Yitzhak Rabin and Peres had gone too far, too fast. Peres also picked up on the first ring. He was leaving for China in five minutes, he said, but he managed to take ten to tear a hole in his successor. "We've lost so much, and for nothing," Peres said wearily. "Netanyahu's only consideration is his own coalition. He's always worried about losing power—that is always his first priority. In the meantime, we've lost the trust we built up, we've lost the Arab world, we've lost the respect we won throughout the rest of the world. All this makes it appear that we are a bizarre nation. To achieve peace and not follow through is bizarre."

Netanyahu, who is forty-eight, is the first Israeli Prime Minister to have been born after the founding of the state. As

a result, perhaps, many Israelis sense in him a distinct lack of gravitas. He often strikes people as a younger man trying to make an impression, and only suffering for it. When I went to interview Netanyahu, in his office, he began the session by lighting up a big cigar, a Davidoff. You knew it was a Davidoff because he left on the ring. Nor did he offer one to his guest: Bad manners? Low supplies? He then proceeded to fill the room with so much smoke that his young press aide, a friendly fellow from Dubuque named Michael Stoltz, reacted as if he'd been trapped in a garage with the car running. Stoltz could have died a slow death, I thought, and Netanyahu would not have stopped his pompous puffing.

The riddle of Netanyahu is that so many Israelis find him personally insufferable, and yet if there were an election tomorrow he would almost certainly defeat the Labor standard-bearer, his old military commander and role model, Ehud Barak. The Orthodox know all about Bibi's secular indiscretions—the pandering, the philandering. The far-right nationalists cannot yet decide whether he wants to kill the Oslo peace process (as they would like) or not. Both the Russian émigrés and the Sephardim know that he is not one of them. Nevertheless, these outsider constituencies believe that Bibi is better for their interests than the Ashkenazic élites of the Labor Party.

The left, of course, cannot bear Netanyahu. In their view, Bibi has "killed the peace," eradicated the historical chance symbolized by the 1993 and 1995 Oslo accords with the Palestinians. Bibi's enemies see him as an incompetent, unimaginative, and cynical politician with a singular gift for staying in office. "Netanyahu knows very well what he wants," Uri Savir, who had been Rabin's chief negotiator in Oslo, told

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The Prime Minister photographed by Arnold Newman in the Knesset in April, 1998. "The real Middle East is not this lovely palette of lovely colors," Netanyahu says. "There is a battle on for the soul of this Islamic Arab civilization."



This page, clockwise from far left: The future Prime Minister and his father; Bibi, left, with his brother Jonathan, who was killed in the 1976 raid at Entebbe; Netanyahu's parents, Benzion and Cela. Opposite page: Bibi and his wife, Sara. Their shaky marriage has been a source of amusement for Israeli newspapers.

me, "and the main thing is to steer Israel in the direction of a mutual-deterrence policy, because he does not really believe in real peace. He does not believe in a new quality of relations. He also sees everything through the eyes of a political animal and he wants to be reelected. Everything he does is to play to his right-wing constituency. To appeal to them, he uses the buzzwords that appeal to their ghetto mentality."

There are still many on the left who blame Netanyahu for helping to whip up an atmosphere of hatred that led to the Rabin assassination. Nevertheless, Bar-Illan insists that one day soon all Israelis will end up marvelling at Netanyahu's guile and ideological agility. "Bibi wants to out-Begin Begin," Bar-Illan told me, meaning that he will do something even more shocking than Menachem Begin did when he signed the Camp David accords, in 1978, promising to give the Sinai back to Egypt and bringing about peace between Israel and its most powerful neighbor.

Israel is celebrating its fiftieth year as a state. It is amazing to realize that Zionism has outlasted the two great

threats of the twentieth century—Fascism and Communism—and yet the celebration is halfhearted. No small part of this is the sense that the country's leadership is thoroughly uninspired. Almost universally, left and right, Netanyahu is seen as a slippery pol—and not particularly adept at that. During the 1996 campaign, Bibi promised the Orthodox that he, the most secular of men, would be the avatar of the Jewish state. He went to see the spiritual leader of the Sephardim, Rabbi Yitzhak Kaduri, and whispered in the rabbi's ear, "Leftists have forgotten what it is to be Jewish. They think they will put security in the hands of the Arabs—that Arabs will look out for us." Israeli Radio's microphone picked up these remarks.

During his two years in office, Netanyahu has become known for a series of flubs and fast ones. After winning the Likud nomination largely through a new, open electoral process, he supported the repeal of that process. He courted scandal by nominating an attorney general whose main qualification was a tight connection to Shas, the Sephardic party. He defied his own intelligence chief and ordered the as-

sassination of a Hamas leader, Khaled Meshal, in the Jordanian capital of Amman; when the plot to poison Meshal failed miserably (more Inspector Clouseau than 007) and became public, King Hussein was infuriated, and Israelis were bewildered. As Foreign Minister, David Levy said that he had a commitment from Netanyahu on social spending in Sephardic towns, and then resigned when Netanyahu reneged. The right wing remain furious about the redeployment of Israeli forces from the city of Hebron, in the West Bank.

Netanyahu's circle feels persecuted by the press. His defenders point out, for example, that he has not turned out to be militarily aggressive or ideologically unbending. Again and again, they mentioned "one of the few exceptions"—a long article by Ari Shavit published last December in the liberal daily *Ha'aretz*, headlined "THE YEAR OF HATING BIBI." Shavit is a liberal intellectual who wrote that his own circle has been unduly vicious about Netanyahu. When I began reporting this story, Netanyahu's own father gruffly told me that I would invariably quote only his son's enemies, "the left-wingers." I invited him to give



me a list of people I should call, and he did. Naturally, some on the list were ardent supporters, but others, while they said they supported Netanyahu's policies, admitted that they could barely stand the man.

One such was Yoash Tsiddon-Chatto, a reserve Air Force colonel and former Knesset member on the right, who went with Bibi to the Madrid peace talks in 1991. "Something about Bibi's personality creates an anti-rapprochement," Tsiddon-Chatto said. "I didn't ever think he would dodge and manipulate and weave and dodge the way he has as Prime Minister. I doubt if his father is so happy with the way his son has carried out his policies."

THE father. Everywhere I went in Jerusalem, when I asked about Netanyahu the same answer came back: "To understand Bibi, you have to understand the father." But while the Israeli press regularly describes Benzion Netanyahu as deeply conservative in his views and harsh in character, he is nearly a legend, a kind of secret. Benzion does not exactly hide from the world—he is a controversial scholar who has published

a cascade of extraordinary books and papers on the Jews of fifteenth-century Spain—but he studiously avoids journalists. Like Bibi, Benzion Netanyahu and his wife, Cela, both regard the Israeli press, which is almost uniformly pro-Labor, with unconcealed contempt. "Bolshevik" is the term they use. They are not a great deal fonder of the American press. The *Times'* coverage of Israel, Benzion told me, "often seems to me unbalanced and slanted toward the leftist side of Israel's public opinion." I was able to spend time with Benzion mainly because we share a book editor, a friend.

When the nation of Israel was founded, Benzion Netanyahu was on the fringe of its political life. Now he is its patriarch. His eldest son, Jonathan—Yoni—is a martyr of the Israeli Defense Forces, whose name is known to every Israeli schoolchild; the middle son, Benjamin, is the leader of the Likud Party and Prime Minister; and the youngest son, Iddo, is both a novelist and (some-one had to be) a radiologist.

Benzion, who is eighty-eight, is possessed of a clear mind, good health, and a forbidding personality. A cross word

from him scatters the sparrows from the trees. After his son the Prime Minister makes a speech, Benzion sometimes calls to correct a grammatical mistake. "Bibi's Hebrew has gotten far better in recent years," he allows. Benzion is a secular man, and yet his judgments of Israel and history and much else are often so dark, so unforgiving, that he sometimes sounds like the harshest of Old Testament prophets. His views on everything from modern America to the ideological weaknesses and failings of various Israeli politicians, past and present, are often despairing.

Benzion's range of disapproval is breathtaking. Fifty years ago, at the time of Israel's birth, his politics were already on the edge, the outer feathers, of the right wing. As a young man, he was an aide to Ze'ev Jabotinsky, the leader of the hard-line Revisionist movement. Among the early Zionists, the Revisionists were the underground fighters who argued that the Laborites, led by Ben-Gurion, were giving up too easily on territory that is now well beyond Israel. Benzion was part of a movement that saw Israel as laying claim to an area en-

compassing much of present-day Jordan. The pro-Jabotinsky hymn at the time went, "The Jordan has two banks: this one is ours, the other one, too." His vision, perhaps, is an anachronism and yet it is the vision that the current Prime Minister of Israel was raised on. Ben-Zion looms above his son no less than Joseph Kennedy loomed above his clan, and his views are at the root of Bibi's sense of a menacing world.

When you meet Ben-Zion, he does not seem so forbidding: he has little white tufts of hair and weary, narrow eyes, the eyes of a Chinese scholar. On the day Bibi was sworn in as Prime Minister, at the Knesset, in 1996, Ben-Zion sat in the audience. Ari Shavit, of *Ha'aretz*, remembers seeing the old man and noticing that he betrayed no outward signs of pride or joy. "I was watching it on TV, and thought, My God, to be the son of this man, even if you become Prime Minister you can never satisfy him. This is really the key," Shavit said. "There is this person who pushes himself to the end, demanding the impossible, and even achieving it. It's like a constant internal tyranny. You can never stop. There is no celebration."

To say Ben-Zion has no faith in a peace accord with the Palestinians or with any Arab nation is to state the obvious. Such treaties, to him, are the stuff of fools and naïfs. "Jewish history is in large measure a history of holocausts," Ben-Zion told me, "carried out by anti-Semitic leaders and factions that managed to take over whole countries or regions in times of anarchy, civil war, or rebellion. In the areas that fell under their control, all Jewish communities were wiped out. Hitler differed from them primarily in having become the sole, undisputed ruler of his country and in controlling a much larger area, which allowed him to murder many more Jews."

To a considerable degree, Bibi Netanyahu's internal struggle as Prime Minister is a struggle between an inherited ideology and the tug of political contingencies. His dilemma is always to what degree he can, or should, remain true to the ideals, the stubbornness, of his father. He may not always act on his father's imperatives, but he believes strongly in his father's rightness; both

men share a keen sense of insular self-confidence, of being right when all others around them are innocent, bogus, mistaken. When I met with Bibi at his office, he fondly recalled to me how, in 1956, his father went to Ben-Gurion and told him that the Israelis, having just captured the Sinai, had to devise a strategy to keep it. Ben-Gurion had said that he would keep it for a thousand years. Why was Ben-Zion worried about losing it?

"Because the U.S. will force you to," Ben-Zion told him.

"Of course, he was right, unfortunately," Bibi said. "That was the first and last time an Israeli Prime Minister succumbed to an American diktat." It is not hard

to imagine this anecdote playing in the Prime Minister's head when American diplomats like Dennis Ross and Madeleine Albright sit with him in negotiations.

Both the Israeli left and the White House would argue that Bibi has slowed down the peace process so much that the Palestinians and such Arab states as Jordan and Egypt have lost hope. In recent weeks, Clinton Administration officials have urged Netanyahu to agree to withdraw from a full thirteen per cent of the West Bank in exchange for Palestinian guarantees on terrorism. Netanyahu has balked at that figure, though he has indicated a willingness to pull back from nine per cent of the disputed territory (perhaps even eleven per cent). The point, he insisted late last week, at talks in Washington with Ross and Albright, was that any accord must preserve what he called a "territorial buffer" against Palestinian terrorism. Netanyahu, to be sure, continued to face intense pressure at home: Palestinians demonstrated against *al nakba*—"the catastrophe"—of the founding of Israel; riots broke out, and several Palestinians were killed by Israeli troops. And it is far from certain that Netanyahu's right-wing Cabinet, especially the influential Infrastructure Minister, Ariel Sharon, would agree to a settlement resembling the American plan.

Netanyahu's over-all argument is that the left's dream of a New Middle East, of peaceful relations and open markets in a region of Arab dictatorships, is fantasy. "The real Middle East is not this lovely palette of lovely colors," he said. "There are some very dark streaks there. More than streaks—large swaths of fun-

damentalism and dictatorial regimes. There is a battle on for the soul of this Islamic Arab civilization. I don't write them off. I think we can influence it, but first of all not in a major way and, in any case, in a way different from the way the left thinks. They think that if we make more concessions we'll defuse the time bomb, the mechanism that keeps this going. But this is much bigger than the battle with Zionism. It's a battle with modernity."

For the extreme right wing, however, Bibi has not always been firm enough with the Arabs. The Prime Minister's decision last year to cede authority over Hebron to the Palestinian Authority was, in their eyes, a betrayal of the 1996 campaign, and of Revisionist principles. Bibi's brother-in-law, a settler named Chagi Ben-Artzi, told me, "Bibi grew up in a family in which the principle of keeping the land, the entire land, in Jewish hands was a holy principle. . . . I've heard Bibi's father be very critical about the Hebron agreement. He said it is absolutely not justified. He didn't see any good reason to give Arafat more land before he carried out one single commitment included in the Oslo accords." Ben-Zion denied that he had argued with his son about Hebron or Oslo in general; when Ben-Artzi made public his own opposition to his brother-in-law's policy, their relations soured.

Reflecting on his son and Oslo, Ben-Zion later said, "What I can gather from the deeds and the statements of the Prime Minister is that he is struggling to obtain, within the limits of the Oslo agreement, and through the implementation of the commitments on the part of both sides, arrangements that are vital for the security of Israel and will minimize the outbreaks of large-scale terrorism and wars."

Bibi, for his part, dismisses all talk of paternal influence as "psychobabble." His friends and colleagues who have known him for decades do not. Natan Sharansky, one of Netanyahu's current ministers and closest advisers, told me, "Look, there's no doubt that the father is crucial to Bibi, especially historically, in Jewish history and world history. In his day-to-day activities, it helps Bibi to somehow stay in focus. He gets caught up in the daily struggles, but he always has this view of history in mind."

What will Bibi do, then, in the com-



ing months and years? Will he listen to the call of history and try to come to an agreement with the Palestinians? Or will he listen to the right-wing constituencies that will keep him in office? "I think Bibi is divided and sometimes paralyzed by the difference between his heart and his head," said David Makovsky, who covers diplomacy for *Ha'aretz*. "His visceral reactions are ideological, like his father's, but intellectually he's come to see that his visceral reactions are not always correct. The result is paralysis. Motion without movement in the peace process."

BENZION and Cela Netanyahu reared their sons in a spacious house, on Haportzim Street, in the Old Katamon district of West Jerusalem. They still live there. There was little wealth in Jerusalem in those days, and the Netanyahus felt themselves quite nearly rich. Their car was American—a Henry J—and they had one of the few telephones in the neighborhood. Benzion edited the enormously popular *Encyclopedia Hebraica*. "And for that," he told me, "I got the highest salary in Jerusalem!" The house is now worth around a million dollars.

Benzion Netanyahu is known in scholarly circles around the world for his book "The Origins of the Inquisition in Fifteenth Century Spain." In medieval studies, his thesis is considered revolutionary. The Jews were oppressed in Spain even after they had become converts to Christianity. Netanyahu challenged the traditional view that the Spaniards persecuted the *conversos* because many of them continued to practice their original faith in secret. Netanyahu's work contends that the long-held notion of the *conversos* as "secret Jews" is a romantic delusion. He argues that in fact only a very few of the New Christians practiced Judaism, and that the Inquisition was actually a historical moment in which the Christian monarchs developed a theory of racial hatred designed to uproot and demolish a perceived

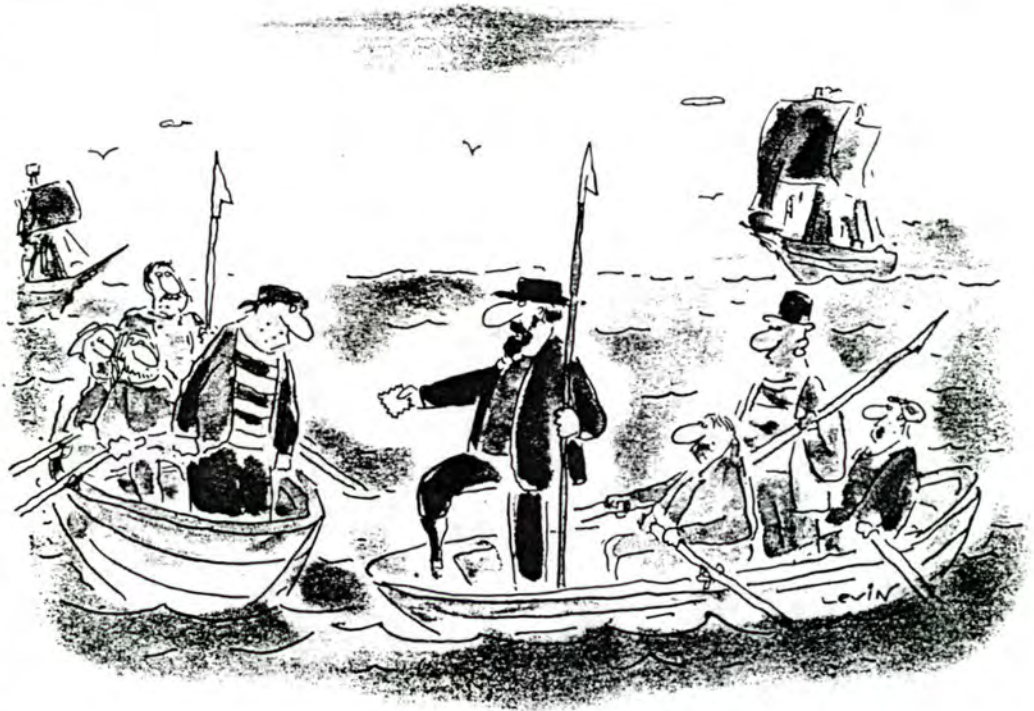
threat to their social and political order. Netanyahu writes that after two massive waves of conversion, in 1391 and in 1412, these New Christians began to assume powerful positions in politics and the Church. Since the Spaniards could no longer attack the *conversos* on the basis of religious faith, they devised tracts describing the *Jewish people* as an inherently polluted, contaminated race. For the first time, Netanyahu writes, a society devised a racial theory of Jewish inferiority which laid the foundation for the Inquisition in Spain just as surely as the Nuremberg laws were the precursor to the Final Solution. After fourteen hundred pages, one is led to the darkest conclusion possible: that even if Jews go as far as to convert, and even if that conversion is thorough and official, it will not matter; the resentment of the Jews as a people will persist, even to the point of forced exile and mass murder.

I called on the Netanyahus on a fine spring morning. Cela Netanyahu let me in and then quickly went off to get her husband. Cela studied law at Gray's Inn, in London, but never practiced. Instead, she raised her three sons and, above all, was her husband's wife. She guarded him against distraction and travelled with him in the United States when

there were no academic posts available in Israel. In all, Benzion and Cela lived in America for more than twenty years—first from 1940 to 1948, to work for the Zionist movement, and then from 1963 to 1977, to teach at various colleges and work on his books.

While I was waiting for Benzion, I walked over to the dining room. When the boys were growing up, the dining room was their father's study, the nexus of the house. "When you went over there, you made sure not to disturb the old man," one family friend said. "That was the inner sanctum." Now a bust of Yoni dominates the room. Yoni was the only Israeli soldier killed during the commando raid on the airport in Entebbe, Uganda, in 1976.

Over the years, the Netanyahus have cultivated a sense of uniqueness about their family. "Their perception of themselves is as a major family in the history of Israel," one of Bibi's friends said. "The father is the great scholar and wise man. The eldest son, Yoni, is the martyred soldier. The middle son is the Prime Minister and savior of Israel. The youngest, Iddo, is the writer, who also practices medicine. Bibi's said that he thinks Iddo is 'Israel's new Hemingway.' No matter that Israel has *truly* great writers—A. B. Yehoshua, Amos Oz,



"Have ye seen a whale that matches this swatch?"

Aharon Appelfeld, Meir Shalev. That's the way they think."

Finally, Benzion came in and sat down in an armchair. For a while he talked about his father, Nathan Mileikowsky, a rabbi who was born in Lithuania and helped run the famous Krinsky *Gymnasium*, in Warsaw. As a leading Zionist orator, Nathan toured Europe and America making speeches in support of a Jewish state. When he brought his family to Palestine, in 1920, they came ashore in a small boat in Tel Aviv and changed their name to Netanyahu—God-Given.

Time and again in conversation, Benzion talked about the persistent spectre of the left in Israel. He said much of the press in Israel is worse than *Pravda*, because in the old Soviet Union at least readers *understood* that their press was frequently lying. This, in modified language, is a familiar theme in Bibi's conversation.

Benzion studied medieval history at Hebrew University. Later, he was co-editor of a literary monthly, *Beitar*, and then of the Revisionists' daily newspaper *Ha-Yarden*. His contemporaries remember him as being extraordinarily intelligent and charming and, at the same time, arrogant and nearly seething with resentments and contempt. Even now, he radiates the same qualities, at once spinning a fascinating tale of old Jerusalem for his visitor and then talking with acid condescension (at best) about various constituencies and politicians in Israel. In his view, Arab fundamentalism and Asian nuclear power are the order of the future. He is a man of numerous and ferocious opinions, but is very wary of publicizing them—not least, perhaps, for fear of embarrassing his son.

It's hard to replicate the old man in print. For one thing, he is both fierce and irresistibly alive; for another, he insisted that our talks were "friendly chats," not a formal interview. But what comes through, so often, is a man who resents what he sees as the folly of others.

"There was always a strong myth of persecution in that family, always a grievance," I was told by Shalom Rosenfeld, a contemporary in the Revisionist movement who was later the editor of the leading newspaper *Ma'ariv*.

"There is a feeling of rejection by the

academic establishment, which was dominated by the left and denied Benzion a decent job, and, as a result, the Netanyahus were forced to emigrate, which was very painful," Chagi Ben-Artzi, Bibi's brother-in-law, said. "Part of the background of the determination of Bibi to change Israel, to make it a more democratic society, to push the process of privatization, stems from that old resentment, because the left used the economic structure of the country to dominate Israel ideologically—anyone who was not politically correct was denied economic chances. That resentment is still there. It's not something for them that belongs to the past."

Ben-Artzi's facts are only partly correct. It's true that Benzion did not get a job at Hebrew University, but the university was tiny in those days, and there were hardly any positions available to anyone. For work, and for superior libraries, Benzion accepted jobs at Dropsie College, in Philadelphia, and at Cornell, in Ithaca, New York.

The family's sense of outsidership has more to do with real politics than with academic politics. Some of Jabotinsky's followers, including Begin and Shamir, took to the underground, carrying out military missions against the British and the Arabs. Netanyahu was among the ideologues, the campaigners. In early 1940, he went to the United States to help Jabotinsky lobby American politicians on behalf of the Zionist idea. Jabotinsky died later that year, but Benzion stayed on for eight years, as director of the New Zionist Organization, meeting with such influential figures as General Dwight D.

Eisenhower, Secretary of State Dean Acheson, and key members of Congress. "When we came with Jabotinsky, people laughed at us at first," Benzion said. "No Jew was dreaming of a Jewish state. 'Who will create it?' they said. 'The English will create it? The Arabs are against it! Even Chaim Weizmann declared that it was impossible, that it was no more possible to create a Jewish state in Israel than it was in Manhattan.'"

When Benzion and his family returned to the new state in 1948, he took up the Encyclopedia and moved out of politics. Bibi's eventual rivals for the Likud leadership—the Jerusalem mayor Ehud Olmert, the former Finance Min-

ister Dan Meridor, and Ze'ev (Benny) Begin—all come from right-wing political legacies. They are known as Likud "princes." Bibi was never grouped with the princes, because his father had made his life, finally, in academe. "I don't think my father would ever have been in politics," the Prime Minister told me. "He's not temperamentally suited."

But when I asked Bibi if he considered himself an outsider in Israel and in Israeli politics he did not deny it.

"You're damn right—outsider!" he said. "You don't have to psychobabble it!" Netanyahu could hardly have grown up with more privilege, and yet he is a Prime Minister elected by a coalition of outsider groups. His votes came from the Sephardim, the Orthodox, the settlers, the Russians—all groups who see themselves as excluded from the liberal Ashkenazic establishment. Like Ronald Reagan, Netanyahu successfully governs as an outsider: even as he wields power, he keeps complaining to his constituencies about the lopsidedly liberal press, the fearsome lefties in academe, all the while implying that *they* are the establishment, and that *they* hate you. It is a familiar, and familial, theme.

"I think the father is already within him—it's built in," one of Bibi's friends told me. "The father always talked about *They*. *They* don't understand a thing. *They* are naïve. *They* are fools. Always *they*, them."

ISRAELI political debate is almost invariably, at root, a clash of historical narratives. No argument or incident is too ancient for consideration. The evidence for this rushes at you every day. One afternoon, while I was drinking a cup of coffee at a café in the Muslim quarter of the Old City and reading the papers, I came across a letter to the editor in the *Jerusalem Post* from David Wilder, a spokesman for the Jewish community in Hebron, who was responding to an article by a well-known figure in Palestinian politics, Daoud Kuttab:

Sir,—Daoud Kuttab viciously attacked the Jewish community of Hebron in his article "At the boiling point" (March 1). Herewith is our reply to several of Kuttab's accusations: Kuttab refers to the "Ibrahimi mosque." This building is known to Jews as the Machpela Cave, the second holiest site to the Jewish people throughout the world. This site has served as a mosque only





"This is a nice restaurant. Turn your cap around."

since 1267. The building was originally constructed as a site for Jewish worship, built by Herod, king of Judea, 2,000 years ago.

The key phrase here, of course, is "only since 1267."

To celebrate the fiftieth anniversary of the state, Israeli television has been showing a twenty-two-part documentary on Sunday nights called "Tekuma," or "Rebirth." I happened to catch one of the most controversial installments—an overview of the early history of the Israeli occupation of Gaza and the West Bank and the rise of Palestinian nationalism and violence. To American eyes, it seemed fairly ordinary: interviews-plus-film-clips fare—the sort of thing you might see on A&E or the Discovery Channel. There was Golda Meir, in both English and Hebrew, denying the existence of the Palestinian people; there was the squalor of the refugee camps in Gaza; and there, too, were the terrorist attacks in Tel Aviv and Jerusalem, the slaughter of Israeli athletes in Munich, a mother remembering how her two children were killed when a terrorist tossed a grenade into the back seat of her car.

The filmmaker, Ronit Weiss-Berkowitz, said that even before her segment was shown on the air she began receiving

death threats. "They call my home," she said, "and say, 'We will burn you,' 'You fucking Arabs,' 'You stinking leftist, we know where you live.' . . . I wanted to show, step by step, the creation of the ideology behind terrorism—which I reject, which I don't identify with, but whose roots I understand. I wanted to show why and how a Palestinian starts thinking of terror as a solution. We Israelis think we have a monopoly on blood, tears, and pain, but, of course, this is not true. We know our side in this story. I wanted to present the other side—loudly."

For the right wing, including the Prime Minister, the documentary series was an attempt by the leftist press to dominate the national narrative, to wallow in the guilt of "original sin"—the Jewish displacement and subjugation of Palestinian Arabs. Yoav Gelber, one of the show's academic advisers, resigned and said that the segment belonged in a series marking "the fiftieth anniversary of the Palestinian Authority."

Bibi despises the men and women who run Israeli television—to him they are part of the leftist clique that has always dominated all cultural and media institutions in Israel—and when I asked him about "Tekuma" he waved in dis-

gust. "It's a joke!" he said. "It's a joke! It's agitprop, it's agitprop, the small segment that I've seen. It's just not the facts. The presentation of the Palestinian side, what I've seen, is skewed beyond belief. It's the facts that I'm dealing with. The facts can have diverse interpretations, but there cannot be diverse facts. That, I think, is important."

In my talks with Benzion, he made it clear that he thought that the Jewish people might never recover from the murder of the European Jews; he also saw intermarriage and assimilation as posing great threats to the survival of the Jews. He feels that even present-day Israel, including the occupied territories, is but a fraction of what was originally promised; and to give up more land to the Arabs is extraordinarily dangerous, especially because a future Palestinian state could ally itself with such countries as Iraq and

Iran—Israel's sworn enemies. "There is no doubt that many of the Arabs want to see the State of Israel destroyed," he said, "and they would end Jewish existence in the country if they had the chance to do it. Only the fear of retaliation keeps them back."

That is Benzion in conversation and it is Bibi in his 1993 book, "A Place Among the Nations," which gives the most embattled reading possible to the history of Zionism and the Israeli state. When I talked to Benzion, he protested the idea of familial unanimity, but he did say, "There was no generation gap at all. We didn't agree on everything—this is not a family of robots—but our family has a coherence to it." However, he added later, "I am not involved in any measure or degree in shaping or influencing the policies or activities of the present government of Israel."

In "A Place Among the Nations," Bibi's most sustained historical metaphor for the Israeli security predicament is Czechoslovakia before the Second World War; for him, the West Bank is the Sudetenland, the limited territorial pretext used by Hitler to overrun the entire country. When I asked Netanyahu about the compari-

son, he allowed that it was imperfect, but still one cannot read that book without sensing the author's parallel between the Germans and Arab aggression. The Czech metaphor is not one he indulges now as Prime Minister, but it has shaped his thinking since he was a young man.

IF there was someone who really knew Bibi well, who shared with him the world of the family and a view of the world, it was his older brother, Yoni. In deciding what course to take with the Palestinians or with Syria, he has to cope with the legacy of his brother, a symbol of Israel's conflicts with the Arab world.

Along with their parents, Iddo, Yoni, and Bibi moved to Elkins Park, a Philadelphia suburb, in 1963, and went to a local high school. Each of the sons, in turn, went back to Israel for his Army service while their parents stayed in the United States. Yoni was the first to go, and he stayed in close touch with his brother through hundreds of letters, like this one, which was mailed after Bibi had been in a punch-up:

In my opinion, there's nothing wrong with a good fistfight; on the contrary, if you're young and you're not seriously hurt, it won't do you real harm. Remember what I told you? He who delivers the first blow, wins.

After the Six-Day War, in which Yoni had been wounded in the arm, he wrote a letter to Bibi that evoked both the spirit of their father's toughness and a determination not to remain in America:

The recruitment of all these little terrorists only strengthens my consciousness as an Israeli. If they come to fight, we—or at least I in the Diaspora—must certainly do so all the more. My national consciousness is no doubt stronger than that of the Arabs, I'm a much better fighter than they are, and so are all Israeli soldiers.

In another letter to Bibi, Yoni wrote, "You're the only true friend I ever had."

Because the country is so small, Israeli soldiers often go home for weekends and vacations; each of the Netanyahu boys stayed with friends of the family while their parents remained in the States. "Yoni lived like a gypsy, and this was strange in Israel," Yoni's friend the scholar Avishai Margalit said to me. "To be a loner in Israel is unusual,

and all three of them were to an extent like this."

Bibi returned to Israel in 1967 and joined the elite reconnaissance unit Sayeret Matkal. In the unit, he was regarded as intelligent and diligent but not especially creative. He distinguished himself at a nighttime raid on the Beirut Airport in 1968 and in the rescue of hostages aboard a hijacked Sabena airliner in 1972. During the Sabena raid, Netanyahu was one of the commandos who went on board dressed as mechanics; he grabbed one of the hijackers, a woman, by the hair and slammed her into a bulkhead, demanding to know where to find the hostages.

Bibi returned to the United States in 1972 to study architecture and business administration at M.I.T. He raced home to his unit for the 1973 Yom Kippur War, but he made a life for himself in America, first as a student, then as a business executive in Boston. He gave right-wing lectures on Israel, lectures that rang very much of Ben-Zion. In 1973, he shortened his name to Ben Nitay. Netanyahu always denied to the Israeli press that he had legally changed his name, and when *Ma'ariv* published the legal documents recording the name change, filed in a court in Middlesex County, Massachusetts, the Prime Minister's spokesman, Shai Bazak, called the story "a malicious effort to contrive a sensational story."

The years in the United States did nothing to push Bibi to the left. He was very much for the war in Vietnam and deeply depressed by the conciliatory turn Israel took under his father's old comrade Begin. When Anwar Sadat came to Jerusalem, Avishai Margalit's sister-in-law threw a party in Cambridge and invited Bibi.

"When he arrived," Margalit recalled, "he was totally grim-faced and said, 'What's the celebration? Now we'll relinquish the Sinai and they'll be on our

border and there will be another war.' He was coming for a funeral, not a party."

NO event shaped Netanyahu's future more than the death of Yoni, at Entebbe. On July 4, 1976—the American bicentennial—Yoni Netanyahu led a team of commandos to Uganda, where Israelis had been taken hostage by Palestinian and German terrorists. As the commandos stormed the airport building where the hostages were under guard, Yoni was gunned down, either from the control tower or from within the building itself. Bibi was in Boston at the time, and as soon as he heard the news he drove to Ithaca to tell his parents. His mother, Cela, seeing Bibi, ran to the door and, before he could say a word, said, "He's dead, isn't he?"

Many friends and acquaintances of the family told me that Yoni was the son who seemed destined for great things, perhaps first in the military, and later in politics. Had he lived, they say, Yoni might have been a chief of staff or a government minister.

Bibi was devastated. "If it wasn't for Yoni's death, I'm not sure Bibi would have gone into politics," Netanyahu's friend Uzi Beller told me. "He loved the States, especially the economy, the whole idea of a free market. He could easily have slipped into becoming an American businessman and made a lot of money." Bibi could not eat solid food for weeks after the funeral.

"The brother was the one person he really loved. This is crucial and underlies his loneliness," said Ari Shavit, of *Ha'aretz*. "I think that on the other hand they were both in the same position. They were both committed to the father. The father was from turn-of-the-century ideology and politics, though, and they realized they had to swim in a contemporary environment. So on the one hand they had to be loyal to this unique father figure, on the other hand they had to go out into the world and function. Losing Yoni was worse than losing someone you love. Bibi lost the one person who could understand him."

At the same time, Bibi saw Yoni not merely as a personal loss but as a national event, a figure in history. He was determined to make sure this was so. At the shiva, Bibi, his parents, and Iddo accepted the condolence calls of many Israelis. One of Yoni's friends arrived at



the house and saw Bibi talking to Chaim Bar-Lev, a former chief of staff, then a Minister of Industry.

The friend recalled, "As soon as Bibi saw me come through the door, he left Bar-Lev, came to me, and, hardly saying hello, said, 'We've been at war for three hundred years with the Arabs and each generation needs a hero. Trompeldor fulfilled his role, and I'll make Yoni the hero of his generation.'" Josef Trompeldor was in the Tsar's Army and lost an arm in the war with the Japanese. After coming to Palestine, he was killed in a skirmish with Arabs in 1920 and became a hero, a legend of renewed Jewish heroism, especially for the right.

Because the Entebbe operation had been so spectacular, it was inevitable that Yoni's name would become a symbol. But, as Bibi had promised at the shiva, the family helped promote this. Bibi and Iddo edited a collection of Yoni's letters; more than sixty thousand copies have been sold in the Hebrew edition alone. Bibi also began a think tank called the Jonathan Institute, for the study of terrorism. To commemorate Yoni's heroism at Entebbe, Iddo wrote a book called "Yoni's Last Battle." One former commando, however, a prominent military man named Muki Betser, who was at Entebbe, has been hostile to the Netanyahu family and was outraged over Iddo's book, which he thought inflated Yoni's role and downplayed the bravery of the rest. "I'm not sure Yoni would have liked what his little brother wrote," Betser told the Israeli press. In the early nineties, when it became clear that Bibi was emerging as a possible candidate for Prime Minister, the press began publishing stories about Yoni—all unproven—implying that he had made crucial mistakes during the Entebbe mission.

Iddo Netanyahu remains Yoni's main champion. Several months each year, he practices in the United States as a radiologist, a job that earns him enough money to live the rest of the year in Jerusalem with his family and write fiction. I met with Iddo at his house, in the Jerusalem hills. Like his father, Iddo was wary of being quoted, but he is clearly pained by the attacks on the Netanyahus.

Recently, Iddo published a novel in Hebrew entitled "Itamar K." It can very easily be read as a thinly veiled political attack—and certainly the Israeli press

has done so. The hero is Itamar Koller, a young filmmaker who discovers how hard it is in Israel to have right-wing views and still win respect as an artist and an intellectual. In refusing to embrace left-wing ideology, Itamar is rejected by the Israeli cultural elite. Itamar wants to make a movie, but funding goes instead to a left-wing homosexual, and Itamar is left behind with "untapped potential, with no way of knowing whether or not he could have realized it." The novel features set pieces on two filmmakers who cower before a former terrorist who is now a member of the Palestinian Authority. Itamar meets a writer who is infuriated by the "smiles on the faces of our ministers as they hand Bethlehem, the city where David was born, over to the Arabs." And so, once more, there is this loneliness, this singularity to the family—the Netanyahus versus the cultural hegemony of the left.

WHILE Netanyahu's early family life is the stuff of Biblical, or at least Portnoyan, complexity, his family life in adulthood, along with his relationships beyond the family, has been a feast for the tabloids.

In the late seventies, Netanyahu married the first of his three wives, an Israeli woman named Micky, and they had a daughter, Noa. But in Boston Bibi met a woman named Fleur Cates, and when Micky learned of the affair she left him.

Netanyahu entered public life in 1982, when Moshe Arens made him

THE WISE

Who are the wise? Those heavy-lidded sages,
Lotus-positioned, meditative, calm
Extinguishers of our banked ancestral rages,
Serene as the Gautama's upturned palm?

Or are they the worldly-wise, the shrewdly knowing
Machiavels of the heart's computer chess,
Anticipating counterplot, bestowing
Strategic love, half nelson, half caress?

Are they, in eternal shelf-life congregated,
The calf-bound canonized authors of Great Books?
The quoted, the belauded, the much fêted?
Or we, the spouses of unrivalled cooks?

—ANTHONY HECHT

his No. 2 at the Embassy in Washington. Bibi made a name for himself on American television as the smooth Israeli who was everywhere, defending the Begin government's war in Lebanon. Later, Arens helped place Netanyahu as Israel's man at the United Nations, and there Bibi became an even more public figure with his support for Soviet Jewry and his attacks on Kurt Waldheim. Netanyahu went back to Israel in 1988 to win a seat in the Knesset and to be Arens's deputy at the Foreign Ministry. The marriage to Fleur, which was already troubled, fell apart once they were in Israel.

In 1989, Netanyahu was changing planes at Amsterdam's Schiphol Airport, and while he was on a moving walkway he spotted an El Al stewardess named Sara Ben-Artzi. "We were going in opposite directions," she once said, in an interview. "He looked at me until he had to turn his head backwards. Then, on the plane, he came to look for me."

Netanyahu married Sara in March, 1991, when she was already several months pregnant. According to reports in the Israeli press, Netanyahu postponed the wedding at least once but was finally brought to heel by Yisrael Meir Lau, then the chief rabbi of Tel Aviv.

The Netanyahus now have two children. It would be folly to guess at the details of their marriage, but it is, by every outward sign, another troubled union. The first of several disasters came

in January, 1993, while Netanyahu was in a struggle for the leadership of the Likud Party. Sara received an anonymous phone call telling her that her husband had a "thing" for his image consultant, a married woman named Ruth Bar; what was more, the caller said, there existed a videotape of Bar and Netanyahu in "compromising romantic situations." Netanyahu's reaction was to go on television immediately and admit to his infidelity and, without naming names (everyone knew he meant his rival, David Levy), accuse members of his own party of "Mafia methods." This was "the worst political crime in Israeli history, perhaps in the history of democracy," he told viewers. He added that his only debt—"if I have a debt and I have a debt on this matter"—was to his wife and children.

As it happened, no videotape turned up, and now Netanyahu had to apologize to Levy. For his part, Levy called Netanyahu "Napoleon," "liar," "eel," and refused to speak to him or utter his name until 1996.

The Israeli press has reported that the Netanyahu marriage is sustained now by a series of guidelines laid out by Sara and family lawyers. Sources close to Netanyahu have said that Bibi felt he could not afford yet another divorce and still claim leadership of a conservative and religious political coalition. Netanyahu deflects the subject with various formulaic phrases of contrition and renewal, but his close aide David Bar-Illan was anything but evasive with me.

"The confession of adultery, the Sara business, this all hurt him more than I would have expected," Bar-Illan said. "For years in Israel no one cared about such things. Moshe Dayan screwed half the women in the Army and even got into trouble over it, but we said we didn't care. Everyone knew all about it and about other politicians and their affairs. But the atmosphere changed. It's the

feminist thing, which is almost getting Victorian. When Bibi made his confession, it was not particularly subtle. It was hard to mistake what he meant, that he was accusing people in his own party. But it was a terrible mistake going on television and confessing to infidelity. The crime here is getting caught, and he wasn't caught."

SINCE he came to power, Netanyahu's marriage has remained a target for a hostile press. The tabloids have accused Sara of everything from plagiarizing work in graduate school to being a deranged "clean" freak. Her children's nanny, Tania Shaw, sued the family, accusing Sara of "enslavement" and mistreatment. A long report in the newspaper *Yediot Ahronot* featured such details as Sara's hurling shoes at her servants; in another account, Sara was described as bursting in on high-level government meetings and telling one of the Prime Minister's aides, a general, to get up,

"you're sitting in my seat." The over-all impression in the Israeli press is of a dim harridan who has her man by the neck. A member of the Knesset even declared that there should be legislation passed to restrain her.

Bar-Illan is supposedly a master of the press, but when I asked him about the marriage, on the record, with my pen and notebook out for all to see, he rolled his eyes and said, "Look, Sara is not the most stable woman in the world. . . . Now she only appears at the appropriate things, receptions for children, things for the retarded or the disadvantaged. And it works. It's O.K. Finally it's become boring to Israelis. Had she run half naked through the streets, it might have been something else, but it's under control."

Well, not exactly under control. Last year, Sara agreed to be interviewed on Israeli state television. She threw an incredible tantrum, accusing Knesset members of making passes at her, and said of Sonia Peres that just "because

USEFUL DEGREES

Bachelor of Waitressing (B.W.)



Bachelor of Grocery Arts (B.G.A.)



Bachelor of Clothing-Display Science (B.C.D.S.)



Bachelor of Lotto (B.L.)



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Sonia is not educated, and she washes dishes and plays cards—that doesn't mean I also have to do that." Sara then turned on her interviewer and finally walked out. She agreed to resume the interview only if the first part was destroyed; the tapes are now in a vault at the studios, but, Israel being Israel, the material leaked almost immediately.

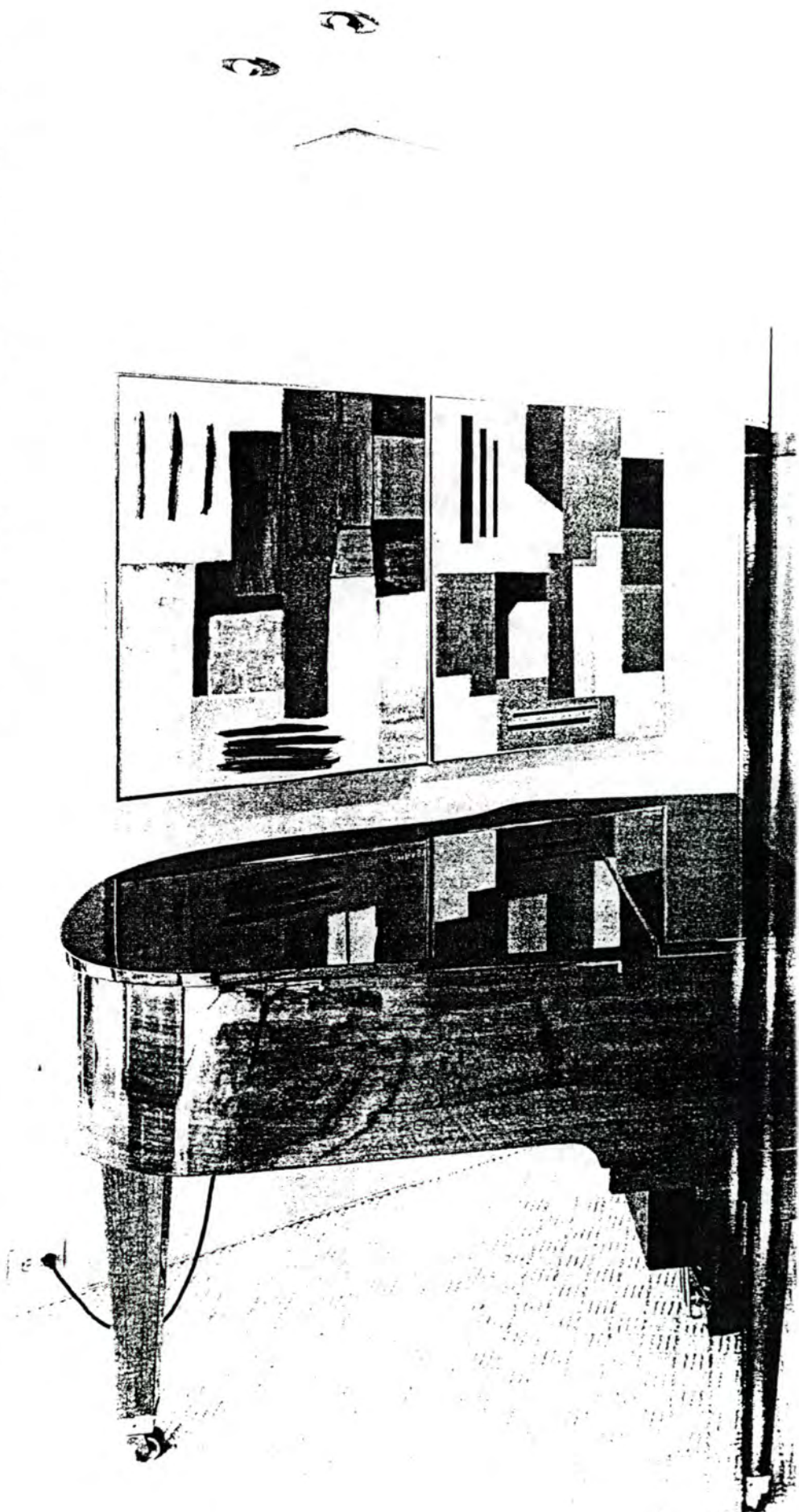
In another interview, Sara insisted that her marriage was genuine and not at all politically motivated. "They cannot accept that we really love each other," she said. "Every time we hold hands it's supposed to be a show. You should see how often we hold hands when we're alone. It's unbelievable."

In a crude form, Netanyahu's personal situation recalls Bill Clinton's, but the comparison is weaker than it seems. Unlike Clinton, who has many layers of friends, both inside the White House and beyond, Netanyahu does not. He has forced out so many aides and ministers in his nearly two years in office that he is left mainly with yes-men. Two of Netanyahu's oldest friends, Uzi Beller, who is a doctor, and Gabi Picker, a dentist, rarely see him or talk to him any-

FRANK'S PLACE

In one's imagination, at least, Frank Sinatra was architecturally unsituated after he left the Weegee streets of Hoboken—whiling away days at Aqueduct and the Polo Grounds, avoiding Jackie Gleason, bopping between swank hotel suites, romancing Ava Gardner. But by the time he was forty Palm Springs had become a headquarters. When he bought this Rancho Mirage tract house, in the fifties, the desert town's Martini cool was a pretty pure expression of Sinatra-ism. Before long, he had a compound: nine buildings, thirty-one bathrooms, a twelve-car garage. There are a few Rat Pack vestiges, but after Sinatra married Barbara Marx the place was redecorated in high-seventies style. (The nicest piece in this room, the cheerful abstract painting over the grand piano, is by Sinatra himself.) Since 1995, it has been a corporate retreat for a Canadian conglomerate, and that's probably its stylistic destiny. But every stick, they say, is "exactly as he left it."

Photograph by Robert Polidori



more. "Nobody sees Bibi a lot," Beller told me. "Any leader has a small circle of intimates, and Bibi just doesn't." Bar-Illan said he considers himself one of Netanyahu's two or three closest confidants, but even he said, "Bibi is very hard to read emotionally. He's very closed. It's not possible to read what he feels, even with me. I never feel I know what's in his heart or mind. I don't know who does."

An Israeli journalist who has observed Netanyahu closely said, "It's a very difficult life he has. He is a prisoner in his office. The office is a very small room. With all that security, the moment he walks out, there are several guys at his side. Then he gets into a claustrophobic Cadillac. Wherever he goes, there are these really wild security arrangements. When he goes home, he goes to something worse. He actually has no place to relax, to unwind. All these problems—the press, his family, negotiations—all of it goes along with the idea that he has of the world as always hostile and him fighting everybody and everything all the time."

Netanyahu's few pleasures include good food (he has gained nearly fifty pounds since taking office), but while he likes luxury he does not like paying. He is notorious for rarely picking up a check. The left-wing newspaper *Kol*

Ha'ir has reported that Netanyahu, in the past, tried to use his name to get discounts on goods and services. Even Netanyahu's most characteristic pleasure, his Davidoff cigars, seems to have exploded in his face. In April, the papers discovered that the government was spending some three thousand dollars a month on cigars that cost thirty dollars each. Netanyahu's spokesmen initially claimed that cigars had always been bought for foreign guests, as a kind of welcoming amenity, but then past Prime Ministers and their aides rushed in to deny it. Shamir, Netanyahu's ostensible colleague in the Likud, said the only niceties he ever offered foreign guests were a cup of tea "and maybe a cracker to go with it."

NETANYAHU is certainly an outsider, too, in his relationship with Washington, for the White House is, in no small measure, a shrine to the memory of Bibi's shadow, Yitzhak Rabin. In Clinton's view, Rabin was the definition of gravitas, of historical risktaking. There are pictures of Rabin both in the Oval Office and in the upstairs residence. Hillary Clinton prizes a crystal dove given her by Rabin, and in the White House solarium there is the phrase "Shalom, Chaver" in tiles. The President has kept his *kippa*, his

skullcap, from the funeral, and some sand from Rabin's grave is to be seen on a plate in his study. "It's almost a cult of Rabin here," one high-ranking White House official told me. "There's no one the President admired more or misses more."

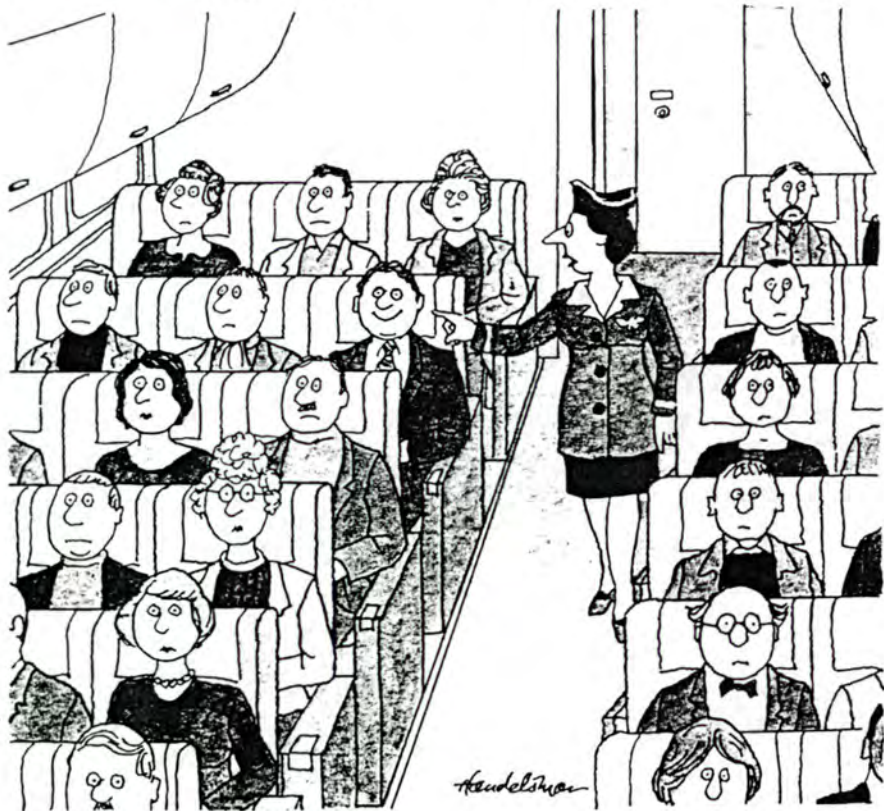
When Bill Clinton came on the political scene, the great lions of the late-Cold War era were gone or were fading—Gorbachev, Thatcher, Mitterrand—and the statesman he came to look up to was Rabin. Their first meeting was at the Madison Hotel in Washington, during the 1992 Presidential campaign. In the realm of foreign affairs Clinton was a neophyte, and when Rabin uncorked a lecture about Middle East politics which consumed fifty-five minutes of their allotted hour Clinton was not insulted or bored; he was grateful. From then on, Clinton gravitated to Rabin as to a kind of father figure.

"It looked to me that Clinton saw Rabin as mentor," said Eitan Haber, one of Rabin's closest aides. "They spoke on the phone constantly, coordinating every step before anything became a problem, even the smallest step. Even their agreement not to kiss or hug Arafat onstage at the White House—to make it just a handshake—was coordinated."

Rabin's assassination, in 1995, was devastating for Clinton, and he responded by going to the funeral and spending hours with the Rabin family. (By contrast, when Netanyahu went to embrace Rabin's daughter, Dalia Pilofof, whom he had known as a student, she said, "Not now. Please, not now." Rabin's widow, Leah, made it plain that she preferred the condolences of Yasir Arafat.) With Shimon Peres now the Prime Minister, the relationship with the White House remained politically close yet personally more remote. Peres was more the ideologue—cool, Francophile, aloof.

In the 1996 Israeli election, however, Clinton made no secret of his preference for Peres over Netanyahu. The major factor, of course, was that Peres favored pushing the Oslo process ahead; Netanyahu's platform consisted of his alarm about Oslo and his resistance to American pressure.

American television viewers had come to know Netanyahu as "Americanized"—an M.I.T.-educated Israeli politician with a perfect American accent and a feel for CNN and "Nightline." But Netanyahu's America was an-



"This is coach class. Let's lose the smile."

tithetical to Clinton's: it was Ronald Reagan's America. Netanyahu's political friends were Richard Perle, Ronald Lauder, and Jeanne Kirkpatrick. The journalists he favored were, of course, the ones who favored him: A. M. Rosenthal, William Safire, Charles Krauthammer. He yearned for the rise in Israel of the sort of neoconservative movement that had backed Reagan. He let Republicans on Capitol Hill know that he was one of them, a kind of Israeli Republican. And so while he spoke American, he was, and remains, deeply suspicious of the Clinton White House. *Of course* Clinton loved Rabin, he tells everyone. The Americans always love us when we are giving away everything and getting nothing in return.

When Netanyahu came to Washington for the first time as Prime Minister, he appeared determined to show everyone that there was a new man in office, one who would not be pushed around. Itamar Rabinovich, the Israeli Ambassador in Washington at the time, told me, "What I would have told Bibi to do on his first trip—not that he ever would have asked—is to have gone into the White House and said, 'Let's let bygones be bygones. I know you supported Peres in the election, but there are no grudges.' Instead, when they met, in July, 1996, Clinton came out of the meeting saying that Netanyahu behaved and spoke in a tone that didn't seem to let on that he knew that Clinton was the President of a friendly superpower and that Netanyahu was the leader of a small nation who needs the superpower's support." In short, Clinton felt he had been dissed by the leader of a country smaller than Vermont that gets three billion dollars in aid every year.

One Administration official described the personal chemistry between Clinton and Netanyahu as the same as that between the White House pets, Buddy and Socks. When Air Force One and Netanyahu's plane were parked next to each other in Los Angeles last November, Clinton decided he didn't have time for even a brief meeting. Of the relationship, one Administration official later said, "We're treating him like the President of Bulgaria. Actually, I think he"—Clinton—"will go jogging with the President of Bulgaria, so that's not fair."

Netanyahu began a trip to the United States last January by accepting the

hospitality of a group of Christian evangelicals—including Jerry Falwell, who'd been selling videos that accused the President of murder. Clinton was furious, but the next morning when he met with Netanyahu he jokingly suggested, "Now we're even." Both Netanyahu and David Bar-Illan told me that they had had no idea that Falwell was attacking Clinton so ruthlessly, and Bar-Illan tried to fall on his sword, saying that he had been encouraged by a Jewish contact in New York to meet with the evangelicals because of their support for Israel. Considering how closely Netanyahu and Bar-Illan follow the American scene, their protestations of innocence are hard to believe.

"The relations have never been more tense," a senior Israeli diplomat told me. "The ironic thing is that after Bibi came back from America having not accepted things, he became a hero to his people, like Saddam Hussein withstanding American pressure."

Norman Podhoretz, the former editor of *Commentary*, mainly supports Netanyahu's hard line with the Palestinians but admitted he was shocked at his performance. "He's done amazingly poorly, and I wouldn't have expected that of him," Podhoretz said. "He used to be able to seduce anyone. . . . But as a friend he's not a reliable person. It's like the Kennedys. If he makes a promise or appointment, he doesn't necessarily keep it. Then he'll depend on his charm, like Clinton. And the magic has gone out of that trick."

WHEN I asked Netanyahu to characterize his relationship with Clinton, he took a long drag on his cigar and blew smoke through his smile. He is a bearish presence with a broad smile, and he never seemed more satisfied than now.

"It's *correct*," he said. "On a personal level there are interesting moments of affinity, because I think he has tremendous grasp of certain things that probably eluded his immediate circle. First of all, because he's probably a much better politician than any of them. So he understands certain things from reading the lay of the land. He understands our political situation better than his people, especially those who led him to take the mistaken view of trying to influence the elections. . . . I have to tell you, person-

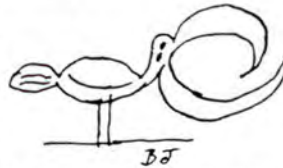
ally, I like him. It's very hard not to like him. I wouldn't tell you we've developed warm and cozy relations. It's not true. It's possible. It just hasn't happened."

What Netanyahu has inherited from his father is a keen notion of Us versus Them, a sense that only fools can fail to see what he sees, that Jewish history is in perpetual danger of ending completely, and that Jewish history, considering the role of assimilation in the Diaspora, is in the hands of Israel and, in no small part, its Prime Minister.

"The Jewish people have had a history unlike any other people's because they lacked the elements of national survival," he said to me. "On the other hand, they didn't perish completely. They perished *mostly*. They were about ten per cent of the Roman Empire at the time of the birth of Christ, so by any calculation they should be about a hundred and twenty million and not twelve million. The fact that we are ten per cent of what we could be is based on many forces, but it is the inability to live in a coherent place with a coherent culture."

"It is not the idea of a diaspora. Other peoples have their diasporas. The Chinese have a diaspora, a far-flung diaspora, but they have a coherent center. We lost the coherent center and were dispersed. Normally what happens to a dispersed people is that they conquer new lands or they disappear. We didn't conquer new lands, but nor did we disappear, so we were always in the twilight of our existence. Between annihilation and assimilation, you could pretty much predict that the Jewish people would not survive the twenty-first or twenty-second centuries. What happened after the worst catastrophe in our history is that we somehow amassed the national will to reforge a vital center for Jewish life here in Israel. I now think we have a Jewish future, here in Israel. It's true that, for the first time, the majority of Jews will be here in Israel sometime in the next decade. It'll happen, maybe even under my watch, I'm not sure. . . .

"You have to protect yourself. This is what the Jews didn't have. They didn't have the means to protect themselves against evil, the baser impulses of mankind. And they paid a price unlike any other people. We now have the means to protect ourselves." ♦



THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: The Honorable Richard Holbrooke

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

Information ☒

Action ☐



Thank you.

Staff Secretary
(x6-2702)

cc:

page advertising the event. Announcements include the national rollout of SBA's Y2K strategic plan to help small businesses deal with their technical problems in the Year 2000, a new on-line system for technology firms, and a new on-line franchise registry that will simplify lending to entrepreneurs who are starting a franchise. SBA will also announce national disaster assistance winners and national Welfare-to-Work winners. On June 5, Administrator Alvarez will join the Vice President and Secretary Rubin to announce the Small Business Mentoring Project. SBA's National Advisory Council and the National Procurement Conference are also scheduled during small business week.

- **National Urban League:** On May 27, Administrator Alvarez will sign an MOU with the National Urban League, which will commit the parties to working together to reach out, provide technical and other assistance, and increase SBA lending activity to the underserved small business communities.

OFFICE OF PERSONNEL MANAGEMENT

- **Solutions '98:** On May 18-20, OPM hosted "Solutions '98," its first conference devoted to employment issues, at the University of MD. Over 500 federal employees from across the country and 90 presenters participated. The conference allowed federal human resource professionals to share up-to-date information and innovative solutions to issues such as restructuring, career transition, making use of automation to enhance efficiency, and recruiting a diverse workforce.

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UNITED STATES INFORMATION AGENCY

✓ **South Korea:** Despite their economic crisis, South Koreans' views of the world show remarkable stability, according to a recent USIA-sponsored poll. A solid majority of South Koreans have a favorable opinion of the U.S. and a large majority (84 percent) see U.S. forces in Korea as important for protecting their security. Nevertheless, over the long run, more South Koreans see China (45 percent) as the key to their country's economic future rather than Japan (17 percent) or the U.S. (14 percent).

Cyprus: Recent USIA surveys in Turkey and Greece show that while there is little overlap in Turk and Greek preferences for how to resolve the Cyprus issue, there is limited support from both publics for a bizonal federation. Turks' preferred solutions for Cyprus are division of the island into two separate states or political integration with Turkey, while Greeks prefer unification of the island with proportional representation or integration with Greece. A sizable percentage in each country thinks a federal arrangement with equal power sharing is an acceptable solution (40 percent of Greeks; 47 percent of Turks). Few in Turkey or Greece believe that the Cyprus issue is any closer to a resolution compared to a year ago. Greeks are more likely than Turks to support continued international mediation efforts.

Summary
CC Holbrook
what about a
unified federal
of Turkey/Greece
solution to the
to both, guaranteed
participation & rights
to both community?
BZ

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR:

The Honorable Richard W. Riley

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

Information ☒

Action ☐



Thank you.

- Staff Secretary
(x6-2702)

cc:



THOMAS R. CARPER
GOVERNOR OF DELAWARE

5-12-98

Dear Mr. President,

The tumult and celebration surrounding your visit to Delaware have subsided, but the warm afterglow remains undiminished. We truly were honored that you came, and we were inspired by your message. In case you haven't heard, regional media coverage was just excellent.

More than just making us feel good, though, is strong support of accountability with real consequences improves the likelihood that our General Assembly will pass meaningful accountability legislation by June 30. We'll let your folks know how it works out.

In return, I hope that our hybrid assessments which test Delaware students against both state and national standards, may serve as something of a model as you grapple with Congress on the issue of a "national test."

Finally, let me thank you and your team for the gracious way you treated so many Delawareans. We'll always treasure your visit. Warmest regards,
Tom

cc: B. R. R.
B. R. R.

Thomas R. Carper wants you to know how honored they were by your visit to Delaware. More than just making them feel good, your strong support of accountability with real consequences improves the likelihood that the General Assembly will pass meaningful accountability legislation by June 30. In return, he hopes their hybrid assessments, which test Delaware students against both state and national standards, may serve as something of a model as you grapple with Congress on the issue of a national test.

THE WHITE HOUSE
WASHINGTON

DATE: May 26, 1998

NOTE FOR: Sarah Ehrman

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

Information ☒

Action ☐



Thank you.

Staff Secretary
(x6-2702)

cc:



RECORD OF WORK ONE

THE PRESIDENT FOR 1993

Amber

5-25-98

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for Rabbi Gans?

BC

The Jerusalem Report

MAY 25, 1998

COVERING ISRAEL, THE MIDDLE EAST & THE JEWISH WORLD

Clinton Exclusive:
'We won't give up on peace'

BILL CLINTON
U.S. President

RABBI MENACHEM GENACK
Kashrut Division Head,
Union of Orthodox
Congregations

Clinton's
Intriguing
Kinship
with the Jews

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The Kinship

Bill Clinton feels an affection for the Jewish people wholly unprecedented among even the most supportive of U.S. presidents. From personal friends to professional appointments, he is an insider and admirer — a fact that underlies his stance on Israel as well. His inspiration for this warmth: the Bible.

Netty C. Gross Washington

IN FEBRUARY 1996, THE PRESIDENT of the United States penned a thank-you note to his good friend, Menachem Genack, an Orthodox rabbi and Democratic party activist.

The men had struck up a friendship during Clinton's 1991 campaign after Genack, who heads the kashrut division of the Union of Orthodox Congregations in America, was tasked with introducing Bill Clinton to a group of Jewish Democrats at a New Jersey fundraiser. Genack doesn't recall his exact words at the event, but says that he "undoubtedly made some reference to the Bible." Bill Clinton, the Southern Baptist governor of Arkansas, evidently liked what he heard.

After the election, Genack, an affable father of six, became a frequent guest at White House events, one summer even traveling directly from a Catskills bungalow colony to the White House. "I left the very day my little son Moishele's bike was stolen," he recalls. "I remember how he stood with his Barney under his arm and shouted, 'Abba, don't forget to tell the president about my bike.' I did. The president was going through a rough time with the issues of homosexuals in the military and health-care reform. I told him, 'Mr. President, there's at least one little boy in America who thinks you're omnipotent.'"

Genack is a personal friend — but has

subject of Judah and Joseph. It was nine months before the November election and, much like today, a beleaguered Clinton was preoccupied with assorted controversies, including Republican accusations of his waffling on policy issues. In response, Genack raised the following textual riddle: "Why," he wrote, "does Jacob bequeath royalty to Judah and not Joseph, who is perfect in every respect, does not succumb to temptation... is resolute and rules with brilliance and magnanimity over Egypt?" One possible answer, wrote Genack, was provided by the late theologian Rabbi Joseph Soloveitchik, who "suggested that Judah is chosen for kingship because he is able to admit a mistake. According to the Talmud, Judah is chosen by God to be the forbear of the Davidic dynasty and the messiah when he admits to his relationship with Tamar (Genesis 28:26)... the name Judah is derived from the Hebrew 'to admit.'"

The critical element of leadership, Genack went on, is the



'If Bill Clinton were Jewish, he'd be a talmid hochom'

BROOKLYN CITY COUNCILMAN NOACH DEAR

also became something of a rabbinical Jiminy Cricket to the president, always proferring, in their private moments of conversation, bits of Biblical exegesis.

Clinton's 1996 note to Genack acknowledged a missive the rabbi had sent on the

capacity to "admit a mistake... That was King David's greatest strength as opposed to Saul. Lincoln, our greatest president... exhibited extraordinary flexibility," changing commanding generals, for instance, until he found "Ulysses Grant whom he supported."

The rabbi summed up the missive by refuting Republicans' charges of indecisiveness: Clinton's ability "to adjust to new circumstances... while remaining true to his vision is the mark of real leadership."

In retrospect, given the disclosures of recent months, it's impossible to know what in Genack's confident analysis hooked Clinton. But the president — whose longtime friend Sara Ehrman, twice Clinton's election adviser on the Jewish vote, says he knows both the Jewish Bible and New Testament "practically by heart" — was suf-



ARIEL JEROZOLIMSKI

efficiently soothed or intrigued by Genack's words to go back and read the scripture himself, discovering, to Genack's embarrassed amusement, that the rabbi had erred: The reference to Tamar and Judah is in Genesis 38, not 28, Clinton wrote to Genack.

FOR GENACK, THE INCIDENT REFLECTS what is so special about Clinton's relations to Jews: the openness, the deep personal investment, the religious foundation.

Genack prefaces his remarks on the subject of Clinton and the Jews by saying that

A SPECIAL SENSIBILITY:

From Hanukkah dreidl games at the White House to his Scripture-studded speeches, Clinton openly displays a remarkable warmth toward Jews



AP/J. SCOTT APPLEWHITE

"like Lincoln, this president is totally devoid of prejudice or bias, simply a man who likes people, a real shmoozer, who sees the Divine spark in each person. He's a very tolerant human being."

At the same time, Genack, like many close associates of Clinton, says he believes Clinton has a special sensibility for Jews unprecedented in a U.S. president. In this light, even perceived White House hostility to the Israeli government and Benjamin Netanyahu's lack of enthusiasm for the peace process falls into perspective.

"You see his sensitivity on a policy level and an emotional level," says Genack in his office in midtown Manhattan. Though the rabbi himself is more dovish on Israeli politics than many Orthodox Jews, he stresses: "Fact is, the president is *not* pressuring Israel. I attended a dinner in February in a private home and the president talked about having sleepless nights over Israel. I don't recall George Bush ever saying this."

Prof. Gary Tobin, director of Brandeis University's Cohen Center for Modern Jewish Studies in San Francisco, puts it another way. "Bill Clinton," he says, "is probably the first, openly warm, philo-Semitic president in the White House. Other presidents have been supportive of Israel, have made Jewish appointments, but Clinton's connection to Jews is a remarkable statement about

where Jews are today. It simply could not have happened 30-40 years ago. As U.S. Jews approach the end of this century, they have reached a level of integration that is historic. Clinton reflects that."

Indeed, other U.S. presidents have had their 15 minutes of fame in the Jewish community, mostly measured by their support of Israel. Harry Truman cast The Vote for Jewish statehood in the U.N.; Nixon sent The Planes in the Yom Kippur War. Ronald Reagan was considered the great hope of wealthy conservative Jews, the man who, so goes the old Republican saw, will get Jews to quit "voting like Puerto Ricans while living like Episcopalians." But then there was the visit to the SS cemetery at Bitburg, the AWACS to Saudia Arabia and, more crucially, his hand-picked successor George Bush's unflattering comment about being one "lonely man on Capitol Hill against a thousand Jewish lobbyists." And, admits one prominent Republican Jew, the Christian Right's growing domination of the GOP has virtually finished off Republican appeal to Jews.

Clinton, however, has, in the eyes of many Jews both in the U.S. and Israel, stretched his 15 minutes into a spectacular six-year spree. He has close friendships with many Jews; regularly delivers emotional, Scripture-studded speeches to Jewish audi-



AP/GREG GIBSON

ences; beamingly lights Hanukkah candles in the White House; and has made three trips to Israel as president. And then there are the small, crucial gestures: He endorsed granting permanent residency in the U.S. to Union Bank of Switzerland security guard Christoph Meili, who stopped the shredding of Holocaust records; went jogging in an "I met [Israeli cancer-stricken teen] Yoni Dotan" T-shirt; is said to particularly cherish Hebrew-engraved gifts given to him by Jewish friends.

And in the Unforgettable Image department, nothing can diminish the pathos of Clinton's "Shalom, Friend" eulogy for Yitzhak Rabin, which, historians say, will be quoted forever as part of his legacy to the Jewish people and Israel. "I don't think the president has had a closer, more intimate relationship with a world leader than he had with Rabin," says former AIPAC president and current Democratic National Committee chairman Steve Grossman.

Grossman recalls being an overnight guest in the White House in April 1995 when, at 2 a.m., Clinton stood outside the Yellow Oval Room on the second floor of the White House and pointed to four gifts presented him to mark the Israel-Jordan peace treaty: from Ehud Olmert, Ezer Weizman, King Hussein and a tray engraved with a Psalm from Leah and Yitzhak Rabin. Clinton, says Grossman, "looked at the tray and said of Rabin: 'I admire that man, a great man, a hero. I so, so admire him.' I mean, it was two in the morning. There were no reporters there. He didn't have to say anything."

The love is mutual. Despite their own internal divisions, America's Jews support Clinton overwhelmingly: 84 percent voted for him in the last election. Political insiders

say that even Jews who vote Republican in state elections are solidly behind Clinton. Strikingly, he has a particularly warm relation even with those among the Orthodox community who are uncomfortable with the peace process he has sponsored. Nor has he been hurt by his refusal to adopt positions very popular among Jews — like freeing Israeli spy Jonathan Pollard, or moving the U.S. Embassy to Jerusalem.

CLINTON'S JEWISH APPOINTMENTS record is also revealing in its breadth. He has put two Jews — Stephen Breyer and Ruth Bader Ginsburg — on the Supreme Court. At the peak, in 1996, he had five Jewish cabinet members. He has unhesitatingly (some say as a deliberate counterpunch) dispatched Jewish ambassadors to hot spots around the globe, including Madeline Kunin to Switzerland — where she promptly found her mother's name, Renee May, on a list of dormant Swiss bank account holders — and Daniel Kurtzer to Cairo, where, as both the first Jew and the first Orthodox Jew to be United States ambassador to any Arab country, he's encountered a wrath of Arab anti-Jewish prejudice. Most recently Jack Lew, also Orthodox, was tapped to be director of the Office Management and Budget.

There is also a sizable contingent of Jewish women, many of whom started out with a Hillary connection, in the most senior echelons of the White House, including Communications Director Ann Lewis, White House Director of Public Policy Maria Echaveste (see box, page 32), and Lynn Cutler, deputy director of White House inter-governmental affairs. "I want to write a story on the other Jewish women at the White

◀ THE PRESIDENT'S CIRCLE:

National Security Adviser Sandy Berger and the numerous other Jewish staffers could become a liability

House," says Susan Weidman Schneider, editor of the Jewish feminist magazine *Lilith*, alluding to Monica Lewinsky.

And while Echaveste — who says she often has to work Saturdays, but did get Yom Kippur off — says there is "no minyan at the White House or anything remotely resembling that," there are, in fact, more Jews working in key White House positions now than ever before. Ira Forman, director of the National Jewish Democratic Council, tells of one Jewish staffer friend who balked at handling the White House Christmas decorations but was told he had to do it "because, heck, everyone else here is Jewish, too."

White House access has also changed dramatically in the Clinton years to include those not part of the Jewish Mt. Rushmore set. "Before this administration," says Ehrman, "if a Jewish group wanted access, it was through one avenue: Max Fisher," the auto-parts mogul and key Republican *mach-er*. "Under Clinton and Gore, there are countless avenues." Both are extremely friendly with corporate American Jews (like Detroit Pistons owner and Federation honcho David Hermelin, now serving as U.S. ambassador to Norway), who have, according to insiders, reciprocated the president's warmth by opening their wallets to the DNC as never before.

The Oval Office guest list has included, for instance, 85-year-old Rabbi Zelig Epstein, an ultra-Orthodox yeshivah head in Brooklyn, and his wife, who met privately with the president prior to the 1996 election. Earlier, the vice president made a courtesy call to the Epsteins' Boro Park home. Both visits were arranged by Brooklyn City Councilman and congressional hopeful Noach Dear, who is close to both Clinton and Gore, and, like Genack, dispatches Biblical missives to the president. "If Bill Clinton were Jewish," says Dear, "he'd be a *talmid hochom*. The guy's brilliant, forgets nothing."

Dear recalls that he persuaded Gore to visit Epstein, a revered sage in his ultra-Orthodox neighborhood, after jokingly assuring the vice president that at least two politicians he knew had benefited by receiving blessings from rabbinic elders: New Jer-

Continued on Page 32

'It Was God's Will'

The Jerusalem Report's Netty Gross recently posed several questions to President Bill Clinton about his special relationship with the Jewish people and the Jewish state. While choosing not to discuss such issues as the role of the Bible in his life, Clinton did elaborate on the inspiration for his deep commitment to Israel:

There is a sense among Jews that you have a real affection for Jewish people and Israel. What does this stem from?

“I have told the story before about visiting Israel with my wife before I became president, on a religious mission with my pastor. During the course of the trip, I formed a bond with my pastor. Later, when he became desperately ill, perhaps thinking that I might someday become president, he said more bluntly than any prime minister would, ‘If you abandon Israel, God will never forgive you.’ He said it was God’s will that Israel, the Biblical home of the people of Israel, continue forever and ever.

I, like all Americans of every faith, have through five decades shared Israel’s struggle to survive. In the character and history of the Jewish people, we admire your strength and ability to overcome adversity, enduring centuries of exile and persecution, including, in this century, the Holocaust.

The people of the United States share an extraordinary bond with the people of Israel. Your struggle has become our struggle and we are proud to be partners in a process that we hope will bring a lasting and secure peace to the Middle East.”

What message do you have for Israelis, anxious about their future in the Middle East?

“Two of my proudest moments as president were when my close friend prime minister Yitzhak Rabin and Chairman Arafat resolved to end their conflict on that brilliant day on the White House lawn, and the magnificent ceremony in the Arava, on the ground at the Patriarch’s Walk, when Israel and Jordan made peace after 46 years.

So, we know the desire for peace in the Middle East grows stronger and stronger. Yet, as we have seen, the circle of peace is not yet closed. The closer we come to achieving that peace, the more desperate and fanatical become the enemies of peace.

For that reason, a constant in the relationship between the United States and Israel has been our unwavering commitment to Israel’s security and well-being. Just as Israel is committed to taking risks for peace, our role is to help Israel minimize the risks of peace. This dual commitment is the only sure path to security for today’s citizens of Israel and their children.

What I want every Israeli citizen to know is that we must all continue to work for peace. The journey has been long, hard and frustrating. We can make the dream of a comprehensive peace in the Middle East a reality for all of our children. We can’t give up. We won’t give up. America will stand with you now and always.”

Your “Shalom, haver” eulogy touched the heart of all Israelis. Did you coin that? What was your inspiration?

“My first reaction when I heard the awful news that prime minister Rabin had died was, I’ve lost a friend. He was someone I looked up to and deeply admired, a man who had dedicated his life to defending Israel and gave his life in the pursuit of a lasting and secure peace. I wanted what I said to reflect the fact that I felt his loss not only as a leader losing a colleague, but as a man who had lost a real friend. And when someone is taken so suddenly, there is no real opportunity to say goodbye. “Shalom, haver” expressed what I wanted to say as a human being, not a president: a goodbye to my friend.”

AP DENIS PAQUIN



‘Your struggle has become our struggle’



Clinton stood outside the Yellow Oval Room at 2 a.m. and said of Rabin: 'I admire that man. I so, so admire him.'

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sey Senator Frank Lautenberg who, says Dear, received a blessing from the Klausenberger Rebbe and went on to win his first election; and Shimon Peres, who, Dear claims, told him that a blessing he received from the great rabbinic authority, the Hafetz Haim, at age 3 in Poland, "saved his life."

Gore, also a deeply religious Bible-studying Christian, is standardly mentioned by Jews in the same breath as the president. The vice president is so plugged in, says Dear, that "he jokes about how Jewish people are always asking, 'Is it good for the Jews?'"

Sara Ehrman confirms that Clinton likes Orthodox rabbis. "He is very respectful of all clergy. But I think he likes the Orthodox because, simply, he recognizes them" — they look authentic. Ehrman escorted a group of rabbis to the Oval Office the day a light plane crashed on the White House lawn. In the shock, "they stood there with many Jewish members of the White House staff. Some people prayed. It was surreal."

The "Jewish thing" is shared by Hillary Rodham Clinton, whose own staff is also

heavily Jewish. When she was a young lawyer working on the Hill during the Watergate hearings, she lived for 11 months with Sara Ehrman, forging a lasting friendship. Hillary's interest in children's issues has brought her together with countless liberal Jewish women. And in 1986, when Clinton was Arkansas governor, she brought a Hebrew University-developed early-childhood education program to that state, pioneering its use in the U.S. She has told Rabbi Genack that she would like to begin studying Talmud — not a standard part of Methodist practice.

All this presidential warmth toward Jews could become a liability. Arabs have repeatedly complained that the United States has not acted as an honest broker, citing, as an example, the number of U.S. diplomats with key roles in the peace effort who are Jews or have Jewish roots: Secretary of State Madeleine Albright; Sandy Berger, the national security adviser; Martin Indyk, the assistant secretary of state for Near Eastern affairs; Dennis Ross, Clinton's special envoy to the Middle East, and Aaron Miller, Ross's assistant.

BUT NO HANG-UPS ARE EVIDENT on the presidential level. On the contrary. In his interview with *The Report* (see page 31), his attachment is clear: He speaks of "an extraordinary bond with the people of Israel" and of his "admiration for the Jewish people's strength and ability to overcome adversity."

Where does this affection come from?

Bill Clinton is a white, Christian male from Arkansas — not the usual profile of an American with loads of Jewish friends. But his intellectual and emotional comity with Jews is in part a generational issue, a function of being a baby-boomer "and having done things," says Lilith's Schneider, "that a lot of Jews do, like go to Yale Law School, attend civil rights demonstrations."

The DNC's Grossman explains the leveling factor at work as well: "Both he and Al Gore are of a generation where merit, not station in life, not someone's last name or skin color, prevails. What's true on Wall Street in terms of finding the best man for the job is also true in American politics."

Still, this does not fully explain Clinton's Jewish enthusiasm. Ehrman dates

Religious Makeover

MARIA ECHAVESTE, 43, ASSISTANT to the president and director for public liaison, sits at her West Wing desk. Whisking through conversations on her telephone headset, Echaveste, who manages a staff of 20, simultaneously sorts through faxes, opens mail, studies charts. Her office has two aims: to measure popularity of administration policies and programs, and to drum up support for the president's initiatives.

Echaveste, who is known among insiders as the Jewish staffer with the most unusual background, jokes that she had her last cheeseburger "about 15 years ago" — when she was still Catholic.

The eldest of seven children, she was born in 1954 to poor Mexican migrant workers on a Texas farm; her family later

moved to Oxnard, California. From there, she went on to Stanford University, and law school at UC Berkeley.

In 1982, around the time Echaveste became friendly with Hillary Clinton, through a shared interest in children's rights, she also met Stuart Schlein, a Jewish lawyer and Democratic activist from New York. "Within three weeks," she recalls, "we were talking about getting married. He asked me to convert. I found myself in a crisis of faith. As a modern woman, I had a hard time with the Catholic Church, but I couldn't quite take the plunge into Judaism. We agreed that I'd raise our children in the Jewish faith."

But by 1989, though not yet married, Echaveste had a change of heart. "It occurred to me that if I was going to have Jewish children, I had better know what the religion was all about. I started taking

classes in Torah and history at (Manhattan's modern Orthodox) Lincoln Square Synagogue, among other places. By the end of my search... I wanted to convert."

"What I love about Judaism," she goes on, "is its inherent optimism. My feeling is that Judaism is about the present, about this life, right now... As a Jew, it's how you behave in this world, this life, which is most important."

Echaveste sought an Orthodox conversion. "I wanted my conversion to be accepted by everyone from Reform to Orthodox," she says. "Also, I read Genesis and was struck by the fact that there really is a contract between God and the Jewish people. Perhaps the Orthodox aspect appealed to me because, as a lawyer, I respected the idea of contractual relationship."

In 1991, Echaveste converted, married Schlein and heard that Bill Clinton had declared his candidacy. She volun-



'He turns to the Bible frequently for inspiration, comfort, ideas'

LONGTIME FRIEND SARA EHRMAN

Clinton's friendship with Jews back to Hot Springs, Arkansas, where he was born and raised — the site, she says of the first B'nai B'rith TB sanitarium. "So from the time he was in diapers, he's known Jews; his pediatrician was Jewish. And people have this misconception about Arkansas. Jews there are political junkies."

And Clinton's own religious beliefs, believes Ehrman, have shaped his feelings for Jews. "He's a Southern Baptist and believes the Jews are the people of the Book. He turns to the Bible frequently for inspiration, comfort, ideas; he always has. He loves preachers and the cadence of a good religious sermon."

But Genack takes it further. There are important Jewish influences in the margins. "The built-in Jewish commitment to justice and education," he says, ticking off a list.



COURTESY THE WHITE HOUSE

▲ MARIA ECHAVESTE:
'The Clintons are both very spiritual people'

teered to work for the campaign, eventually being charged with getting out the Latino vote.

The Clintons, relates Echaveste, were stunned to learn of her conversion. "You did *what*, Maria?" she laughingly recalls them saying. "They are both very spiritual people who look at life through the prism of faith. I think the concept of conversion was hard for them to understand, but they were totally intrigued."

Echaveste, who visited Israel in 1993, does not believe that Clinton has any special feeling for Jews.

His openness, she suggests, springs from his personality. "He's a person who cares about making things better for people, who learns about issues in a fundamental way."

N.C.G.

"Admiration for the fact that many Jews are self-made. Commiseration with the tragedies that have befallen the Jewish people. Yes, of course, the Bible is a key thing. And Jews," adds Genack wryly, "do make an appearance or two in the Book."

A comparison between Clinton and Jimmy Carter, another intensely religious, Southern Bible-thumping president, helps illuminate the bond. Though Carter engineered the Israel-Egypt peace treaty, he never warmed to the Jewish community.

According to Ira Forman, "he had absolutely no affinity, no natural closeness for Jews. It's unclear why. I mean he was governor of the state of Georgia, which had a larger Jewish population than Arkansas. It could have been his personality."

Carter's personality — and, perhaps, a parochial Christian view of the world, where everyone must be "saved." In contrast to Clinton's view, in Carter's eyes there was no Jewish historic claim to the Land of Israel. Some Jewish Democratic activists go so far as to suggest that lurking in Carter's psyche was the notion that both Jews and Arabs had sinned by rejecting Jesus, had to be banished, punished and ultimately redeemed and brought to peace by a great Christian leader like himself.

Clinton, says one non-Jewish friend who asked that he not be named, "is simply a different kind of Christian. He brings to the table a tremendous amount of respect for Judaism, a feeling that the older religion is on equal footing."

If so, Clinton's view reflects a shift in American Jewish-Christian relations.

"These days in the U.S.," confirms Prof. Tobin, "there is a great deal of reverence and respect for Judaism from perfectly observant, dedicated Christians."

ON A SUNLIT MORNING IN LATE February, leaders of the National Council of Jewish Women are standing in a chilly, windowless room in a Washington, D.C. hotel, waiting to greet President Clinton, who will address an assembly of 700 in the adjacent ballroom. A door swings open and Clinton emerges, escorted by Ehrman, Ann Lewis, Maria Echaveste, Lynn Cutler and Debbie Mohile, White House liaison to the Jewish community. It's a powerful moment. All these women are Jewish. Clinton steps into the ballroom to a reception which is nothing short of overwhelming.

The president opens with a reassurance for those who "have relatives in Israel," quotes Talmud ("Every blade of grass has an angel that bends over it and whispers, 'Grow, grow'"), indulges a 14-month-old toddler who breaks loose from his mother's arms and tries to clamber onto the podium. A year before, the mom, who had earlier undergone a "partial-birth abortion," was part of a pro-choice delegation to the White House to thank the president for vetoing a bill to ban the procedure.

It's the sort of position that conservative Jewish groups, like their Christian counterparts, do not support. In fact, there are many issues on which Jews do not agree. Most significant of those issues is Israel: The Jews with whom Clinton is so friendly are bitterly divided on the peace process — including the hawkish Orthodox Union colleagues of presidential pal Rabbi Genack. And that's not the only argument. With public anger over Israel's conversion law, and the equally vociferous debate over whether "pressure" on Israel is good or bad, there is no shortage of disputes in the Jewish community. Clinton allows himself to joke about it. Leaning back in his swivel chair, scrunching up his nose, he once asked Ehrman in a syrupy Southern twang, "Sara, why you people always fightin'?" It was the kind of question that only the closest friend would allow himself to ask.