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a little bit William McChesney Martin, 91, Dies; Defined Fed's Role

By MELODY PETERSEN

William McChesney Martin Jr., the chairman of the Federal Reserve for 19 years, spanning five Administrations, from that of Harry S. Truman to Richard M. Nixon, died on Monday at his home in Washington. He was 91.

Mr. Martin, a plain-spoken Democrat from Missouri, detested inflation. He once said that the role of the Federal Reserve was "to take away the punch bowl just when the party gets going."

While he was criticized alternately for making credit too easy and too tight, Mr. Martin was known as an honest, responsible man, who often stood up against the political pressures of the executive and legislative branches. And, he retained the confidence of five Presidents, even when he had opposed them.

Mr. Martin set the course of the nation's monetary policy during an economic golden age. His tenure included the nation's longest economic expansion, from 1961 to 1969. That growth period ended when the central bank was forced to begin raising interest rates to fight the rising inflation that was caused by Government spending during the Vietnam War.

In one of his most controversial moves, in December 1965, Mr. Martin voted to raise the discount rate — the rate at which commercial banks borrow from the Fed — despite President Lyndon B. Johnson's objections. After the vote, he was summoned to Johnson's ranch. He soon emerged to say that the meeting had changed neither man's mind.

Mr. Martin often verbally battled with his most bitter critic, Representative Wright Patman, a Democrat from Texas, for whom interest rates could never be low enough. But he largely avoided public squabbles and had a knack for stating his gloomy predictions in a pleasant way.

At the bottom of one economic slump, Mr. Martin warned Congress that you can't "spend yourself pros-



Associated Press

perous."

Another time, he remarked, "A perpetual deficit is the road to undermining any currency."

In a written statement yesterday, Alan Greenspan, the current chairman of the Federal Reserve, said that Mr. Martin had set a "masterful example."

"Crucially, Chairman Martin moved the Federal Reserve from being an adjunct of the Treasury Department," Mr. Greenspan's statement said, "to the independent status we know today."

In private, Mr. Martin was known as a relaxed, friendly man who had an engaging, boyish grin. He was an avid tennis player, who often played on a court across the street from the headquarters of the Federal Reserve.

His father, a prominent banker in St. Louis, had helped President Woodrow Wilson draft the Federal

Reserve Act that created the central bank in 1913. Later, his father served as president of the Federal Reserve Bank of St. Louis, and Mr. Martin followed, working as an examiner at that same bank after his graduation from Yale University with a B.A. in Latin and English.

After a move to New York, Mr. Martin, at 31, became the first paid president of the New York Stock Exchange — a position that earned him the nickname of "boy wonder of Wall Street."

In 1941, he left his \$48,000-a-year job at the exchange to serve in World War II, where he began earning a salary of \$21 a month. He rose to the rank of colonel, serving in several key wartime agencies.

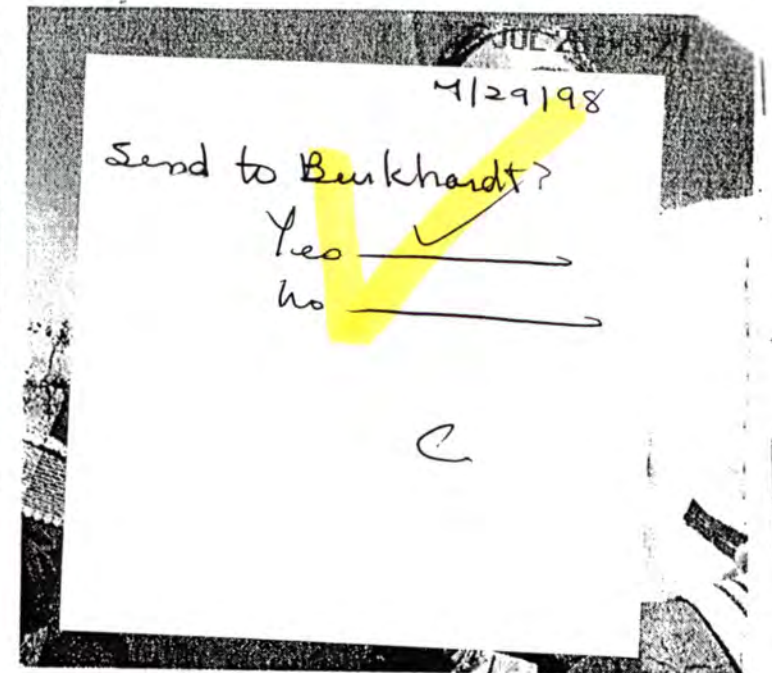
After the war, Mr. Martin became chairman of the Export-Import Bank and then served as Assistant Secretary of the Treasury under President Truman, a fellow Missourian.

His 19-year chairmanship of the Fed under both Democratic and Republican Presidents was longer than the term of any other chairman so far.

When President Truman interviewed him about taking the chairmanship, Mr. Truman recalled that he had bought some Liberty Bonds in the First World War that had later declined in value. "You wouldn't ever let that happen again, would you?" the President asked.

Mr. Martin replied that he wouldn't want it to happen, but unless the Administration followed responsible fiscal and monetary policies, it probably would happen again.

President John F. Kennedy had told Mr. Martin in 1961 that most of the Kennedy advisers wanted a new Fed chairman and questioned him closely about whether he intended to "flaunt" the independence of the Fed. In the end, Mr. Kennedy asked



United Press International

William McChesney Martin shook hands with Lyndon B. Johnson, the fourth of five Presidents he would serve, at the White House in 1966. Mr. Martin, above right, with his successor, Arthur Burns, in 1969.

him to stay on and explained that he did so because "responsible men" were not easy to find.

A similar conversation occurred early in President Johnson's Administration, with the President telling Mr. Martin that he wanted low interest rates all the time. The chairman replied that he would have to get another man to achieve that.

Mr. Martin stepped down from the central bank in January 1970. He then served on the board for many corporations and nonprofit organizations, including I.B.M., American Express and the National Geographic Society. For many years, he worked as a lawyer for Riggs National Bank in Washington. He also served as president of the National Tennis Hall of Fame.

He is survived by his wife, Cynthia Davis Martin; two daughters, Diana Martin of Washington and Cynthia Martin Ghenea of Portland, Me.; a

son, William McChesney Martin 3d of Cambridge, Mass., and two grandchildren.

In an interview with The New York Times in 1985, Mr. Martin said there was much double talk in most discussions about monetary policy, which ranks as one of Washington's most arcane subjects.

When he took office, Mr. Martin said he had told himself: "My gracious, here I am the new chairman of the Fed, and I'm doing my best — I'm not the brightest fellow in the world but I'm working hard on this — and I haven't the faintest idea of how you figure the money supply. Yet everybody thinks I have it at my fingertips."

"They don't really know what the money supply is now, even today," Mr. Martin continued. "They print some figures — I'm not trying to make fun of it — but a lot of it is just almost superstition."

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NANCY BECKER KENNEDY

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7/29/98

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Phil -
Sarah Latham brought down the
attached from John Podesta - This woman
is a former classmate of John's. He
would like this to be included in
the "Sample" of correspondence which
we send to POTUS for signature and he
would also like a copy of outgoing.
Send to Burkhardt?
Yes ☒ No ☐ C.

April 7th, 1998

ears since the spinal cord injury I sustained at age 20, one summer during college. As I laid in the Rehab hospital, my activist friend and colleague visited me and told me that the great political activist, Joe Hill said "Don't mourn: organize." I listened to her and started the Illinois chapter of "Disabled in Action" in 1972 while still in the hospital in order to advance the cause of full inclusion for people with disabilities. I returned to college with quadriplegia and have gone on to be a rehab hospital worker, a News and Public Affairs Producer for Public Television, and in recent years I've worked as a Comedian/Lecturer/ Playwright and television actress. I am, now, a nationally recognized expert on disability related issues and have been featured in magazines ranging from *Ms* to *Parade Magazine*, countless radio and television interviews including "Sixty Minutes, and "CBS Nightwatch with Charlie Rose." Print media interviews include "The New York Times" "Washington Post" and "New Republic." I am a contributing editor to the award winning national disability magazine "New Mobility," and am the first lay person to address the American Congress of Rehab Medicine and to edit a section of the "Western Journal of Medicine."

I have fought in many battles over the years, many with entitlement programs, and would like to tell you about many of the most pressing issues facing people with disabilities.

Our people must be untied from welfare. We must eliminate barriers to work and marriage, emancipate people who are inappropriately warehoused in nursing homes, and secure decent rehabilitation and housing for all people with disabilities. In short,--we must pave a way back into society, away from life support programs that are designed from outdated models of invalidism. **It is only in this way that the Americans with Disabilities Act will have any true meaning. Right now the passage of the**

Jeffords/Kennedy "Work Incentive Improvement Act of 1998" SB1858 would do a great deal to help.

Work and marriage disincentives deny us gainful employment and often marriage because of the crippling cost of medical care in this country where our medical needs are administered through Welfare--a mistake that ties 85% of us to subsistence lives and the inability to marry people who earn money. I have a Masters Degree and have had to live in fear of red tape traps that could deny me medical care or pull me out of the community and into a nursing home, if I earn money. You cannot earn your way to financial independence because you cannot have more than 2,000 dollars in assets and still receive attendant care, pharmacy items and 20% of your medical care. I know others with PHDs who cannot work because they will lose the \$3,000 a month paid through welfare for ventilators. In short, unless we become very rich, we are stuck being very poor.

Enclosed in this package is a "Sixty Minutes" story I spoke in 20 years ago that tells a story that is tragically much the same condition People with Disabilities find themselves in when they attempt to work today.

The majority of us are motivated, many highly educated, and afraid to succeed because we will lose our medical care, attendant care and have difficulty finding insurance companies for our pre-existing conditions. This could be changed if our medical and attendant care was administered through a Department of Disability, rather than Welfare, such as the Veteran's Administration model with no work or marriage disincentives. In the meantime, serious dangers for our population must be removed so that we can **dare to work.**

Another serious problem is that, at the present time, it is totally arbitrary whether a person who acquires a disabling condition will receive the excellent rehabilitation I received or even acquire a wheelchair. (See enclosed articles about insurance companies and managed care articles under "Rehab Roulette" cover of *New Mobility Magazine* and "Taking Rehab Home" under the *Western Journal of Medicine* cover.) This has got to be equalized with proper medical standards and ethics so you don't have to be "lucky" to have decent rehabilitation and a life outside of a nursing home.

Getting people out of inappropriate placement in nursing homes where they are warehoused, have no civil rights, and can live existence's akin to political prisoners is a crucial issue that we in ADAPT are fighting for. ADAPT is a disabled civil rights organization that commits acts of non-violent civil disobedience, where we have been instrumental in securing accessible public transportation and are now trying to get release for people who are being inappropriately placed in nursing homes because they have the wrong insurance or live in a state without homecare.

Charities can also ironically pose major stumbling blocks for people with disabilities. In many charities, a fraction of contributions get to the people they are intended for while legions of able bodied people make handsome livings running foundations. (i.e. The United Way) For example, The Muscular Dystrophy association does not buy power wheelchairs for people who do not go to college. I find this particularly cruel because many people with muscular dystrophy do not live to be college age, and people giving at home assume these millions of dollars raised are going for things like wheelchairs.

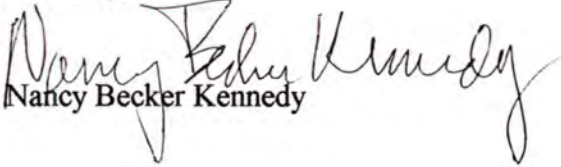
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Meanwhile, I met a woman in my local wheelchair store who carries her adolescent son around in her arms because the Muscular Dystrophy Association does not pay for a patient lift or power chair for him. The mother told me the Muscular Dystrophy Association justified turning down their requests because the money goes to research.

The search for cures must be modulated so that it does not come at the expense of lives of decency, productivity, and freedom. All the money raised by charities should not morally go to decades of research while 85% of people with disabilities live on welfare allowances that often cannot cover housing. Low income (HUD) housing is being cut by the government now, and more and more people with disabilities are becoming homeless. Putting money from any surplus only into research is a mistake. The search for a cure need not and should not preclude the struggle for decent, active lives for all people with disabilities.

Mr. President, I implore you to please, help, redesign these programs so that we may live lives of success, dignity, and productivity. Our people should be able to enjoy the freedoms and choice all Americans take for granted outside of institutions. I am more weary than I can express of my fellow disabled brothers, sisters and I qualifying for survival by making failure the cost.

Sincerely,


Nancy Becker Kennedy

cc. Senator Tom Harkin, Mr Justin Dart, Ms. Hillary Rodham Clinton, Senator Robert Dole, John Podesta, Chief of Staff, Ken Apfel, Office of Management and Budget, Jean Dobbs "New Mobility" Magazine, Doctor Henry Betts, Rehabilitation Institute of Chicago..

enc. Article "Fear, Guilt, and the Right to be Productive," *Spinal Network's New Mobility*, "Rehab Roulette," *New Mobility Magazine*, "Taking Rehab Home," *Western Journal of Medicine*, reply to Tony Young on Work Disincentives.

NANCY BECKER KENNEDY

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June22, 1998

Ms. Hillary Rodham Clinton
1600 Pennsylvania Avenue
Washington, D.C.

Dear Ms. Rodham Clinton,

My old college friend, John Podesta, was kind enough to have me visit the White House this March when I was delivering an address to introduce the Jeffords/Kennedy Ticket To Work Bill, SB1858 to remove work disincentives for people with disabilities and he spoke so highly of you. No one had to though. I watched with awe your valiant attempts to reform Healthcare in the face of a juggernaut of special interests and wished I could be there beside you. Surely you felt the energy of the prayers of so many of us who were rooting for you. I cheered your excellent campaign to raise awareness that "It Takes A Village to Raise a Child." I feel like your sister in struggle and now would like to bring to your attention the struggle of my people. First let me introduce myself.

I have lived on and off Social Security for the 26 years since the spinal cord injury I sustained at age 20, one summer during college. As I laid in the Rehab hospital, my activist friend and colleague visited me and told me that the great political activist, Joe Hill said "Don't mourn: organize." I listened to her and started the Illinois chapter of "Disabled in Action" in 1972 while still in the hospital in order to advance the cause of full inclusion for people with disabilities. I returned to college with quadriplegia and have gone on to be a rehab hospital worker, a News and Public Affairs Producer for Public Television, and in recent years I've worked as a Comedian/Lecturer/ Playwright and television actress. I am, now, a nationally recognized expert on disability related issues and have been featured in magazines ranging from *Ms* to *Parade Magazine*, countless radio and television interviews including *"Sixty Minutes"*, and *"CBS Nightwatch with Charlie Rose."* Print media interviews include *"The New York Times"* *"Washington Post"* and *"New Republic."* I am a Contributing Editor to the award winning national disability magazine *"New Mobility"*, and am the first lay person to address the American Congress of Rehab Medicine and to edit a section of the *"Western Journal of Medicine."*

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Work and marriage disincentives deny us gainful employment and often marriage because of the crippling cost of medical care in this country where our medical needs are administered through Welfare--a mistake that ties 85% of us to subsistence lives and the inability to marry people who earn money. I have a Masters Degree and have had to live in fear of red tape traps that could deny me medical care or pull me out of the community and into a nursing home, if I earn money. You cannot earn your way to financial independence because you cannot have more than 2,000 dollars in assets and still receive attendant care, pharmacy items and 20% of your medical care. I know others with PHDs who cannot work because they will lose the \$3,000 a month paid through welfare for ventilators. In short, unless we become very rich, we are stuck being very poor.

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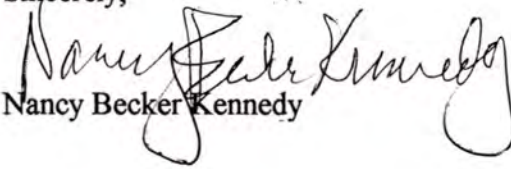
In fact our analysis of MDA's 1989 financial statement indicate that approximately 1/6th of the money raised gets to people with disabilities while the telethon infantilizes adult people with disabilities, (calling them "Jerry's Kids.") Jerry Lewis referred to us in *Parade Magazine* as cripples and people with half-lives, and on Dateline NBC he called disability rights activists who challenge him "sick." MDA has been looking for a cure for decades only to succeed in finding out how to identify fetuses with muscular dystrophy so they can be aborted if the parent so chooses.

Meanwhile, I met a woman in my local wheelchair store who carries her adolescent son around in her arms because the Muscular Dystrophy Association does not pay for a patient lift or power chair for him. The mother told me the Muscular Dystrophy Association justified turning down their requests because the money goes to research.

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I implore you to help redesign these programs so that we may live lives of success, dignity, and productivity. Our people should be able to enjoy the freedoms and choice all Americans take for granted outside of institutions. I am more weary than I can express of my fellow disabled brothers, sisters and I qualifying for survival by making failure the cost.

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Nancy Becker Kennedy

cc. Senator Tom Harkin, Mr. Justin Dart, Senator Robert Dole, John Podesta, Chief of Staff, Ken Apfel, Office of Management and Budget, Jean Dobbs "New Mobility" Magazine, Doctor Henry Betts, Rehabilitation Institute of Chicago

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**NANCY BECKER KENNEDY'S PRESS CONFERENCE ADDRESS ON THE WORK
INCENTIVES IMPROVEMENT ACT : JEFFORDS/KENNEDY BILL**

I CAME TO WASHINGTON A HALF OF MY LIFE AGO TO TALK ABOUT A WOMAN NAMED LYNN THOMPSON, LYNN HAD A PROBLEM 20 YEARS AGO FACED BY MOST PEOPLE WITH DISABILITIES. LYNN WAS UNABLE TO WORK WITHOUT LOSING THE HEALTHCARE BENEFITS SHE NEEDED TO LIVE OUTSIDE OF AN INSTITUTION. LYNN THOMPSON HAD MUSCULAR DYSTROPHY AND COULD ONLY MOVE ONE FINGER. SHE USED IT TO GET A JOB WHERE SHE EARNED FOUR HUNDRED DOLLARS A MONTH SCHEDULING NURSES FOR A NURSES REGISTRY. THERE WERE ARTICLES IN THE NEWSPAPER ABOUT HOW HAPPY SHE WAS TO BE WORKING AND HOW HAPPY HER EMPLOYER WAS WITH THE JOB SHE WAS DOING. LYNN PROUDLY PAID HER TAXES AND THAT'S WHERE THE HAPPY PART OF THE STORY ENDED.

THE I.R.S COMPUTER TOLD THE SOCIAL SECURITY COMPUTER AND LYNN RECEIVED A NOTICE THAT READ LIKE A DEATH SENTENCE TO HER. THE LETTER FROM SOCIAL SECURITY TOLD LYNN SHE WOULD BE LOSING THE ATTENDANT CARE AND MEDICAID THAT ALLOWED HER TO LIVE INDEPENDENTLY IN HER APARTMENT. THAT MEANT LYNN WOULD ONLY BE ABLE TO RECEIVE THESE LIFE SUPPORT SERVICES IN AN INSTITUTION.. HER JOB AND HER APARTMENT WOULD BECOME A PART OF HER PAST. THE FUTRE WITHOUT THEM WAS UNBEARABLE. LYNN GAVE HER ATTENDANT THE NIGHT OFF, TOOK A BOTTLE OF VALIUM AND WHILE WAITING TO DIE, LEFT AN AUDIO TAPED SUICIDE MESSAGE. SHE SAID "SOCIAL SECURITY, I OVERCAME EVERYTHING BUT YOU WERE THE STRAW THAT BROKE THE CAMELS BACK"

I WAS INTERVEIWED ON "SIXTY MINUTES ' THAT YEAR TALKING ABOUT LYNN'S DEATH. AND CAME TO WASHINGTON TO JOIN AN EFFORT TO CHANGE THE LAW THAT THREATENED ALL PEOPLE WITH DISABILITIES WHO TRIED TO WORK. THAT LAW SAID THAT REGARDLESS OF YOUR TRUE PHYSICAL DISABILITY, IF YOU EARNED OVER 300 DOLLARS FOR NINE MONTHS, NO MATTER THAT 300 DOLLARS WAS NO WHERE NEAR

ENOUGH MONEY TO SUPPORT A LIFE WITH A DISABILITY, THAT YOU WERE NO LONGER CONSIDERED DISABLED BY SOCIAL SECURITY AND THEREFORE INELIGIBLE FOR ATTENDANT SERVICES OR MEDICAL CARE

AS A 24 YEAR OLD, JUST OUT OF COLLEGE AFTER MY INJURY WITH A MASTERS DEGREE, I WAS TERRIBLY THWARTED TRYING TO FIND A JOB THAT WOULD PAY FOR MY EXTRAORDINARY MEDICAL EXPENSES.

LET'S LOOK AT THE MATH OF A LIFE WHERE ELECTRIC WHEELCHAIRS CAN COST 11 THOUSAND DOLLARS, A FLAT TIRE ON THAT WHEELCHAIR CAN COST 200 AND THEN THERE'S THAT SIX DOLLAR PILL FOUR TIMES A DAY FOR CHRONIC BLADDER INFECTIONS CAUSED BY 14 DOLLAR INDWELLING CATHETERS AND IF YOU HAPPEN TO NEED A RESPIRATOR FOR 3000 DOLLARS A MONTH AND YOU BETTER START PULLING FOWN THE SALARY OF A CORPORATE CEO IF YOU PLAN TO MAKE ENOUGH MONEY TO SUPPORT THE EXPENSIVE HABIT OF BEING DISABLED. NOT EVERYONE NEEDS A RESPIRATOR BUT WHEN YOU DO THE MATH, ONE CAN SEE THAT TO COVER ALL THESE NEEDS AND PAY FOR ATTENDANT SERVICES AS WELL, ONE MUST MAKE A VERY HANDSOME LIVING TO AFFORD ALL OF THIS WITHOUT SOME ASSISTANCE,

IT WAS NOT ONLY HARD TO FIND A JOB THAT WOULD PAY FOR MY DISABILITY BUT THERE WAS THE REAL FEAR THAT THE CLIFF LYNN THOMPSON ROLLED OVER BY WORKING FOR NINE MONTHS WAS WAITING FOR ME IF THE JOB I WAS LUCKY ENOUGH TO GET EVER ENDED.

THAT SUNDAY NIGHT ON "SIXTY MINUTES," WHEN LYNN'S TAPE RECORDED SUICIDE MESSAGE SO SHOCKED AND SADDENED THE VIEWING PUBLIC OUR EFFORTS IN WASHINGTON TO CHANGE THE LAW EXCELLERATED FINALLY RESULTING IN THE ADDITION OF SECTION 1619 TO THE SOCIAL SECURITY ACT. 1619 CREATED AN ELEGANTLY SIMPLE AND INFINITELY MORE SANE WAY TO DEAL WITH PEOPLE WITH DISABILITIES WHO WANTED TO WORK. IT PROVIDED A SLIDING SCALE OF BENEFITS THAT ALLOWED ONE TO RECEIVE ATTENDANT AND MEDICAL CARE UNTIL THEY MADE ENOUGH MONEY NOT TO NEED IT. THIS USHERED PEOPLE GENTLY TO INDEPENDENCE

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AND IF YOU LOST YOUR JOB, YOU WERE STILL CONSIDERED DISABLED IF WERE STILL DISABLED. SENATOR BOB DOLE HERE ALONG WITH OTHERS HAD A LOT TO DO WITH THE PASSAGE OF THE 1619 PROVISION OF THE SOCIAL SECURITY ACT AND WHAT MIGHT SOUND LIKE A COUPLE OF NUMBERS TO SOME PEOPLE SOUNDED LIKE A LIBERTY BELL TO PEOPLE WITH DISABILITIES WHO WANTED TO WORK..

UNFORTUNATELY, AS SOME OF US CONTINUED TO WORK FOR YEARS AND PAY INTO THE SYSTEM, WE AUTOMATICALLY COVERTED TO SSA ELIGIBILITY, A PROGRAM THAT WAS SUPPOSED TO BE A SUPERIOR BENEFIT THAT REWARDED YEARS OF WORK. UNFORTUNATELY IT DIDN'T WORK THAT WAY FOR ME AND OTHERS PEOPLE WITH DISABILITIES. THERE IS NO SLIDING SCALE ON SSA, AND I'VE BEEN THROWN BACK INTO THE SAME SITUATION I FACED AS A 24 YEAR OLD GIRL., ONCE AGAIN IT'S ALL OR NOTHING AND AFTER 9 MONTHS I WILL MIRACULOUSLY OF BE CURED OF MY DISABILITY, NOT IN REALITY BUT ACCORDING TO SOCIAL SECURTY.

I NEVER LIKED THE TERM "WORK INCENTIVE" BECAUSE WE NEVER NEEDED AN INCENTIVE TO WORK. WE ONLY NEEDED A WAY NOT TO COMMIT A KIND OF "RED TAPE SUICIDE" THAT REMOVED US FROM AN INDEPENDENT LIFE IN THE COMMUNITY IF WE TRIED TO WORK. THE PASSAGE OF THE JEFFORDS/ KENNEDY BILL WOULD MEAN WE COULD RETAIN HEALTHCARE UNTIL WE CAN GRADUALLY AFFORD TO TAKE THOSE COSTS OVER OURSELVES AND FIND INSURANCE POLICIES THAT WILL COVER OUR PRE-EXISTING CONDITIONS.. THE JEFFORDS/KENNEDY BILL COULD BEGINNING -- TO END STOP THE DANGEROUS GAME OF "CHICKEN" WE PLAY WITH OUR FREEDOM WHEN WE ATTEMPT TO WORK AND IT COULD EVNTUALLY UNTIE US FROM DEPENDENCE ON WELFARE AND CASH BENEFITS.

BY REMOVING SOME OF THESE REMAINING WORK DISINCENTIVES WE BEGIN TO REMOVE SOME OF THE "LAND MINES" THAT BLOCK PEOPLE WITH DISABILITES FROM MAKING OUR CONTRIBUTIONS TO SOCIETY. REMOVE THESE HEALTHCARE DISINCENTIVES SO THAT PEOPLE WITH DISABILITIES CAN GIVE THIS COUNTRY THE GIFTS WE HAVE TO OFFER.

*please
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IT WAS NOT ONLY HARD TO FIND A JOB THAT WOULD PAY FOR MY DISABILITY BUT THERE WAS THE REAL FEAR THAT THE CLIFF LYNN THOMPSON ROLLED OVER BY WORKING FOR NINE MONTHS WAS WAITING FOR ME IF THE JOB I WAS LUCKY ENOUGH TO GET EVER ENDED.

THAT SUNDAY NIGHT ON "SIXTY MINUTES," WHEN LYNN'S TAPE RECORDED SUICIDE MESSAGE SO SHOCKED AND SADDENED THE VIEWING PUBLIC OUR EFFORTS IN WASHINGTON TO CHANGE THE LAW EXCELLERATED FINALLY RESULTING IN THE ADDITION OF SECTION 1619 TO THE SOCIAL SECURITY ACT. 1619 CREATED AN ELEGANTLY SIMPLE AND INFINITELY MORE SANE WAY TO DEAL WITH PEOPLE WITH DISABILITIES WHO WANTED TO WORK. IT PROVIDED A SLIDING SCALE OF BENEFITS THAT ALLOWED ONE TO RECEIVE ATTENDANT AND MEDICAL CARE UNTIL THEY MADE ENOUGH MONEY NOT TO NEED IT. THIS USHERED PEOPLE GENTLY TO INDEPENDENCE

03/00/00 MON 10:00 FAX 131 3113 SHANK BUS. CENTER

AND IF YOU LOST YOUR JOB, YOU WERE STILL CONSIDERED DISABLED IF WERE STILL DISABLED. SENATOR BOB DOLE HERE ALONG WITH OTHERS HAD A LOT TO DO WITH THE PASSAGE OF THE 1619 PROVISION OF THE SOCIAL SECURITY ACT AND WHAT MIGHT SOUND LIKE A COUPLE OF NUMBERS TO SOME PEOPLE SOUNDED LIKE A LIBERTY BELL TO PEOPLE WITH DISABILITIES WHO WANTED TO WORK..

UNFORTUNATELY, AS SOME OF US CONTINUED TO WORK FOR YEARS AND PAY INTO THE SYSTEM, WE AUTOMATICALLY COVERED TO SSA ELIGIBILITY, A PROGRAM THAT WAS SUPPOSED TO BE A SUPERIOR BENEFIT THAT REWARDED YEARS OF WORK. UNFORTUNATELY IT DIDN'T WORK THAT WAY FOR ME AND OTHERS PEOPLE WITH DISABILITIES. THERE IS NO SLIDING SCALE ON SSA, AND I'VE BEEN THROWN BACK INTO THE SAME SITUATION I FACED AS A 24 YEAR OLD GIRL., ONCE AGAIN IT'S ALL OR NOTHING AND AFTER 9 MONTHS I WILL MIRACULOUSLY OF BE CURED OF MY DISABILITY, NOT IN REALITY BUT ACCORDING TO SOCIAL SECURITY.

I NEVER LIKED THE TERM "WORK INCENTIVE" BECAUSE WE NEVER NEEDED AN INCENTIVE TO WORK. WE ONLY NEEDED A WAY NOT TO COMMIT A KIND OF "RED TAPE SUICIDE" THAT REMOVED US FROM AN INDEPENDENT LIFE IN THE COMMUNITY IF WE TRIED TO WORK. THE PASSAGE OF THE JEFFORDS/ KENNEDY BILL WOULD MEAN WE COULD RETAIN HEALTHCARE UNTIL WE CAN GRADUALLY AFFORD TO TAKE THOSE COSTS OVER OURSELVES AND FIND INSURANCE POLICIES THAT WILL COVER OUR PRE-EXISTING CONDITIONS.. THE JEFFORDS/KENNEDY BILL COULD BEGINNING -- TO END STOP THE DANGEROUS GAME OF "CHICKEN" WE PLAY WITH OUR FREEDOM WHEN WE ATTEMPT TO WORK AND IT COULD EVNTUALLY UNTIE US FROM DEPENDENCE ON WELFARE AND CASH BENEFITS.

BY REMOVING SOME OF THESE REMAINING WORK DISINCENTIVES WE BEGIN TO REMOVE SOME OF THE "LAND MINES" THAT BLOCK PEOPLE WITH DISABILITES FROM MAKING OUR CONTRIBUTIONS TO SOCIETY. REMOVE THESE HEALTHCARE DISINCENTIVES SO THAT PEOPLE WITH DISABILITIES CAN GIVE THIS COUNTRY THE GIFTS WE HAVE TO OFFER.

NANCY BECKER KENNEDY

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Los Angeles, Ca. 90042

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April 9, 1998

**NANCY BECKER KENNEDY'S FORUM RESPONSE TO TONY YOUNG ON
SOLUTION TO WORK DISINCENTIVES FOR PEOPLE WITH DISABILITIES.**

Dear Tony,

I believe this is a very astute and incisive analysis of work disincentives for people with disabilities and analysis of pending bills, however, in my opinion, only something like an extension of 1619 sliding scale will rectify our problem and we must do that by correcting fallacious reasoning on the part of the Congressional Budget Office.

I am outraged by the Congressional Budget Office's assertion that adding a sliding scale to SSA would cost more money, because there is no way that paying a significantly disabled person's entire expenses of cash benefits, Medicare, Medicaid, and Attendant services is cheaper than only paying for a portion of those benefits that the person with a disability can not yet earn, and the fact that taxes will be paid. Unless the CBO is playing some kind of "Alice in Wonderland" game of croquet, **there is no way that paying less cash benefits and receiving taxes doesn't save the government money. The only way it saves money is when you compare it to cutting off people who can't live without Attendant and Healthcare services. That is a cruel way to save money and is the problem that keeps us from venturing our way off full benefits.** If the CBO worries that people who do not need significant attendant and medical services will "come out of the woodwork," then bracketing the work incentive program to only those who meet the list of impairments and dare not work without these support services may be necessary.

Just to give you a sardonic laugh, when I argued that "1619 allowed me to transition to a full-time job and wasn't that a savings?" I was told that the Congressional Budget Office didn't see that as a savings because I was taking a job away from another American! What other American was playing a courageous mother in a wheelchair whose daughter was kidnapped by white slavers on "General Hospital?"

But very seriously speaking, **by following that logic, if we don't save the CBO money by becoming employed, the only way we save them money is by dying,** and I, for one, am not willing to do that. The CBO might succeed, however, with some of the people they are frustrating and scaring to death. With that kind of thinking, we can never win. **We must call down the lie, every time we hear it.**

I must respectfully disagree with you about incremental changes for this reason. The program is already so arcane and complex that no one knows how to use it for

productivity. As you so eloquently put it, below, here is what occurs in the patchwork programs with which we currently struggle:

"SSDI and SSI beneficiaries are frustrated by multiple barriers to work. We can't get anyone at SSA to talk to us; we can't get reliable information on work incentives; we can't get straight answers to our questions; and, we can't get timely approval for our plans. If we are persistent enough, or influential enough, or just plain lucky enough to have some success in negotiating the work incentives maze and go to work, we are "rewarded" with poor service, threats of overpayments or the immediate loss of cash assistance, loss of affordable health coverage and personal supports, and a work-triggered Continuing Disability Review. With these "rewards" awaiting us, it is no wonder that beneficiaries are frustrated and angry."

I must add to that list of emotions the word "terror." I live in a state of fear every time I get a work opportunity. I heartily agree with you that we must come away from disability benefits based on a notion of being an invalid or a retiree. We need support services that usher us to as robust a life in the work-force as we are capable of. This could only save money and remove the barriers that thwart us. It is also critical that the system be simple enough to be used in every Social Security office and clearly understood by People with Disabilities. The woman, Lynn Thompson, whose story I told in my press conference address on the Jeffords/Kennedy bill, was mistakenly cut off benefits prematurely, in spite of a law that protected her of which Social Security was unaware. Complexity and ignorance can kill in these cases.

Extending 1619 sliding scale to both programs is the answer in my opinion. Better still, would be removing disability entirely out of welfare in a model similar to the Veteran's Administration. If we must stay within Social Security, extending 1619 to both is simple, fair and cheaper than Pass Plans many use now for no other reason than it's the only way they can work. PASS plans are needed for those who must save for capital investments, but not for all of us. Extending the 1619 sliding scale to those of us on SSDI would provide, one streamlined program that is fair and easy to use. It ushers people gently, via a sliding scale to independence.

Thank you for opening up this very useful forum. I will send the address I made at the Jeffords/ Kennedy Press conference under separate cover. Thanks again for your astute analysis and initiative in supporting this forum.

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**PROPOSAL FOR ANNUALIZATION OF INCOME FOR THOSE ONLY ABLE
TO WORK FROM HOME, PART TIME, OR IN SELF EMPLOYMENT.**

The proposed work disincentive legislation seems to be missing an important feature for people who cannot work full time. This is a component that would help the many of us who can only work from home, part time, or on a self employed or sporadic basis. To avoid the trauma of going on and off benefits in a dangerous and uncertain manner administrative changes could feature an Annualization of Income and work expenses deduction recognized by IRS.

SCENARIO : SELF EMPLOYED PERSON OR PART TIME WORKER

This individual might make \$3,000 in April, \$800 in September, \$2,200 in November, and \$700 in December.

These individuals would need to have their Attendant Services share of cost, SSI/SSA, Medicaid and Medicare recalculated every month they made money. This is something these systems are not efficient enough to do without trauma, delays, and shortfalls for the recipient. If income were annualized, one fixed monthly rate could be calculated and deducted by the Social Security Administration and all attached programs. In this way the self employed might be encouraged to work as much as possible without constant traumatic recalculation with government agencies, not equipped to act with that flexibility.

Instead of recalculating earnings/ SSA/ SSI/ and Medicaid, Medicare and Attendant Services share of cost in weeks and months not worked, one, annualized monthly deduction can be made for the whole year. This would remove the need for frequent recalculations and dangerous bureaucratic delays and errors that frighten people from earning money, paying taxes and "rocking the boat" of idleness. This simplifies the program and makes it less traumatic for all involved.

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REHABILITATION MEDICINE

Adding Life to Years

REHABILITATION MEDICINE *Adding Life to Years*

Taking Rehab Home

NANCY BECKER KENNEDY, Los Angeles, California

It's funny what can happen when you volunteer in a rehab hospital. Pretty safe stuff, you might think. A way to keep a woman with quadriplegia at the C5-6 level, 18 years after the injury, off the streets. Not so. One master's degree, one divorce, three prestigious careers, and two modified vans later, I am in the second week of a trial and facing a possible jail sentence. For what? Trying to make sure that newly injured people get the same opportunities I had to return to the mainstream of life.

You may be asking, "What does all this have to do with being a doctor?" The answer is, if you are a physician, especially a specialist in rehabilitation, you must know that the patient who leaves your hospital with a disability is entering an oftentimes dangerous world of bureaucracy and budget cutting. In that milieu, they will attempt to continue the rehabilitation you all set out to achieve. When they leave, they may need you more than ever. Conscientious specialists in rehab medicine, a rare and precious kind of healer, know that to really complete the job, they have to be there to support their former patients years after they have left the cocoon of the rehabilitation facility.

To understand your challenge in making inpatient rehabilitation stick for outpatients, you must realize that the most enormous obstacle you and your soon-to-be-former patient will face when taking rehab home is MONEY. Most people with disabilities are forced into a cycle of poverty because the life of a severely disabled person is an expensive one. There are the costs of attendant services, durable medical equipment, large monthly pharmaceutical bills for medicine and supplies, modified homes and vans, and all the expenses incurred when persons can't economize because they can't cook, launder, pump gas, or do anything the self-serve way.

Unless your patients win an enormous personal injury settlement or can work in a profession that pays around \$50,000 a year and can be performed by quadriplegics, they will be forced to rely to some extent on government-funded medical care. In this country, that care is provided through the welfare system, a program that is not famous for ushering people to independence. In fact, dealing with the system has literally frustrated some disabled people to death.

Every physician must be frustrated by Medicare or Medicaid, insensitively administered programs at best and deadly negligent at their worst (the latter more and more the case because of the erosion of the system by budget cutting in the past ten years). I am now standing trial with two other disabled activists because a disabled man was dying of bedsores and pneumonia because Medicare and Medi-Cal [California's Medicaid] refused to offer sufficient funding to replace

the 17-year-old wheelchair that broke underneath him. The case of Rick Tauscher is a classic one of how this hostile milieu can undo all the good your efforts at rehabilitation achieved.

A mechanic before his injury that resulted in C-3 quadriplegia, Rick Tauscher was a rehab success story. Armed with a positive attitude, the willingness to work after his severe spinal cord injury, and enough pluck to supply a small town, Rick got up every morning and resumed an active life, supervising engine repairs in his garage. Okay, maybe he wasn't pulling down a lot of money, but he was being productive, getting around town, enjoying life, and could have even started making money, paying taxes, and giving back some of the benefits he was receiving due to the passage of a hard-won piece of legislation that began to remove some of disabled people's barriers to employment. But before the Social Security laws went into effect, in another part of the red-tape maze, Medicare and Medicaid were in the process of a malign neglect that would land Rick in worse condition than his original injury.

Here's how it happened. When Rick's wheelchair turned about 15 years old, it started getting rickety. His physical therapist ordered a replacement, while his brother spot welded it to get him by till the new one came. Unfortunately, years went by and no new wheelchair came. None was even on its way. And all because Rick had worked before his injury and was eligible for Medicare as well as Medicaid. Had Rick only been on welfare, Medi-Cal would have paid for his wheelchair. Unfortunately for Rick, *because* he had contributed to Social Security before his injury, he was in a classification that sent heads wagging back and forth mournfully in wheelchair stores all across the state. When the vendors handed back the prescription, the answer was always the same: "We can't do anything, you're a 'Medi-Medi.'"

For three years now, Rick has been literally bedridden by this "catch-22." Medicare, the primary insurer, would only pay a fraction of the real cost of a replacement electric wheelchair, and Medi-Cal would only pay 20% of what Medicare allowed. No wheelchair vendor was willing to give away a \$14,000 wheelchair for \$3,000. To make matters worse, because Rick was on Medi-Cal, even if he could miraculously raise the remaining \$11,000, no store was allowed to take additional money from him. Now, the only way to appeal a Medicare decision is to purchase the wheelchair first, but because the vendor could not take any additional money, Rick could not purchase the chair and therefore had no way to begin the process of appeal. And so it went, around and around and ultimately nowhere.

(Kennedy NB: Taking rehab home. *In Rehabilitation Medicine—Adding Life to Years* [Special Issue]. West J Med 1991 May; 154:626-628)

Nancy Becker Kennedy became quadriplegic after breaking her neck (C5-6) diving in 1972. Since then, she has returned to college for her bachelor of arts and a master's degree in broadcast journalism. She is an award-winning free-lance writer and producer for public television in Los Angeles.

Reprint requests to Nancy Becker Kennedy, 3961 Via Marisol, #233, Los Angeles, CA 90042.

While the question of whether Medicare was willing to pay too little or the vendor was asking far too much may have been a valid topic for debate, it was a moot point for Rick. Four bouts of pneumonia, two bronchoscopies, one operation for bedsores, and a case of multiple-resistance *Staphylococcus aureus* infection later, as a result of his three years in bed, Rick was caught in the middle and quietly dying of red tape.

My calls to congressional representatives proved fruitless. The "Medi-Medi" catch-22 had been known to them for years, and there was nothing anyone was willing to do to stop the machine from rolling over Rick. All the rehabilitation that returned him to a life of activity repairing engines in his garage was lost. The cherry on top is that it was costing taxpayers hundreds of thousands of dollars for the government to ruin Rick's health rather than make the \$14,000 investment in his active life. As we marched with Rick to the governor's office, I heard a woman bystander say, "If he can't get a wheelchair, what am I paying my taxes for?"

As Rick's freedom became a memory, and his health deteriorated rapidly, I was running out of options. I enlisted the support of my friends in ADAPT, a disabled activists' organization dedicated to the advancement of the health, dignity, and full integration of people with disabilities. We engaged in nonviolent civil disobedience over the course of two months to call attention to the damage being done by cuts in government-funded medical care. We brought Rick out on a gurney to the governor's office to show him what a budget cut looked like and to ask for help for Rick. When none was offered, we staged sit-ins every day, got arrested, and refused to leave until we had a work order for Rick's chair and a resolution to the catch-22 that was affecting countless other "Medi-Medis" throughout the state.

There is a happy ending to this story. If my fellow activists and I are not sent to jail, it will be a total victory. Last October, the sit-in resulted in the filing and the eventual settlement of a class-action lawsuit that resulted in a court order for Rick's wheelchair and for all the other "Medi-Medi" patients throughout the state.

Unfortunately, the "Medi-Medi" catch-22 is just one of many life-endangering crises occurring in our state and throughout the country. Budget cutting to Medicaid and Medicare has resulted in physical harm to disabled people dependent on these government programs. As reimbursement rates fall well below market prices for doctor's visits, vital medicines, procedures, and orthotic devices, people get sicker, lose years off their lives, and function at lower levels. I have watched this deterioration to rehabilitation firsthand, as I have gone back month after month over the past ten years to counsel the newly injured.

Ironically, I first came to counsel new patients when I saw how active my life had become since my injury. With a wonderful array of support services—from excellent rehabilitation, attending a college with a fine disabled-students' program, and later the help of the US Department of Rehabilitation—I became a producer for public television and have gone on to enjoy many professional accomplishments. But I was lucky. I was always in the right place at the right time in terms of support services. I now live independently in my own home with an attendant and drive my own van purchased from my earnings. I am an example of how well rehabilitation works.

As I see this support system begin to crumble, the good

news I come to tell newly injured patients gets a little harder to tell. I'll be going back to Northridge University's Institute for Living tomorrow. I will still tell patients how full their lives can be with a disability. But I don't think I'll tell them about the three years Rick has spent in bed or about my friend Sally who had to panhandle the money for antibiotics with a fever. And I won't tell them about Linda, a brilliant activist driven to the edge of despair when red tape and budget cutting kept her from getting medical care as basic as an air hose for her respirator.

What I learned early on—and what has become more obvious in the past ten years—is that to rehabilitate a disabled person, we must teach survival skills for an increasingly toxic health care environment. It is ironic that on the eve of the passage of our precious civil rights bill, the Americans With Disabilities Act of 1990, the safety nets and services that facilitate our independence are being cut out from under us. To stabilize your patient's bodies is no longer enough. If we want to rehabilitate patients and usher them from monetary dependence to a productive life, we must prepare them for the world outside and we must prepare the world outside for them.

To prepare patients for the world outside, physicians must know about the kind of world their patients are entering. To accomplish this, it is crucial to honor and utilize the skills of people who have lived successfully with their disabilities in the community. A new member should be added to all rehabilitation teams. In addition to the physician, nurse, physical therapist, occupational therapist, social worker, and psychologist, there must be an "independent living specialist." The independent living specialist should be someone who requires attendant and independent living services and has lived actively in the community, someone who can guide newly injured patients and their families through the treacherous terrain of red tape to get what they need. Patients and their families must be taught how to turn their new areas of dependency into a job for an attendant. They need to be shown how to advertise for and screen attendants to care for them in their homes and how to get homemaker allowances to pay for them. They need to know how to wrestle with the Social Security system and how not to trip trapdoors that drop vital services out from under them before their employment can adequately pay for their needs.

To prepare the world outside for rehabilitated patients, doctors can affect public policy, first, by learning from those living with their conditions what they need, and then by lending their prestige to the struggle for programs that promote productivity and health. If your patients will need help when they return home and there are no attendant services in your state, your voice is needed to bring this cost-efficient, life-enhancing alternative to those who could live outside institutions where many are inappropriately warehoused. Perhaps most critically, physicians must make themselves heard to fight against cuts in medical treatment by telling legislators what is needed to practice medicine instead of letting clerks at Medicaid and Medicare practice it for you. We all must do what we can to reform the current state of medical care in this country, the only industrialized nation besides South Africa that has no national health policy.

As money gets tighter nationally, a medical "lifeboat mentality" arises. There will be temptations to toss people and vital medical procedures overboard. Decisions as to which lives are more worth saving than others can lead to

serious moral and ethical violations. If medical services must be curtailed, if they are not cut equally for everyone, what are we taking part in?

I have seen rehabilitation work in my own life. I would like to see the choice for attendant services that enabled me to live independently and work extended to everyone who has a disability and needs help. I would like to see the day when people with disabilities are untied from welfare and able to receive the medical care they need and rehabilitation that ushers them from dependence to independence. I would like to see rehabilitation programs welcome the skills of people living actively with their disabilities as a treasured resource to assist patients back into the mainstream of life.

If physicians can see their former patients as valued allies,

we can face this medical crisis together. We must get the message out that we are not about the right to die for the purpose of trimming down life to suit the budget. In the debate about the allocation of medical resources in this country, we must avoid the trap of choosing who should die a little earlier and who should get a little less medical care. As physicians, as healers, and as those who have healed, we must teach this nation that we are about life.

* * *

POSTSCRIPT: Good news. Rick got his chair at the end of January. All Medi-Medis are now able to get wheelchairs. A judge allowed the "not guilty by reason of necessity" defense in our trial; the prosecutors saw they were licked and dropped the charges.

CHAMPION OF THE WORLD

My wheelchair sparkled colors
in the New York sun
My horse at my side.
My hands tense,
fingers curled nervously
Weakened eyes groping and unaware.
Glory in a moment's breath,
Champion, or just another athlete.
Seconds to mount
I'm hoisted up to a throne of kings,
riding to a battle with no defeat.
The ring is dark to me, and foreign.
My walkie-talkie directs me smoothly.
My eyes set in blank distance.
My competitor is my own body,
the battle of illness against myself.
My back rests against the sky,
and I am free.
And when it is over,
my feet sink into my horse's sides,
and relax with reassurance.
I've waited a lifetime
for this moment.
I look into a faded, blurry crowd.
They call my name.
I am champion of the world.

MIKKO MAYEDA ©
Ontario, California

Ms Mayeda is legally blind—she has light perception only. She also has left hemiparesis due to multiple sclerosis. When riding she uses a walkie-talkie to guide her through her maneuvers.



OCTOBER 1995

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bad rehab
or none at all.
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it's a straight flush to
a nursing home
with slim odds for
a full life.

Independence
may not be
in the cards.
It's all the
luck of the
draw.

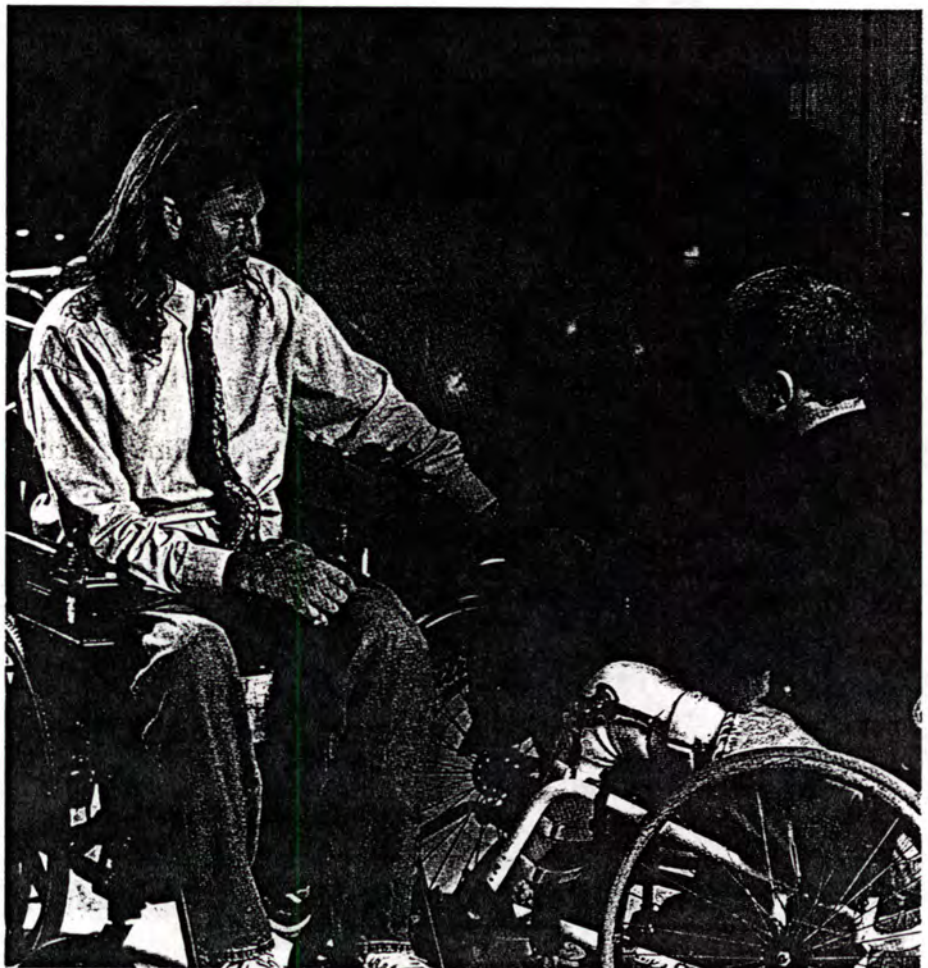


BY NANCY BECKER KENNEDY

Rehab Roulette

I checked into the rehab hospital I like best. I know how to evaluate rehab centers. I worked in a major facility for about three years and have consulted at several others. This center is my favorite because they really like the patients, and all the doctors, nurses and therapists are rehab specialists who have seen hundreds of people like me. Now this hospital isn't very close to where I live, but I drove there anyway. I did because the sweetest nurse you'd ever want to meet at my local hospital kept treating the little crack in my skin above the original crack in my butt with bandages that made this little crack bigger and bigger.

continued on page 40



Rehab Roulette

In Search of a Knowledgeable Doctor

I went to my favorite rehab hospital to be treated by the doctor I refer to as one of the five best rehab doctors in the nation and I don't know who the other four are. Well, he called in an enterostomal therapist who said that the tearing above my gluteal fold was caused by moisture. That made sense. It always happened when the area was not cleaned and dried properly after sweating in the summer. The nurse suggested a moisture barrier lotion and I never had the problem again. No burdensome bandage changes. Just the expertise of someone who looks at the butts of people with SCI daily, year after year. I was out of there in a week.

I went to my favorite rehab hospital because I have terrible memories of mainstream medical professionals who mistakenly made things worse. Like the excellent dermatologist who treated a blister on my heel the way he'd treat any able-bodied person. When the blister never went down and started looking ugly, I showed it to my rehab doctor back home. He got a sick look on his face and said, "This is gangrene. It needs to be opened and debrided from the bottom up."

Then there was the excellent surgeon who casted my broken leg. When I called my rehab doctor to check this out, he said, "Get that cast off. You're going to get a pressure sore." I passed the warning on to the surgeon. He didn't like it. "You're not going to control this case," he yelled. Two days later, he relented. The cast was taken off and sure enough, there was a pressure sore that took longer to heal and more time away from my work than the original broken leg.

The butt, the blister and the leg—three experiences where people in rehab got me up and running after mainstream doctors made my condition worse. They taught me a valuable lesson—the way you treat a person who is not disabled can often injure someone who is.

My problems have been relatively minor. They meant bandage changes throughout the day, hospitalizations and more downtime from work than if I had had the right care to begin with, but they're way small potatoes compared to other medical mistakes. Like being sent to a nursing home instead of a rehab hospital after a disabling injury. And that's just what can happen to you if you have the wrong insurance.



Snuffed by Insurance

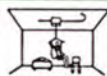
The man I met in the hospital last year was a chemist at the Department of Water and Power when he had his stroke. The speech pathologist at my favorite rehab hospital estimated she could bring him back to functioning at about 80 percent if she could have him for four months. His insurance policy covered three days. Unless his wife could get some helpful publicity for his case through the local TV reporter I hooked her up with, he was going home many cards shorter of a full deck than he would have with decent rehab.

And then I met Petrona Peterson. She's 39, bright, radiant and using a respirator. With the right insurance she could have gone to the New Start home, an independence-oriented training ground for vent-quads.

But Petrona's insurance didn't cover New Start. She could have gone there had she been on welfare, but her HMO insurance would pay for only a more expensive SNF. That stands for skilled nursing facility, but to me and others with disabilities blessed with active lives, it stands for snuff. So Petrona was sent to one. The last time Tom Hollenstein, a quad who dates more than most able-bodied guys and works about 12 hours a day, six days a week, visited her in the SNF, he couldn't handle it. She was alone in a room with no telephone or television, people dying and moaning all around her. The radiant smile was gone and she cried every time he visited.

There's a big difference between an active life with a disability and one spent in a nursing home. Many nights I am out driving my adapted van until midnight, and some nights later. My life is more active than that of most able-bodied people. That's because 24 years ago, I had super rehab for a long enough time, a great college to go to, and insurance to pay for it. All

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that's drying up now, as short-term money considerations rule medicine and rehab. But one thing hasn't changed. If someone had told me I was going to a nursing home after my accident, I would have thought it was totally appropriate. A snuff would have made sense.

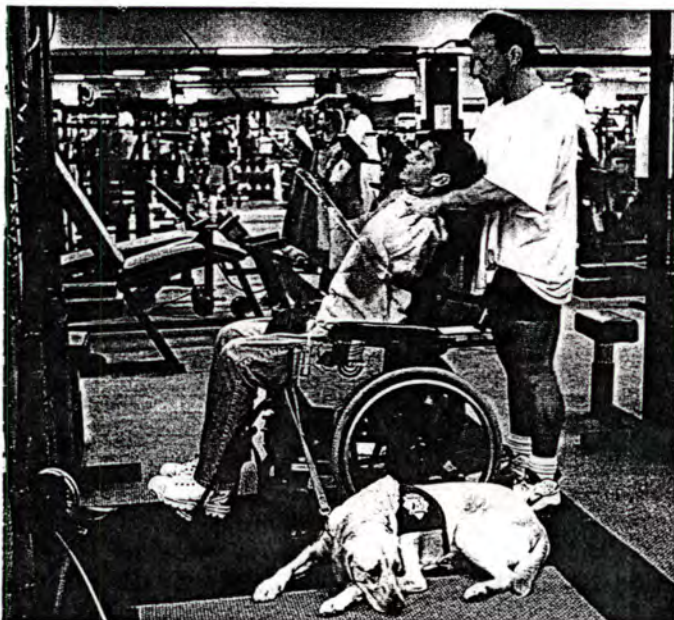
Then, I bought into all those telethon stereotypes and thought I would have a passive, meaningless life. And after all, a snuff isn't a bad place—for someone who's dying. But for someone with a life ahead of them, a nursing home is a political prison.

The late Ed Roberts knew that, and his disability gave him the movement of only his head. With his ventilator, he traveled tirelessly around the world. Other people on ventilators work and travel and have lives with love and meaning. But Petrona had the wrong insurance at the wrong time in the wrong place—so she sat in a room all day and cried. She had no civil rights as an American, no freedom of movement or choice. It will be the same for other able-bodied people whose employers can afford only a cut-rate insurance package with no rehab benefits. They will, at the time of injury, get some emergency stabilization and be instructed to report directly to the land of bedsores and understaffing and isolation, the gateways to death known as skilled nursing facilities.

So, I asked this doctor if he would give me an interview to get the story out about the chemist and Petrona and others like them. He said he couldn't speak out until he was ready to retire or he would never work again, and my favorite rehab hospital wouldn't get any more referrals. Pretty hefty punishment.

All right, I won't use his name, but I'll tell you what he told me. Many policies include no rehab benefits at all. He told me about one middle-class patient referred to him by a personal friend. That person's only option was to decimate his family's life savings to get rehab at the county hospital. Now in our town, the county hospital isn't great but just happens to have an excellent reputation for good rehab. That is a highly unlikely scenario in other areas. Most county hospitals for the poor know next to nothing about rehabilitation. Why should they?

So this middle-class man did get rehab at this hospital for the poor, but he had to pay a huge price for it. He will probably spend the rest of his life figuring out how to get off welfare because of the staggering cost of living with a disability, and he will probably have to divorce his wife, if she works, because any meager earnings will



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Different Strokes

In 1986, I rode my motorcycle into a palm tree and became a T6 para. I was 19 years old and, like most people with a new spinal cord injury, I had no idea how to live a meaningful life using a wheelchair. Three and half months of rehab didn't help.

I left Northridge Hospital with a big folding chair, a condom catheter and a leg bag. It was five years before I learned that someone with my level of injury could use a small rigid chair and intermittent catheterization. I also didn't know my options for having sex, playing sports or rebuilding self-esteem. I was a mess, but I assumed that everyone with an SCI was a mess.

I drank, I did drugs, I blew through \$750,000 trying to buy friends and impress women. By 1991, I was burnt out and broke. Then one day I was going through some photos and saw a picture of myself drunk, slumped in my chair, 30 pounds overweight. I was disgusted and, for the first time, I knew I had to rehabilitate myself.

I didn't really know where to begin, but fortunately, I landed a job with Research Medical, a medical supply company that specializes in customized sales through peer counseling. In training for the job, I learned how to present people with options based not only on injury level but also on lifestyle. I began counseling new injuries in rehabs all over Southern California, and as I met more and more reflections of myself, I gained the strength to change that self.

A Colours wheelchair and O'Neil catheters were just the beginning. I started asking questions. I tried sports and fell in love with water-skiing, sky-diving and hockey. I began speaking publicly about sexuality and self-esteem. I allowed myself to be seen with

other people in chairs. I finally admitted that there was this thing called a "disability community"—and that I was part of it.

Now my main concern is passing on my knowl-

edge to others in the community. I'd like to say that today, when I enter rehabs, I don't have anything to teach these guys. I'd like to say the therapists beat me to it. But that's not always the way it is.

When it comes to medical equipment, there are many therapists who listen to the consumers, but there are just as many who recommend products based on their alliances with manufacturers. Or who simply think they know best because they have a degree in the study of our bodies. They seem to forget about the down-to-earth questions such as, "What kind of car do you drive, and will you be able to get this chair in and out of it?" Low quads routinely report that they were prescribed a power chair when they wanted a manual—or vice versa.

So what's the moral of my story? Learn as much as you can about your disability, and consider the possibility that your rehab specialists may be set in ways that are not *your* way. *Vive la difference.*

—ANDY HOUGHTON



After the epiphany: learning to sky-dive.

Rehab Roulette continued from previous page

disqualify him from Medicaid. Oy vay!

Two Systems, Separate and Unequal

Most struggling businesses in California, if they can afford health care at all, go for the economy package. There's no incentive to include rehab benefits. In the unlikely event that employers understand how these benefits packages will play out in real life, something even the vast majority of doctors don't understand, they will get the economy package for their companies and purchase additional benefits for their families.

Here's another interesting piece in this grim puzzle. If a young man has a car accident over the weekend while off work, he will probably be covered by one of these economy packages. This will likely result in token rehabilitation, eventual placement in a SNF, and no money for durable medical equipment. That in plain English, is a wheelchair. He will have to find a local Kiwanis chapter or another point of light to come back to every few years when he needs a \$7,000 wheelchair. Begging and self-esteem make strange bedfel-

lows, but hey, it beats lying on the couch.

Now if this same young person is injured on the job, an entirely different system comes into play. He or she might get workers' comp. This is a system governed by law that ensures adequate medical care and rehabilitation and—here's where the chorus of angels comes in—they like to provide it! Why? Because workers' comp is responsible for someone for life, it finds decent and adequate rehabilitation cheaper. It finds that laying out about \$60,000 at the onset of disability saves a couple of million over the long haul. We're talking just plain old money here, not the person's incalculably improved quality of life. But to the small business, which has medical responsibility only for a few months, that \$60,000 outlay is a lot of money.

Another difference. Under workers' comp, the law guarantees your right to adequate care. Under your HMO economy package, you get to appeal—to the same HMO that turned you down in the first place. No law, no standards, just a "pretty please" and a prayer for a humane insurance examiner.

Meanwhile, the man I consider one of the

five best rehab doctors in the nation and I don't know who the other four are tells me there's a lot of gloom and doom circulating through the halls of my favorite rehab hospital. They're getting squeezed more and more all the time. They're being given less and less time and money to deliver adequate care. They just had to lay off 60 people. He tells me that they all wonder aloud whether rehab as we know it is about to disappear.

So when I'm driving around town and living my marvelous life, I'll think about 39-year-old Petrona crying in an empty room. I guess I'll have to forget about her in order to be happy. But I hope it will occur to me often how arbitrary it all is, and how radiant Petrona's face is when she's happy and hopeful. And I'll think about two systems existing today, side-by-side in different buildings in the same city—one that guarantees medical care and rehabilitation, and another enforced by nothing and chosen by a turn of the wheel and where the little ball lands. ☛

Nancy Becker Kennedy is a contributing editor of NEW MOBILITY.

Consider the Record of 'Popular Capitalism' in America

THE PRESIDENT HAS SEEN

7-29-93

By Felix G. Rohatyn

The writer is U.S. ambassador to France.

PARIS — My purpose here is not to argue for the American model of economic and social structure. But I believe that it is of interest to any city or country wishing to become a dominant factor in the financial markets.

The wealth effects of what I call "popular capitalism" have undoubtedly been a significant factor in what Fed Chairman Alan Greenspan calls the "virtuous cycle" of America's economic growth.

More Americans are now invested in the markets than ever before, and stock ownership is not limited to a small wealthy class. At the end of 1997, 44 percent of U.S. families had direct or indirect stock holdings, as opposed to 31 percent in 1989. According to the Federal Reserve, the value of those holdings had reached \$9 trillion as opposed to \$2.5 trillion at the start of the decade. They amounted to 42 percent of the financial assets of American families.

More interestingly, the increase is spread among all in-

come groups. Stocks now represent a greater share of personal wealth than homes, and individual investors are now the biggest holders of American stocks and bonds.

For an increasing number of middle- and lower-income Americans, investing in the market is seen as an essential component of achieving the important goals of owning a home, providing for their children's education and ensuring a dignified retirement.

Someday markets are likely to turn down, and popular capitalism will encounter some difficult moments. Despite that possibility, it is now a general perception that, over long periods of time, and despite large fluctuations, the returns on equities in the United States have significantly outperformed any other investments.

I would expect that, barring some unexpectedly serious and

lengthy downturn, popular capitalism in the United States is here to stay.

However, it would be foolhardy for Americans to rely solely on the stock markets for their entire social protection. Our system includes an important safety net to provide Americans with old-age security as well as health insurance. Federal, state and private insurance programs provide the safety net.

The belief, quite widespread in Europe, that America focuses on growth at the expense of social protection is quite wrong. Popular capitalism does not require this type of choice. On the contrary, in the long run it is impossible to have satisfactory social protection without economic growth to provide the financing.

Social protection and economic growth are Siamese twins, and we treat them as such. President Bill Clinton's

economic and social philosophies are reflected in these policies.

Global capital can be a very positive force, as it has been in America. It can also be terribly harsh discipline, as it has been in Asia. In addition to punishing reckless financial behavior, it punishes dangerous security behavior.

As Thomas L. Friedman pointed out recently (*IHT Opinion*, June 24), while the focus has been on the financial crises in Japan, Indonesia, South Korea and Thailand, and while many countries refused to sanction India as a result of its nuclear tests, the capital markets provided that sanction promptly. Standard & Poor's downgraded the outlook for India from "stable" to "negative," thereby raising India's borrowing costs immediately.

The Bombay Stock Exchange slid from 4,300 to 3,000, and the rupee lost 10 percent against the dollar. Diplomacy may be forgiving, but the capital markets are not. They have to be treated with great care.

Why should this be of interest to France or to any other European country? Possibly because popular capitalism has created a political dynamic in my country which is worthy of note.

In large part, because of their broad ownership of corporate America, Americans are more supportive and understanding of the need for fiscal and monetary prudence. They support a balanced budget. They are more supportive of open trade, although they recognize that it can be painful. They favor an economic climate of low taxes and high growth rates.

They see common interests between labor and management, and while seeking fairness, they understand the need for profitability. They also support the need for a sophisticated financial regulatory system as a

necessary protection for their savings and the proper functioning of the economy.

The widespread ownership of equities by the American public has made foreign ownership of American enterprises a noncontroversial issue except in unusual security-related areas.

Europe has for a long time been the major foreign investor in the United States. However, a transaction such as the acquisition of Chrysler by Daimler-Benz, or the acquisition of Random House by Bertelsmann would have attracted significant political attention a decade ago, as opposed to the general support it has found at present. This is one of the results of popular capitalism in its American form.

Although France and Germany are clearly more open to foreign direct investment than ever before, I question whether such transactions, in the reverse direction, with a major German or French company as a target, would find similar acceptance at this time.

This type of issue is likely to come up more frequently with the adoption of the euro, and the reaction to such a trend will be a factor in the evolution of the European marketplace.

Popular capitalism, if and when it happens here, obviously will have to be responsive to European cultural and social priorities. It could be an answer to Europe's search for a "third way." Indeed, it may be the best way to give people the knowledge as well as the responsibility of being part owners of their country.

This, in turn, would enable political leaders to have a more realistic economic dialogue with their voters.

This comment has been adapted by the International Herald Tribune from an address on Thursday to the 1998 Europlace Financial Forum.

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ical... 11 seats and nearly a quarter of the vote in recent state elections in Queensland. Latest opinion polls show that nationwide support for the 15-month-old party has risen to more than 12 percent. If it can

Before World War I, Australia was one of Britain's market gardens. It provided wool, meat, grain and dairy products, while Britain supplied Australia's manufactured consumer goods. Immigrants were

growing economies, to the point where nearly 60 percent of Australian exports now go to Asia. Inevitably, the influx of new people brought prob-

That the success for her party can be a surprise. The state has benefited from heavy Asian investment and tourism but has remained

Mrs. Hanson is setting out now to stop what she calls the Asianization of Australia. She may not succeed, but she has already gravely damaged the carefully cultivated and mutually beneficial ties with Asia that the major political parties have established in the past 30 years under a bipartisan policy that until now was never seriously questioned.

Handwritten: KKS Review - Feb 1998

The Immigration Road Needs Yellow Lights

By Thomas A. Tass

BUDAPEST — Immigration is a worldwide social phenomenon of gigantic proportions, bubbling away and just waiting to boil over.

Political activists of the left and the right have at times played fast and loose with the social fabric of communities over this issue. Politicians often pander to populist tendencies or align with special-interest groups that have made of immigration advocacy an industry employing many thousands.

The portents are negative for all of the world's societies, unless common sense is returned to the debate.

From liberal thinkers came

the philosophy that immigration is good, that it is an ancient and universal right of humanity and should not be controlled to any great extent. In this view, to say otherwise is xenophobic and racist.

To promote this philosophy, the left aided the development of a whole immigration industry, complete with advocacy groups, civil rights lawyers, visa consultants and policy lobbyists.

From conservative thinkers came the advice and dogma that immigration can be bad because the economic and social nets of

any host community cannot be stretched endlessly to support ever more new arrivals.

Conservatives did agree with liberals that without immigration control, xenophobic and racist tendencies would develop in host communities as resentment of new arrivals built up due to changes in the social order. Conservatives have developed an immigration-control industry with the same institutional trappings that their leftist counterparts have utilized.

On a highway that has only green lights turned on in all directions, chaotic flows of traffic can be expected, causing all manner of problems.

On the other hand, if the highway is equipped with lights always stopping traffic from proceeding from whatever direction, it will inspire legions of law-breakers who will do whatever it takes to get across the intersection and

continue on. This is the view of immigration advocacy groups that maintain that controls only encourage illegal migration.

Until politicians start an honest debate and direct traffic back onto the immigration middle road we shall continue to see civil turbulence in many of the world's communities. The immigration highway's traffic lights must be programmed to flash yellow in all directions. One must accept the premise that immigration flows will and must occur. But the flow will have to proceed with care and caution.

Immigration controls established by receiving communities will have to be made more effective, yet open. Those wishing to immigrate will have to wait their turn until the road can be improved and the traffic lights made functional again.

The writer is a border management consultant based in Budapest. He contributed this comment to the International Herald Tribune.

The writer, a former Asia correspondent for Australian and British newspapers, contributed this comment to the International Herald Tribune.

GUILTY BY REASON OF INSANITY:

A Psychiatrist Explores the

of Killers.
By Dorothy Otnow Lewis. 301 p. \$25. Fawcett Columbine/The B&N Publishing Group.

Reviewed by Christopher Lehmann-Haupt

WHEN Dorothy Otnow Lewis little girl, she was one bright, lonely children who are on by their peers for being vulnerable. Like anyone, she would sometimes fantasize violent revenge.

Of course, she would never go beyond mere daydreams, but she wondered what made her differ from the people she heard about when they fantasized.

He recounts in her confession, "Guilty by Reason of Insanity: A Psychiatrist Explores the Psychology of Violence," this question that led her

LETT

A Kosovo

The only reason for Kosovo's independence, Yugoslavia's threat, with sanctions from the West, threats of sanctions from the West, threats of sanctions from the West.

There would be a Dayton-style demilitarization and demilitarization involving all relevant international institutions, again including the possibility of sanctions in case of noncompliance.

Handwritten: Copied Emanuel Bowles

EDITOR

help others fulfill

ARNARD HENRY. Garches, France.

ing the Park

through the Tuileries early one evening vacation in Paris, we were by harsh shouts. A man accompanied by a fierce-looking dog was screaming at a bewildered young couple. We assumed the man to be demented. Not so. A moment later

THURSDAY, JULY 2, 1998

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Change in China

Bill Clinton's trip to China has given Americans an extended look at political life in that complex and changing country. Some of what they have witnessed was predictable, including the Chinese government's effort to clear outspoken dissidents from President Clinton's path. But a good deal was not, like the uncensored broadcast in China of his news conference with President Jiang Zemin. The signs of unexpected openness may be the most encouraging development of the Clinton visit.

Whether the change is a temporary relaxation or a harbinger of greater freedom is not clear. China for the most part remains a repressive dictatorship. But modest liberalizing changes have been under way for much of the last year. They seem to reflect the growing confidence and power of Mr. Jiang.

Officially, he has been China's top leader for the past nine years. But it was only after the death of Deng Xiaoping last year that he defined his own positions, endorsing accelerated privatization of industry, banking reform and slightly freer political debate. He took another step last weekend by debating some of the most sensitive issues in Chinese politics with Mr. Clinton on live television, including the Tiananmen Square massacre of 1989 and Beijing's policies toward Tibet.

the official line that it was a "counter-revolutionary dialogue, with Lama, Tibet words may be broader public

Mr. Clinton's less encouraging tone of students at Beijing traditional disheartening government intellectual

Ordinary Chinese, however, are somewhat freer today to express political views in private, and freedom can become contagious. Mr. Jiang seems to understand that a society organized around money-making is harder to regiment than one organized around the nostrums of Chairman Mao. Despite censorship and other government restrictions, exposure to global commerce, television and the Internet are chipping away at the old restraints.

As China continues to modernize its economy, it will face new pressures from within and without to open up its political system as well. Mr. Clinton has repeatedly used his public appearances on this trip to point out the con-

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EDITORIALS/OPINION

Look Out, America, History D

By Jim Hoagland

WASHINGTON — Three vignettes illuminate the enduring hydraulics of global power at the end of the 20th century.

OPEC members are struggling to get the inflation-adjusted price of crude oil back up to 1973 levels, when producers turned the world upside down. Humbled by market forces that its temporary success set in motion, oil power is old power today, weakened also by its own excesses and vulnerabilities.

Meanwhile, Japan, which replaced OPEC as the Godzilla of the global economy in the 1980s, is trying to recover from recession and a domestic banking crisis that makes America's S&L bloodletting look like a shaver's nick. Today as much as \$1 billion a day flees Japan's capital markets in desperation, landing for the most part in U.S. financial paper and driving the once mighty yen through the floor.

Politically as well an old order struggles to maintain an eroding balance. Russia and France, which have seen their global clout diminished in this decade, battle diplomatically to keep decisions about action on Kosovo and Iraq out of NATO, where they have uncertain influence, and in the United Nations Security Council, where they

are two of the five members who have permanent seats and veto rights.

Russia and France make little secret of a determination to use international decision-making bodies where they can wield historically granted influence to slow the flow of power to others.

That ambition also underpins their strong insistence on using the Security Council's Permanent Five group as the chief forum for discussion and action to respond to nuclear weapons testing by India and Pakistan.

These mid-1998 moments in looking backward — OPEC's efforts to fix its price-fixing system, Japan's escape from its own money, and French-Russian multipolar diplomacy — are separate events with their own causes and effects. The nonlinear hedges of history apply: Revolution in Saudi Arabia could bring OPEC's clout back overnight; Japan still has a mighty if out-of-whack economy; France and Russia have ambitions other than obstructionism embedded in their foreign policies.

But they are all instructive rear-guard actions triggered by a need for stasis that nations, like humans, find

necessary to establish to maintain indefinite

Statemen, perhaps of their own importance, often uncertain to which global hydraulic system. Ironic disruption creates an opposition that pushes back to

Usually the new target and bring which in turn must be actually corrected. His heap's Marx suggests of one indispensable argue, but a constant

There are direct for the division of Germany; the creation of the Soviet empire in this century rise of American dominance since 19

But just as America questioned the inevitable that was widely predicted in the 1970s, to accept suggests American ascendancy is an unalterable course reach of history's hy

A Year of Asian Crisis: Lessons for

Look Out, America, History Doesn't Stand Still

By Jim Hoagland

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But they are all instructive rear-guard actions triggered by a need for stasis that nations, like humans, find

necessary to establish and impossible to maintain indefinitely.

Statesmen, perhaps under the influence of their own eloquence and importance, often underestimate the extent to which global power operates as a hydraulic system. In politics as in economics, disruption of an existing balance creates an opposite, reactive force that pushes back toward equilibrium.

Usually the new effort will overshoot its target and bring a new imbalance, which in turn must be diffused and eventually corrected. History is not an ash heap as Marx suggested, or the domain of one indispensable nation, as others argue, but a constantly churning piston.

There are direct and specific causes for the division and reunification of Germany; the creation and dismemberment of the Soviet and other empires in this century; the rise, fall and rise of American global economic dominance since 1945.

But just as Americans were wise to question the inevitability of U.S. decline that was widely and wrongly predicted in the 1970s, they should be slow to accept suggestions that today's American ascendancy in global affairs is an unalterable condition beyond the reach of history's hydraulic urge.

OPEC's power seemed unalterable to those who wielded it in the oil crisis days of 1973 and 1979, but the cartel's pricing system opened the way for other players to change the market. Mismanagement, corruption and venality by national leaderships robbed most OPEC member states of the vitality and maneuvering room needed to respond to a world they forced to change.

The United States is not likely to make those mistakes. But it is not immune to more subtle ones. Is it possible that this year's gigantic and accelerating capital flow from Japan into America's excessively exuberant markets is a disguised export of the financial bubble that laid low Tokyo's markets? It is a question worth asking now, rather than after the fact.

In every era, men and women have displayed a boundless ability to allow success to turn any nation or enterprise complacent, inattentive and even lazy, while hardship makes some other group or nation hungry, determined and focused enough to appropriate the success of the moment.

This is the force of human nature, not grand political or economic theory, which drives the piston of history.

The Washington Post.

A Year of Asian Crisis: Lessons for Losers and Winners

By Thitinan Pongsudhirak

BANGKOK — One year after igniting Asia's financial crisis, Thailand has been learning the painful lessons of taking on the forces of global financial markets without proper preparation.

The Thai private debt crisis, rooted in a profligate and unprofessional finance and banking sector, was not unprecedented. A similar disaster had convulsed the country in the early 1980s when a string of finance companies and wobbly

group of unscrupulous commercial bankers and politicians.

The result was that the central bank's mismanagement of one medium-sized commercial bank that was insolvent led to a systemic financial collapse, sparking a regional panic.

Thailand's protected and largely family-controlled banking and finance industry contained many structural weaknesses. These were quickly

They were perpetuated by a pattern of social relationships that tended to create and keep wealth inside the elite at the expense of the majority of the Thai population of 60 million who live outside Bangkok.

Hence the ever widening income disparity between rich and poor, and between Bangkok and the countryside, in the previous decade of rapid economic growth.

Part of the problem was that laws and regulations were either inadequate or ineffectively enforced. The police, public prosecutors and the judiciary did not always act independently.

Graft and inertia in the bureaucracy siphoned off, or slowed, public spending on national development projects. Political leaders played a role in this vicious circle, taking money from public contracts to pay for re-election expenses and

streamline and strengthen their financial systems voluntarily before a crisis forces them to do it in difficult circumstances.

And the IMF and developed countries need to reconsider their policy of pushing for a free flow of capital in and out of developing nations. They need to balance the pace of liberalization with the readiness of local financial systems.

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— THE NEW YORK TIMES.

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OPEC as the Godzilla of the global economy in the 1980s, is trying to recover from recession and a domestic banking crisis that makes America's S&L bloodletting look like a shaver's nick. Today as much as \$1 billion a day flees Japan's capital markets in desperation, landing for the most part in U.S. financial paper and driving the once mighty yen through the floor.

Politically as well an old order struggles to maintain an eroding balance. Russia and France, which have seen their global clout diminished in this decade, battle diplomatically to keep decisions about action on Kosovo and Iraq out of NATO, where they have uncertain influence, and in the United Nations Security Council, where they

chief forum for discussion and action to respond to nuclear weapons testing by India and Pakistan.

These mid-1998 moments in looking backward — OPEC's efforts to fix its price-fixing system, Japan's escape from its own money, and French-Russian multipolar diplomacy — are separate events with their own causes and effects. The nonlinear hedges of history apply: Revolution in Saudi Arabia could bring OPEC's clout back overnight; Japan still has a mighty if out-of-whack economy; France and Russia have ambitions other than obstructionism embedded in their foreign policies.

But they are all instructive rear-guard actions triggered by a need for stasis that nations, like humans, find

usually corrected. History is not an ash heap as Marx suggested, or the domain of one indispensable nation, as others argue, but a constantly churning piston.

There are direct and specific causes for the division and reunification of Germany; the creation and dismemberment of the Soviet and other empires in this century; the rise, fall and rise of American global economic dominance since 1945.

But just as Americans were wise to question the inevitability of U.S. decline that was widely and wrongly predicted in the 1970s, they should be slow to accept suggestions that today's American ascendancy in global affairs is an unalterable condition beyond the reach of history's hydraulic urge.

that this year's gigantic and accelerating capital flow from Japan into America's excessively exuberant markets is a disguised export of the financial bubble that laid low Tokyo's markets? It is a question worth asking now, rather than after the fact.

In every era, men and women have displayed a boundless ability to allow success to turn any nation or enterprise complacent, inattentive and even lazy, while hardship makes some other group or nation hungry, determined and focused enough to appropriate the success of the moment.

This is the force of human nature, not grand political or economic theory, which drives the piston of history.

The Washington Post.

A Year of Asian Crisis: Lessons for Losers and Winners

By Thitinan Pongsudhirak

BANGKOK — One year after igniting Asia's financial crisis, Thailand has been learning the painful lessons of taking on the forces of global financial markets without proper preparation.

The Thai private debt crisis, rooted in a profligate and unprofessional finance and banking sector, was not unprecedented. A similar disaster had convulsed the country in the early 1980s when a string of finance companies and wobbly banks had to be taken over.

The major differences in 1997 were: an open capital account allowing free movement of foreign money; the unsuccessful attempt by the Bank of Thailand, the central bank, to defend the overvalued baht, instead of devaluing it as in 1981 and 1984; and collusion by senior central bank officials with a

group of unscrupulous commercial bankers and politicians.

The result was that the central bank's mismanagement of one medium-sized commercial bank that was insolvent led to a systemic financial collapse, sparking a regional panic.

Thailand's protected and largely family-controlled banking and finance industry contained many structural weaknesses. These were quickly exposed. Controlling a large chunk of the country's wealth, Thai banks and finance companies had long engaged in unsound lending to relatives, friends and associates.

Reinforced by shoddy accounting and auditing standards, such practices were based on personal connections, rather than on business merits.

They were perpetuated by a pattern of social relationships that tended to create and keep wealth inside the elite at the expense of the majority of the Thai population of 60 million who live outside Bangkok.

Hence the ever widening income disparity between rich and poor, and between Bangkok and the countryside, in the previous decade of rapid economic growth.

There would not have been such glaring inequality in income distribution if the government had been more adept at handling the newfound wealth. But tax codes and collection were defective. Tax evasion was rampant. Few paid attention to the problem because state revenues were increasing steadily as the economy expanded.

Part of the problem was that laws and regulations were either inadequate or ineffectively enforced. The police, public prosecutors and the judiciary did not always act independently.

Graft and inertia in the bureaucracy siphoned off, or slowed, public spending on national development projects. Political leaders played a role in this vicious circle, taking money from public contracts to pay for re-election expenses and advance their vested interests.

It takes a crisis to change such an entrenched, deeply flawed system. Without the shock of economic adversity of the scale that has hit Thailand, the country's finances would not have been reformed to meet the demands of globalization.

Two lessons are to be drawn from the crisis. Developing countries elsewhere should

streamline and strengthen their financial systems voluntarily before a crisis forces them to do it in difficult circumstances.

And the IMF and developed countries need to reconsider their policy of pushing for a free flow of capital in and out of developing nations. They need to balance the pace of liberalization with the readiness of local financial systems.

Unfettered capital flows may be beneficial to international bankers and fund managers. But, as the East Asian experience now shows, when financial systems implode, the adverse consequences can be felt around the world.

The writer is a lecturer at Chulalongkorn University in Bangkok. He contributed this comment to the International Herald Tribune.

The Case for an Asian Return to Fixed Exchange Rates

By Malcolm Dowling

MELBOURNE — A year ago this Thursday, Thailand's defense of its currency failed. The baht fell sharply, triggering a downward spiral of other currencies in East Asia.

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Producers of manufactured

suspended convertibility and went back to fixed exchange rates tied to the dollar or a basket of currencies.

By disentangling domestic policy from international policy, and cutting the tie between interest rates and exchange rates, the shift to a fixed currency regime would enable

flexible system would stimulate trade and bring a new era of prosperity. To a large extent, these hopes were realized. In the next 25 years, the volume of world trade expanded rapidly.

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The Case for an Asian Return to Fixed Exchange Rates

MELBOURNE — A year ago this Thursday, Thailand's defense of its currency failed. The baht fell sharply, triggering a downward spiral of other currencies in East Asia. Japan, Indonesia, Thailand, South Korea and Malaysia are in the grip of recession. The Philippines, Singapore and Hong Kong may soon follow. The macroeconomic adjustment measures undertaken at the behest of the IMF have not produced the desired effect. Something more needs to be done to restore confidence. A dramatic shift in perspective is needed if Asia is to extricate

itself from a spiral of negative expectations, weak currencies and falling demand. Producers of manufactured goods are being starved of credit as monetary policies are tightened. But such policies have failed to restore stability. The common thread that runs through the countries hit by the crisis is the failure of exports to pick up despite much more competitive exchange rates. The reasons: lack of finance, punishingly high interest rates and an overwhelming debt burden. Suppose all these economies

suspended convertibility and went back to fixed exchange rates tied to the dollar or a basket of currencies. The IMF and industrial nations would be outraged. IMF assistance packages worth more than \$100 billion might be withdrawn. It would certainly be harder to invest in these Asian countries, since their central banks would control the access to foreign exchange. But there would be compensations that outweigh the disadvantages, particularly in the short run.

By disentangling domestic policy from international policy, and cutting the tie between interest rates and exchange rates, the shift to a fixed currency regime would enable Asian countries to lower interest rates, expand short-term credit to exporters, and begin to revitalize industrial production and stimulate growth. The burden of external debt would be lightened by a stronger exchange rate. Perhaps most important, adopting fixed exchange rates would reduce the extreme volatility in currency values and financial markets that has been so damaging to business.

flexible system would stimulate trade and bring a new era of prosperity. To a large extent, these hopes were realized. In the next 25 years, the volume of world trade expanded rapidly, and foreign investment helped many countries, both in Asia and other regions, to achieve unprecedented prosperity. Flexible exchange rates have also brought greater fiscal discipline, as excess government spending tends to feed quickly through to the exchange rate. But that same system, combined with globalization and the information technology revolution, has brought greater volatility and higher risks, as huge amounts of money are shifted to take advantage of perceived differences in risk and return.

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No, Trade Is Not a Magic Wand

By Robert E. Lighthizer

WASHINGTON — A cynical view claims that trade with China will somehow encourage human rights and more responsible international behavior. This reasoning is certainly enticing, suggesting that the United States can make money while doing the right thing. Unfortunately, it is wishful thinking. Take the claim that trade improves human rights. Apparently, this argument rests on the theory that trade leads to capitalism, which cannot flourish in a totalitarian society. But history shows that different countries choose different levels of capitalism, and that capitalism alone does not persuade countries to give up all of their oppressive practices. For instance, South Africa long combined a market eco-

social welfare programs and health and safety regulations that their voters demanded. Business rewards efficiency, and dictatorships can in certain circumstances be far more efficient than democracies. Businesses often have a strong incentive to oppose political change. When a company enters a country, it naturally creates relationships with those in power, such as the close ties that foreign businesses maintained with the Suharto family in Indonesia. Such relations often become worthless once the country undergoes the revolution that accompanies a greater respect for political freedom. So it is foolish to think that more trade between the United States and China will resolve the political tensions

and the South traded extensively with each other before the American Civil War. The German and British economies were tightly intertwined at the beginning of both world wars. Countless other examples could be given, but the point is the same: Trade alone cannot douse the flames of international rivalry. In fact, prosperity often contributes to conflict. The enormous growth of Germany in the late 1800s encouraged it to seek a greater role in world affairs, thus contributing to the aggressiveness and nationalism that helped start World War I. Japan's economic success in the early decades of this century fed a desire for conquest that led to Pearl Harbor. On the other hand, the leaders of the Soviet Union learned that economic difficulties can cripple an ambi-

The level of these fixed exchange rates would have to be determined, and that would be challenging. It would require close cooperation among countries of the region, perhaps within the structure of, or sponsored by, the Asia-Pacific Economic Cooperation forum. Some devaluation relative to pre-crisis levels of the affected East Asian currencies would be necessary, and it would be critical to avoid a situation in which individual countries were tempted to devalue anew. It would be reasonable to expect a new set of exchange rates in which each country maintained its competitiveness with others in the region at the pre-crisis level. The longer-run implications of a return to fixed rates would have to be studied carefully. In 1972, when the world abandoned the fixed exchange rate architecture established at Bretton Woods after World War II, there were high hopes that a

This volatility, and the contagion effects which flowed from the Thai meltdown, suggest that freely floating exchange rates and open capital accounts need to be rethought. At the very least, the Asian crisis should prompt a fundamental re-examination of the way international trade and payments are conducted. If the European Union's single currency is launched, as scheduled, in January, it could help establish a system of fixed exchange rates, and coordinated monetary and fiscal policies, for the rest of the world. The writer, a former assistant chief economist at the Asian Development Bank in Manila, is an associate professor of economics at the University of Melbourne. He contributed this comment to the International Herald Tribune.

national backing for free trade. That politics are involved, however, does not detract from the value of Mr. Inglich's pledge. If political pressures now push Congress toward an acceptance of its international responsibilities, that is all to the good.

—THE WASHINGTON POST.

ment

al advice received from many of the countries that had already achieved economic growth played the crucial role.

— J. Brian Atwood, administrator of the U.S. Agency for International Development, at a special State Department briefing on Monday.

slims Belong in India

Over many centuries, India developed some important centers of Islamic thought that continue to enjoy considerable prestige throughout the Islamic world even today.

We are proud of the fact that India is the second largest Muslim population in the world and enjoys the rights and status as conferred on Muslims by our constitution. India is a secular state and has guaranteed cultural rights to our various communities. This has made India a truly pluralistic, multicultural society.

My government is committed to upholding the rule of law and the provisions of the constitution. We are an open, democratic and tolerant society. Minorities are safe in India, as India is their motherland, as much as it is of the majority community.

— Atal Bihari Vajpayee, prime minister of India, in an interview conducted for the Saudi Gazette (Los Angeles Times Syndicate).

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11 WASHINGTON POST

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other currencies in East Asia. Japan, Indonesia, Thailand, South Korea and Malaysia are in the grip of recession. The Philippines, Singapore and Hong Kong are no exception.

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Producers of manufactured goods are being starved of credit as monetary policies are tightened. But such policies have failed to restore stability.

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Take the claim that trade improves human rights. Apparently, this argument rests on the theory that trade leads to capitalism, which cannot flourish in a totalitarian society. But history shows that different countries choose different levels of capitalism, and that capitalism alone does not persuade countries to give up all of their oppressive practices.

For instance, South Africa long combined a market economy with apartheid. Economic sanctions surely played a role in dismantling this system, but far more important were the political forces around Nelson Mandela and the threat of greater insurgency from more radical factions of the African National Congress. Economic "engagement" by American companies played little or no part in the process.

The correlation between economic growth and political freedom, taken as a matter of theology by many, has little support in experience. The last quarter-century has seen enormous growth in East Asia, and this growth has frequently occurred under political systems that can hardly be described as full-fledged democracies.

At the same time, countries in Western Europe saw their economies burdened, and their growth rates lowered, by

social welfare programs and health and safety regulations that their voters demanded. Business rewards efficiency, and dictatorships can in certain circumstances be far more efficient than democracies.

Businesses often have a strong incentive to oppose political change. When a company enters a country, it naturally creates relationships with those in power, such as the close ties that foreign businesses maintained with the Suharto family in Indonesia. Such relations often become worthless once the country undergoes the revolution that accompanies a greater respect for political freedom.

So it is foolish to think that more trade between the United States and China will resolve the political tensions between the two. Countries are not corporations; they do not always act with an eye toward the bottom line.

Even the United States, the most market-oriented great power in world history, has never had a foreign policy motivated solely by dollars and cents. Many factors have proved more important, including national pride, military threats, domestic politics and concern for human rights.

If profit does not reign supreme in American calculations, Americans can hardly expect it to do so in a country like China, which has shown that it is willing to suffer tough economic sanctions to preserve its power.

History also teaches that strong trading ties are no guarantee of peaceful relations. The American colonies had powerful economic links to Britain when they declared their independence. The North

and the South traded extensively with each other before the American Civil War. The German and British economies were tightly intertwined at the beginning of both world wars.

Countless other examples could be given, but the point is the same: Trade alone cannot douse the flames of international rivalry.

In fact, prosperity often contributes to conflict. The enormous growth of Germany in the late 1800s encouraged it to seek a greater role in world affairs, thus contributing to the aggressiveness and nationalism that helped start World War I. Japan's economic success in the early decades of this century fed a desire for conquest that led to Pearl Harbor.

On the other hand, the leaders of the Soviet Union learned that economic difficulties can cripple an ambitious foreign policy.

Does all of this mean that one should try to thwart China's efforts to be seen as a more prominent player in the world economy? Not necessarily. The United States could derive many economic benefits from a positive relationship with China, and increased trade ties might well contribute to such a relationship.

But trade is no magic wand to resolve all tensions. U.S. politicians cannot expect trade to promote human rights in China or ensure that China does not harm the U.S. national interest. These problems must be solved by statesmen, not entrepreneurs, and no amount of profit (or wishful thinking) will ever make it otherwise.

The writer, a trade lawyer, was a deputy trade representative in the Reagan administration. He contributed this to The New York Times.

IN OUR PA

1898: Santi

NEW YORK — Santiago has been years ago this month was fought the battle of San Juan, which raged and resulted in the victory celebrated despite the fact that intensely hot, peeing from one bull in search of news United States has days before it recaptured Gettysburg, to direct wire running American general the White House.

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THE PRESIDENT HAS SEEN
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**Nathan Glazer
Changes His Mind**
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**Medical
Journal Wars**
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**Fall Fashion Poll:
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The New York Magazine

JUNE 28, 1998

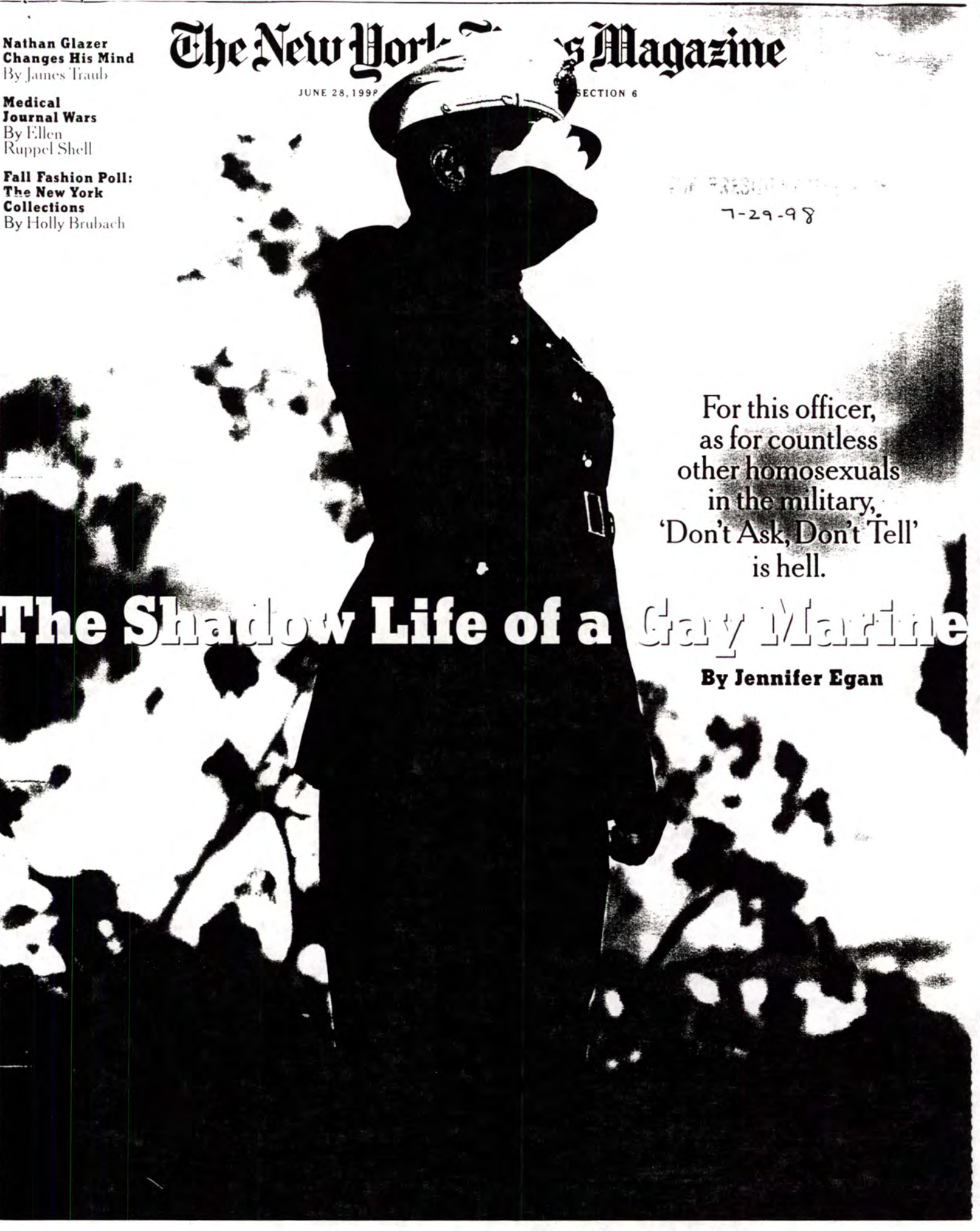
SECTION 6

7-29-98

For this officer,
as for countless
other homosexuals
in the military,
'Don't Ask, Don't Tell'
is hell.

The Shadow Life of a Gay Marine

By Jennifer Egan



Uniforms in the Closet

By Jennifer Egan

Don't Ask,
Don't Tell'
has created
a world
of fear and
deceit,
alienating
R. and his
friends from
their fellow
servicemen —
and from the
civilian gay
world too.

Before R., a Marine Corps officer, leaves Camp Pendleton, he changes out of the starched camouflage suit that is the everyday uniform of marines into "civvies" — in R.'s case, jeans and a T-shirt. It is normal for a marine to change clothes before leaving the base; by shedding his "cammies," R. leaves behind the obligation to salute other marines in uniform. But for R., the change is also symbolic: as a marine who is gay, he looks forward to the end of each workday as a reprieve from hiding part of himself from everyone around him.

Most days, the marines in R.'s battalion are not in the field but at their desks in a modest office building, set amid scrubby Southern California coastland, where images of wives and crinkly faced infants smile from picture frames and computer screens. In R.'s office, the décor is strictly military: photographs of his various units over the 12 years he has been a marine, a picture of the general whom he served as an aide — a demanding and highly prestigious job. (R. has also been a commanding officer, bearing ultimate responsibility for a unit.) R. wishes he could place on his desk a photograph of David, a civilian mechanical engineer and his partner of three years, but a man's picture would almost certainly kindle suspicions. Even a personal telephone call from a man might be considered unusual, so David almost never calls R. at his office, where a single phone line serves dozens of marines.

Yet despite these and a multitude of other precautions, he worries that some men in his unit suspect that he is gay — in part because he is over 30 and unmarried; in part because years of hiding have made him deeply paranoid. "Sometimes I feel like they can look at me and just tell," says R., who would speak with me, and allow me into his life, on condition that I refer to him only by one of his initials. (Other gay military personnel I interviewed

Photographs by Matt Mahurin

e



for this article similarly requested anonymity.)

Driving from Camp Pendleton into San Diego, 40 miles south, R. grows visibly more relaxed. He has a California tan, deep-set eyes and the sturdy build characteristic of marines, along with a large Marine Corps tattoo — eagle, globe and anchor. A vigorous, sociable man, he is full of plans. After work tomorrow, he will make the two-hour drive north to David's house in Los Angeles, as he does each weekend. On Sunday, they will go to brunch at the home of a gay Marine officer. In a couple of weeks, R. will accompany his battalion to "the desert," Twentynine Palms, a Marine base outside Palm Springs where field training exercises are performed. From there he will head into Palm Springs for the annual White Party, a large all-night gay dance.

This constant switching between mutually exclusive worlds can have some odd, hallucinatory effects, R. says: "Several times I've met someone on base and wondered, Haven't I seen him at a bar? And then I've seen people at bars and thought I recognized them from the base. When I see someone at the mall, I can't remember where I know them from."

R. joined the Marines as a teen-ager and is fiercely loyal to the Corps, particularly to the enlisted men who answer to him — "my marines," he calls them, and adds, "I'm a marine first and gay second." His career has been stellar; he is what is known in the Corps as a "mustang," an enlisted marine who crossed over to become a commissioned officer. "Now that I've been a commanding officer and a general's aide, sky's the limit," he says. Military retirement, which can begin after 20 years, would allow him to draw half his base pay for the rest of his life. But R. plans to leave the Marines at the end of his current commission. The reason is simple. "I'm fed up," he says, "with having to hide."

It has been more than four years since the policy known as "Don't Ask, Don't Tell, Don't Pursue" went into effect. This policy was a compromise eked out among the White House, Congress and the Pentagon after President Clinton's announcement of his intention to lift the ban on homosexuals in the military — a ban that prohibited homosexuals from serving under any circumstances — set off a firestorm of opposition. Under "Don't Ask, Don't Tell," homosexuals (and bisexuals) may serve as long as they tell no one about their sexual orientation, refrain from "homosexual acts" and forgo homosexual marriage. The policy bars the military from questioning service members about their sexual orientation or investigating them without credible information that they have engaged in homosexual conduct. The stated goal of the policy is to allow homosexuals to serve while preserving mo-

Pride and prejudice:

"A marine first and gay second," R. (shown with David) is planning to end his stellar military career because, he says, "I'm fed up with having to hide."



rale and unit cohesion, which the military believes would be impaired by the presence of openly gay soldiers. But "Don't Ask, Don't Tell" forces a difficult choice upon homosexuals: in order to serve, they must either do without sex, romance and companionship or live uncelibate lives and lie about it — breaking the law and forfeiting their careers if they are caught.

Two months ago, the Pentagon issued figures indicating that the number of homosexuals discharged — 997 in 1997 — has risen 67 percent since "Don't Ask, Don't Tell" went into effect. Michelle Benecke, co-founder and co-director of Servicemembers Legal Defense Network, a watchdog group that assists military personnel accused under "Don't Ask, Don't Tell," says she believes the rise in discharges indicates that commanders are continuing to seek out homosexuals despite the fact that they are no longer supposed to. "No one has informed commanders of what the new rules are," says Benecke, whose organization has documented 1,379 command violations of the policy in the four years of its existence. "No one has ever told them the intent: to back off."

The Pentagon disagrees, attributing the rise in discharges to an increase in "statement" cases, in which homosexuals — many of them in their first year of service — openly declare that they are gay. But what the military regards as a statement is not always so clear-cut: last November, the Navy tried to discharge a senior chief petty officer named Timothy McVeigh, a nuclear submarine

expert who had been in the service for 18 years, on the basis of what it called his homosexual admittance. McVeigh's so-called admittance was an Internet posting with America Online in which he stated, anonymously, that his marital status was "gay"; a Federal judge ruled in January that the military's investigation of McVeigh was in violation of policy and ordered that McVeigh, who has declined to discuss his sexual orientation, be retained. Earlier this month, McVeigh and the Navy reached a settlement under which he will retire this summer with full benefits and receive a payment of \$90,000 to cover his legal fees.

During a recent interview, Kenneth H. Bacon, the Pentagon spokesman, told me: "Obviously, there are many people serving in the armed forces who have gay relationships, but they're discreet. They aren't pursued, and they may not even be known about." This suggests a split between the letter and the spirit of "Don't Ask, Don't Tell": the letter says, Don't do it; the spirit says, It's O.K. to do it as long as you are discreet. But this double message leaves homosexuals on queasy middle ground: theoretically, they are allowed to serve, but their private lives are illegal and will cost them their careers — if they get caught. But then, no one is supposed to be trying to catch them. When I raised this notion of the policy's murkiness with Rudy de Leon, Under Secretary of Defense for Personnel and Readiness, he said, "I think we're at the heart of some of the conflicts that are built into the policy, which tries to balance many competing interests."

Jennifer Egan, a novelist, has written for The Times Magazine about teen-age fashion models and young women who cut themselves.

‘I know very little about gay culture,’ R. say

On a gay cruise he and David took recently with some other military friends, R. was mystified by a drag spoof of ‘Whatever Happened to Baby Jan

If, as the Pentagon says, some homosexuals are outing themselves with the knowledge that they will be discharged, it may be that for them, the pressures and risks of serving under “Don’t Ask, Don’t Tell” are too intense to bear.

R. IS PART OF A SPRAWLING social network of gay marines and sailors, men and women, based in and around San Diego, where the shoreline bristles with dull gray ships and the sky is full of lumbering choppers and S-3’s, anti-submarine-warfare planes that honk like gigantic geese as they fly. On this unseasonably cool spring evening, I accompany R. to a 6:30 dinner at the home of a Navy doctor near Hillcrest, a gay neighborhood north of downtown San Diego. The group tonight includes a tank officer who was one of the first to enter Kuwait during the gulf war, where he earned a bronze star; a Navy helicopter pilot, and several noncommissioned officers, or N.C.O.’s — enlisted men who have worked their way up through the ranks. The off-duty mingling of officers and enlisted people of different ranks is prohibited because of its potential to break down the chain of command, but the fact that gay personnel are forced underground creates a bond among them that transcends military hierarchy. None of these friends work together; they met socially and communicate mostly by E-mail, using a code that eliminates gender-specific pronouns, since the military can monitor any E-mail exchanges that take place on a base. (Most of R.’s friends say they have never met a gay person on duty; even when they suspect that a fellow sailor or marine might be gay, they rarely approach — the risk of being wrong is too great.)

Like a number of his friends, R. joined the military believing he was heterosexual. Reared and educated in a strict Southern Christian community, he was profoundly homophobic. “I would say, ‘AIDS is God’s judgment on homosexuals’ — I really felt that,” he says. He was drawn to the Marines by the camaraderie, by the promise of adventure — and also by the largely single-sex environment. “I would think, I’m going to be with all these men — that’s kind of exciting,” he says. “But I didn’t know why I was excited.”

Some of R.’s friends, aware of their homosexual inclinations, joined in hopes that the military — the Marines in particular — would “cure” them. “Everybody knows that there are no fags in the Marines,” says a former infantryman. Over pizza, R.’s friends talk of other motivations for joining the military, including the de-

sire to get away from home and the hope of proving themselves to a disapproving world. “I’m supposed to be that one guy that can’t survive in this environment,” says one powerfully built man, an operations officer in the Marine air wing. “I’m the guy that’s supposed to be filtered out, the weak one who can’t carry the pack.”

This officer goes on to tell me that his homosexuality is an open secret. “I know that in my command there are marines who work for me that assume I’m gay,” he says. But he is clearly the exception. A logistics officer I’m introduced to at dinner has a dedicated “stunt babe” — a woman who poses as his girlfriend at military events and whose picture he keeps on his desk. The annual Marine Corps Ball, I learn, is the biggest command performance of this sort; R. usually brings a date with whom he has collaborated on a complex romantic history while David stays home, watching TV. It isn’t enough to say nothing about your private life; unless you give the appearance of being heterosexual, people will start to wonder — especially now that “Don’t Ask, Don’t Tell” has alerted them to the fact that there may be homosexuals in their midst.

As a result, R. and his friends monitor themselves obsessively, aware that a single blunder can lead to exposure, humiliation and a discharge they regard as a disgrace — particularly those, like R., whose families don’t know they are gay. A strange car in front of your house, clicks on the telephone line, a summons from the commanding officer — in the life of a gay soldier, any one of these can prompt a flicker of anxiety, even all-out panic. “Say you’re out with four or five of your friends at a restaurant, and there goes somebody in your department with his wife,” says the Navy doctor who is the host of the pizza party. “You know you’re nailed.”

Even gay nightclubs can be a hazard, although “Don’t Ask, Don’t Tell” has discouraged the trolling of clubs by investigators, a formerly common practice. One officer says of a popular San Diego club: “Last time I was there on a gay night, I ran into two of my marines, who were there by mistake. They were like, ‘Hey, Sir, what’re you doing here?’” Another of R.’s friends, P., was an F-18 fighter pilot who dropped bombs on Iraq during the gulf war before leaving active duty three years ago. (He is still with the Marine reserves.) P. was in a long-term relationship with his civilian “roommate” while in the military, but feigned a romance with a lesbian friend for three years to avoid having to go on any more blind dates set up by the Officers’ Wives Club. A fair, soft-spoken man who has retained his marine build and haircut, P. says

his hardest times were the six-month deployments on aircraft carriers, when he and his partner were rarely able to speak, and when P. rationed the letters he sent home out of fear that too many to the same man would draw attention. The letters his partner sent him were unsigned or signed with a female name, sent without a return address and chary on endearments. (During R.’s ship deployment, he asked his partner to have a woman address his letters.)

Each month, P. recalls, a videotape would arrive on his ship, fashioned by the Officers’ Wives Club, filled with greetings from loved ones. “Everybody else in the squadron’s wife or girlfriend would be in the video saying, ‘Hey, honey, how’re you doing?’” he says. “And you’d be the only one without anything on that tape.”

At the end of the deployment, when the ship was within six or seven days of land, senior pilots with wives or fiancées would get to fly the planes ashore early to be with their loved ones. Though P. was always among the most senior, he, being single, had to wait until the ship docked. “You get off, you have this huge welcome-home party and everyone else is there, except yours,” he says. “He could be, except you’d have to stand there and shake his hand: *Thanks for coming, buddy.*” And, of course, being met by a man after six months at sea might well arouse suspicions.

Still, in this crowd it is generally felt that gay enlisted people, not officers, have it the worst. The enlisted are a tighter pack, which makes keeping secrets much harder, and the homophobic atmosphere tends to be far more virulent. Twelve of the homosexuals discharged in 1997 were officers; the remaining 985, enlisted people. J., an N.C.O. who says he has witnessed beatings and harassment of those suspected of being gay, told me he would fear for his life if his subordinates were to discover his secret. He socializes in Hillcrest, but tells subordinates that he goes to bars they can’t afford: “I’ll say: ‘Dude, I met this babe last night. We hit it off!’ You have to lie. They’re like a pack of dogs — if they smell blood, they’re going to go after it. You’re dealing with kids, 18 or 19, who are trying to prove their manhood.” Homosexual jokes and slurs, he adds, are a constant.

So saturated is the Marine Corps with homophobia that some of R.’s friends agree with the Pentagon that they should not be allowed to serve openly, that it would hinder their ability to lead. R. used to feel this way, but like the majority of gay personnel I spoke with, he has come to believe that although President Clinton had good intentions in seeking to change a draconian policy, “Don’t Ask, Don’t Tell” amounts to a

The Days of Don't

It isn't enough to say nothing about your private life; unless you give the appearance of being heterosexual, people will start to wonder. R. and his friends monitor themselves obsessively.

step backward. For one thing, it has turned discrimination against homosexuals — formerly just a military policy — into Federal law. And by forcing homosexuals to remain invisible, R. says, the policy deprives gay military people of the chance to prove themselves and begin to dispel the prejudices against them. "The best way to change people's attitudes is the personal one-on-one relationship," he says, and tells of how a close friend, a heterosexual Marine fighter pilot with whom R. used to trade jokes about homosexuals, has completely revised his views since learning that R. is gay. But under "Don't Ask Don't Tell," R. could be discharged simply for having told his friend that he is homosexual.

"Clinton thought he was doing us this big favor," R. says, "and all he did was build a brick wall around the closet."

Each time J., the N.C.O., recalls one of his fabrications, he begins, "I told a lie," as if to keep straight in his mind what is a lie and what is the truth. Clearly, so much lying troubles him. He shows me the red plastic Core Values card that every marine must carry. "Honor," begins the text, which also includes the words "Integrity," "Responsibility" and "Accountability."

"Look at those and tell me if a marine who lives by that code can be gay in the military and live with himself," J. says. "They encourage integrity, but they expect us to lie."

Yet none of this seems to have blunted J.'s passion for the military. "If I could do it all over again, I would have gone Air Force," he says. (The Air Force and the air wings of the Navy and the Marines are seen as being less intensely homophobic environments.) "But now that I'm a marine, I'm a marine through and through. It's in my blood."

Still, for gay service members, devotion to the military is fraught with the knowledge that it will turn on them instantly if it learns one of the most basic facts about them. Many are haunted by the story of Lieut. Col. Loren S. Loomis of the Army, winner of two bronze stars and a purple heart in Vietnam, whose homosexuality was exposed in a way few could have imagined. After his house near Fort Hood, Tex., caught fire in 1996, the Fire Department, suspecting arson, took a video camera and a videotape from Loomis's home as part of its investigation. The video showed Loomis engaging in gay sex. Although the Fire Department had removed the video without a search warrant or a subpoena, the district attorney's office nevertheless turned it over to the Army. Loomis offered to retire early, but was discharged instead, and thus deprived of his active-duty pension and retirement bene-

fits. Most chillingly to gay service members, his ouster came just five days before his 20-year retirement eligibility would have begun.

"In flight school, in every school I was in," says P., the former F-18 pilot, "I finished first. In every squadron I was in, I was always the No. 1 guy. But no matter how many times you're No. 1, if they find out you're a homo, you're out."

AFTER DINNER, I HEAD WITH R. and some of his friends to Flicks, a gay bar popular with military men and their civilian admirers, known as "chasers," some of whom emulate the distinctive Marine "high and tight" haircut — shaved almost to the scalp around the sides of the head with a flat wedge of hair along the top. Part of the allure of military men is that they're tested regularly for H.I.V. and thus are perceived as "clean."

Andrew Cunanan, who is believed to have murdered Gianni Versace and others, was a chaser, and Flicks was his bar of choice. His bloody rampage across America has fueled the wariness R.'s crowd already says it feels toward civilian homosexuals; at Flicks, he and his friends are a somewhat insular presence, clean-cut and light drinking — most rise at 5:30 A.M. and are in their offices by 6:30 or 7. They talk among themselves or with the other military men they encounter. The night's entertainment is a performance by a former marine, now a stripper and porn star, but that's not why they're there. Military socialization, with its emphasis on patriotism and war, structure and rank, is conservative and unique; it creates a gap between soldiers and civilians that doesn't disappear simply because both are gay. R. and his friends tend to be leery of "nellie," or effeminate, men, though it is a prejudice of which they are somewhat ashamed.

"I know very little about gay culture," R. says. On a gay cruise he and David took recently with some military friends, R. was mystified by a drag spoof of "Whatever Happened to Baby Jane." "The whole place is going wild, and none of us had seen 'Whatever Happened to Baby Jane,'" he says, and admits to finding the hedonism in some pockets of gay culture — the all-night dance parties, for example, which David enjoys — wearying and empty. As for gay advocates in San Francisco and Washington, many of whom are left-leaning and anti-military, R. says: "I don't think they speak for us. I don't think they understand us."

Part of what they don't understand, of course, is what it's like to function in a world where even saying that you are gay is illegal. After the gay

cruise, R. says: "When I was going back to work, I actually felt sick, nauseous with dread. I go to bars and these people are able to live without fear. It makes me jealous. It puts a barrier between us."

Yet this barrier leaves R. and his friends in something of a no man's land: socialized by the military but divided from it by sexual orientation; bound to gay culture by definition, yet culturally estranged from it. In a sense, they belong to a group consisting only of one another.

Most of them leave Flicks at 10:30, before the stripper begins performing, and head home to bed.

WHAT R. AND HIS FRIENDS HOPE TO WARD OFF through the use of stunt babes, phony photos and other false trappings of heterosexual life are any formal inquiries into their sexuality. Under "Don't Ask, Don't Tell," an inquiry cannot begin without credible information that a person has made a statement of homosexual orientation or engaged in homosexual conduct, but what exactly constitutes "credible information" is up to the commanding officer. (C.O.'s are advised to check with legal counsel before beginning such inquiries.) Sonya Harden, a heterosexual black enlisted woman with the Air Force, was investigated for homosexuality after a former civilian roommate who claimed that Harden owed her money forged letters in Harden's name stating that she was gay and gave them to her commanding officer. Harden's C.O. initiated an inquiry. Such inquiries are often as simple as questioning the service member — or, in the practice, discouraged but still extant, known as witch hunting, pressing the service member for the names of other homosexuals in exchange for leniency. Some inquiries are more complex: in the case of D., a black female marine who was in training for the Military Police, the inquiry included interviews with her parents, her childhood friends and even her prom dates — 300 pages of testimony.

After investigating, a commanding officer must decide whether a service member has, in fact, made a statement of homosexuality or engaged in homosexual acts, which current policy defines as any bodily contact that "a reasonable person" would understand to be for purposes of sexual gratification or an expression of homosexuality — in some cases, as little as a kiss, a hug or hand-holding. If the C.O. determines that a basis for discharge exists, he or she will initiate "separation" proceedings — the administrative process whereby a service member may be prematurely discharged. In the case of D., who had been caught lying on a bed fully clothed with another female trainee, the C.O. read through hundreds



Shadow warriors:
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of pages of testimony and decided not to seek a discharge. But in Harden's case, the C.O. went ahead with her discharge despite the fact that, by then, her accuser had recanted and had admitted to having forged the incriminating letters.

Service members like Harden who choose to fight their separations must appear before a separation board. Once things have come this far, though, a number of factors weigh heavily against the accused. For one, because a separation hearing is an administrative rather than a criminal proceeding, there are no strict rules of evidence; the Government can present or exclude virtually anything it wants, no matter how it was obtained. (That was why, in Colonel Loomis's case, the videotape could be used against him.) In Harden's case, the Government presented the forged letters — even though the forger herself testified before the board on Harden's behalf — and also chose to exclude a polygraph, which Harden had passed.

Another factor weighing against a service member in a separation hearing is that the members of the typically three-person panel who will determine his or her fate are chosen by — and sometimes answer to — the very commanding officer who is presenting the allegations. Moreover, although the accused is entitled to a military defense lawyer, and by all accounts these lawyers defend their clients assiduously, they are notoriously overworked. Sometimes service members are not provided a lawyer — or even told what they are being charged with — until

discharge paperwork is already pending, at which point little can be done to stop it. And most enlisted people cannot afford civilian lawyers.

But perhaps the biggest hurdle facing a service member in a homosexual case is the near impossibility of proving that he or she is unlikely to engage in homosexual acts. "You have to prove that you not only don't have sex, but you have no propensity to," says Beatrice Dohrn, legal director of the Lambda Legal Defense and Education Fund. "How do you prove that?" With great difficulty, it would seem — even if, like Harden, you are heterosexual. Three former boyfriends testified on her behalf, and Harden gave a sworn statement, but the separation board still ruled against her, and she was discharged in August 1996. "Once somebody says you're gay, you can sleep with a hundred guys, but they're still going to say, 'She's gay,'" Harden says. Harden filed a complaint with the Inspector General of the Air Force, whose job is to investigate alleged command abuses. He ultimately concluded that Harden had been treated fairly without ever interviewing her.

On Harden's discharge form, beside her honorable discharge (in the absence of aggravating circumstances, policy stipulates that the character of a homosexual discharge be commensurate with the character of the person's service) are the words, "Homosexual Acts." She will carry that form with her for the rest of her life, and some employers will want to see it. Even on the so-called short form, there is a code barring reenlistment that many employers recognize.

"The humiliation goes on," says Harden, a sad-eyed woman who now works as a police officer in Louisiana. She still wears her Air Force ring.

ON A BRIGHT, WINDY SPRING FRIDAY, R. AND I attend the weekly graduation ceremony at the Marine Corps Recruit Depot in San Diego. R. wears his dress-blue trousers, which have a thick red stripe down each side to show that he is an officer; his white "cover," as hats are known in the military; a long-sleeved khaki shirt, and khaki tie. He has misplaced his officer's tie clip; appearing at the graduation without one is out of the question, so we stop to buy another. The marines we pass on our way to the graduation salute R. crisply and say, "Good morning, Sir," as R. returns the salute. He admits to falling naturally into the designated marine walk, swinging his arms so that each hand extends six inches beyond his body and then three inches behind it.

The six graduating platoons, all male (female marines are trained on Parris Island, S.C.), stand perfectly still, occupying a tiny fraction of a runway-size courtyard surrounded by golden California Mission-style buildings. They have just completed three months of famously punishing training — longer than boot camp in the other military services. As the Marine band begins to play, R. looks at the hundreds of identical-looking soldiers and says: "There's 500 of them. You figure, probably 50 are gay."

During his early years in the Corps, R. had two homosexual experiences, which he viewed as the temptations of Satan. His transformation from rabid homophobe to gay man occurred haltingly over seven confusing years. At times he felt an urge to bond with his enlisted men that led him once to share a hotel room with some of them during a trip in Asia — an act of fraternization and favoritism that he now deplors. "I was in denial," he says. "I told myself I was an officer looking out for my men in a foreign country. Now I see that I was attracted to my men."

It was in 1992 that R.'s perception of himself began to shift. In an officer's meeting, he says: "Somebody told a gay joke, and everyone laughed. Then he said, 'You know, faggots are the last group of people that a marine can joke about without having to worry about offending anyone.' And I said, 'Yeah!' But somewhere in the back of my mind I thought: Good. He can't tell I've had sex with two men."

Several months later, R. admitted to himself that he was homosexual and experienced a tremendous relief, even euphoria, along with a heightened awareness of his actions. "Right after I admitted it, we went to some training in the desert, and they had field showers," he recalls. "It's a room full of 50 naked men. I purposely waited until the very end, when I was the only one there, because I thought, Someday everyone's going to know I was gay, and I don't want anyone saying: 'Oh, I re- Continued on page 40"

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member. He used to leer at me in the shower." To this day, he showers alone whenever possible.

R.'s problems as a gay marine were just beginning. A rumor reached him that after a group sexual experience he was involved in with female prostitutes in the Philippines a year earlier, someone had described him as a guy who was looking a little too closely at other men's anatomy. Desperate to quash the rumor, R. invited a female friend to San Diego to pose as his girlfriend. While at a bar with R., she became interested in one of the straight marines she was supposed to be deceiving. R. made it clear that if she wanted to flirt with the man, she and R. would first have to stage a fight, which they proceeded to do. "We were screaming," he says, "and I went like I was going to hit her. 'You bitch, you're a slut.'" R. charged out of the bar, passed a couple of hours at a gay bar nearby, then returned to pick up his "girlfriend." By this time, however, the heterosexual marine was bruising for a fight over the way R. had treated the woman, and R. narrowly escaped a punch-out. His life of paranoid dissembling had begun.

When the graduation ends, we drive to Camp Pendleton for lunch. Passing through one of the many military checkpoints in and around San Diego has the quality of falling into a parallel universe; today, near the Staff Noncommissioned Officers' Club, teams of military prisoners in bright orange coveralls are manicuring hedges. As we head inside the dining room, R. is greeted by a leathery man with vivid blue eyes wearing cammies. "How's life on the other side?" the man barks.

I feel R. go tense beside me. "What other side, Sir?" he asks.

"The other side you're on," the man says, and laughs.

While eating his Reuben sandwich, R. mulls over the encounter, trying to recall where he had previously met the man, what he could have meant by "the other side." There are many "sides" in the Marine Corps: officer versus enlisted, ground versus air wing, active duty versus reserves. Most likely, R. muses, the man was alluding to his stint as a general's aide. But the question lingers: Does he know?

We have arranged to meet M., a gay female friend of R.'s, at lunch.

Because she is not in uniform, having just come from a farewell party, M. is able to join us despite the fact that R. is an officer and she is a staff N.C.O. Still, M. grows anxious at our table; like most military women, she functions in an overwhelmingly male environment where she says that she feels intensely scrutinized. An attractive woman with a small gold cross around her neck, M. has told only one of her heterosexual colleagues, a civilian, that she is gay. "It is relaxing, or easing, to feel like she knows me," M. says.

If male homosexuals feel pressure to invent heterosexual lives, the pressure on women is exponentially greater — they represent 14 percent

for gay military women is a problem they share with straight women: they are often deeply resented by their male colleagues and subordinates, many of whom still feel that women shouldn't be serving at all. Being gay is a vulnerability for women that some male colleagues are only too happy to exploit. The C.O. of one of M.'s friends has threatened to sit outside her house all night to prove that she has female lovers. Often, gay women are reluctant to report sexual harassment for fear of retaliatory investigations into their sexuality. A., an Army officer who has been deployed to both the Persian Gulf and Bosnia, filed a sexual-harass-

At least some of R.'s gay friends in the military don't dispute this view. "Homophobic people don't want to work with a fag," one officer said. "The group falls apart, we do not fight effectively." And while it is true that many NATO countries allow homosexuals to serve openly in their militaries (as does Israel), anecdotal evidence suggests that most homosexuals in these forces still remain closeted — and must, if they wish to advance in rank.

There is a hesitation to dispute the military's arguments. I, like most Americans, have no idea how wars are fought, and it is easy to underestimate the deep animus toward homosexuals that exists in the armed

'In flight school, in every school I was in, I finished first,' says P., a former F-18 fighter pilot. 'In every squadron I was in, I was always the No. 1 guy. But no matter how many times you're No. 1, if they find out you're a homo, you're out.'

of the armed forces, yet have accounted for roughly a quarter of the homosexuals discharged over the past four years.

Several years ago, M. took a step that is quite common among gay military personnel of both sexes: she got married. In addition to the obvious boon of creating the appearance of heterosexuality, marriage in the military brings myriad financial benefits; the most important is a higher Basic Allowance for Quarters when you live off-base — essential for any homosexual who wants a private life, but on an enlisted salary, which begins at \$11,113 per year, virtually unaffordable. Marriages of convenience, either between gay men and women or with foreigners seeking American citizenship, are one solution.

M. married a civilian homosexual so that she could live off-base with her partner while securing medical benefits for her "husband," who was her partner's best friend. But guilt over deceiving the Government soon began to gnaw at her. Her relationship foundered; when M. told her partner that she was divorcing the friend, the woman threatened to tell M.'s C.O. that she was gay. Panic-stricken, M. nevertheless held her ground. "I said, 'Go ahead, there are going to be three of us in jail,'" she says. M. proceeded with the divorce, and her partner kept quiet. "I felt haunted by that nightmare for years," she says.

Yet perhaps the biggest problem

ment complaint against a superior who demanded sexual favors from her. Some months later, an anonymous assertion that she was homosexual appeared in A.'s personnel file, and her security clearance was suspended.

M. has spent more than 10 years in the Corps, but like R., she plans to end her career when her present enlistment is up. "I'm sick of living the lie," she says. "What scares me is that it gets to the point where you don't even notice it. You start to withhold information that you don't have to. *How was your night? Oh, good. I'm practicing saying, We did this and we did that.* Kind of remembering that this is human interaction, and this is O.K."

THE MILITARY IS ADAMANT that it cannot allow homosexuals to serve openly without greatly compromising the readiness and effectiveness of its troops. Military personnel live and work under intimate conditions that would shock most civilians. (On the U.S.S. *Constellation*, an aircraft carrier I toured, the enlisted men's berthing quarters were crammed with three-tiered bunk beds the size of large dresser drawers.) Unit cohesion is at the heart of a successful fighting force, and Gen. Norman Schwarzkopf and Gen. Colin Powell argued passionately before Congress that openly homosexual men and women would polarize units and destroy that cohesion.

forces. (General Schwarzkopf, for one, says he believes that allowing homosexuals to serve openly would sharply discourage enlistments.)

Still, several factors complicate this picture. For one, homosexuals have served in the armed forces since the country was founded (even earlier, actually; one of George Washington's generals is said to have been gay), and many have served openly — their units knew of their sexual orientation — without apparent problems. Brig. Gen. Pat Foote, who retired in 1989 after 29½ years in the Army, says, "I don't know many serving officers or N.C.O.'s who have not, in units with which they were affiliated, known that there were men and women other than heterosexuals doing magnificent jobs." Maj. Gen. Vance Coleman, who was wounded in the Korean War and is now retired from the Army, says that he served with homosexuals without incident.

General Coleman, who is black, says that the present-day arguments against allowing homosexuals to serve openly echo prior ones against integrating blacks in the armed forces — including the claims that white soldiers would not follow orders given by black officers and that whites and blacks could not peaceably share a foxhole. When President Truman overrode those arguments in 1948 with an executive order to integrate,

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military personnel, among others, reacted with horror.

Referring to homosexuals in the military, General Coleman says: "This is a civil rights issue *and* a human rights issue. You're not the same as I am, therefore you're inferior."

Perhaps another factor complicating the military's argument against homosexuals serving openly is that discharges of homosexuals, some suspect, fall during wartime; indeed, revelations of homosexuality during wartime are often received skeptically by the military, as possible ruses to avoid combat, and a person must sometimes furnish sworn statements from sexual partners to be discharged. Though the Pentagon disputes this, General Coleman, among others, says he believes that concern about the presence of homosexuals

is a peacetime obsession. "When there's a war, nobody has time to deal with that," he says. "It's about fighting and winning."

Tom Carpenter, a former Marine fighter pilot who met his partner of 20 years, a former naval flight officer, while on active duty in the 70's, says he believes that the military's revulsion from homosexuality is linked to the intense male bonding that has traditionally been a part of military life. Like many historically all-male environments, the military has had its share of homoerotic rituals — most famously the Navy's "Crossing the Line" ceremony ("modified" and "supervised" nowadays, according to the Navy, but said to still occur unmodified on at least some ships). "Crossing the Line" is an initiation for new sailors, or "polliwogs," making their first Equator crossing. Elements of this ritual include

the crowning of "King Neptune's queen," played by a young sailor in drag; the whipping and paddling of polliwogs by a gantlet of seasoned sailors, known as "shellbacks," and sometimes simulated fellatio and anal intercourse between shellbacks and polliwogs. At the conclusion, the young initiates strip off their soiled uniforms and pitch them into the sea, then mill about in the nude as proof that they, too, are now shellbacks.

Indeed, by many accounts, what is known as "conditional homosexuality," or homosexual behavior by men who are normally heterosexual, is not uncommon among soldiers during long periods when women are unavailable. Navy phrases like "It ain't queer unless it's tied to the pier" allude to such behaviors. Some married men, it is said, believe that sex with another man does not constitute adultery. There is

even a provision in "Don't Ask, Don't Tell" that excuses homosexual conduct if it is aberrant behavior for an individual. Bridget Wilson, a San Diego lawyer who has defended gay military personnel, calls this the queen-for-a-day exception.

Lois Shawver, a clinical psychologist whose book "And the Flag Was Still There" studies attitudes toward homosexuality in the military, says, "The sense of the troops' being demoralized is built on the anxiety that gays are going to stare at them and turn on them sexually." But Shawver's research suggests that this fear is unfounded — that, in fact, homosexuals regulate their behavior even more carefully when they are known to be gay. As for exceptions, military policy and, in some cases, the Uniform Code of Military Justice prohibit displays of physical affection while in uniform, sex in military bar-

racks, sex between people of different ranks and sodomy, which includes oral sex.

"We have within the U.C.M.J. all that we need to deal with people that bring any type of sexual misbehavior to the workplace or the barracks," says General Foote, who recently served as the vice chairman of the Army's Senior Review Panel on Sexual Harassment. "We don't need any more laws."

THE NEXT TIME I SEE R., a few weeks later, the weather is warmer and El Niño has roused rashes of fluorescent purple flowers along Interstate 5. At the end of his workday, we drive from Camp Pendleton to Hillcrest and meet the tank officer I'd first met at the pizza dinner and his male partner, a naval nurse, in the home they share with a burly chow and a small striped cat.

Over beers, R. recounts a
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quintessential gay-military snafu that occurred at the Marine officer's brunch he attended a few Sundays back. The officer had invited his straight military friends for brunch on Saturday, his gay friends on Sunday, but one straight Navy pilot got the days confused and arrived with his wife in the midst of the all-male brunch. The host panicked, feigned an emergency and bolted from his own party.

But the heterosexual couple, apparently unfazed, were still there when the shaken host finally returned. According to R., the Marine officer then took his straight friend into a quiet room and said, "There's something I have to tell you" — at which point the guest seized his arm and answered: "Don't worry. I'm on board with the program."

There are people who feel that as a younger generation rises to power within the military, attitudes like that of the Navy pilot will gradually prevail, and that the laws barring open homosexuality will fall away, just as those barring women and blacks eventually did.

But "Don't Ask, Don't Tell" is now Federal law, and laws are not changed easily. So far, the Supreme Court has refused to hear a case challenging it, and three Circuit Courts have upheld the policy. However, the Second Circuit Court, in New York City, recently heard an appeal of a case in which a lower-court judge ruled that "Don't Ask, Don't Tell" violates the constitutional rights of equal protection and free speech. That case, *Able v. the United States*, may yet reach the Supreme Court, but even then, precedent suggests that the Court may defer to the military.

"If you look at the case in terms of the law and reason, it looks like an overwhelming winner," says Matt Coles, director of the Lesbian and Gay Rights Project of the American Civil Liberties Union, which filed the case jointly with Lambda. "But if you look at it in terms of the courts and the military, it looks like it doesn't have a chance."

The more likely venue for change is Congress, but that, too, seems a long way off. Republicans are virtually unanimous in their opposition to gay rights; so far, even the Employment Non-Discrimination Act, a basic gay rights

bill, has failed to pass. Representative Barney Frank (Democrat of Massachusetts), who is openly gay and opposes "Don't Ask, Don't Tell," says that should the Democrats win even a small majority in the House and the Senate in November (no small task), the gay rights bill could eventually pass. However, he holds out little hope for lifting "Don't Ask, Don't Tell" anytime soon.

"The military issue is unfortunately seen as a tougher one," he says. "So you'd need a bigger Democratic majority for that."

Whatever happens, R. will be reading about it in the newspapers, like everyone else; in a few months, he will become a civilian for the first time in his adult life. It won't be an easy transition for him. "It's a way of life," he says of being a marine. "David and I will be walking down the Oceanside Pier, and somebody will see me, and they'll be like, 'Sir, how are you doing?' David's like: 'You're not at work! You're not in uniform! Why are they calling you Sir?' I'm like: 'That's just the way it is. I can't explain it.'"

But R. joined the Marines for the brotherhood, the esprit de corps, and ultimately, his sense of brotherhood has been eroded by the years of hiding. "For the longest time, I felt close to the people," he says. "But more and more, when you hear somebody make an anti-gay comment, that becomes a bookmark in your mind. I can't become close friends with the people I work with. It's definitely made me grow apart from the Marine Corps."

His experience raises the question of whether openly gay soldiers are as great a threat to unit cohesion as closeted homosexuals, whose enforced secrecy gradually distances them from their fellow soldiers. A., the woman who served in the Persian Gulf and in Bosnia, says that as a homosexual "you have this barrier to intimacy with the people you're serving with — and that intimacy is what keeps people alive in hostile situations."

Among the many paradoxes surrounding the issue of homosexuals in the military is this: the fact that R. has thrived in the military — and has the record to prove it — is partly what impels him to move on. "I want to leave in a pristine state," he says. "I'm tired of the looming prospect that tomorrow the whole world could come crashing down." ■

PETER B. KOMIS
610 DON GASPAR AVENUE
SANTA FE, NEW MEXICO 87501-4428

THE PRESIDENT HAS SEEN
7-29-98

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with - & met with
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Hennreich
Bowles*

**WILLIAM JEFFERSON CLINTON
THE PRESIDENT OF THE UNITED STATES
OF AMERICA
THE WHITE HOUSE
1600 PENNSYLVANIA AVENUE
WASHINGTON, DC 20050**

PETER B. KOMIS
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27 July 1998

WILLIAM JEFFERSON CLINTON
THE PRESIDENT OF THE UNITED STATES OF AMERICA
THE WHITE HOUSE
1600 PENNSYLVANIA AVENUE
WASHINGTON, DC 20050

Dear President Clinton:

I would like to sincerely express my gratitude to you for being the best president this country has had in my lifetime. I am proud of you and your accomplishments as President of this land that I love. As leader of the free world, you have served this country with courage, honor, and dignity.

It is my dream to honorably serve this country as a United States Marine. I had the great privilege of being a guest of the US Embassy in Moscow in July 1993. I had the experience of meeting Ambassador Pickering, and the members of the Marine Security Guard Detachment in Moscow. I knew at that point in my life that the experience of earning the title Marine would be the most honorable title that could be bestowed upon me.

Upon returning to the United States, I enlisted in the Marine Corps Reserves in Los Angeles. I qualified for enlistment, obtained a highly technical MOS (Military Occupation Specialty), and was to report for recruit training in November 1994. However, due to the death of my father in October 1994, and my brother (who succumbed after a lengthy battle with Multiple Sclerosis) two months later in December, I was unable to ship for recruit training. The Internal Revenue Service then audited my father's estate and claimed that we grossly underpaid the estate taxes. As trustee and executor of the family estate, I had to stay to fight the allegations and prove our innocence. Of course after a bureaucratically long, drawn out, and intimidating process, my attorney and I won because we made no errors. I did however lose in my opportunity to ship for recruit training as I reached an age where waivers were rare, if not impossible to attain.

**THE PRESIDENT OF THE UNITED STATES OF AMERICA
WILLIAM JEFFERSON CLINTON**

Page 2

I then telephoned and wrote to Lt. Colonel Ralph W. Ingles, Head of Enlisted Recruiting at Headquarters Marine Corps/Marine Corps Recruiting Command in Quantico, Virginia. In February 1997, I personally met with Col. Ingles in Washington at MCRC. I was persistent because my goal in life was to become a Marine. Then it happened. General Charles C. Krulak, Commandant of the United States Marine Corps, signed off on my waiver and gave me the opportunity to honorably earn the title of Marine.

I write to you now with a heavy heart, and wish to ask you for your assistance with regard to an unfortunate situation involving a Marine Corps drill instructor. In August of 1997, I reported for recruit training at MCRD in San Diego. My Platoon, 3005 Lima Company formed, and I was highly motivated and thrilled to be there. It was quite challenging, but I felt great and did fit in with the other recruits in my platoon. After being dropped into our Platoons, we had a to rapidly move counter clock wise around the racks with our war bags to our newly assigned rack. I was assigned the rack next to the drill instructor hutch because I was to be the head scribe. As we moved quickly around the squad bay, a drill instructor standing by the aft portal ordered me to move even faster. As I passed him, he brought his right hand down and vehemently struck me above the solar plexus with such excessive force, that I went down and nearly passed out. I was taken to the shower area by 3 drill instructors as due to the precise and unexpected blow I received, I began foaming at the mouth while fighting to recover my breath.

The next day, I was taken to the Medical section. Two medical technicians examined me and stated that the blow I received caused a problem with my heart. Needless to say, I was in a state of concern and shock. A state of concern because of the unknown future of my health; and a state of shock because unbelievably, a Marine Corps drill instructor violated the Articles of the Uniform Code of Military Justice involving an assault on a recruit. I was then given what is called an "Entry Level Separation under Erroneous Conditions." During my separation process, certain drill instructors in command tried to make me sign a statement vindicating the drill instructor who struck me. I refused to sign the statement, and was told to write my own statement by the Battalion Commander.

After my departure from MCRD, I immediately went at my expense to a Coronary Specialist at Cedar Sinai Medical Center in Los Angeles, Mehran J. Khorsandi, MD. After a complete examination and echocardiogram, I was diagnosed with mild contusions to my heart wall with no apparent damage. Dr. Khorsandi was puzzled as to why I had to leave recruit training. He said that I was in no danger of losing my life; and that obviously I would temporarily have a bad sounding heart and EKG, as per the two medical technicians at MCRD, after the blow I received. He stated that all I needed after a blow like that was light duty for a few days, and that I could have resumed training with the following platoon. Dr. Khorsandi was familiar with the military and with me as the

**THE PRESIDENT OF THE UNITED STATES OF AMERICA
WILLIAM JEFFERSON CLINTON**

Page 3

Marine Corps had him examine me when I returned from Moscow as part of my waiver package for enlistment due to a thoracic procedure that I obtained to correct a pectus excavatum. He compared the echocardiogram (ECG) he took in 1994 as requested by the Marine Corps with the current ECG, and found no changes or abnormalities. I inquired as to the possible need of any medication. Dr. Khorsandi stated that I needed no type of medication, and went on to say that all I need to do is lift weights to build up my chest. I have since been doing so at my local gym.

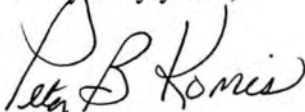
I am delighted that my health is fine. I am delighted that I am in great shape. But I am angry and feel let down because certain members of the United States Marine Corps broke the law and initially tried to sweep it under the rug. I recently went back to Camp Pendleton and met with the Captain and First Sergeant of Third Battalion Lima Company. I was informed that the drill instructor was formally reprimanded for hitting me as well as other recruits. I told these commanders that I wanted to come back to accomplish the mission – the mission of becoming a Marine. Although these commanders have no say so on recruiting matters, the First Sergeant stated that if he was contacted by a higher authority within the recruiting command, that he would have no problem with my returning to recruit training.

I do not lay blame with anyone, nor do I have any ill will or bad feelings towards anyone in the Marine Corps. I do however strongly feel that a careless individual robbed me of my opportunity. This should never have happened. I want and deserve to have that opportunity back.

Mr. President, I love my country and the United States Marine Corps. As you have loyally and honorably served this country as Commander-in-Chief, I wish to loyally and honorably serve my country as a United States Marine. Please contact the proper entities on my behalf so that I may get the ball rolling again. I hope and pray that this misfortune is justly rectified, and in keeping with the tradition of the Corps, that the mission at hand is accomplished.

Thank you, and may you continue to prosperously guide our country across that bridge into the 21st Century. I thank God for you each day and consider you to be one of my heroes. God bless you, Hillary Clinton, Chelsea, and your family.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Peter B. Komis". The signature is fluid and cursive, with the first name "Peter" and last name "Komis" clearly legible.

Peter B. Komis

**Nathan Glazer
Changes His Mind**
By James Traub

**Medical
Journal Wars**
By Ellen
Ruppel Shell

**Fall Fashion Poll:
The New York
Collections**
By Holly Brubach

The New York Times Magazine

JUNE 28, 1998

SECTION 6

7-29-98

Ream

Fight with me
if you need it

Re

Copied
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Bowles

For this officer,
as for countless
other homosexuals
in the military,
'Don't Ask, Don't Tell'
is hell.

The Shadow Life of a Gay Marine

By Jennifer Egan

Uniforms in the Closet

By Jennifer Egan

Don't Ask,
Don't Tell'
has created
a world
of fear and
deceit,
alienating
R. and his
friends from
their fellow
servicemen —
and from the
civilian gay
world too.

Before R., a Marine Corps officer, leaves Camp Pendelton, he changes out of the starched camouflage suit that is the everyday uniform of marines into "civvies" — in R.'s case, jeans and a T-shirt. It is normal for a marine to change clothes before leaving the base; by shedding his "cammies," R. leaves behind the obligation to salute other marines in uniform. But for R., the change is also symbolic: as a marine who is gay, he looks forward to the end of each workday as a reprieve from hiding part of himself from everyone around him.

Most days, the marines in R.'s battalion are not in the field but at their desks in a modest office building, set amid scrubby Southern California coastland, where images of wives and crinkly faced infants smile from picture frames and computer screens. In R.'s office, the décor is strictly military: photographs of his various units over the 12 years he has been a marine, a picture of the general whom he served as an aide — a demanding and highly prestigious job. (R. has also been a commanding officer, bearing ultimate responsibility for a unit.) R. wishes he could place on his desk a photograph of David, a civilian mechanical engineer and his partner of three years, but a man's picture would almost certainly kindle suspicions. Even a personal telephone call from a man might be considered unusual, so David almost never calls R. at his office, where a single phone line serves dozens of marines.

Yet despite these and a multitude of other precautions, he worries that some men in his unit suspect that he is gay — in part because he is over 30 and unmarried; in part because years of hiding have made him deeply paranoid. "Sometimes I feel like they can look at me and just tell," says R., who would speak with me, and allow me into his life, on condition that I refer to him only by one of his initials. (Other gay military personnel I interviewed

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for this article similarly requested anonymity.)

Driving from Camp Pendelton into San Diego, 40 miles south, R. grows visibly more relaxed. He has a California tan, deep-set eyes and the sturdy build characteristic of marines, along with a large Marine Corps tattoo — eagle, globe and anchor. A vigorous, sociable man, he is full of plans. After work tomorrow, he will make the two-hour drive north to David's house in Los Angeles, as he does each weekend. On Sunday, they will go to brunch at the home of a gay Marine officer. In a couple of weeks, R. will accompany his battalion to "the desert," Twentynine Palms, a Marine base outside Palm Springs where field training exercises are performed. From there he will head into Palm Springs for the annual White Party, a large all-night gay dance.

This constant switching between mutually exclusive worlds can have some odd, hallucinatory effects, R. says: "Several times I've met someone on base and wondered, Haven't I seen him at a bar? And then I've seen people at bars and thought I recognized them from the base. When I see someone at the mall, I can't remember where I know them from."

R. joined the Marines as a teen-ager and is fiercely loyal to the Corps, particularly to the enlisted men who answer to him — "my marines," he calls them, and adds, "I'm a marine first and gay second." His career has been stellar; he is what is known in the Corps as a "mustang," an enlisted marine who crossed over to become a commissioned officer. "Now that I've been a commanding officer and a general's aide, sky's the limit," he says. Military retirement, which can begin after 20 years, would allow him to draw half his base pay for the rest of his life. But R. plans to leave the Marines at the end of his current commission. The reason is simple. "I'm fed up," he says, "with having to hide."

It has been more than four years since the policy known as "Don't Ask, Don't Tell, Don't Pursue" went into effect. This policy was a compromise eked out among the White House, Congress and the Pentagon after President Clinton's announcement of his intention to lift the ban on homosexuals in the military — a ban that prohibited homosexuals from serving under any circumstances — set off a firestorm of opposition. Under "Don't Ask, Don't Tell," homosexuals (and bisexuals) may serve as long as they tell no one about their sexual orientation, refrain from "homosexual acts" and forgo homosexual marriage. The policy bars the military from questioning service members about their sexual orientation or investigating them without credible information that they have engaged in homosexual conduct. The stated goal of the policy is to allow homosexuals to serve while preserving mo-

Pride and prejudice:

"A marine first and gay second," R. (shown with David) is planning to end his stellar military career because, he says, "I'm fed up with having to hide."



rale and unit cohesion, which the military believes would be impaired by the presence of openly gay soldiers. But "Don't Ask, Don't Tell" forces a difficult choice upon homosexuals: in order to serve, they must either do without sex, romance and companionship or live uncelibate lives and lie about it — breaking the law and forfeiting their careers if they are caught.

Two months ago, the Pentagon issued figures indicating that the number of homosexuals discharged — 997 in 1997 — has risen 67 percent since "Don't Ask, Don't Tell" went into effect. Michelle Benecke, co-founder and co-director of Servicemembers Legal Defense Network, a watchdog group that assists military personnel accused under "Don't Ask, Don't Tell," says she believes the rise in discharges indicates that commanders are continuing to seek out homosexuals despite the fact that they are no longer supposed to. "No one has informed commanders of what the new rules are," says Benecke, whose organization has documented 1,379 command violations of the policy in the four years of its existence. "No one has ever told them the intent: to back off."

The Pentagon disagrees, attributing the rise in discharges to an increase in "statement" cases, in which homosexuals — many of them in their first year of service — openly declare that they are gay. But what the military regards as a statement is not always so clear-cut: last November, the Navy tried to discharge a senior chief petty officer named Timothy McVeigh, a nuclear submarine

expert who had been in the service for 18 years, on the basis of what it called his homosexual admittance. McVeigh's so-called admittance was an Internet posting with America Online in which he stated, anonymously, that his marital status was "gay"; a Federal judge ruled in January that the military's investigation of McVeigh was in violation of policy and ordered that McVeigh, who has declined to discuss his sexual orientation, be retained. Earlier this month, McVeigh and the Navy reached a settlement under which he will retire this summer with full benefits and receive a payment of \$90,000 to cover his legal fees.

During a recent interview, Kenneth H. Bacon, the Pentagon spokesman, told me: "Obviously, there are many people serving in the armed forces who have gay relationships, but they're discreet. They aren't pursued, and they may not even be known about." This suggests a split between the letter and the spirit of "Don't Ask, Don't Tell": the letter says, Don't do it; the spirit says, It's O.K. to do it as long as you are discreet. But this double message leaves homosexuals on queasy middle ground: theoretically, they are allowed to serve, but their private lives are illegal and will cost them their careers — if they get caught. But then, no one is supposed to be trying to catch them. When I raised this notion of the policy's murkiness with Rudy de Leon, Under Secretary of Defense for Personnel and Readiness, he said, "I think we're at the heart of some of the conflicts that are built into the policy, which tries to balance many competing interests."

Jennifer Egan, a novelist, has written for The Times Magazine about teen-age fashion models and young women who cut themselves.

'I know very little about gay culture,' R. says On a gay cruise he and David took recently with some other military friends, R. was mystified by a drag spoof of 'Whatever Happened to Baby Jane'

If, as the Pentagon says, some homosexuals are outing themselves with the knowledge that they will be discharged, it may be that for them, the pressures and risks of serving under "Don't Ask, Don't Tell" are too intense to bear.

R. IS PART OF A SPRAWLING social network of gay marines and sailors, men and women, based in and around San Diego, where the shoreline bristles with dull gray ships and the sky is full of lumbering choppers and S-3's, anti-submarine-warfare planes that honk like gigantic geese as they fly. On this unseasonably cool spring evening, I accompany R. to a 6:30 dinner at the home of a Navy doctor near Hillcrest, a gay neighborhood north of downtown San Diego. The group tonight includes a tank officer who was one of the first to enter Kuwait during the gulf war, where he earned a bronze star; a Navy helicopter pilot, and several noncommissioned officers, or N.C.O.'s — enlisted men who have worked their way up through the ranks. The off-duty mingling of officers and enlisted people of different ranks is prohibited because of its potential to break down the chain of command, but the fact that gay personnel are forced underground creates a bond among them that transcends military hierarchy. None of these friends work together; they met socially and communicate mostly by E-mail, using a code that eliminates gender-specific pronouns, since the military can monitor any E-mail exchanges that take place on a base. (Most of R.'s friends say they have never met a gay person on duty; even when they suspect that a fellow sailor or marine might be gay, they rarely approach — the risk of being wrong is too great.)

Like a number of his friends, R. joined the military believing he was heterosexual. Reared and educated in a strict Southern Christian community, he was profoundly homophobic. "I would say, 'AIDS is God's judgment on homosexuals' — I really felt that," he says. He was drawn to the Marines by the camaraderie, by the promise of adventure — and also by the largely single-sex environment. "I would think, I'm going to be with all these men — that's kind of exciting," he says. "But I didn't know why I was excited."

Some of R.'s friends, aware of their homosexual inclinations, joined in hopes that the military — the Marines in particular — would "cure" them. "Everybody knows that there are no fags in the Marines," says a former infantryman. Over pizza, R.'s friends talk of other motivations for joining the military, including the de-

sire to get away from home and the hope of proving themselves to a disapproving world. "I'm supposed to be that one guy that can't survive in this environment," says one powerfully built man, an operations officer in the Marine air wing. "I'm the guy that's supposed to be filtered out, the weak one who can't carry the pack."

This officer goes on to tell me that his homosexuality is an open secret. "I know that in my command there are marines who work for me that assume I'm gay," he says. But he is clearly the exception. A logistics officer I'm introduced to at dinner has a dedicated "stunt babe" — a woman who poses as his girlfriend at military events and whose picture he keeps on his desk. The annual Marine Corps Ball, I learn, is the biggest command performance of this sort; R. usually brings a date with whom he has collaborated on a complex romantic history while David stays home, watching TV. It isn't enough to say nothing about your private life; unless you give the appearance of being heterosexual, people will start to wonder — especially now that "Don't Ask, Don't Tell" has alerted them to the fact that there may be homosexuals in their midst.

As a result, R. and his friends monitor themselves obsessively, aware that a single blunder can lead to exposure, humiliation and a discharge they regard as a disgrace — particularly those, like R., whose families don't know they are gay. A strange car in front of your house, clicks on the telephone line, a summons from the commanding officer — in the life of a gay soldier, any one of these can prompt a flicker of anxiety, even all-out panic. "Say you're out with four or five of your friends at a restaurant, and there goes somebody in your department with his wife," says the Navy doctor who is the host of the pizza party. "You know you're nailed."

Even gay nightclubs can be a hazard, although "Don't Ask, Don't Tell" has discouraged the trolling of clubs by investigators, a formerly common practice. One officer says of a popular San Diego club: "Last time I was there on a gay night, I ran into two of my marines, who were there by mistake. They were like, 'Hey, Sir, what're you doing here?'" Another of R.'s friends, P., was an F-18 fighter pilot who dropped bombs on Iraq during the gulf war before leaving active duty three years ago. (He is still with the Marine reserves.) P. was in a long-term relationship with his civilian "roommate" while in the military, but feigned a romance with a lesbian friend for three years to avoid having to go on any more blind dates set up by the Officers' Wives Club. A fair, soft-spoken man who has retained his marine build and haircut, P. says

his hardest times were the six-month deployments on aircraft carriers, when he and his partner were rarely able to speak, and when P. rationed the letters he sent home out of fear that too many to the same man would draw attention. The letters his partner sent him were unsigned or signed with a female name, sent without a return address and chary on endearment. (During R.'s ship deployment, he asked his partner to have a woman address his letters.)

Each month, P. recalls, a videotape would arrive on his ship, fashioned by the Officers' Wives Club, filled with greetings from loved ones. "Everybody else in the squadron's wife or girlfriend would be in the video saying, 'He honey, how're you doing?'" he says. "And you'd be the only one without anything on that tape."

At the end of the deployment, when the ship was within six or seven days of land, senior pilots with wives or fiancées would get to fly the plane ashore early to be with their loved ones. Though P. was always among the most senior, he, being single, had to wait until the ship docked. "You get off, you have this huge welcome-home party and everyone else is there, except yours," he says. "He could be, except you'd have to stand there and shake his hand: *Thanks for coming, buddy*. And, of course, being met by a man after six months at sea might well arouse suspicions."

Still, in this crowd it is generally felt that gay enlisted people, not officers, have it the worst. The enlisted are a tighter pack, which makes keeping secrets much harder, and the homophobic atmosphere tends to be far more virulent. Twelve of the homosexuals discharged in 1997 were officers; the remaining 985, enlisted people. J., an N.C.O. who says he has witnessed beatings and harassment of those suspected of being gay, told me he would fear for his life if his subordinates were to discover his secret. He specializes in Hillcrest, but tells subordinates that he goes to bars they can't afford: "I'll say 'Dude, I met this babe last night. We hit it off. You have to lie. They're like a pack of dogs — they smell blood, they're going to go after you. You're dealing with kids, 18 or 19, who are trying to prove their manhood.'" Homosexual jokes and slurs, he adds, are a constant.

So saturated is the Marine Corps with homophobia that some of R.'s friends agree with the Pentagon that they should not be allowed to serve openly, that it would hinder their ability to lead. R. used to feel this way, but like the majority of gay personnel I spoke with, he has come to believe that although President Clinton has good intentions in seeking to change a draconian policy, "Don't Ask, Don't Tell" amounts to

The Days of Don't

It isn't enough to say nothing about your private life; unless you give the appearance of being heterosexual, people will start to wonder. R. and his friends monitor themselves obsessively.

step backward. For one thing, it has turned discrimination against homosexuals — formerly just a military policy — into Federal law. And by forcing homosexuals to remain invisible, R. says, the policy deprives gay military people of the chance to prove themselves and begin to dispel the prejudices against them. "The best way to change people's attitudes is the personal one-on-one relationship," he says, and tells of how a close friend, a heterosexual Marine fighter pilot with whom R. used to trade jokes about homosexuals, has completely revised his views since learning that R. is gay. But under "Don't Ask Don't Tell," R. could be discharged simply for having told his friend that he is homosexual.

"Clinton thought he was doing us this big favor," R. says, "and all he did was build a brick wall around the closet."

Each time J., the N.C.O., recalls one of his fabrications, he begins, "I told a lie," as if to keep straight in his mind what is a lie and what is the truth. Clearly, so much lying troubles him. He shows me the red plastic Core Values card that every marine must carry. "Honor," begins the text, which also includes the words "Integrity," "Responsibility" and "Accountability."

"Look at those and tell me if a marine who lives by that code can be gay in the military and live with himself," J. says. "They encourage integrity, but they expect us to lie."

Yet none of this seems to have blunted J.'s passion for the military. "If I could do it all over again, I would have gone Air Force," he says. (The Air Force and the air wings of the Navy and the Marines are seen as being less intensely homophobic environments.) "But now that I'm a marine, I'm a marine through and through. It's in my blood."

Still, for gay service members, devotion to the military is fraught with the knowledge that it will turn on them instantly if it learns one of the most basic facts about them. Many are haunted by the story of Lieut. Col. Loren S. Loomis of the Army, winner of two bronze stars and a purple heart in Vietnam, whose homosexuality was exposed in a way few could have imagined. After his house near Fort Hood, Tex., caught fire in 1996, the Fire Department, suspecting arson, took a video camera and a videotape from Loomis's home as part of its investigation. The video showed Loomis engaging in gay sex. Although the Fire Department had removed the video without a search warrant or a subpoena, the district attorney's office nevertheless turned it over to the Army. Loomis offered to retire early, but was discharged instead, and thus deprived of his active-duty pension and retirement bene-

fits. Most chillingly to gay service members, his ouster came just five days before his 20-year retirement eligibility would have begun.

"In flight school, in every school I was in," says P., the former F-18 pilot, "I finished first. In every squadron I was in, I was always the No. 1 guy. But no matter how many times you're No. 1, if they find out you're a homo, you're out."

AFTER DINNER, I HEAD WITH R. and some of his friends to Flicks, a gay bar popular with military men and their civilian admirers, known as "chasers," some of whom emulate the distinctive Marine "high and tight" haircut — shaved almost to the scalp around the sides of the head with a flat wedge of hair along the top. Part of the allure of military men is that they're tested regularly for H.I.V. and thus are perceived as "clean."

Andrew Cunanan, who is believed to have murdered Gianni Versace and others, was a chaser, and Flicks was his bar of choice. His bloody rampage across America has fueled the wariness R.'s crowd already says it feels toward civilian homosexuals; at Flicks, he and his friends are a somewhat insular presence, clean-cut and light drinking — most rise at 5:30 A.M. and are in their offices by 6:30 or 7. They talk among themselves or with the other military men they encounter. The night's entertainment is a performance by a former marine, now a stripper and porn star, but that's not why they're there. Military socialization, with its emphasis on patriotism and war, structure and rank, is conservative and unique; it creates a gap between soldiers and civilians that doesn't disappear simply because both are gay. R. and his friends tend to be leery of "nellie," or effeminate, men, though it is a prejudice of which they are somewhat ashamed.

"I know very little about gay culture," R. says. On a gay cruise he and David took recently with some military friends, R. was mystified by a drag spoof of "Whatever Happened to Baby Jane." "The whole place is going wild, and none of us had seen 'Whatever Happened to Baby Jane,'" he says, and admits to finding the hedonism in some pockets of gay culture — the all-night dance parties, for example, which David enjoys — wearying and empty. As for gay advocates in San Francisco and Washington, many of whom are left-leaning and anti-military, R. says: "I don't think they speak for us. I don't think they understand us."

Part of what they don't understand, of course, is what it's like to function in a world where even saying that you are gay is illegal. After the gay

cruise, R. says: "When I was going back to work, I actually felt sick, nauseous with dread. I go to bars and these people are able to live without fear. It makes me jealous. It puts a barrier between us."

Yet this barrier leaves R. and his friends in something of a no man's land: socialized by the military but divided from it by sexual orientation; bound to gay culture by definition, yet culturally estranged from it. In a sense, they belong to a group consisting only of one another.

Most of them leave Flicks at 10:30, before the stripper begins performing, and head home to bed.

WHAT R. AND HIS FRIENDS HOPE TO WARD OFF through the use of stunt babes, phony photos and other false trappings of heterosexual life are any formal inquiries into their sexuality. Under "Don't Ask, Don't Tell," an inquiry cannot begin without credible information that a person has made a statement of homosexual orientation or engaged in homosexual conduct, but what exactly constitutes "credible information" is up to the commanding officer. (C.O.'s are advised to check with legal counsel before beginning such inquiries.) Sonya Harden, a heterosexual black enlisted woman with the Air Force, was investigated for homosexuality after a former civilian roommate who claimed that Harden owed her money forged letters in Harden's name stating that she was gay and gave them to her commanding officer. Harden's C.O. initiated an inquiry. Such inquiries are often as simple as questioning the service member — or, in the practice, discouraged but still extant, known as witch hunting, pressing the service member for the names of other homosexuals in exchange for leniency. Some inquiries are more complex: in the case of D., a black female marine who was in training for the Military Police, the inquiry included interviews with her parents, her childhood friends and even her prom dates — 300 pages of testimony.

After investigating, a commanding officer must decide whether a service member has, in fact, made a statement of homosexuality or engaged in homosexual acts, which current policy defines as any bodily contact that "a reasonable person" would understand to be for purposes of sexual gratification or an expression of homosexuality — in some cases, as little as a kiss, a hug or hand-holding. If the C.O. determines that a basis for discharge exists, he or she will initiate "separation" proceedings — the administrative process whereby a service member may be prematurely discharged. In the case of D., who had been caught lying on a bed fully clothed with another female trainee, the C.O. read through hundreds



Shadow warriors:
"Clinton thought he
was doing us this
big favor," R. says
of "Don't Ask,
Don't Tell." "And all
he did was build
a brick wall around
the closet."

of pages of testimony and decided not to seek a discharge. But in Harden's case, the C.O. went ahead with her discharge despite the fact that, by then, her accuser had recanted and had admitted to having forged the incriminating letters.

Service members like Harden who choose to fight their separations must appear before a separation board. Once things have come this far, though, a number of factors weigh heavily against the accused. For one, because a separation hearing is an administrative rather than a criminal proceeding, there are no strict rules of evidence; the Government can present or exclude virtually anything it wants, no matter how it was obtained. (That was why, in Colonel Loomis's case, the videotape could be used against him.) In Harden's case, the Government presented the forged letters — even though the forger herself testified before the board on Harden's behalf — and also chose to exclude a polygraph, which Harden had passed.

Another factor weighing against a service member in a separation hearing is that the members of the typically three-person panel who will determine his or her fate are chosen by — and sometimes answer to — the very commanding officer who is presenting the allegations. Moreover, although the accused is entitled to a military defense lawyer, and by all accounts these lawyers defend their clients assiduously, they are notoriously overworked. Sometimes service members are not provided a lawyer — or even told what they are being charged with — until

discharge paperwork is already pending, at which point little can be done to stop it. And most enlisted people cannot afford civilian lawyers.

But perhaps the biggest hurdle facing a service member in a homosexual case is the near impossibility of proving that he or she is unlikely to engage in homosexual acts. "You have to prove that you not only don't have sex, but you have no propensity to," says Beatrice Dohrn, legal director of the Lambda Legal Defense and Education Fund. "How do you prove that?" With great difficulty, it would seem — even if, like Harden, you are heterosexual. Three former boyfriends testified on her behalf, and Harden gave a sworn statement, but the separation board still ruled against her, and she was discharged in August 1996. "Once somebody says you're gay, you can sleep with a hundred guys, but they're still going to say, 'She's gay,'" Harden says. Harden filed a complaint with the Inspector General of the Air Force, whose job is to investigate alleged command abuses. He ultimately concluded that Harden had been treated fairly without ever interviewing her.

On Harden's discharge form, beside her honorable discharge (in the absence of aggravating circumstances, policy stipulates that the character of a homosexual discharge be commensurate with the character of the person's service) are the words, "Homosexual Acts." She will carry that form with her for the rest of her life, and some employers will want to see it. Even on the so-called short form, there is a code barring reenlistment that many employers recognize.

"The humiliation goes on," says Harden, a sad-eyed woman who now works as a police officer in Louisiana. She still wears her Air Force ring.

ON A BRIGHT, WINDY SPRING FRIDAY, R. AND I attend the weekly graduation ceremony at the Marine Corps Recruit Depot in San Diego. R. wears his dress-blue trousers, which have a thick red stripe down each side to show that he is an officer; his white "cover," as hats are known in the military; a long-sleeved khaki shirt, and khaki tie. He has misplaced his officer's tie clip; appearing at the graduation without one is out of the question, so we stop to buy another. The marines we pass on our way to the graduation salute R. crisply and say, "Good morning, Sir," as R. returns the salute. He admits to falling naturally into the designated marine walk, swinging his arms so that each hand extends six inches beyond his body and then three inches behind it.

The six graduating platoons, all male (female marines are trained on Parris Island, S.C.), stand perfectly still, occupying a tiny fraction of a runway-size courtyard surrounded by golden California Mission-style buildings. They have just completed three months of famously punishing training — longer than boot camp in the other military services. As the Marine band begins to play, R. looks at the hundreds of identical-looking soldiers and says: "There's 500 of them. You figure, probably 50 are gay."

During his early years in the Corps, R. had two homosexual experiences, which he viewed as the temptations of Satan. His transformation from rabid homophobe to gay man occurred haltingly over seven confusing years. At times he felt an urge to bond with his enlisted men that led him once to share a hotel room with some of them during a trip in Asia — an act of fraternization and favoritism that he now deplors. "I was in denial," he says. "I told myself I was an officer looking out for my men in a foreign country. Now I see that I was attracted to my men."

It was in 1992 that R.'s perception of himself began to shift. In an officer's meeting, he says: "Somebody told a gay joke, and everyone laughed. Then he said, 'You know, faggots are the last group of people that a marine can joke about without having to worry about offending anyone.' And I said, 'Yeah!' But somewhere in the back of my mind I thought: Good. He can't tell I've had sex with two men."

Several months later, R. admitted to himself that he was homosexual and experienced a tremendous relief, even euphoria, along with a heightened awareness of his actions. "Right after I admitted it, we went to some training in the desert, and they had field showers," he recalls. "It's a room full of 50 naked men. I purposely waited until the very end, when I was the only one there, because I thought. Someday everyone's going to know I was gay, and I don't want anyone saying: 'Oh, I re- Continued on page 40

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member. He used to leer at me in the shower." To this day, he showers alone whenever possible.

R.'s problems as a gay marine were just beginning. A rumor reached him that after a group sexual experience he was involved in with female prostitutes in the Philippines a year earlier, someone had described him as a guy who was looking a little too closely at other men's anatomy. Desperate to quash the rumor, R. invited a female friend to San Diego to pose as his girlfriend. While at a bar with R., she became interested in one of the straight marines she was supposed to be deceiving. R. made it clear that if she wanted to flirt with the man, she and R. would first have to stage a fight, which they proceeded to do. "We were screaming," he says, "and I went like I was going to hit her. 'You bitch, you're a slut.'" R. charged out of the bar, passed a couple of hours at a gay bar nearby, then returned to pick up his "girlfriend." By this time, however, the heterosexual marine was bruising for a fight over the way R. had treated the woman, and R. narrowly escaped a punch-out. His life of paranoid dissembling had begun.

When the graduation ends, we drive to Camp Pendleton for lunch. Passing through one of the many military checkpoints in and around San Diego has the quality of falling into a parallel universe; today, near the Staff Noncommissioned Officers' Club, teams of military prisoners in bright orange coveralls are manicuring hedges. As we head inside the dining room, R. is greeted by a leathery man with vivid blue eyes wearing cammies. "How's life on the other side?" the man barks.

I feel R. go tense beside me. "What other side, Sir?" he asks.

"The other side you're on," the man says, and laughs.

While eating his Reuben sandwich, R. mulls over the encounter, trying to recall where he had previously met the man, what he could have meant by "the other side." There are many "sides" in the Marine Corps: officer versus enlisted, ground versus air wing, active duty versus reserves. Most likely, R. muses, the man was alluding to his stint as a general's aide. But the question lingers: Does he know?

We have arranged to meet M., a gay female friend of R.'s, at lunch.

Because she is not in uniform, having just come from a farewell party, M. is able to join us despite the fact that R. is an officer and she is a staff N.C.O. Still, M. grows anxious at our table; like most military women, she functions in an overwhelmingly male environment where she says that she feels intensely scrutinized. An attractive woman with a small gold cross around her neck, M. has told only one of her heterosexual colleagues, a civilian, that she is gay. "It is relaxing, or easing, to feel like she knows me," M. says.

If male homosexuals feel pressure to invent heterosexual lives, the pressure on women is exponentially greater — they represent 14 percent

for gay military women is a problem they share with straight women: they are often deeply resented by their male colleagues and subordinates, many of whom still feel that women shouldn't be serving at all. Being gay is a vulnerability for women that some male colleagues are only too happy to exploit. The C.O. of one of M.'s friends has threatened to sit outside her house all night to prove that she has female lovers. Often, gay women are reluctant to report sexual harassment for fear of retaliatory investigations into their sexuality. A., an Army officer who has been deployed to both the Persian Gulf and Bosnia, filed a sexual-harass-

At least some of R.'s gay friends in the military don't dispute this view. "Homophobic people don't want to work with a fag," one officer said. "The group falls apart, we do not fight effectively." And while it is true that many NATO countries allow homosexuals to serve openly in their militaries (as does Israel), anecdotal evidence suggests that most homosexuals in these forces still remain closeted — and must, if they wish to advance in rank.

There is a hesitation to dispute the military's arguments. I, like most Americans, have no idea how wars are fought, and it is easy to underestimate the deep animus toward homosexuals that exists in the armed

'In flight school, in every school I was in, I finished first,' says P., a former F-18 fighter pilot. 'In every squadron I was in, I was always the No. 1 guy. But no matter how many times you're No. 1, if they find out you're a homo, you're out.'

of the armed forces, yet have accounted for roughly a quarter of the homosexuals discharged over the past four years.

Several years ago, M. took a step that is quite common among gay military personnel of both sexes: she got married. In addition to the obvious boon of creating the appearance of heterosexuality, marriage in the military brings myriad financial benefits; the most important is a higher Basic Allowance for Quarters when you live off-base — essential for any homosexual who wants a private life, but on an enlisted salary, which begins at \$11,113 per year, virtually unaffordable. Marriages of convenience, either between gay men and women or with foreigners seeking American citizenship, are one solution.

M. married a civilian homosexual so that she could live off-base with her partner while securing medical benefits for her "husband," who was her partner's best friend. But guilt over deceiving the Government soon began to gnaw at her. Her relationship foundered; when M. told her partner that she was divorcing the friend, the woman threatened to tell M.'s C.O. that she was gay. Panic-stricken, M. nevertheless held her ground. "I said, 'Go ahead, there are going to be three of us in jail,'" she says. M. proceeded with the divorce, and her partner kept quiet. "I felt haunted by that nightmare for years," she says.

Yet perhaps the biggest problem

ment complaint against a superior who demanded sexual favors from her. Some months later, an anonymous assertion that she was homosexual appeared in A.'s personnel file, and her security clearance was suspended.

M. has spent more than 10 years in the Corps, but like R., she plans to end her career when her present enlistment is up. "I'm sick of living the lie," she says. "What scares me is that it gets to the point where you don't even notice it. You start to withhold information that you don't have to. *How was your night? Oh, good. I'm practicing saying, We did this and we did that.* Kind of remembering that this is human interaction, and this is O.K."

THE MILITARY IS ADAMANT that it cannot allow homosexuals to serve openly without greatly compromising the readiness and effectiveness of its troops. Military personnel live and work under intimate conditions that would shock most civilians. (On the U.S.S. Constellation, an aircraft carrier I toured, the enlisted men's berthing quarters were crammed with three-tiered bunk beds the size of large dresser drawers.) Unit cohesion is at the heart of a successful fighting force, and Gen. Norman Schwarzkopf and Gen. Colin Powell argued passionately before Congress that openly homosexual men and women would polarize units and destroy that cohesion.

forces. (General Schwarzkopf, for one, says he believes that allowing homosexuals to serve openly would sharply discourage enlistments.)

Still, several factors complicate this picture. For one, homosexuals have served in the armed forces since the country was founded (even earlier, actually; one of George Washington's generals is said to have been gay), and many have served openly — their units knew of their sexual orientation — without apparent problems. Brig. Gen. Pat Foote, who retired in 1989 after 29½ years in the Army, says, "I don't know many serving officers or N.C.O.'s who have not, in units with which they were affiliated, known that there were men and women other than heterosexuals doing magnificent jobs." Maj. Gen. Vance Coleman, who was wounded in the Korean War and is now retired from the Army, says that he served with homosexuals without incident.

General Coleman, who is black, says that the present-day arguments against allowing homosexuals to serve openly echo prior ones against integrating blacks in the armed forces — including the claims that white soldiers would not follow orders given by black officers and that whites and blacks could not peaceably share a foxhole. When President Truman overrode those arguments in 1948 with an executive order to integrate,

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military personnel, among others, reacted with horror.

Referring to homosexuals in the military, General Coleman says: "This is a civil rights issue *and* a human rights issue. You're not the same as I am, therefore you're inferior."

Perhaps another factor complicating the military's argument against homosexuals serving openly is that discharges of homosexuals, some suspect, fall during wartime; indeed, revelations of homosexuality during wartime are often received skeptically by the military, as possible ruses to avoid combat, and a person must sometimes furnish sworn statements from sexual partners to be discharged. Though the Pentagon disputes this, General Coleman, among others, says he believes that concern about the presence of homosexuals

is a peacetime obsession. "When there's a war, nobody has time to deal with that," he says. "It's about fighting and winning."

Tom Carpenter, a former Marine fighter pilot who met his partner of 20 years, a former naval flight officer, while on active duty in the 70's, says he believes that the military's revulsion from homosexuality is linked to the intense male bonding that has traditionally been a part of military life. Like many historically all-male environments, the military has had its share of homoerotic rituals — most famously the Navy's "Crossing the Line" ceremony ("modified" and "supervised" nowadays, according to the Navy, but said to still occur unmodified on at least some ships). "Crossing the Line" is an initiation for new sailors, or "polliwogs," making their first Equator crossing. Elements of this ritual include

the crowning of "King Neptune's queen," played by a young sailor in drag; the whipping and paddling of polliwogs by a gantlet of seasoned sailors, known as "shellbacks," and sometimes simulated fellatio and anal intercourse between shellbacks and polliwogs. At the conclusion, the young initiates strip off their soiled uniforms and pitch them into the sea, then mill about in the nude as proof that they, too, are now shellbacks.

Indeed, by many accounts, what is known as "conditional homosexuality," or homosexual behavior by men who are normally heterosexual, is not uncommon among soldiers during long periods when women are unavailable. Navy phrases like "It ain't queer unless it's tied to the pier" allude to such behaviors. Some married men, it is said, believe that sex with another man does not constitute adultery. There is

even a provision in "Don't Ask, Don't Tell" that excuses homosexual conduct if it is aberrant behavior for an individual. Bridget Wilson, a San Diego lawyer who has defended gay military personnel, calls this the queen-for-a-day exception.

Lois Shawver, a clinical psychologist whose book "And the Flag Was Still There" studies attitudes toward homosexuality in the military, says, "The sense of the troops' being demoralized is built on the anxiety that gays are going to stare at them and turn on them sexually." But Shawver's research suggests that this fear is unfounded — that, in fact, homosexuals regulate their behavior even more carefully when they are known to be gay. As for exceptions, military policy and, in some cases, the Uniform Code of Military Justice prohibit displays of physical affection while in uniform, sex in military bar-

racks, sex between people of different ranks and sodomy, which includes oral sex.

"We have within the U.C.M.J. all that we need to deal with people that bring any type of sexual misbehavior to the workplace or the barracks," says General Foote, who recently served as the vice chairman of the Army's Senior Review Panel on Sexual Harassment. "We don't need any more laws."

THE NEXT TIME I SEE R., a few weeks later, the weather is warmer and El Niño has roused rashes of fluorescent purple flowers along Interstate 5. At the end of his workday, we drive from Camp Pendleton to Hillcrest and meet the tank officer I'd first met at the pizza dinner and his male partner, a naval nurse, in the home they share with a burly chow and a small striped cat.

Over beers, R. recounts a
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quintessential gay-military snafu that occurred at the Marine officer's brunch he attended a few Sundays back. The officer had invited his straight military friends for brunch on Saturday, his gay friends on Sunday, but one straight Navy pilot got the days confused and arrived with his wife in the midst of the all-male brunch. The host panicked, feigned an emergency and bolted from his own party.

But the heterosexual couple, apparently unfazed, were still there when the shaken host finally returned. According to R., the Marine officer then took his straight friend into a quiet room and said, "There's something I have to tell you" — at which point the guest seized his arm and answered: "Don't worry. I'm on board with the program."

There are people who feel that as a younger generation rises to power within the military, attitudes like that of the Navy pilot will gradually prevail, and that the laws barring open homosexuality will fall away, just as those barring women and blacks eventually did.

But "Don't Ask, Don't Tell" is now Federal law, and laws are not changed easily. So far, the Supreme Court has refused to hear a case challenging it, and three Circuit Courts have upheld the policy. However, the Second Circuit Court, in New York City, recently heard an appeal of a case in which a lower-court judge ruled that "Don't Ask, Don't Tell" violates the constitutional rights of equal protection and free speech. That case, *Able v. the United States*, may yet reach the Supreme Court, but even then, precedent suggests that the Court may defer to the military.

"If you look at the case in terms of the law and reason, it looks like an overwhelming winner," says Matt Coles, director of the Lesbian and Gay Rights Project of the American Civil Liberties Union, which filed the case jointly with Lambda. "But if you look at it in terms of the courts and the military, it looks like it doesn't have a chance."

The more likely venue for change is Congress, but that, too, seems a long way off. Republicans are virtually unanimous in their opposition to gay rights; so far, even the Employment Non-Discrimination Act, a basic gay rights

bill, has failed to pass. Representative Barney Frank (Democrat of Massachusetts), who is openly gay and opposes "Don't Ask, Don't Tell," says that should the Democrats win even a small majority in the House and the Senate in November (no small task), the gay rights bill could eventually pass. However, he holds out little hope for lifting "Don't Ask, Don't Tell" anytime soon.

"The military issue is unfortunately seen as a tougher one," he says. "So you'd need a bigger Democratic majority for that."

Whatever happens, R. will be reading about it in the newspapers, like everyone else; in a few months, he will become a civilian for the first time in his adult life. It won't be an easy transition for him. "It's a way of life," he says of being a marine. "David and I will be walking down the Oceanside Pier, and somebody will see me, and they'll be like, 'Sir, how are you doing?' David's like: 'You're not at work! You're not in uniform! Why are they calling you Sir?' I'm like: 'That's just the way it is. I can't explain it.'"

But R. joined the Marines for the brotherhood, the esprit de corps, and ultimately, his sense of brotherhood has been eroded by the years of hiding. "For the longest time, I felt close to the people," he says. "But more and more, when you hear somebody make an anti-gay comment, that becomes a book-mark in your mind. I can't become close friends with the people I work with. It's definitely made me grow apart from the Marine Corps."

His experience raises the question of whether openly gay soldiers are as great a threat to unit cohesion as closeted homosexuals, whose enforced secrecy gradually distances them from their fellow soldiers. A., the woman who served in the Persian Gulf and in Bosnia, says that as a homosexual "you have this barrier to intimacy with the people you're serving with — and that intimacy is what keeps people alive in hostile situations."

Among the many paradoxes surrounding the issue of homosexuals in the military is this: the fact that R. has thrived in the military — and has the record to prove it — is partly what impels him to move on. "I want to leave in a pristine state," he says. "I'm tired of the looming prospect that tomorrow the whole world could come crashing down." ■

7-29-98

*Can we get him
to come get it?
Be*

THE WHITE HOUSE
WASHINGTON

July 29, 1998

MR. PRESIDENT:

Attached for your signature is H.R. 3156, which authorizes you to award the Congressional Gold Medal to Nelson Mandela. Recently, Billy Graham, Frank Sinatra and Mother Theresa have been similarly recognized. *Your last day for action is today.*

The bill recognizes President Mandela's life-long dedication to the abolition of apartheid and the promotion of reconciliation among the peoples of South Africa. He has previously been awarded the Nobel Peace Prize, which he accepted with then President F.W. de Klerk in 1993, and more than 50 honorary degrees from universities around the world.

The bill authorizes the Secretary of the Treasury to sell bronze duplicates of the medal at a price sufficient to offset the costs of the medal's production.

The bill has received all necessary clearances, including from the Treasury Department, and passed both Houses by voice votes.

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WSC WW Desk
COS*

Phil Caplan *Phil*
Sean Maloney *SM*

7-29-98

THE WHITE HOUSE
WASHINGTON

July 29, 1998

copied
Lewis
Moore
McGinty
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MR. PRESIDENT:

Attached for your signature is H.R. 2870, which will help protect tropical forests in Latin American, Caribbean and other developing countries. ***Last day for action is today.***

The Enterprise of the America's Initiative (EAI), enacted in 1990, authorized the President to reduce the debt of Latin American and Caribbean countries if they created trust funds devoted to protecting the environment. This bill expands the EAI and provides incentives to countries that establish trust funds committed to protecting tropical forests. If a country meets certain requirements, the bill authorizes the President to: (i) cancel the country's debt; (ii) allow the country to buy back its debt at a discount, or (iii) sell the country's debt to a third party such as an environmental organization or a private business. A Tropical Forest office would be set up in the Treasury Department to administer this debt relief.

((The bill authorizes appropriations of \$375 million through FY 2001 to cover the cost of the debt relief. It passed the House and the Senate unanimously.

Phil Caplan 

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7-28-98

THE WHITE HOUSE
WASHINGTON

July 29, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHILLIP CAPLAN *Phil*
SEAN MALONEY *SM*

SUBJECT: H.R. 1273 -- The National Science Foundation Authorization Act of 1998

Attached for your signature is H.R. 1273, which authorizes FY98-00 appropriations for the National Science Foundation (NSF). *Your last day for action is today.*

Background. This bill is the first reauthorization of NSF since 1988, when Congress authorized appropriations through FY93. The bill addresses all of the major concerns the Administration had with earlier versions of the legislation.

H.R. 1273. The bill's major provisions are as follows:

- **Authorizations** -- authorizes FY98-00 appropriations totaling \$3.5B, \$3.77B, and \$3.88B, respectively; the FY99-00 amounts are the same as you requested;
- **OMB Study** -- requires an OMB study of Federal indirect cost reimbursement rates paid to universities for such things as building/equipment use charges and utilities;
- **Computers for Schools** -- encourages NSF to donate Federal computers and other research equipment to elementary schools;
- **NSF Construction Plan** -- requires NSF to prepare an annual plan, including cost estimates, for the construction/upgrade of Federal research facilities;
- **Military/Student Issues** -- requires NSF to examine, along with academic and military representatives, the problems of post-secondary students who are called to active duty;
- **U.S. Man and the Biosphere Program** -- prohibits the use of funds for the U.S. Man and the Biosphere Program;
- **CTI** -- changes the name of the Critical Technologies Institute (CTI) to the Science and Technology Policy Institute (STPI) and requires certain management reforms;
- **Misc.** -- subjects temporary NSF employees to the Ethics in Government Act's disclosure requirements; grants the NSF Director certain discretionary spending authority; encourages promoting opportunities in scientific fields for women, minorities, and the disabled; and urges NSF to address the Y2K problem in its computer systems.

The bill has received all necessary clearances, including from NSF and DOE, and passed the Senate 99-0 and the House by voice vote. We will have a signing statement issued on your behalf that acknowledges the bill's bipartisan support, the role of the late Rep. Schiff and calls on Congress to fund your R&D priorities.

*Capitol
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COS*

7-29-98

THE WHITE HOUSE
WASHINGTON

July 27, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

(A) CEA Weekly Economic Briefing

Tab A - Velleu/COS
page 4 - Emmanuel/Reed/HRC/COS
page 7 - Reed/Emmanuel/COS
page 8 - Berger/COS

Tab C - Reed/Kagan/COS
page 3 - Emmanuel/COS
page 3 - Emmanuel/COS/Caplan

Tab D - Sperling/COS

Tab E - McGinty/COS

Tab F - Jones/COS
page 1 - Stern/Emmanuel/COS
page 2 - Berger/NSC WW Desk/COS

Tab G - Stern/COS

Tab H - Lewis/Spector/COS

Tab I - Stein/COS/Burkhardt page 1 for
page 3 - Podesta/COS reply

Tab J - Moore/COS
page 1 - Burkhardt (for reply)
page 3 - Berger/NSC WW Desk/COS

Tab K - Ibarra/COS

Tab N - Smith/COS

7-29-98

THE WHITE HOUSE
WASHINGTON

July 27, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) CEA Weekly Economic Briefing
- (B) Interest Rates/Stock Market and Emerging Markets
- (C) DPC Report
- (D) NEC Report
- (E) CEQ Report
- (F) OSTP Report
- (G) Climate Change Report
- (H) Communications Report
- (I) Legislative Report
- (J) Public Liaison Report
- (K) Intergovernmental Report
- (L) Race Initiative Report
- (M) Cabinet Affairs Report
- (N) Political Report

Phil Caplan 

7-29-98

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

July 24, 1998

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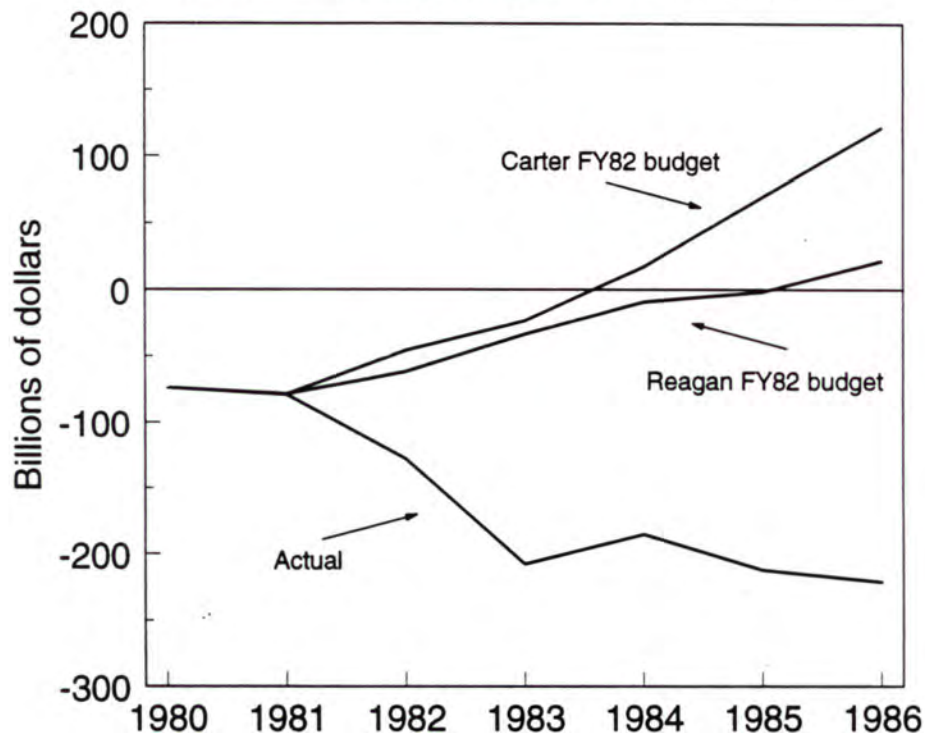
page 4 -
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CHART OF THE WEEK

Tax Cuts and Budget Surpluses: A Look Back



The budget history of the early 1980s illustrates how quickly projected surpluses can become large deficits. The FY 1982 budget submitted by President Carter in January 1981 projected rapidly declining deficits, turning into a surplus of \$121 billion by 1986. The large tax cuts and other changes in the Reagan FY 1982 budget ate into this surplus, but, based on optimistic economic assumptions, this budget still projected a surplus for 1985 and 1986. In fact, of course, the combination of large tax cuts and a severe recession produced massive deficits.

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SPECIAL ANALYSIS

Estimating the Costs of Keeping Cool

* The Administration is about to release an economic analysis showing that the costs to the United States of meeting its Kyoto Protocol emissions target can be modest.

Effective flexibility matters. The key to keeping costs modest is effective flexibility. The Kyoto Protocol provides several market-based approaches for achieving lower emissions—most importantly the trading of emissions permits among countries that accept emissions targets (and among firms in those countries). However, the rules for implementing trading still need to be negotiated. The Administration's economic analysis follows the U.S. position and presumes that trading will be implemented in an effective manner. Actions by other countries to restrict the use of trading or otherwise increase transaction costs could significantly increase the cost of compliance to the United States and other developed countries.

Model-based results. The CEA drew on a wide range of evidence to reach the conclusion that compliance costs can be modest. For illustrative purposes, the report contains simulation results from one long-term economic model of the United States and 11 other regions of the world—the Second Generation Model. Several different trading scenarios were examined (see box on next page). Key results include the following:

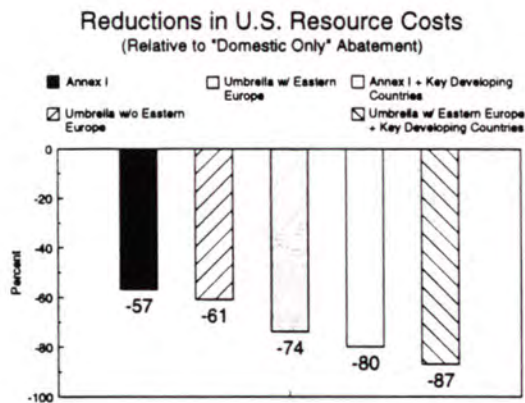
- ✓ Trading among the industrialized countries could reduce compliance costs by nearly 60 percent relative to a strategy of achieving all emissions reductions domestically.
- ✓ Cost reductions would rise to about 80 to 90 percent if developing countries adopted targets and participated in international trading.
- ✓ If China, India, Mexico, and Korea were all to adopt emissions targets based on 2010 business-as-usual emissions levels and sell permits to developed countries, the world price for a greenhouse gas permit would be \$14 to \$23 per ton.

* Such prices would result in modest increases in the price of fuels (about 5 cents per gallon for gasoline) that would cost the average household about \$70 to \$110 per year. The Administration's electricity restructuring proposal would generate cost-savings roughly offsetting this increase.

✓ **Batteries not included.** The Administration's analysis focuses on compliance costs, assuming effective flexibility. It does not attempt to quantify the effects of Kyoto on climate change or assess the payoffs from our domestic initiatives.

Cost Reductions from Alternative Trading Scenarios

The ability to purchase international emissions permits reduces the total cost to the United States of meeting its Kyoto emissions targets. The chart shows the percentage reduction in resource costs (domestic abatement plus purchases of permits abroad) under various trading scenarios, relative to a "domestic only" scenario in which the target is met through domestic abatement alone. Scenarios differ according to what groups of countries participate in trading: Annex I (industrialized) countries, which include Russia and other Eastern European countries; key developing countries (here taken to be China, India, Mexico, and Korea); "umbrella" countries (the United States, Japan, Australia, Canada, Russia, and Ukraine); and Eastern Europe.



SPECIAL ANALYSIS

More Guns, Less Crime?

A recent book by a scholar at the University of Chicago has garnered considerable attention for its claim that “right-to-carry” concealed-handgun laws reduce crime. However, several analysts have questioned the validity of this claim.

Background. Right-to-carry laws require local law enforcement authorities to issue permits to carry concealed handguns to any applicant who meets a set of specified criteria related to age, criminal history, and mental illness. Thirty-one states have enacted such laws; an additional nine states have considered them.

In theory, the effect of right-to-carry laws on crime is ambiguous. Increasing the number of guns may increase both the frequency and the severity of crime: guns may be substituted for less lethal weapons in hostile confrontations, and higher rates of gun carrying among potential victims may cause criminals to arm themselves with greater frequency. However, right-to-carry laws may also deter crime to the extent that criminals are unwilling to attack potential victims who may be armed.

A flawed study. The recent book is based on research that examined the crime rates of all U.S. counties from 1977 to 1992. After controlling for other factors such as arrest rates, personal income, and demographic characteristics, right-to-carry laws were associated with declines of 5 to 10 percent in the rates of murder, rape, and aggravated assault.

Several critics have noted that these results do not necessarily indicate any causal relationship between right-to-carry laws and crime. Instead, they may reflect the presence of other factors that are correlated with both crime rates and right-to-carry laws. For example, if right-to-carry laws are enacted in conjunction with other anti-crime measures, the Chicago study would attribute all of the subsequent crime reduction to right-to-carry laws even if such laws had no effect on crime.

Another look. A new study addresses this deficiency by taking advantage of the fact that many right-to-carry states also have a minimum-age requirement (ranging from 18 to 21) for obtaining a concealed-carrying permit. If right-to-carry laws actually deter crime, they should—because of the minimum-age requirement—reduce crimes against adults more than crimes against juveniles. Contrary to the deterrence hypothesis, however, adult victimization rates have not fallen relative to juvenile victimization rates in states that have passed right-to-carry laws. This suggests that factors other than right-to-carry laws are behind the reductions in crime in these states.

Implications. Pro-gun advocates have used the Chicago study to support right-to-carry proposals in states without such laws. However, the defects of the Chicago study render it an inappropriate guide to public policy towards guns.

SPECIAL ANALYSIS

New Evidence That Class Size Matters

A new evaluation of an important educational experiment has found promising evidence that smaller classes improve children's academic achievement.

Problems with previous studies. Studies using non-experimental data on school characteristics and student performance have tended to find little relationship between expenditures and outcomes. But these studies are potentially flawed to the extent that they have not controlled adequately for underlying factors, such as innate ability or family resources, that also affect student outcomes. Moreover, reverse causality may have been present if resources were directed toward the schools with the greatest problems. An experimental approach, in which students are randomly assigned to classes receiving different amounts of school resources, offers a way around these methodological problems. Random assignment serves to remove underlying differences in the average characteristics of students in each type of class.

STAR pupils. Although the experimental approach has been widely used in other areas, such as welfare and training, it has rarely been used to evaluate education outcomes. The Tennessee Student Teacher Achievement Ratio (STAR) experiment is a notable exception. In this study, students in kindergarten through grade three were randomly assigned to either a small class (with an average of about 15 students), a regular-size class of about 22 students, or a regular-size class with a teacher's aide and about 23 students. For the most part, students remained in their original class-size assignment until the third grade.

The results. Promising evidence from the STAR experiment includes the following:

- **Large initial effects.** At the end of the first year, test scores of students assigned to small classes exceeded those of other students by about 5 to 8 percentile points. By contrast, the presence of a teacher's aide made little or no difference in the scores of students in regular-size classes. Evidence on how additional years in a small class affect subsequent relative test scores is inconclusive.
- **Larger effects for disadvantaged students.** Both minority students and students participating in the reduced-price lunch program tended to show larger relative test score improvements from being assigned to a small class.
- **Lasting effects.** A study that followed students for 4 years after they had left the experiment found that those who had been assigned to small classes maintained their achievement gains.

Implications. These results suggest that judiciously applying additional resources in order to reduce class size can improve students' academic achievement. However, it is important to note that this study was conducted only in one state and only among very young students.

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ARTICLE

Back to the Future: Japan's Banking Crisis of 1927

In 1927 Japan faced a banking crisis similar in many ways to its current one (see box on next page). In both episodes, banks' fragility was exacerbated by subsequent deflationary shocks and a weak and delayed policy response that led to the accumulation of bad loans. In what may be a lesson for the 1990s, however, an expeditious cleanup of the banks after the formation of a new government in 1927 solved the banking crisis and ushered in a period of sustained economic growth.

Prelude to crisis. The banking crisis of 1927 resulted from excessive bank lending and poor bank supervision in an economy hit by negative shocks, including the 1923 Tokyo-Yokohama earthquake. The banking system was already fragile when the earthquake hit, due to excessive lending during the World War I boom period. In the aftermath of the quake, many borrowers had trouble meeting their loan obligations, and the Bank of Japan adopted a very easy credit policy in order to relieve the pressure on financial institutions. In 1925, however, the Japanese government tried to balance the budget by raising taxes and reducing expenditures. This had deflationary effects and further hurt borrowers' ability to repay their bank loans.

Overlending, bad loans, and poor supervision. Among the main holders of bad loans was the Bank of Taiwan, a Japanese institution in what was then a Japanese colony. This bank had grown aggressively, venturing outside Taiwan to lend excessively in Japan itself. It funded this loan expansion, not with stable deposits, but with short-term call loans from other banks that could be, and eventually would be, quickly withdrawn. While the bank borrowed short, it lent long. Banks were not closely supervised in Japan and the law imposed no limit on how much a bank might lend to a single borrower. Also, there were many small banks undiversified as to both assets and liabilities, and there was no government deposit insurance.

Panic and bank runs. Confidence in the banking system was seriously shaken in 1927 by a Diet debate that revealed the unsoundness of many banks. The government then resigned in April to protest a court rejection of its plan to rescue the Bank of Taiwan. Public reaction to uncertainty about that bank's rescue led to withdrawal of deposits, and when the Bank of Taiwan could not accommodate the subsequent run, it collapsed. With no deposit insurance, contagion and panic spread; other banks began to experience runs. Twelve banks failed in one 4-day period in what was the worst crisis in Japanese financial history.

Resolution through rapid cleanup and recapitalization. A new government began to reform the financial system by recognizing and dealing with losses and bad loans that had been covered up for years. The 18 months after June 1927 were a period of consolidation, during which the number of ordinary banks was reduced from 1,359 to 1,030. The corporate sector also went through restructuring. Weak firms were closed or placed under new and more efficient control.

Japan fared well in the Great Depression. The rapid cleanup of the financial and corporate system after the 1927 crisis is one of the reasons why Japan experienced a period of sustained economic growth (at a 6 percent average annual rate) in the 1930s while the rest of the world went through the Great Depression. A very large fiscal expansion beginning in 1931, when Japan also abandoned the gold standard and depreciated the yen, further contributed to the successful growth experience of the 1930s.

Implications. Japan's current banking situation is similar in many ways to the one leading up to the 1927 crisis. In the 1990s, the cleanup of the banking system was significantly delayed after the asset bubble of the 1980s burst, and bad loans built up in the financial system. The plight of the financial sector and a tightening fiscal policy have contributed to the protracted stagnation of the economy in the 1990s. However, the experience of the 1920s suggests that sound policies can restore financial stability and economic growth.

Comparisons between the 1920s and the 1990s

<u>1920s</u>	<u>1990s</u>
Tokyo-Yokohama earthquake in 1923	Kobe earthquake in 1995
Yen appreciation in 1925	Yen appreciation until 1995
Contractionary fiscal policy in 1925	Contractionary tax increase in 1997
Excessive lending and poor bank supervision in boom years	Excessive lending and poor bank supervision in 1980s and early 1990s
Slow reaction of the political system to the accumulation of bad loans until 1927	Slow reaction of the political system to the accumulation of bad loans until 1998
Bank run and crisis in 1927	Implicit and explicit bankruptcy of financial institutions in 1997-98
New government in 1927 undertook rapid closures and clean up of the banks	New government in 1998...?

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Greenspan Calls Economic Performance Impressive, Assesses Risks. In presenting the Federal Reserve's mid-year report on monetary policy to the congressional banking committees, Fed chairman Alan Greenspan observed that, overall, the performance of the American economy continues to be impressive. He noted that so far this year, the economy has continued to enjoy a "virtuous cycle" in which economic performance has strengthened as inflation has subsided. Greenspan reported that monetary policymakers foresee a reasonably smooth transition to a slower and more sustainable rate of growth—but with significant risks attending that outlook. Given the current tightness in labor markets, Fed policymakers see the potential for accelerating inflation as probably greater than the risk of protracted, excessive weakness in the economy.

Does Crime Pay for Gang Members? The distribution of wages in gangs is highly skewed, with gang leaders reaping large rewards, while low-level drug dealers earn surprisingly low wages for highly risky work. This is the implication of a recent study based on 4-years' worth of detailed financial information from a now-defunct gang—though it is unknown whether these results generalize beyond this single case study. Average wages, which ranged between roughly \$6 and \$11 per hour in different years of the study, conceal a sharp disparity between the gang leader's wage, which ranged between \$32 and \$97 per hour, and the average wage of a "foot-soldier," which ranged between \$2.50 and \$7.10 per hour. This disparity invites a "tournament" interpretation—which has also been applied to corporate compensation structures—in which participants choose to vie for large awards that only a small fraction will ultimately attain. The gang members in the study, on average, earned income only slightly above wages in legal jobs. This income difference implies a compensation for increased "occupational" risk among gang members that is more than 10 times lower than estimates typically found in the economics literature.

*Reed/Pelle
good argument
for summer jobs!*

BEA Releases First Travel and Tourism Satellite Accounts. Travel and tourism spending by U.S. residents and by nonresidents traveling in the United States accounted for 5 percent of GDP in 1992, according to the newly developed travel and tourism satellite accounts (TTSAs) recently released by the Commerce Department's Bureau of Economic Analysis (BEA). These accounts show that travel and tourism spending accounted for about 3 percent of total employment. Of the approximately \$300 billion in travel and tourism spending, the largest single expenditure was for airline fares (\$81 billion), followed by lodging (\$56 billion) and meals and beverages (approximately \$50 billion). Satellite accounts are rearrangements of information from the national economic accounts and other sources for the purpose of analyzing specific economic activities more completely than is possible within the structure of the basic accounts. For example, development of the TTSAs arose out of a 1995 White House Conference on Travel and Tourism that had highlighted difficulties with existing measures of travel and tourism. BEA has also developed transportation services, environmental, mineral resources, and R&D satellite accounts.

INTERNATIONAL ROUNDUP

Moody's Threatens To Downgrade Japanese Credit Rating. Yesterday, Moody's announced that it will consider downgrading Japan's credit rating, citing the ineffectiveness of current policy to address structural problems in the Japanese economy, lack of consensus over economic strategy, a worsening fiscal outlook, and signs that Japan's external position is weakening. The yen dipped temporarily following Moody's announcement. It had been depreciating throughout the week, which press reports attribute in part to investor skepticism that front-runner Keizo Obuchi will undertake serious reforms to address Japan's economic problems if he becomes Prime Minister.

Wall Street Firm Urges Asian Debt Relief to Avert Further Crisis. Asian governments must move quickly to shore up their banking systems, according to a recent Goldman Sachs report. The report suggests that public sector balance sheets of the crisis countries are sufficiently robust and the long-term growth outlook is sufficiently strong that the banks can be recapitalized without generating an unsustainable debt position. It goes on to argue for immediate government action to alleviate credit crunch conditions. Goldman Sachs has lowered its macroeconomic forecasts, predicting deeper real contraction this year for the crisis economies (Indonesia, Korea, Malaysia, and Thailand), with negative or near-zero growth extending into 1999.

ILO Reports That Violence on the Job is a Global Problem. France, Argentina, Romania, Canada, and England have reported the highest rates of assaults and sexual harassment on the job, according to a worldwide survey of violence in the workplace issued this week by the International Labor Organization. While acknowledging the difficulties of comparing rates of violence among countries, the ILO report draws on a 1996 survey of workers in 32 countries and their perceptions of what had occurred to them on the job. Of those surveyed, taxi drivers, health care workers, teachers, and those working alone were among those facing the greatest risk of violence. The ILO also reports that in the United States roughly 1,000 killings take place each year in job settings, and that homicide has become the leading cause of death on the job for U.S. women. One survey found that U.S. employers incurred costs from workplace violence of more than \$4 billion in 1992.

Nigerian Fuel Crisis Intensifies, with Renewed Violence. Nigeria's longstanding fuel shortage has grown even more acute in the wake of violence sparked by the death of Moshood Abiola. Over 30 oil tanker trucks have reportedly been destroyed and several drivers killed; many other drivers have now refused to drive their tankers from the fuel depots. Shortages of aviation fuel have required the cancellation of some domestic flights. Although the oil sector generates a third of national output, inefficiency and the poor economic performance of many of these enterprises have helped generate fuel and power shortages that have depressed economic activity and forced Nigeria to import fuel to meet domestic requirements. Many of Nigeria's refineries have been shut down or are operating below full capacity.

cf. sources
can be used
anytime
to Aug. 7

RELEASES THIS WEEK

Housing Starts

Housing starts increased 6 percent in June to 1.62 million units at an annual rate. During the first six months of 1998, housing starts were 8 percent above the same period a year ago.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—The Conference Board (Tuesday)
Advance Durable Shipments and Orders (Wednesday)
Employment Cost Index (Thursday)
Gross Domestic Product (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1997	1997:3	1997:4	1998:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.7	3.1	3.7	5.4
GDP chain-type price index	5.4	1.8	1.4	1.4	1.2
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.1	3.6	1.4	1.1
Real compensation per hour:					
Using CPI	0.6	2.2	1.8	3.1	3.7
Using NFB deflator	1.3	2.5	2.7	3.9	3.5
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.5	10.7	10.6	10.7
Residential investment	4.5	4.1	4.1	4.1	4.2
Exports	8.2	11.8	11.9	11.9	11.5
Imports	9.2	13.1	13.3	13.2	13.1
Personal saving	5.3	2.8	2.6	2.9	2.6
Federal surplus	-2.7	-0.4	-0.1	-0.1	0.6
	1970- 1993	1997	April 1998	May 1998	June 1998
Unemployment Rate (percent)	6.7**	4.9**	4.3	4.3	4.5
Payroll employment (thousands)					
increase per month			320	309	205
increase since Jan. 1993					16246
Inflation (percent per period)					
CPI	5.8	1.7	0.2	0.3	0.1
PPI-Finished goods	5.0	-1.2	0.2	0.2	-0.1

**Figures beginning 1994 are not comparable with earlier data.

FINANCIAL STATISTICS

	1996	1997	May 1998	June 1998	July 23, 1998
Dow-Jones Industrial Average	5743	7441	9080	8873	8933
Interest Rates (percent per annum)					
3-month T-bill	5.01	5.06	5.00	4.98	4.96
10-year T-bond	6.44	6.35	5.65	5.50	5.45
Mortgage rate, 30-year fixed	7.80	7.60	7.14	7.00	6.96
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level July 23, 1998	Percent Change from Week ago	Year ago
Deutschemark-Dollar	1.792	0.1	-1.7
Yen-Dollar	141.5	0.9	22.2
Multilateral \$ (Mar. 1973=100)	101.3	0.2	2.9

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	3.9 (Q1)	4.5 (Jun)	1.7 (Jun)
Canada	3.8 (Q1)	8.4 (May)	1.3 (May)
Japan	-3.7 (Q1)	4.2 (Apr)	0.5 (May)
France	3.4 (Q1)	12.0 (Apr)	1.0 (May)
Germany	3.0 (Q1)	^{2/} 7.6 (Apr)	1.3 (May)
Italy	2.5 (Q1)	12.4 (Apr)	1.7 (May)
United Kingdom	2.9 (Q1)	6.4 (Mar)	4.2 (May)

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

2/ Rate for former West Germany. Using OECD standardized unemployment data, the unemployment rate for unified Germany for April 1998 is 10.0 percent.

THE WHITE HOUSE
WASHINGTON

7-29-98

98 JUL 27 4:05

July 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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page 3
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1. Health Care -- Patients' Bill of Rights: The House passed the Republican Leadership's Patients' Bill of Rights on Friday by a 216-210 margin, while defeating the Dingell-Ganske substitute by a 217-212 vote. The Democratic Leadership believes that the Administration's veto message helped secure the strong showing (including about 10 Republican cross-over votes) for Dingell-Ganske. The Senate appears likely to postpone a vote on patients' bill of rights legislation until after recess. Senators Chafee, Lieberman, and Graham will unveil compromise legislation later this week. From all reports, it will be a strong package that has no poison pills and includes many if not all of the patients' protections we have supported. The enforcement mechanism is still unknown, but the Senators may allow suits in federal (but not state) courts for economic (but not non-economic) damages. We still do not think that this bill will attract much support -- perhaps as few as two to four Republican votes.

X/ You have two events scheduled next week in which you can raise patients' rights. You will meet with key members of the disabilities community on Wednesday to discuss a range of issues, and can take the opportunity to plug a strong bill. (Members of the community are joining with Senator Kennedy and other Democrats for a rally in support of Daschle-Kennedy the day before.) In addition, you are tentatively scheduled to go to a health care facility on Long Island with Republican Congressman Michael Forbes on Saturday to highlight his support for the Dingell-Ganske bill, as well as to announce that the Department of Defense is now ready to come into compliance with the Patients' Bill of Rights.

2. Health Care -- Provider Taxes: After your line-item veto of legislation permitting New York to use provider taxes to fund its Medicaid program, we notified all states that we would seek legislation giving the Secretary of HHS authority to waive enforcement action against states with impermissible provider taxes so long as they drop these taxes and begin complying with the law. We also informed states that if Congress did not grant us this authority by August, we would have to begin enforcement proceedings. It is now becoming clear that Congress will not pass this legislation. States that have complied with the law see no reason to forgive states that have not. States that have not complied with the law do not believe we will enforce it in any event. As a result, no one has pushed this legislation. In a meeting with Erskine last week, we discussed whether and when to start enforcement activities. We arrived at a consensus, pending consultation with HHS

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meeting

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and DOJ lawyers, to delay action until after the Congress adjourns so that neither Congress nor the states can charge that we have provided insufficient time to pass the necessary legislation.

3. Tobacco -- Court Decision on Second Hand Smoke: A Federal district court judge in North Carolina ruled for the tobacco companies in a case challenging the EPA's finding, in a 1993 risk assessment, that environmental tobacco smoke (ETS) is a Class A carcinogen causing lung cancer in adults. (The decision left standing the EPA's finding that ETS causes respiratory harm to children.) The court found that the EPA "disregarded information and made findings based on selective information; deviated from its risk assessment guidelines; failed to disclose important opposing findings and reasoning; and left significant questions without answers." The ruling has no direct impact on federal, state, or local second-hand smoke rules, but the industry may try to use it to lobby against new restrictions or ease existing ones. The decision also will make second-hand smoke litigation much more difficult to win. We hope to be able to announce an appeal of this decision very shortly. We also can unveil a new EPA public service announcement that targets ETS in the home by informing parents of ways to protect their children from second hand smoke.

4. Education -- NEA/AFT International Teachers Congress Speech: You are scheduled to speak on Wednesday to the International Congress of Teachers, an international teachers organization tied to both the NEA and the ATF. Because national education standards are commonplace in most other industrialized countries, this forum provides a good opportunity to restate the case for national standards and tests, and to renew your threat to veto the Labor-HHS-Education appropriations bill for blocking work on the tests and failing to support necessary education investments. We also may use the occasion to highlight Congress's failure to fund summer job programs.

5. Disability Issues -- ADA Anniversary Event: You will commemorate the eighth anniversary of the Americans with Disabilities Act on Wednesday by signing a directive recommended by your Task Force on Employment of Adults with Disabilities. As you recall, you created the Task Force by executive order in March, and it is co-chaired by Secretary Herman and Tony Coelho. Its mandate is to help bring the employment rate of adults with disabilities "as close as possible" to that of the general population. The directive will instruct DOJ, EEOC, and SBA to do outreach on the ADA, and instruct HHS to do outreach on a state option, enacted as part of the Balanced Budget Act, to enable people with disabilities to buy into Medicaid as their earnings increase. In addition, you will announce that we are working with Senators Kennedy and Jeffords on additional health care legislation for people with disabilities who want to return to work. The disabilities community will greet this announcement very warmly because the Kennedy-Jeffords bill is their top priority. The current version of the bill costs \$5 billion over five years, but we are working with the Senators' staff on a more affordable alternative.

6. Crime/Guns -- Appropriations Votes: During floor consideration of the Commerce-Justice-State appropriations bill last week, the Senate voted on several important gun issues. First, the Senate defeated (61-39) Senator Boxer's amendment to require federal gun dealers to provide a child safety lock with every handgun sold, while passing (72-28) Senator Craig's amendment to

require dealers only to make safety locks available. Second, the Senate defeated (69-31) Senator Durbin's amendment to hold adults liable for failing to store firearms away from children. Third, the Senate passed (69-31) Senator Smith's amendment to prohibit the FBI from collecting a fee for Brady background checks when the National Insta-Check System (NICS) goes into effect in November. If the FBI cannot charge a fee for checks, DOJ estimates that the cost to the federal government will be \$75 million in the first year, with the potential to rise in subsequent years. In the wake of this vote, we are planning an event in early August in which you would (1) call for a five-day waiting period even after NICS goes into effect, (2) release a long-planned DOJ rule on funding the NICS through user fees, and (3) attack the Smith amendment as a veiled attempt to gut the Brady law. These actions should attract a great deal of attention, particularly after last week's tragic shooting in the Capitol.

7. Drugs -- Methamphetamine Penalties: The House Judiciary Committee marked up legislation last week to equalize federal penalties for methamphetamine trafficking and crack cocaine trafficking. Under current law, 10 grams of pure meth triggers the 5-year mandatory sentence and 100 grams of meth triggers the 10-year sentence; under the House bill, 5 grams of meth would trigger the 5-year sentence and 50 grams would trigger the 10-year sentence. Consistent with our prior statements, we endorsed the concept of equalization, but not at these low levels. At the same time, the Senate passed an amendment to the Commerce-Justice-State Appropriations bill offered by Senator Hutchison that would undermine DEA's regulatory authority over precursor chemicals that can be used to manufacture drugs such as methamphetamine. The amendment would (1) increase the difficulty of proving that drug sellers have violated record-keeping and reporting provisions of the Controlled Substances Act, and (2) decrease the penalties on drug sellers for violating these provisions. These measures would weaken the Comprehensive Methamphetamine Control Act you signed in 1996 by making it easier for drug sellers to divert legal chemicals into the manufacture of methamphetamine, and we will strongly oppose them.

8. Welfare Reform -- Urban Institute Study: A study to be released this week by the Urban Institute shows that people moving from welfare to work enjoy significantly increased income, even if they move into low-wage, part-time jobs. The study -- *Does Work Pay? An Analysis of the Work Incentives Under TANF* -- examines how monthly income for a family of three changes as a family member moves from no work to a part-time minimum wage job to a full-time minimum wage job, and finally to a full-time \$9.00 per hour job. The study calculates these changes in 12 states (AL, CA, CO, FL, MA, MI, MN, MS, NJ, NY, TX, WA). Not surprisingly, the lower the welfare payment, the greater the incentive to work. (For example, moving from welfare to a part-time minimum wage job increases family income by 38 percent in Washington and 108 percent in Mississippi.) Across all 12 states, family income increases by an average of 51 percent in the transition from welfare to a part-time minimum wage job, with income growing by another 20 percent between part-time and full-time minimum wage work and still another 16 percent between a full-time minimum wage job and full-time work at \$9.00 per hour.

The study confirms that federal and state policies make a big difference in making work pay. In particular, the EITC helps families maintain income as they lose other benefits over time. For

* // example, in Mississippi the EITC almost doubles the increase in family income between welfare and a part-time job -- from 67 percent to 108 percent. In New York, EITC makes the difference between a 19 percent and 45 percent increase in income.

9. **Welfare Reform -- Washington State Report:** A recent survey by the State of Washington shows relatively high levels of employment and earnings for people who left welfare between December 1997 and February 1998. The study found that 68 percent of people who have left welfare are currently working, at an average hourly wage of \$8.42. Total family income for these families, including child support, was 137 percent of the federal poverty level. Though Washington has a generous child care program, only 31 percent of families reported using subsidized care. More than half responded that they did not need subsidies because they received care for free.

* { 10. **Welfare Reform -- Mayor Giuliani's New Plan:** In a speech last week, Mayor Giuliani announced that he would transform New York from the welfare capital of the country to its work capital, by requiring everyone able to work to do so. Giuliani's new approach is similar to that adopted in Wisconsin -- which is unsurprising given that he recently hired Jason Turner, Governor Thompson's former welfare reform guru, to head New York's welfare program. Although not publicly backing away from the workfare program he has championed, the mayor is now making workfare only one part of a comprehensive work-first, employment-focused approach which includes unsubsidized and subsidized private sector employment. The mayor announced that under this approach, he would transform every welfare office into an employment center, divert as many applicants as possible to work so that welfare is the last rather than first resort, require mothers with newborns to attend a parenting class, expect those with disabilities not severe enough to qualify for disability payments to work (in specialized settings if necessary), and compel those with substance abuse problems to participate in work and treatment.

both good ✓ The Mayor's new approach sets very high expectations for both recipients and the welfare system. An approach this ambitious will have a lot to overcome given New York City's size, bureaucracy, political dynamics, and continuing high unemployment. But if welfare reform can make real headway in New York City (as well as in California, which has lagged behind the rest of the country), it can succeed anywhere. HHS intends to contact city officials to determine whether we can give them any assistance in implementing this far-reaching program.

good 11. **Welfare Reform -- NGA Report on Employment Retention:** The National Governors Association will release a report next week on how states can help people remain employed once they have left welfare. The report emphasizes that "work first" means not simply placing people in entry level jobs, but working with people after they are employed to help them keep their jobs, avoid returning to welfare, and advance within the labor market. The report suggests that states should: promote learning at the workplace; help people get jobs that give them access to career ladders; improve the quality of "transitional employment" by combining it with education, training, career guidance and job placement; and improve access to education and training that complements work. The report also encourages: ongoing case management and mentoring; access to supportive services such as child care, transportation, health care, housing; and financial incentives such as the federal

Emanuel
ros
Caplan

and state earned income tax credits. We are working with HHS to put out a press release praising the report and highlighting once again an NGA report issued in May (which we previously described to you) showing that states are investing more than ever before in child care and work opportunities.

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12. Children and Families -- Nutrition Bill: With Administration support, the House on Monday passed a reauthorization bill for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Summer Food Service Program; the Farmers Market Nutrition Program; the Nutrition Education and Training Program; and State administrative support for the School Lunch Program. The bill advances your after-school care agenda by incorporating a variety of Administration recommendations, such as enabling States that are enrolled in the School Lunch and Breakfast Program to provide snacks to children in after-school education and enrichment programs, and allowing institutions that provide after-school care for "at-risk" school children aged 12 through 18 to participate in the Child and Adult Care Food Program. The bill also strengthens protections against WIC fraud and abuse, and requires states participating in WIC to provide program participants with education on drug and alcohol abuse. The Senate is expected to act on its bill shortly.

13. Children and Families -- Child Care: The House Government Reform and Oversight Committee unanimously passed the Quality Child Care for Federal Employees Act last week, and both the House and Senate are likely to pass the bill by unanimous consent before they recess. The legislation in part mirrors the executive memorandum you issued in March to improve federally-sponsored child care in the executive branch, by ensuring proper background checks of child care providers, and achieving full accreditation of child care facilities. The pending legislation also applies to child care sponsored by the judicial and legislative branches of the federal government, and includes additional important provisions, such as: (1) giving GSA new oversight responsibilities for most federally-sponsored child care and directing GSA to develop, issue, and enforce uniform health and safety standards; and (2) authorizing agencies to use appropriated funds for child care subsidies for their low-income employees.

THE WHITE HOUSE
WASHINGTON

July 24, 1998

7-29-98

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC WEEKLY REPORT

cc: ERSKINE BOWLES

Sunsetting the Tax Code: Next week, the Republicans may try to add a sunsetting the tax code amendment to the Treasury-Postal appropriations bill. On Thursday (7/23), Secretary Rubin sent a strong letter in opposition to such a move. If the Republicans go ahead, it could present an opportunity for you to join the criticism of sunsetting with our overall message on the fiscal irresponsibility of their tax cuts and the importance of maintaining stability in our current economic environment.

Tax Cuts and Surplus: You should know that your strong statement on saving the surplus for Social Security at the IRS signing was widely reported -- and welcomed -- by Congressional Democrats. It will strengthen their resolve to resist the Republican tax cut proposals. Chairman Kasich is now proposing an unspecified tax cut of \$167 billion over five years and roughly \$700 billion over ten years. He essentially divides the annual Social Security surpluses into two streams -- a cash stream which equals the excess of payroll taxes over benefits and a stream of interest the trust funds earns. He sets aside the cash stream for Social Security reform and uses the amount of the interest stream, along with the deficit/surplus in the rest of the budget, to pay for his tax cut. Since he is actually taking the interest out of the Social Security trust fund, his proposal will likely backfire on him.

High Hopes for College: On Wednesday (7/23), Bob Shireman of my staff discussed the House-Senate differences with Rep. Fattah and his staff, the Education Department, and a task force of education organizations. While most prefer the House approach (our proposal as written), all agree that it is best to base the conference agreement on the Senate version (which incorporated High Hopes into an existing program sponsored by Sen. Jeffords). Changes are needed to the Senate approach, but an agreement is clearly achievable. We have suggested to Chairman Jeffords's staff that we ratify a deal *early*, in order to provide inertia for the conference overall and improve our chances for funding.

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CJF
aguy

Hispanic Education Action Plan: You should know that your more than \$600 million Hispanic Education Action Plan continues to receive praise. When the Vice President met with the Hispanic Caucus last Friday (7/17) and when the First Lady spoke at the National Council of La Raza conference, your plan received strong support. The *Washington Post* reported that "NCLR leaders have endorsed a \$600 million Clinton administration plan. . . But much of that proposal has been slashed by congressional Republicans, provoking the ire of its supporters." The NCLR President, Raul Yzaguirre, is quoted as saying, "If the Republican Party is interested in making sure it is not a permanent minority party in places like California [with fast-growing Latino populations], it is going to have to begin to address the needs of the Latino community." It is interesting to note that while the House appropriations bill severely underfunds the plan, it actually does provide increases for six of the nine programs that we identified.

Direct Loan Consolidation Rate: Sallie Mae has made noises about suing over the new low rate for loan refinancing, but has not done so. Meanwhile, the four top Republicans on the House Education and the Workforce Committee wrote on Thursday (7/23) to Secretary Riley demanding a long list of documents by Monday (7/27), so they can hold "any necessary hearings" before the August recess. They seem to be preparing to bring up the loan processing problems that Education's contractor had last year. Anticipating this possible line of attack, we received firm commitments from the college and student organizations to aggressively defend the decision to lower the rate despite any concerns over processing issues.

H-1B Visas: On Thursday (7/23), Rep. Lamar Smith and Sen. Abraham reached a tentative agreement regarding legislation to increase the number of temporary visas for highly skilled foreign workers. While we do not know the details of the compromise, it appears that it contains a \$250 application fee to fund additional training (which we had fought hard for) and some protections for U.S. workers. We believe, however, that most employers (particularly large, Fortune 500 firms) would be exempt from the requirements that would protect U.S. workers. As a result, I am planning to meet with Sen. Abraham next week to discuss the possibility of strengthening the labor protections. The House leadership is eager to bring this bill to the floor next week.

G.I. Bill: We believe that the last real obstacle on the GI Bill is nearly resolved. On Thursday (7/23), Secretary Herman met with Gov. Engler to discuss a possible compromise on the Governor's desire to privatize Michigan's employment service. While the framework for a deal has likely been reached, Sec. Herman is still vetting the compromise with organized labor. Meanwhile, Hill staff will be working over the weekend to incorporate comments from DOL and other stakeholders in the bill. Sen. Jeffords has said that he would like the conference report to be signed by next Wednesday. Because the Senate is scheduled to recess next Friday, the conference report is unlikely to reach the Senate floor before the August recess. Therefore, it is unlikely that you will have a bill to sign until September.

Y2K Liability Bill: Two weeks ago, you announced that we would be sending a Year 2000 liability reform bill to the Hill before the August recess. Working with DoJ, WH Counsel, and OVP, we have finally reach agreement and the bill will be sent to the Hill on Monday (7/27). The compromise reached by your advisors: (1) is consistent with the goal of the bill, as it is not necessary to protect marketing to consumers to encourage exchange and disclosure of information to enhance Y2K readiness; (2) anticipates the inevitable criticism of consumer harm from Trial Lawyers and consumer groups; and (3) helps tactically to balance the industry's call for an even broader bill that provides them protection, not only for information disclosure, but also from liability for performance of the product.

Credit Unions: The Credit Union bill debate began on Friday (7/24) on the Senate floor. There should be votes late Monday (7/27) or early Tuesday (7/28). The Administration sent a SAP including a veto recommendation if an amendment from Senator Shelby, which would exempt small banks from CRA is adopted. We also strongly oppose an amendment from Senator Gramm stripping the bill of new provisions that require CRA-like reviews of the extent to which credit unions serve people of modest means. While we expect to defeat the Shelby amendment, the Gramm amendment may pass.

Presidential Task Force on Employment of Adults with Disabilities: As you know, this Sunday (7/26) is the anniversary of the passage of the Americans with Disabilities Act (ADA). We are planning an event with members of the Task Force for Wednesday (7/29) at which you would announce your commitment to work with Congress to develop a feasible and affordable health care proposal (which will be very well received by the disability community) and you will issue directives aimed at increasing information about the new Medicaid buy-in options that are in the Balanced Budget Act and increasing information and outreach regarding the requirements of the ADA and the Rehabilitation Act. Erskine and I meet with Secretary Herman and Tony Coehlo to discuss both the progress of the Task Force and the components of the event.

Long-Term Care Tax Credit: Per your request we have been conducting NEC/DPC process to develop long-term care policy options. We are finalizing policies in three areas: (1) offering private long-term care insurance policies to federal employees; (2) tax credits for a long-term care and people with disabilities; (3) options within current Federal programs (e.g. Medicare and grant programs). In the next few weeks, we will be sending you an options memo on this issue.

Privacy: The NEC and DPC held a principals meeting to discuss privacy on Monday. We are developing a package of proposals that would include legislation and Administrative actions on children's privacy, financial records, medical records, identity theft, and encouragement of industry self-regulation. We hope to transmit to you a series of recommendations for your approval next week.

MFN: The House voted 264-166 to renew MFN, now "normal trade relations", for China. Your trip to China, and strong follow-up by the NSC, NEC, White House Legislative Affairs and agencies with members of Congress produced a stronger vote than last year's 259-175 renewal. On the economic side, we will need to press forward on opening China's markets, including negotiations on China's WTO accession. You should know that USTR negotiators are in Geneva this week pushing this agenda.

Japan: Following the selection of former Foreign Minister Obuchi as Prime Minister, we are developing a strategy for early engagement with Japan's new government to heighten the sense of urgency on addressing banking problems and economic stagnation with immediate, sustained and concrete action. Principals are likely to recommend an early meeting between you and the new Prime Minister around the UNGA meetings in late September.

Africa Trade Bill: This week, the Senate Finance Committee voted out a bill expanding trade benefits for Africa. However, the bill was loaded up with a variety of other trade measures, the most controversial of which was fast track. (The bill also included the Caribbean Basin Trade Enhancement, GSP and Trade Adjustment Assistance reauthorization, shipbuilding). The vote was 18 to 2, with only Conrad and Moseley-Braun opposed. Moynihan reserved the right to change his vote on the floor, noting that the timing was wrong for fast track. Next week, we will work with WH Leg. Affairs, NSC, Sylvia Mathews, and USTR to develop a strategy going towards the floor vote.

International Telecommunications: The NEC has been leading an interagency effort to decide how to handle a potential conflict with the European Union over technical standards for third-generation (3G) wireless telecommunications (cellular phones). The European standards-setting body has developed a 3G standard that could disadvantage certain U.S. manufacturers, and the EU is considering adopting this standard as a community-wide mandatory regulation. We are consulting with U.S. telecom equipment manufacturers and service providers (some of whom support the EU's choice of standard) to ensure that U.S. technologies have a fair chance to compete in the EU market.

Dorothy Robyn, on my staff, is also continuing our efforts to promote privatization of INTELSAT and Inmarsat, two intergovernmental organizations that provide satellite capacity for global telecommunications linkages. In May, the House passed a Bliley-Markey bill that, while aimed at accelerating privatization of these two organizations in the name of competition, would actually have the opposite effect. (The bill, supported by INTELSAT and Inmarsat's competitors, would limit or revoke these two organizations' access to the U.S. market if as many as 142 other countries don't agree to privatization on the unrealistic terms and timetable mandated by the bill.) Sen. Burns will be holding hearings on this issue next week, and we are working with him and others in the Senate who support a more pro-competitive approach to legislation.



7-29-98
EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

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July 24, 1998

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MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE B. BOWLES
FROM: KATHLEEN A. MCGINTY
SUBJECT: CEQ WEEKLY REPORT

This week, two FY 1999 appropriations bills affecting a range of environmental priorities moved through the House -- VA-HUD and Interior and Related Agencies. This week's report summarizes key action on these two bills.

VA-HUD

American Heritage Rivers

Representative Stearns threatened to offer an amendment to the VA/HUD bill that would have blocked funding for the American Heritage Rivers initiative. However, Stearns withdrew his threat due to an outpouring of bipartisan support for the initiative. On Monday, the Vice President will announce the list of designated American Heritage Rivers. You and he will then travel to the New River in North Carolina for the event at which the rivers will officially be designated. You will receive separate materials on this event later.

Climate Change

The VA-HUD bill as reported by the committee contained objectionable bill language that restricts Administration climate work and even more offensive report language that would have barred important educational efforts. In an important test vote on Administration efforts on climate change, Representative Obey won an amendment to strike the report language, 226-198. The legislative language remains, however, and will be the subject of conference negotiations.

Other Anti-Environmental Riders

The Administration supported an effort by Representative Waxman to strike a block of other objectionable riders in the bill on a range of subjects, including mercury pollution, PCB contamination, and food safety -- but lost on a 243-176 vote. Nevertheless, the debate on this amendment provided an opportunity to bring attention to the continued stealth attack on the environment that is being pursued by this Congress.

INTERIOR APPROPRIATIONS

The Interior Appropriations bill contains several anti-environmental natural resource riders and significant shortfalls in funding for key environmental initiatives. An amendment offered by Representatives Fox and Skaggs to provide additional funding for DOE's energy efficiency climate work passed on the second attempt after a similar amendment lost the previous day by only one vote. Other amendments offered by Democrats to remove natural resource riders were defeated but they served to bring attention to objectionable provisions in the bill. Many Democrats voted against final passage of the bill, with the result that the bill passed with only a 245-181 margin.

OTHER

Travel

On Tuesday, I traveled to the Columbia, South Carolina to speak to the Palmetto Conservation Foundation, a group focused on preserving South Carolina's natural and historical resources. The group, made up of both Republicans and Democrats from North and South Carolina, is united behind environmental protection and against Republican attacks on the environment.

Next week, I will travel to Bangkok, Thailand to speak at a conference to launch the "Greening of Industry Network," which is sponsored by the United States/Asia Environmental Partnership Program. The audience will be made up of international representatives from industry and non-profit groups, and I plan to speak about environmentally sustainable industry.

I will also travel to India next week on unofficial and personal business. However, I expect to meet with both India's Minister of Environment and the Secretary in the Ministry of Non-Conventional Energy Sources and will discuss environmental issues, particularly climate change.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

98 JUL 24 PM 4:15

July 24, 1998

7-29-98

MEMORANDUM FOR THE PRESIDENT

FROM: KERRI-ANN JONES *K.A. Jones*
CC: ERSKINE BOWLES
SUBJECT: OSTP WEEKLY REPORT

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House Bends Slightly on Energy Conservation Funding

On Thursday, the House reversed itself and restored, by voice vote, \$45 million for energy efficiency in their version of the FY 99 Interior Appropriations bill. This funding boost came just days after an effort to increase funding for energy conservation failed on the House floor. That amendment, offered by Reps. Jon Fox (R-PA) and David Skaggs (D-CO), would have added \$40 million to this portion of your Climate Change Technology Initiative and had been widely expected to pass, but failed by a single vote, 212 - 213.

Even with this \$45 million increase, the House bill is still \$133 million shy of your \$806 million request for energy conservation. Since 1973, Federal investment in this area has led to energy efficiency improvements in the U.S. economy that have reduced energy bills by \$150 to \$200 billion dollars per year. OSTP will continue to work to restore full funding to this high priority program.

Muzzle Removed, but House Still Inhibits Climate Change R&D

During debate on the VA, HUD, & Independent Agencies Appropriations bill, the House adopted, 226-198, an amendment offered by David R. Obey (D-WI), that restores the ability of EPA and the Council on Environmental Quality to conduct educational outreach or informational seminars on policies underlying the Kyoto Protocol. You will recall that Rep. Knollenberg (R-MI) had earlier successfully imposed a provision in Committee that would have prevented the Administration from any action taken even "in contemplation of implementation" of the treaty. However, the House did not alter provisions to restrict the ability of the Agencies covered by the bill to pursue the goals of the Kyoto Protocol.

It is somewhat ironic that the zealous opponents of the treaty seek to bar discussion and limit research on climate change -- research that they should encourage if they're so convinced that Kyoto would cause such economic wreckage.

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7-29-98

USA's High School Math Olympiad Team Excels in International Competition

Competing against teams representing 76 countries, a team of six American high school students won three gold and three silver medals at the 39th International Mathematical Olympiad (IMO) held in Taipei, Taiwan July 15 and 16, 1998. The top 12 teams and their scores (out of a possible 252 points) were: Iran (211), Bulgaria (195), USA (186), Hungary (186), Taiwan (184), Russia (175) India (174), Ukraine (166), Vietnam (158), Yugoslavia (156), Romania (155), Korea (154). The US team members come from California, Indiana, Massachusetts, Ohio, and Pennsylvania. OSTP will be forwarding a congratulatory letter to be sent to the U.S. team for your signature.

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for a congratulatory letter
JL

Outside Amplification for Government Investment in Science

During this budget period, OSTP has been encouraging national scientific societies, like the American Chemical Society, to speak-out on the value of federal investments in R&D. The July 11th issue of *Congressional Quarterly Weekly* contains an advertisement sponsored by the American Chemical Society and featuring 1997 Chemistry Nobel laureate, Paul Boyer. The ad's bottom line: "When the government invests in science, we all benefit." (See attached). Another ad has run in the Capitol Hill newspaper *Roll Call* that contained the tag line "...What do Bill Clinton and Newt Gingrich agree on? That federal investment in research funds economic growth and ensures world leadership....Funding Research Funds the Future."

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Britain Boosts R&D Investments

The U.K. government, as part of its recent comprehensive review of all government expenditures, has increased its spending on science by an additional 15 percent over the next three years. The science budget includes increases in funding for priority areas such as the life sciences, new university laboratories and infrastructure improvements. In addition, The British government this week announced a partnership with a private foundation, the Wellcome Trust, the world's largest charity, which will contribute over \$650 million over the next three years on U.K. science efforts. This announcement is another example of the increasing reliance of R&D funding on government - private partnerships. This trend is being seen worldwide.

OSTP Enlisting Others to Help on R&D Appropriations

Last Wednesday, OSTP helped organize a White House meeting with leaders of the National Business Coalition for Federal Research. John Podesta provided an overview of how R&D was faring in the appropriations process. This group of business and academic leaders, from nearly 3 dozen Chambers of Commerce from various high tech regions of the country, have joined forces to urge Congressional support for your proposed FY99 increased investments in Federal R&D.

On Capitol Hill, Neal Lane also addressed the East-West Initiative Forum -- a group of Senators and their constituents from high tech states who are interested in working together to push for a common high tech agenda. Members of the National Coaliton also met with Forum participants.

7-29-98
THE WHITE HOUSE
WASHINGTON

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July 26, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *for*

SUBJECT: Climate Change Weekly Report (weeks of July 13 and 20)

Good way!

Congressional

Appropriations. A little good news in the House this week. First, we worked with Rep. Obey on an amendment to override the Knollenberg gag order in the report to the VA-HUD bill. The amendment passed 226-198, with 175 Ds and 51 Rs voting for it. Rep. Greenwood had planned to offer an amendment to neutralize the Knollenberg bill language, but at the last minute, Greenwood, decided to not offer it. We were working this hard, as were the enviros. It would surely have lost, but probably with a respectable vote. Greenwood, along with Reps. Boelherth and Waxman, criticized the bill language during floor debate. Because the Senate bill does not contain any such language on this issue, we are hopeful that we can work with the Senate and these House members to modify the language in conference.

Second, after an initial 213-212 defeat, the House accepted a Skaggs/Fox amendment to the Interior Approps bill to add back \$45 million to DOE's energy efficiency budget; \$34 million of this was part of our climate change initiative. This still leaves us far below your requested increase of \$193 million, but it was an important step in the right direction.

Domestic policy

Economic analysis. CEA's economic analysis, which provides the underpinning to Janet Yellen's February economic testimony on the Hill, is ready for release. There is one open issue that I will address through a separate memo that should be ready for your review Monday or Tuesday.

Federal energy. As you know, we used this week's radio address to roll out the first four elements of your federal energy plan, all related to significantly reducing the use of energy in federal buildings. A good AP story ran in the Sunday *Washington Post*. Your announcement included: (1) a directive to all agencies urging them to maximize their use of energy saving performance contracts, accompanied by specific OMB guidance; (2) a new campaign to replace 300,000 light bulbs/fixtures in federal buildings with fluorescents in the next three years; (3) a directive to agencies to maximize efforts to earn EPA's Energy Star label for their buildings; (4) DOD's and six other agencies' agreement to build all new buildings, starting in the year 2000, according to sustainable design principles (e.g., 50% more energy efficient). We are pressing ahead on the other elements of your federal energy plan.

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Auto tax credit. I met separately with GM and Chrysler this week to see if the logjam could be broken in discussions on an auto tax credit. The discussions to date, led by NEC, CEQ and OVP, have foundered on the companies' opposition to a performance based credit (i.e., a credit for cars that achieve two/three times ordinary mileage for their class). What they would support is a credit for use of specific technologies -- such as hybrid engines. Our side has resisted until now out of concern that unless the credit is performance based, you can't be certain that greenhouse gas emissions will decline; the technology could be put into larger cars so that net emissions, compared to a conventional engine in a smaller car, were the same. GM argues that these technologies will always save emissions because even if the hybrid goes into a bigger car, it'll emit less than a conventional engine in the bigger car. My feeling is that to have an auto tax credit which Detroit would actively support on the Hill would be a huge boost for us -- and would give us a transportation initiative with some zip -- so I want to rapidly explore whether we can't bend enough to make a deal. Adequate acceptance by the environmental community (which likes our performance based proposal) would be essential to make this work.

Industry consultations. We met recently with CEOs from the steel, cement and forest products industries. The meetings were cordial, but there is a good deal of wariness on the part of many of these leaders. They are uncertain about the level of reductions that would be expected of them under a ratified treaty, uncertain about how mechanisms like trading would work, and concerned about the lack of developing country participation. The Asian financial crisis has made this last concern a good deal more acute, especially for industries like steel and forest products facing stiff competition from those countries. The idea that our Kyoto obligations would give these countries *another* price advantage (beyond cheap labor and a devalued currency), riles many of these CEOs. We, of course, stress the value of working in partnership with us, but with many industries, this is going to be tough sledding.

Diplomatic

A senior Chinese official has offered one of the most positive statements from her government to date on the topic of emissions trading. Deng Nan, Vice Minister of Science and Technology (and daughter of Deng Xiaoping), said that China is willing to work with other countries to develop rules for emissions trading and would welcome further discussions with the U.S. on this topic. The remarks came during a ceremony attended by Ambassador Sasser, launching a program to build a demonstration energy efficient building in Beijing.

The G-8 climate change working group held its first meeting last week in London. Talks were constructive, but underscored the wide gaps between ourselves and the EU on the difficult issue of emissions trading. EU officials continue to insist on a percentage cap on the amount of reductions that any country may purchase from abroad.

Communications

Tuesday and Wednesday, *CNN* aired a strong two-minute segment on climate change that included footage of the heat wave in the Southwest, the Vice President's event last week and your speech to the AFT. Anti-climate remarks by Rep. Knollenberg were countered by a litany of recent weather data. On Thursday, *The Los Angeles Times* ran a story detailing your and the Vice President's recent activity on climate change. There was also significant press coverage of the House vote to drop the "gag order." In next week's issue, *Newsweek* is expected to run a piece on the heat wave, its connection to climate change and its agricultural implications.

Editorials. Our editorial mailing of a couple weeks ago continued to pay dividends. The *Washington Post*, *Detroit Free Press*, and *Los Angeles Times* all editorialized against the gag order provision in the VA, HUD bill. The *Free Press* also criticized the funding cuts. On Sunday, July 12, the *New York Times*, ran an editorial attacking the Knollenberg and other anti-environmental riders. On Friday, July 17, the *Times* editorialized on the heat wave in the South and Southwest and its possible link to global warming.

The Vice President's weather event on Tuesday, July 14, was covered by NBC and ABC in long pieces on the Texas drought, and also received a good deal of print coverage.

United Technologies Corporation pledged to reduce energy use 25% by the year 2007 in over 240 facilities worldwide. A congratulatory letter from you was sent to the CEO, George David.

cc: Vice President
Erskine Bowles
John Podesta
Ron Klain
Jack Lew
Katie McGinty
Mike McCurry
Gene Sperling
Jim Steinberg
Janet Yellen

7-29-98

THE WHITE HOUSE
WASHINGTON

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July 24, 1998

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Let Ann see this
1 pg + 6 pg pieces

MEMORANDUM TO THE PRESIDENT

FROM: ANN LEWIS AFL
STACIE SPECTOR SS

SUBJECT: COMMUNICATIONS WEEKLY REPORT

Accomplishments

You asked about an updated accomplishments document. Here is what we have now: a one page and six page overall accomplishment document, state by state analyses of the impact of your policies (such as the economy), and particular issues. These are updated monthly, and distributed regularly and maintained on the Web. Because they are on the Web they are public documents, so they can be reprinted for political distribution.

We also produce a daily message page which is circulated to all EOP offices and featured on the Web as *The White House At Work*. For larger events we also produce pocket cards.

For the fall we have been planning a set of issue specific accomplishment documents and cards including the Economy, Education, Health Care, and the Environment. We will also produce materials for specific outreach groups including women and seniors.

If you would like to see samples of any of this material or have specific suggestions for an updated accomplishments document, please let us know.

Message Amplification

- **School Discipline and Safety.** Distributed materials to AFT, NEA, national African-American education groups, African-American labor leaders in education unions and 157 educational and children's advocates.
- **Nursing Home Care.** Distributed materials to senior citizens groups, nursing home groups, 200 women's groups and 63 Asian Pacific American health advocates. We also received letters of support and press statements from senior citizens groups and nursing home groups.

- **Rural Action Plan.** The National Farmers Union also did some press in favor of the your action plan.
- **Values-Based Crime Prevention Initiative.** Distributed information to mayors who attended the event in order to encourage them to write op-eds and letters to the editor to pitch to their hometown papers. Distributed information on the 16 community-based collaboratives and your remarks to 200 women's and Jewish groups.
- **Charter Schools.** We are working with DPC on an Editorial Board mailing about our charter schools (with state charts), encouraging them to write about the value of charter schools for their communities.

Information about each event was also posted on the web site. In addition, your radio teleconference with the rural press was simulcast live over the Internet.

The Week Ahead

Next week's message events include a Social Security Forum on retirement investment options; the NEA/AFT Convention on education; the American Heritage rivers event which will include other environmental issues and significant Cabinet involvement; the release of GDP numbers; and tentatively a radio address on the Patients' Bill of Rights.

In addition, on Tuesday we are convening a inter-departmental group to begin a discussion on events and messages for your back-to-school program in late August through early September.

Women's Issues

Stacie spoke at an "at the table" with a group of women from across the country representing the Kellogg Women's Fellowship program on the role of women in the Clinton Administration; giving everyday Americans access to the policies of this Administration; and, communicating our message outside the beltway.

Projects

- **Census.** We continue to produce message materials and other information for census working groups including the Congressional Census Caucus and the coalition brought in by the Office of Public Liaison. Ann will speak at another census briefing for constituent groups next week.
- **Africa Trade.** We are working with Public Liaison and Legislative Affairs to build on the NAACP endorsement and other indications of support.

7-29-98

THE WHITE HOUSE

WASHINGTON

July 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: LARRY STEIN *LJS*

SUBJECT: LEGISLATIVE WEEKLY REPORT

House of Representatives

1. **China MFN:** The House rejected (166-264) H.J.Res. 121, the resolution disapproving of your decision to extend Most Favored Nation trade status (now known as "Normal Trade Relations") to the People's Republic of China. After declining for each of the last two years, support for the Administration's position increased by a net margin of five votes. Seven Democrats who opposed MFN last year voted in favor this year. This was offset by the absence of four Democrats, leaving a net increase of three. There were two net additional Republicans voting in favor.

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2. **Late-Term Abortion:** The House voted (296-132) to override your veto of H.R. 1122, the Partial-Birth Abortion Ban. No votes were lost, the measure passed by the same vote count as last year. The Senate is expected to vote on the measure prior to the October adjournment.
3. **Patient Protection Act:** The House passed (216-210) H.R. 4250, the Republican Leadership-sponsored Patient Protection Act. Three Democrats (Danner, Goode, Traficant) joined 213 Republicans in supporting final passage; twelve Republicans joined 198 Democrats in opposition. Senior advisers recommend a veto because the legislation covers too few people, provides too few patient protections, and it contains several controversial provisions irrelevant to the bill (for instance, caps on medical malpractice awards and Medical Savings Accounts tax breaks for wealthier individuals). While considering the bill, the House narrowly defeated (212-217) a Dingell (D-MI) substitute amendment which contained the text of H.R. 3605, the Ganske (R-IA)-Dingell Patients' Bill of Rights Act. Ten Republicans and the one Independent joined all 201 Democrats present in supporting the substitute.
4. **Interior Appropriations:** The House passed (245-181) H.R. 4193, the Department of the Interior and Related Agencies Appropriations Act of 1999. Senior advisers recommend a veto due to damaging riders and the underfunding of priority programs. While under debate, the House approved (253-173) a Johnson (R-CT) amendment to restore \$98 million funding to the National Endowment of the Arts, addressing one of the Administration's concerns.
5. **VA-HUD Appropriations:** The House began consideration of H.R. 4194, the appropriations bill funding the Department of Veterans Affairs and Housing and Urban Development; the vote on final passage is scheduled for next week. The Administration is threatening to veto

Refer Greenberger
~~Dan Burkhardt.~~

Please coordinate the reply.

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the bill due to the underfunding of key priorities, such as National Service, Superfund, and climate change; restrictive language on the Kyoto Protocol; and the addition of HR 2, a controversial housing authorization bill opposed by the Administration.

In a key victory for the Administration, the House approved (226-198) an Obey (D-WI) amendment removing highly objectionable report language related to the Kyoto Protocol. The House then rejected (176-243) a Waxman (D-CA) amendment to strike various anti-environmental riders. When debate continues next week it is expected that a Riggs (R-CA) amendment may be offered to cut off funds in the bill for San Francisco because of the city's unmarried partners ordinance.

6. **Campaign Finance Reform:** The House continued consideration of amendments to the Shays-Meehan substitute to H.R. 2183, the Bipartisan Campaign Integrity Act of 1997, passing a number of nuisance amendments aimed at the Administration. However, in a victory for the Administration, the House defeated (150-248) a Paxon (R-NY) amendment requiring both the itemization of amounts spent by labor organizations for political activities and the availability of the reports via a public Internet site or other publicly accessible computer network. Consideration of the bill is expected to continue until the August recess.

The Week Ahead

Next week the House will consider a number of appropriations bills, including: VA-HUD; Commerce-Justice-State; Transportation; and Labor-HHS. The House is also scheduled to consider a resolution disapproving the extension of the waiver authority contained in the Trade Act of 1974 for Vietnam. In addition, the House will continue consideration of H.R. 2183, the campaign finance reform legislation.

United States Senate

1. **Legislative Branch FY99 Appropriations:** The Senate passed (90-9) H.R. 4112, a \$1.7 billion FY99 spending bill for the Legislative Branch. Prior to final passage, the Senate invoked cloture (83-16) to prevent the consideration of a Brownback (R-KS) amendment that would have eliminated the "marriage-penalty" from the tax code.
2. **Commerce/Justice/State FY99 Appropriations:** The Senate passed (99-0) S. 2260, a \$33 billion FY99 spending bill for the Commerce, Justice, and State Departments. During the bill's consideration, the Senate voted on several amendments regarding gun control policy: tabled (61-39) a Boxer (D-CA) amendment to require safety locks on all handguns sold in this country; passed (72-28) a Craig (R-ID) amendment that would require gun dealers to make "reasonable" efforts to make an array of gun safety devices available at their stores; passed (69-31) a Smith (R-NH) amendment which prohibits the FBI from establishing taxes or fees for the cost of gun purchase background checks; and, tabled (69-31) a Durbin (D-IL) amendment which would have made parents criminally liable if a child commits certain crimes with a parents' weapon that had not been securely stored.

The Senate also acted on a number of amendments aimed at regulating the Internet. The Senate passed (voice) a McCain (R-AZ) amendment directing the FCC to study systems for filtering or blocking matter on the Internet; passed (voice) a Coats (R-IN) amendment making it a federal crime to transfer harmful material to minors over the Internet; and passed (90-10) a Kyl (R-AZ) amendment banning most types of gambling on the Internet, with the exception of state authorized lotteries and fantasy sports games.

The Senate also disposed of the following amendments to this bill: tabled (64-36) a Sessions (R-AL) amendment which would have cut juvenile justice prevention funding (this vote is the strongest vote the Senate has taken this year in favor of crime prevention); rejected (50-50) a Bumpers (D-AR) amendment that would make it a federal crime to record phone conversations without the consent of all parties, with one Democrat voting against (Moynihan) and six Republicans voting in favor (Chafee, Coats, Coverdell, Tim Hutchinson, Jeffords, Snowe); passed (53-47) a Nickles (R-OK) amendment limiting attorney's fees for court appointed lawyers in federal death penalty cases to no more than the pay rate of the U.S. attorney prosecuting the case; and, passed (68-31) a controversial Smith (R-OR)-Wyden (D-OR) amendment to reform the temporary immigrant farm program (Guest workers) currently administered by the INS.

*Podesta
Coats
Moynihan
Hutchinson
Jeffords
Snowe*

3. **Transportation FY 99 Appropriations:** The Senate passed (90-1) S. 2307, a \$47.5 billion FY99 spending bill for the Department of Transportation. The manager's amendment included language on project labor agreements consistent with your memorandum.
4. **Credit Union Membership Access Act:** On Friday, the Senate began consideration of H.R. 1151, the Credit Union Membership Access Act, sponsored in the House by Rep. Latourette (R-OH) and Rep. Kanjorski (D-PA). The bill, which passed overwhelmingly in the House, was in response to a Supreme Court decision earlier this year limiting the growth of credit unions. The Administration has issued a SAP in strong support of the bill. However, Secretary Rubin recommends a veto if a proposed Shelby (R-AL) amendment, which would roll back application of the Community Reinvestment Act (CRA) to smaller banks, is offered and adopted. The Administration also strongly opposes an amendment to be offered by Senator Gramm (R-TX) that would strip CRA-like provisions from the credit union bill.

The Week Ahead

On Monday, the Senate will resume consideration of H.R. 1151, the Credit Union Membership Access Act. The Senate may also consider the following bills before the August recess: the appropriations bill for the District of Columbia; S. 1250, the NASA authorization bill; S. 1301, the Consumer Bankruptcy Reform bill; S. 442, the Internet Tax bill; and, H.R. 3717, the Clean Needles bill.

cc: Vice President
Erskine Bowles
John Podesta
Maria Echaveste

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THE WHITE HOUSE
WASHINGTON

7-29-98

98 JUL 24 PM 6:51

July 24, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MINYON MOORE

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY REPORT (July 20 - July 24)

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

- **Africa Trade Bill:** OPL met with NSC, USTR and others in the White House to discuss the appropriate steps to take now that the Senate has tied Fast Track to the Africa Trade Bill. We plan to meet with the Growth and Opportunity Business Coalition next week and will follow up with African Ambassadors to update them on the strategy to delink Fast Track from the bill. The NAACP has sent you a letter endorsing the Africa Trade Bill.
- **Census:** OPL met with board members of the Leadership Conference on Civil Rights and the White Ethnic Coordinating Council to discuss the 2000 census. The groups addressed the need to demonstrate the impact on individuals when the census count is inaccurate. The groups agreed to avoid a political debate over redistricting, and instead plan to focus on what is at stake for people, especially children. OPL will host a strategy briefing for a larger group of national associations on July 28.
- **Tobacco:** OPL and DPC met jointly with a group of tobacco farmers to hear their concerns over a perceived lack of support from the Administration. They hope to have your full support as they fight to save the tobacco farming industry.

Good
copy
from
Minyon

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

- **Underground Railroad Network to Freedom Act:** The African American media favorably reported your bill signing ceremony for the Underground Railroad Network to Freedom Act. The Tom Joyner Morning Show (heard by 6 million listeners) praised the work of your Administration and highlighted this event as an example of your commitment to civil rights.
- **African American Law Enforcement Officials Meeting:** Your meeting with African

Dan Burkhardt:
Please coordinate
the reply.

American law enforcement officials was a huge success. They are very appreciative of the positions you have taken on crime. We have since asked them to redouble their efforts on behalf of your judicial nominees.

- **Lionel Hampton Birthday Party:** Members of the black press were openly praising you and Mrs. Clinton for hosting the event and we expect some positive stories to follow.

AGRICULTURE OUTREACH

- **Radio Address on Strengthening Rural America:** The reaction from rural groups on your radio address has been very positive. The groups hope the address will emphasize that the farm crisis is not regional, but affects the entire country. Commodity and input companies are very nervous about the fallout on commodity prices.

ASIAN PACIFIC AMERICAN OUTREACH

- **OCA Convention:** The Vice President was well-received by the almost 600 gathered for the Organization of Chinese American convention. The Vice President addressed, among other issues, the importance of becoming actively involved in the 2000 census preparations. Attendees were very excited by his enthusiastic delivery and have been giving us very positive feedback. They are really looking forward to what he has to say in the future.
- **House Veterans Affairs Committee Oversight Hearing on Filipino Veterans:** The hearing was overwhelmingly attended by Filipino veterans and their survivors and received considerable attention from the media. The VFW has emphasized that some positive congressional action should be taken. The American Legion supports action as long as it does not come at the expense of U.S. veterans. While the hearing was contentious at times, overall, the Filipino veterans seem to appreciate recognition of their point of view.

EDUCATION OUTREACH

- **Praise for your announcement of the White House Conference on School Safety:** Education advocates were pleased with your announcement. Advocates are planning a Nonviolent Day of Protesting Violence as part of a campaign to teach nonviolence. They believe the Back to School Initiative could be a vehicle to bring families and communities together against violence. Additionally, the National Alliance of Black School Educators (NABSE) applauded your announcement and want to work with the Administration to help plan the conference. OPL will meet with the leadership of the group next week.

ETHNIC OUTREACH

- **Middle East Peace Process:** The Arab American community is extremely upset over the lack of movement in the peace process. They encourage you to make one last effort to get the peace process back on track.

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Deportation of Liberian citizens residing in the U.S: The Liberian Association of Metropolitan Atlanta sent you a letter informing you of concern that Liberia is not safe enough for return of Liberian citizens residing in the U.S. Approximately 15,000 Liberian citizens living in the United States are facing automatic deportation after September 28, 1998, due to the Temporary Protected Status (6 months TPS) granted by the Attorney General in March 1998. The Liberian Ambassador approached Ben Johnson in Atlanta requesting that you issue a stay on the deportation.

HEALTH CARE OUTREACH

- **Praise for your announcement on the initiative to improve the quality of nursing homes:** Your announcement was met with a favorable reaction, both from senior citizen's groups and the nursing care community.
- **Henney Nomination:** Dr. Jane Henney, the nominee for Commissioner of the FDA, was very well received when she met with 24 key women leaders from health organizations. In a round table discussion hosted by OPL, these leaders expressed that they very much want to help us with Dr. Henney's nomination.

HISPANIC OUTREACH

- **Puerto Ricans March on July 25th to mark the 100th Anniversary of the U.S. Invasion of Puerto Rico:** A series of marches will be held on July 25th to commemorate the 100th anniversary of the invasion of Puerto Rico by U.S. military forces. The marches will focus primarily on Puerto Rico's unresolved political status. The Administration's Interagency on Puerto Rico has recommended the White House release a Presidential Message that reiterates your position regarding the ability of the Puerto Rican people to choose their status. Some of the demonstrations will also address the issue of the release of the 15 Puerto Rican political prisoners. White House Counsel's office has been working with the Justice Department to determine whether anything can be done regarding their release.
- **Concerns over Spouse Reunification:** OPL hosted a meeting with the DPC for the Association of Americans for Spouse Reunification to discuss the organization's concerns over the denial of visitor's visas for spouses of legal residents. Spouses, who currently have applications for permanent residency pending, have been denied visitor's visas at

consular offices because of the presumption that they will remain in the U.S. illegally when their visas expire. The DPC will follow up with the State Department to determine whether or not any department policy directives exist regarding this matter.

- **The First Lady Delivered Keynote Address to the National Council of La Raza (NCLR):** NCLR was honored and delighted to have the First Lady deliver the keynote address to their conference participants this week. She was very well received by the conference participants.

RELIGIOUS OUTREACH

- **Religious Liberties Protection Act:** Bill Marshall in Counsel's office has worked successfully with the Justice Department to craft compromise language that is also satisfactory to the coalition working on this bill. The language has been sent to Rep. Charles Canady, who is expected to include it in his bill. While local governments may question the zoning exemptions, we do not anticipate any other issues at this time.

WOMEN'S OFFICE OUTREACH

- **At the Table:** The Women's Office hosted an At the Table event with Kellogg Foundation Fellows on June 24. The event, which featured Lynn Cutler and Stacie Spector, was a great success, and we anticipate that this program will move ahead fully after Labor Day.

THE WHITE HOUSE
WASHINGTON

7-29-98

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Ibarra
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July 24, 1998

98 JUL 24 PM 10:17

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *US*

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- July 20 - July 24, 1998

Patients' Bill of Rights

- We continue to work to prevent the National Governors' Association (NGA) from endorsing the GOP managed care legislation drafted by Senator Nickles (R-OK). We are organizing a conference call next week with Democratic Governors and John Podesta.

Federalism Executive Order

*try to
work them
out*

The Senate passed a "Sense of the Senate" resolution calling upon the Administration to revoke the Federalism Executive Order. Governors Carper (D-DE) and Romer (D-CO) have placed calls to Erskine's office with a similar message. To address these concerns, we have agreed to delay the effective date of the executive order for 90 days so that state and local officials can be consulted. We have offered to begin the consultation process immediately. Charles Ruff, Sally Katzen, and I recommend against revoking the Executive Order even though I have concluded that their charge of inadequate consultation is accurate. Rather, we believe agreement can be reached during the extended consultation. On Tuesday, Congressman McIntosh will hold a hearing on the Federalism Executive Order, and we are working to insure that the elected officials who testify recognize your record and commitment to states rights.

Governors

- The National Governors' Association Annual Meeting will be held next week, August 1-4, in Milwaukee, WI. The primary issues being discussed that affect the Administration are federalism, IMF funding, Patients' Bill of Rights and nitrous oxide emissions. Speakers representing the Administration include Agriculture Secretary Dan Glickman, FEMA Director James Lee Witt, and Deputy Treasury Secretary Larry Summers.

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The Governors were upset with your announcement on Tuesday regarding new nursing home regulations and the implementation of stronger federal oversight of state nursing home enforcement mechanisms. They do not believe that HCFA should have the authority to increase its oversight of state surveyors and take action against states that are failing to enforce standards adequately.

- Governor Tony Knowles (D-AK) has been urging the State Department to maintain Anchorage as a mandatory stop for Russian planes servicing the Far East. This week, the State Department sent the Governor a letter responding to his concerns. Believing that eventual elimination of the stop is a precondition to an agreement with Russia, the State Department proposes a plan that would both phase out the stop requirement and provide other incentives to maintain the presence of Russian air traffic. Governor Knowles understands our rational and will not oppose the decision.
- Governor Tony Knowles (D-AK) recently proposed legislation, endorsed by the Department of the Interior, that would have allowed Alaska to regain responsibility for the subsistence fisheries on federal conservation areas in Alaska. However, the legislation failed, and the legislature adjourned this week without putting on the November ballot an amendment about subsistence fisheries. Consequently, the Department of Interior will maintain responsibility for the fisheries, as directed by the stipulations of a moratorium passed by Congress. Governor Knowles and Secretary Babbitt spoke on Wednesday and agreed to make the best of an unfortunate situation.
- We notified Governors' Frank O'Bannon (D-IN) and Don Sundquist (R-TN) of your decision to declare their respective states a Federal Disaster. Both governors were very gracious and grateful.
- Secretary Bruce Babbitt wrote Governor George Voinovich (R-OH), Chairman of NGA, this week regarding amendments to the Indian Gaming Regulatory Act of 1988 (IGRA). Secretary Babbitt states that in the interest of fostering a productive, but limited, period of negotiations, he suggests a meeting of principals convene in November with the goal of reaching an agreement early in the new year.

Mayors

- Mayors and police chiefs who attended the Values-Based Grants announcement this week included: Mayor Alan Styles (D-Salinas, CA), Mayor James Garner (R-Hempstead, NY), Police Chief James Russo (Hempstead, NY), Mayor Marion Barry (D-Washington, DC) and Police Chief Charles Ramsey (Washington, D.C.), Mayor Kurt Schmoke (D-Baltimore, MD), Mayor Emanuel Cleaver (D-Kansas City, MO), and Police Chief Jerry Oliver (Richmond, VA).
- Mayor Clarence Harmon (D-St. Louis, MO) visited this week to provide an update on the expansion of the St. Louis Airport. The Mayor also met with FAA Administrator Garvey and others in Rep. Gephardt's (D-MO) office.
- Mayor Wellington Webb's (D-Denver, CO) staff called to let us know that they had won the Denver to London flights that they had sought. We had helped to arrange meetings here with key people.
- Mayor Ron Kirk (D-Dallas, TX) wrote to thank us for the contacts we were able to make for the city with the Department of Defense in relation to the Dallas Naval Airbase closing.

National Association of Counties (NACo)

- The meeting of the counties in Portland was attended by more than 5,000 county officials. Your video message was played at the opening session and was very well received. Lynn Cutler spoke to both the Women of NACo and the Large Urban County Caucus meetings. She spoke at length about the importance of an accurate count for the census. We organized a federal agency showcase, with 10 agencies participating.

Chicago

- There is real progress to report on the Chicago shoreline project. The City and the Army Corps of Engineers will be full partners in the restoration of the shoreline. Under this agreement, the city and Corps are entering into an unusual cooperative arrangement which will allow the city to work more efficiently, and at much less cost. The Corps deserves credit for reinventing their usual procedures so that there could be work done before winter. IGA is grateful to OMB and the Corps for helping Chicago.

Insular Affairs

- A lead editorial in *The Washington Post* stated Administration themes in urging Senate passage of the Puerto Rico status choice legislation. An *Orlando Sentinel* editorial complimented our push for the bill and criticized Senate Majority Leader Trent Lott for placing a low priority on it. Meanwhile, Senate Energy Committee Chairman Frank Murkowski (R-AK) said that prospects for Senate passage are slim but he would continue to work on a bill.
- Legislation we developed with the Interior and Treasury Departments and OMB to fulfill your proposal to eliminate the caps on transfers to Puerto Rico and the Virgin Islands of excise taxes on rum was sent to Congress. The bill would use some of the funds to capitalize an endowment for the Puerto Rico Conservation Trust.
- Fred DuVal and Jeff Farrow met with your major Puerto Rico Commonwealth party supporters, Miguel Lausell and Miguel Hernandez Agosto, on their proposals for the Puerto Rico status choice legislation.

Indian Country

- We were able to get a delay in a planned termination of a contract that the Laguna Pueblo Tribe had with the Air Force, so that further discussions could take place.

INTERNATIONAL ROUNDUP

Moody's Threatens To Downgrade Japanese Credit Rating. Yesterday, Moody's announced that it will consider downgrading Japan's credit rating, citing the ineffectiveness of current policy to address structural problems in the Japanese economy, lack of consensus over economic strategy, a worsening fiscal outlook, and signs that Japan's external position is weakening. The yen dipped temporarily following Moody's announcement. It had been depreciating throughout the week, which press reports attribute in part to investor skepticism that front-runner Keizo Obuchi will undertake serious reforms to address Japan's economic problems if he becomes Prime Minister.

Wall Street Firm Urges Asian Debt Relief to Avert Further Crisis. Asian governments must move quickly to shore up their banking systems, according to a recent Goldman Sachs report. The report suggests that public sector balance sheets of the crisis countries are sufficiently robust and the long-term growth outlook is sufficiently strong that the banks can be recapitalized without generating an unsustainable debt position. It goes on to argue for immediate government action to alleviate credit crunch conditions. Goldman Sachs has lowered its macroeconomic forecasts, predicting deeper real contraction this year for the crisis economies (Indonesia, Korea, Malaysia, and Thailand), with negative or near-zero growth extending into 1999.

ILO Reports That Violence on the Job is a Global Problem. France, Argentina, Romania, Canada, and England have reported the highest rates of assaults and sexual harassment on the job, according to a worldwide survey of violence in the workplace issued this week by the International Labor Organization. While acknowledging the difficulties of comparing rates of violence among countries, the ILO report draws on a 1996 survey of workers in 32 countries and their perceptions of what had occurred to them on the job. Of those surveyed, taxi drivers, health care workers, teachers, and those working alone were among those facing the greatest risk of violence. The ILO also reports that in the United States roughly 1,000 killings take place each year in job settings, and that homicide has become the leading cause of death on the job for U.S. women. One survey found that U.S. employers incurred costs from workplace violence of more than \$4 billion in 1992.

Nigerian Fuel Crisis Intensifies, with Renewed Violence. Nigeria's longstanding fuel shortage has grown even more acute in the wake of violence sparked by the death of Moshood Abiola. Over 30 oil tanker trucks have reportedly been destroyed and several drivers killed; many other drivers have now refused to drive their tankers from the fuel depots. Shortages of aviation fuel have required the cancellation of some domestic flights. Although the oil sector generates a third of national output, inefficiency and the poor economic performance of many of these enterprises have helped generate fuel and power shortages that have depressed economic activity and forced Nigeria to import fuel to meet domestic requirements. Many of Nigeria's refineries have been shut down or are operating below full capacity.

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BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Greenspan Calls Economic Performance Impressive, Assesses Risks. In presenting the Federal Reserve's mid-year report on monetary policy to the congressional banking committees, Fed chairman Alan Greenspan observed that, overall, the performance of the American economy continues to be impressive. He noted that so far this year, the economy has continued to enjoy a "virtuous cycle" in which economic performance has strengthened as inflation has subsided. Greenspan reported that monetary policymakers foresee a reasonably smooth transition to a slower and more sustainable rate of growth—but with significant risks attending that outlook. Given the current tightness in labor markets, Fed policymakers see the potential for accelerating inflation as probably greater than the risk of protracted, excessive weakness in the economy.

Does Crime Pay for Gang Members? The distribution of wages in gangs is highly skewed, with gang leaders reaping large rewards, while low-level drug dealers earn surprisingly low wages for highly risky work. This is the implication of a recent study based on 4-years' worth of detailed financial information from a now-defunct gang—though it is unknown whether these results generalize beyond this single case study. Average wages, which ranged between roughly \$6 and \$11 per hour in different years of the study, conceal a sharp disparity between the gang leader's wage, which ranged between \$32 and \$97 per hour, and the average wage of a "foot-soldier," which ranged between \$2.50 and \$7.10 per hour. This disparity invites a "tournament" interpretation—which has also been applied to corporate compensation structures—in which participants choose to vie for large awards that only a small fraction will ultimately attain. The gang members in the study, on average, earned income only slightly above wages in legal jobs. This income difference implies a compensation for increased "occupational" risk among gang members that is more than 10 times lower than estimates typically found in the economics literature.

*Beed/Baller
 good argument
 for summer jobs!*

BEA Releases First Travel and Tourism Satellite Accounts. Travel and tourism spending by U.S. residents and by nonresidents traveling in the United States accounted for 5 percent of GDP in 1992, according to the newly developed travel and tourism satellite accounts (TTSAs) recently released by the Commerce Department's Bureau of Economic Analysis (BEA). These accounts show that travel and tourism spending accounted for about 3 percent of total employment. Of the approximately \$300 billion in travel and tourism spending, the largest single expenditure was for airline fares (\$81 billion), followed by lodging (\$56 billion) and meals and beverages (approximately \$50 billion). Satellite accounts are rearrangements of information from the national economic accounts and other sources for the purpose of analyzing specific economic activities more completely than is possible within the structure of the basic accounts. For example, development of the TTSAs arose out of a 1995 White House Conference on Travel and Tourism that had highlighted difficulties with existing measures of travel and tourism. BEA has also developed transportation services, environmental, mineral resources, and R&D satellite accounts.

SPECIAL ANALYSIS

New Evidence That Class Size Matters

A new evaluation of an important educational experiment has found promising evidence that smaller classes improve children's academic achievement.

Problems with previous studies. Studies using non-experimental data on school characteristics and student performance have tended to find little relationship between expenditures and outcomes. But these studies are potentially flawed to the extent that they have not controlled adequately for underlying factors, such as innate ability or family resources, that also affect student outcomes. Moreover, reverse causality may have been present if resources were directed toward the schools with the greatest problems. An experimental approach, in which students are randomly assigned to classes receiving different amounts of school resources, offers a way around these methodological problems. Random assignment serves to remove underlying differences in the average characteristics of students in each type of class.

STAR pupils. Although the experimental approach has been widely used in other areas, such as welfare and training, it has rarely been used to evaluate education outcomes. The Tennessee Student Teacher Achievement Ratio (STAR) experiment is a notable exception. In this study, students in kindergarten through grade three were randomly assigned to either a small class (with an average of about 15 students), a regular-size class of about 22 students, or a regular-size class with a teacher's aide and about 23 students. For the most part, students remained in their original class-size assignment until the third grade.

The results. Promising evidence from the STAR experiment includes the following:

- Large initial effects. At the end of the first year, test scores of students assigned to small classes exceeded those of other students by about 5 to 8 percentile points. By contrast, the presence of a teacher's aide made little or no difference in the scores of students in regular-size classes. Evidence on how additional years in a small class affect subsequent relative test scores is inconclusive.
- Larger effects for disadvantaged students. Both minority students and students participating in the reduced-price lunch program tended to show larger relative test score improvements from being assigned to a small class.
- Lasting effects. A study that followed students for 4 years after they had left the experiment found that those who had been assigned to small classes maintained their achievement gains.

Implications. These results suggest that judiciously applying additional resources in order to reduce class size can improve students' academic achievement. However, it is important to note that this study was conducted only in one state and only among very young students.

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and state earned income tax credits. We are working with HHS to put out a press release praising the report and highlighting once again an NGA report issued in May (which we previously described to you) showing that states are investing more than ever before in child care and work opportunities.

Robert
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D. J. P.
P. J.

12. Children and Families -- Nutrition Bill: With Administration support, the House on Monday passed a reauthorization bill for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Summer Food Service Program; the Farmers Market Nutrition Program; the Nutrition Education and Training Program; and State administrative support for the School Lunch Program. The bill advances your after-school care agenda by incorporating a variety of Administration recommendations, such as enabling States that are enrolled in the School Lunch and Breakfast Program to provide snacks to children in after-school education and enrichment programs, and allowing institutions that provide after-school care for "at-risk" school children aged 12 through 18 to participate in the Child and Adult Care Food Program. The bill also strengthens protections against WIC fraud and abuse, and requires states participating in WIC to provide program participants with education on drug and alcohol abuse. The Senate is expected to act on its bill shortly.

13. Children and Families -- Child Care: The House Government Reform and Oversight Committee unanimously passed the Quality Child Care for Federal Employees Act last week, and both the House and Senate are likely to pass the bill by unanimous consent before they recess. The legislation in part mirrors the executive memorandum you issued in March to improve federally-sponsored child care in the executive branch, by ensuring proper background checks of child care providers, and achieving full accreditation of child care facilities. The pending legislation also applies to child care sponsored by the judicial and legislative branches of the federal government, and includes additional important provisions, such as: (1) giving GSA new oversight responsibilities for most federally-sponsored child care and directing GSA to develop, issue, and enforce uniform health and safety standards; and (2) authorizing agencies to use appropriated funds for child care subsidies for their low-income employees.

require dealers only to make safety locks available. Second, the Senate defeated (69-31) Senator Durbin's amendment to hold adults liable for failing to store firearms away from children. Third, the Senate passed (69-31) Senator Smith's amendment to prohibit the FBI from collecting a fee for Brady background checks when the National Insta-Check System (NICS) goes into effect in November. If the FBI cannot charge a fee for checks, DOJ estimates that the cost to the federal government will be \$75 million in the first year, with the potential to rise in subsequent years. In the wake of this vote, we are planning an event in early August in which you would (1) call for a five-day waiting period even after NICS goes into effect, (2) release a long-planned DOJ rule on funding the NICS through user fees, and (3) attack the Smith amendment as a veiled attempt to gut the Brady law. These actions should attract a great deal of attention, particularly after last week's tragic shooting in the Capitol.

7. Drugs -- Methamphetamine Penalties: The House Judiciary Committee marked up legislation last week to equalize federal penalties for methamphetamine trafficking and crack cocaine trafficking. Under current law, 10 grams of pure meth triggers the 5-year mandatory sentence and 100 grams of meth triggers the 10-year sentence; under the House bill, 5 grams of meth would trigger the 5-year sentence and 50 grams would trigger the 10-year sentence. Consistent with our prior statements, we endorsed the concept of equalization, but not at these low levels. At the same time, the Senate passed an amendment to the Commerce-Justice-State Appropriations bill offered by Senator Hutchison that would undermine DEA's regulatory authority over precursor chemicals that can be used to manufacture drugs such as methamphetamine. The amendment would (1) increase the difficulty of proving that drug sellers have violated record-keeping and reporting provisions of the Controlled Substances Act, and (2) decrease the penalties on drug sellers for violating these provisions. These measures would weaken the Comprehensive Methamphetamine Control Act you signed in 1996 by making it easier for drug sellers to divert legal chemicals into the manufacture of methamphetamine, and we will strongly oppose them.

8. Welfare Reform -- Urban Institute Study: A study to be released this week by the Urban Institute shows that people moving from welfare to work enjoy significantly increased income, even if they move into low-wage, part-time jobs. The study -- *Does Work Pay? An Analysis of the Work Incentives Under TANF* -- examines how monthly income for a family of three changes as a family member moves from no work to a part-time minimum wage job to a full-time minimum wage job, and finally to a full-time \$9.00 per hour job. The study calculates these changes in 12 states (AL, CA, CO, FL, MA, MI, MN, MS, NJ, NY, TX, WA). Not surprisingly, the lower the welfare payment, the greater the incentive to work. (For example, moving from welfare to a part-time minimum wage job increases family income by 38 percent in Washington and 108 percent in Mississippi.) Across all 12 states, family income increases by an average of 51 percent in the transition from welfare to a part-time minimum wage job, with income growing by another 20 percent between part-time and full-time minimum wage work and still another 16 percent between a full-time minimum wage job and full-time work at \$9.00 per hour.

The study confirms that federal and state policies make a big difference in making work pay. In particular, the EITC helps families maintain income as they lose other benefits over time. For

7-29-98

USA's High School Math Olympiad Team Excels in International Competition

Competing against teams representing 76 countries, a team of six American high school students won three gold and three silver medals at the 39th International Mathematical Olympiad (IMO) held in Taipei, Taiwan July 15 and 16, 1998. The top 12 teams and their scores (out of a possible 252 points) were: Iran (211), Bulgaria (195), USA (186), Hungary (186), Taiwan (184), Russia (175) India (174), Ukraine (166), Vietnam (158), Yugoslavia (156), Romania (155), Korea (154). The US team members come from California, Indiana, Massachusetts, Ohio, and Pennsylvania. OSTP will be forwarding a congratulatory letter to be sent to the U.S. team for your signature.

CC: Sally/Asc
Maybe you started
with the team to us
for a competition?
JL

Outside Amplification for Government Investment in Science

During this budget period, OSTP has been encouraging national scientific societies, like the American Chemical Society, to speak-out on the value of federal investments in R&D. The July 11th issue of *Congressional Quarterly Weekly* contains an advertisement sponsored by the American Chemical Society and featuring 1997 Chemistry Nobel laureate, Paul Boyer. The ad's bottom line: "When the government invests in science, we all benefit." (See attached). Another ad has run in the Capitol Hill newspaper *Roll Call* that contained the tag line "...What do Bill Clinton and Newt Gingrich agree on? That federal investment in research funds economic growth and ensures world leadership.....Funding Research Funds the Future."

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Britain Boosts R&D Investments

The U.K. government, as part of its recent comprehensive review of all government expenditures, has increased its spending on science by an additional 15 percent over the next three years. The science budget includes increases in funding for priority areas such as the life sciences, new university laboratories and infrastructure improvements. In addition, The British government this week announced a partnership with a private foundation, the Wellcome Trust, the world's largest charity, which will contribute over \$650 million over the next three years on U.K. science efforts. This announcement is another example of the increasing reliance of R&D funding on government - private partnerships. This trend is being seen worldwide.

OSTP Enlisting Others to Help on R&D Appropriations

Last Wednesday, OSTP helped organize a White House meeting with leaders of the National Business Coalition for Federal Research. John Podesta provided an overview of how R&D was faring in the appropriations process. This group of business and academic leaders, from nearly 3 dozen Chambers of Commerce from various high tech regions of the country, have joined forces to urge Congressional support for your proposed FY99 increased investments in Federal R&D.

On Capitol Hill, Neal Lane also addressed the East-West Initiative Forum -- a group of Senators and their constituents from high tech states who are interested in working together to push for a common high tech agenda. Members of the National Coaliton also met with Forum participants.

The Senate also acted on a number of amendments aimed at regulating the Internet. The Senate passed (voice) a McCain (R-AZ) amendment directing the FCC to study systems for filtering or blocking matter on the Internet; passed (voice) a Coats (R-IN) amendment making it a federal crime to transfer harmful material to minors over the Internet; and passed (90-10) a Kyl (R-AZ) amendment banning most types of gambling on the Internet, with the exception of state authorized lotteries and fantasy sports games.

The Senate also disposed of the following amendments to this bill: tabled (64-36) a Sessions (R-AL) amendment which would have cut juvenile justice prevention funding (this vote is the strongest vote the Senate has taken this year in favor of crime prevention) rejected (50-50) a Bumpers (D-AR) amendment that would make it a federal crime to record phone conversations without the consent of all parties, with one Democrat voting against (Moynihan) and six Republicans voting in favor (Chafee, Coats, Coverdell, Tim Hutchinson, Jeffords, Snowe) passed (53-47) a Nickles (R-OK) amendment limiting attorney's fees for court appointed lawyers in federal death penalty cases to no more than the pay rate of the U.S. attorney prosecuting the case; and, passed (68-31) a controversial Smith (R-OR)-Wyden (D-OR) amendment to reform the temporary immigrant farm program (Guest workers) currently administered by the INS.

*Podesta
Casper
Wright*

3. **Transportation FY 99 Appropriations:** The Senate passed (90-1) S. 2307, a \$47.5 billion FY99 spending bill for the Department of Transportation. The manager's amendment included language on project labor agreements consistent with your memorandum.
4. **Credit Union Membership Access Act:** On Friday, the Senate began consideration of H.R. 1151, the Credit Union Membership Access Act, sponsored in the House by Rep. Latourette (R-OH) and Rep. Kanjorski (D-PA). The bill, which passed overwhelmingly in the House, was in response to a Supreme Court decision earlier this year limiting the growth of credit unions. The Administration has issued a SAP in strong support of the bill. However, Secretary Rubin recommends a veto if a proposed Shelby (R-AL) amendment, which would roll back application of the Community Reinvestment Act (CRA) to smaller banks, is offered and adopted. The Administration also strongly opposes an amendment to be offered by Senator Gramm (R-TX) that would strip CRA-like provisions from the credit union bill.

The Week Ahead

On Monday, the Senate will resume consideration of H.R. 1151, the Credit Union Membership Access Act. The Senate may also consider the following bills before the August recess: the appropriations bill for the District of Columbia; S. 1250, the NASA authorization bill; S. 1301, the Consumer Bankruptcy Reform bill; S. 442, the Internet Tax bill; and, H.R. 3717, the Clean Needles bill.

cc: Vice President
Erskine Bowles
John Podesta
Maria Echaveste

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ETHNIC OUTREACH

- **Middle East Peace Process:** The Arab American community is extremely upset over the lack of movement in the peace process. They encourage you to make one last effort to get the peace process back on track.

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BC

Deportation of Liberian citizens residing in the U.S: The Liberian Association of Metropolitan Atlanta sent you a letter informing you of concern that Liberia is not safe enough for return of Liberian citizens residing in the U.S. Approximately 15,000 Liberian citizens living in the United States are facing automatic deportation after September 28, 1998, due to the Temporary Protected Status (6 months TPS) granted by the Attorney General in March 1998. The Liberian Ambassador approached Ben Johnson in Atlanta requesting that you issue a stay on the deportation.

HEALTH CARE OUTREACH

- **Praise for your announcement on the initiative to improve the quality of nursing homes:** Your announcement was met with a favorable reaction, both from senior citizen's groups and the nursing care community.
- **Henney Nomination:** Dr. Jane Henney, the nominee for Commissioner of the FDA, was very well received when she met with 24 key women leaders from health organizations. In a round table discussion hosted by OPL, these leaders expressed that they very much want to help us with Dr. Henney's nomination.

HISPANIC OUTREACH

- **Puerto Ricans March on July 25th to mark the 100th Anniversary of the U.S. Invasion of Puerto Rico:** A series of marches will be held on July 25th to commemorate the 100th anniversary of the invasion of Puerto Rico by U.S. military forces. The marches will focus primarily on Puerto Rico's unresolved political status. The Administration's Interagency on Puerto Rico has recommended the White House release a Presidential Message that reiterates your position regarding the ability of the Puerto Rican people to choose their status. Some of the demonstrations will also address the issue of the release of the 15 Puerto Rican political prisoners. White House Counsel's office has been working with the Justice Department to determine whether anything can be done regarding their release.
- **Concerns over Spouse Reunification:** OPL hosted a meeting with the DPC for the Association of Americans for Spouse Reunification to discuss the organization's concerns over the denial of visitor's visas for spouses of legal residents. Spouses, who currently have applications for permanent residency pending, have been denied visitor's visas at