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5-11-99

# Medicare Cutbacks Prove Painful to Some

## Patients Are Caught Short As Therapy Benefits Wane

By DAVID S. HILZENRATH  
Washington Post Staff Writer

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This year, an estimated 200,000 elderly or disabled patients will pay for a little-noticed cut in Medicare benefits that lawmakers tucked into the Balanced Budget Act of 1997.

At the time, politicians boasted of simultaneously saving Medicare from financial ruin and adding popular benefits such as mammograms and Pap smears. Yet generally not discussed was that they also placed a \$1,500 annual cap on physical and speech therapy combined, and a second \$1,500 limit on occupational therapy.

As many patients are discovering, the caps kicked in on Jan. 1, potentially impairing patients' rehabilitation from illness and injury. Patients recuperating from strokes, amputation and head trauma, as well as those grappling with degenerative diseases such as Parkinson's and multiple sclerosis, are exhausting their annual benefits and losing access to therapy.

Many patients can't afford the additional out-of-pocket expenses and are instead ending their therapy prematurely.

After Ruth M. Irwin, 67, of Pinellas Park, Fla., lost a leg to diabetes complications, physical therapy helped her walk again with the aid of an artificial limb and a pair of

four-pronged canes. But Irwin stopped her three-times-a-week visits to a rehabilitation center in February after she hit the \$1,500 annual limit. She had not achieved her goal of

walking with only one cane and freeing the other hand.

Without regular therapy, Irwin said she lost much of her strength and balance; soon, she again needed a walker. In early April she tripped over a curb and broke three ribs. Now she is homebound and in a wheelchair.

"If I had been taking therapy, that wouldn't have happened to me," said Irwin, a retired office manager living on Social Security. "I'm mad that the country's doing this to me at this late stage in my life."

The limits on rehabilitation services were projected to save the federal health insurance program for the elderly and disabled \$1.7 billion over five years, part of \$115 billion over five years that lawmakers and the president wrung from Medicare to keep it solvent. Inserted by Rep. Bill Thomas (R-Calif.), chairman of the health subcommittee of the House Ways and Means Committee, the limits were intended to curb a rapidly growing expense. The Clinton administration and Democrats on the House subcommittee went along with them.

"Many of the decisions that we made were probably a bit more arbitrary than we would have liked," Thomas said in an interview, adding that Congress was handicapped by a lack of data from Medicare on the potential effects.

"I think the data is beginning to indicate that a thorough reexamination is appropriate, and we're in the process of doing that," Thomas said.

Some lawmakers predicted trouble for some elderly patients, but the imperative to balance the budget towered above other concerns.

"We were all in this together that costs were ... totally running out of control and that there was significant abuse" of the therapy benefit, a Democratic House aide said. Yet, "everybody who looks at it knows it's bad health policy," the aide said.

An estimated 1 in 7 Medicare beneficiaries who seek rehabilitation therapy, or about 200,000 people, will reach one of the caps this year, said Stephanie Maxwell, a senior analyst at Congress's Medicare Payment Advisory Commission.

There are exceptions to the policy: It doesn't involve hospital patients, beneficiaries receiving home care, or nursing home patients in the first 100 days of a post-hospital stay covered by Medicare.

There also are ways of getting around the limits, at least in theory. Unless patients are in a nursing home, they can avoid the caps by seeking treatment at a hospital outpatient clinic. For at least the rest of the year, they also have the option of continuing therapy by moving from clinic to clinic, using \$1,500 of treatment at each one. The federal Health Care Financing Administration is allowing that strategy temporarily because its computers are not yet equipped to enforce the law.

For some patients, though, neither of those options is practical. At best, shifting from one therapist to another sacrifices continuity of care, patients and therapists said.

Dorothy Delacroix of Bethesda, who has suffered a series of strokes and a recent bout of pneumonia, wanted to resume treatment at a National Rehabilitation Hospital satellite clinic in Bethesda, where she had been treated earlier this year. Delacroix, 73, said she hopes to regain the ability to walk to her mailbox and stand in her kitchen long enough to make lunch. But she has exhausted her \$1,500 benefit at NRH, and recently shifted to Suburban Hospital for a six-week physical therapy regimen prescribed by her doctor.

The new therapist spent part of Delacroix's first appointment reviewing her medical history, something her former therapist already knew. Initially, the treatment "didn't work so hot because it was a new personality" and they had to learn how to work together, said Delacroix's husband, Gene.

Irwin, the Florida amputee, said it was too difficult for her to get to another physical therapy clinic or to manage the distance from the parking lot to the entrance of her local hospital.

Some therapists have begun rationing treatment to make the \$1,500 last longer, but that approach entails another set of costs and issues.

Multiple sclerosis patient Avis C. Campbell of Alexandria, 44, said she hadn't been to therapy in about two weeks and that she has had difficulty keeping up with her exercises. "I don't do it on my own like I should ... because you lose your balance and stuff," Campbell said. "At the therapist, they're there to catch you if you fall or to hold you up."

"Basically, we have been unable to give adequate therapy to neurologically impaired patients," said Linda Sigmund, a Fairfax neurologist. "They haven't been able to recover fully because of the caps."

Benjamin C. Hamilton, 79, of Derwood, Md., whose leg was amputated below the knee in September, believes he would have made faster progress if his therapist hadn't reduced the frequency of his visits from twice a week to once a week. Early in the new year, Hamilton recalled, his therapist told him, "We're going to have to cut back, because we're limited to so many dollars." As a result, "some things we didn't get to at all," Hamilton said.

Patients say paying out of pocket for therapy can be prohibitive—or simply not worth the price.

Retired ophthalmologist Bernard Gerwin, 97, recently used up his \$1,500 physical therapy allotment at the Marriott Brighton Gardens assisted living facility in Bethesda—and he was shocked to learn that it would cost him \$45 for every 15 minutes of therapy, or \$180 an hour, to continue.

Gerwin considered the charge "exorbitant" and stopped therapy. "I can do my own exercises," Gerwin said.

Some nursing homes are still providing therapy to patients who have exhausted their coverage, yet that takes money away from other nursing home residents and services.

The facilities may not have much of a choice. If they want to do business with Medicare, "nursing homes are still required to provide their patients with all necessary

care, including rehabilitation," said Robert Berenson, director of the Health Care Financing Administration's Center for Health Plans and Providers.

Businesses as well as patients have felt the squeeze. For companies that provide rehabilitation therapy under contract to nursing homes, the Balanced Budget Act delivered a double whammy. Even before the limits kicked in this year, the Balanced Budget Act began imposing a new payment system on skilled nursing facilities that has sharply reduced demand for therapy services.

Integrated Health Services, based in Owings Mills, eliminated 1,000 jobs in December, and its stock has lost 88.6 percent of its value in less than a year. NovaCare Inc., based in King of Prussia, Pa., has cut therapists' salaries by 25 percent and laid off more than 5,000 employees.

At a meeting convened April 23 by the agency, which runs Medicare, therapists and nursing home

representatives denounced the caps as a meat-cleaver approach to budget cutting.

The Ways and Means Health subcommittee initially set the limits at \$900, but they were raised to \$1,500 in conference with the Senate.

Lawmakers settled on the dollar limits "not because it was sound health policy but because it was the number that was needed" to balance the budget, a Democratic congressional aide said.

Medicare spending on therapy had more than doubled from 1990 to 1993, and the General Accounting Office, a congressional watchdog agency, warned that providers were exploiting the program.

In retrospect, lawmakers might have achieved their budgetary goals without the therapy limits. Overall, Medicare spending has slowed much more than Congress anticipated when it adopted the Balanced Budget Act.

Even as the therapy provision was being written, members of

Congress saw it as flawed. The law gives the secretary of health and human services until Jan. 1, 2001, to propose a revised approach that takes into account the needs of individual patients. Since the law was signed, some lawmakers have proposed repealing the caps.

Meanwhile, critics say the savings on therapy could be somewhat illusory if the caps cause patients to linger in nursing homes or contribute to more injuries.

The triple rib fracture that incapacitated Irwin is a case in point. Since the mishap, Irwin has been receiving regular visits by a registered nurse and a home health aide, all at Medicare's expense.

She's also receiving physical therapy three times a week, because now that she's homebound, she's exempt from the \$1,500 cap.

"It's going to cost them a heck of a lot more if they got to keep me like this for years, until I die," Irwin said.

The Washington Post  
MONDAY, MAY 10, 1999

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fix any of them? *Pod*

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# F.B.I. Blocked Release of a Flight 800 Crash Report, Inquiry Says

By ROBERT D. McFADDEN

Because he was convinced that terrorists could have been behind the 1996 explosion of T.W.A. Flight 800 off Long Island, a senior F.B.I. official tried to suppress an early Federal report that found the cause to be mechanical failure, not sabotage, according to investigators for a Senate subcommittee.

They said that in January 1997, six months after the plane crashed into the Atlantic, killing all 230 people aboard, James K. Kallstrom, who was in charge of the F.B.I.'s New York office, urged the Bureau of Alcohol, Tobacco and Firearms not to forward its report to the National Transportation Safety Board, which by then was leaning toward a conclusion of mechanical failure.

When A.T.F. officials objected, saying that aviation safety was potentially at stake, Mr. Kallstrom went over their heads to Raymond J. Kelly, then the Undersecretary of the Treasury for Law Enforcement, who ordered that the report be withheld, the subcommittee investigators said.

In later internal memorandums, Mr. Kallstrom — whose agency had taken an early lead among various Federal agencies investigating the crash — disparaged the A.T.F. findings as "speculative theory," and "unprofessional and reprehensible." The report said there was no evidence of a bomb or missile.

Neither Mr. Kallstrom, who is re-

tired, nor Mr. Kelly, who is now the United States Customs Commissioner and was in Ireland yesterday, could be reached for comment. Debbie Weierman, a spokeswoman for the F.B.I. in Washington, declined to comment on the matter last night. Joseph Valiquette, an F.B.I. spokesman in New York, said: "I never had any knowledge that there was ever any effort on the part of Kallstrom or anyone at the F.B.I. to discourage the A.T.F. from issuing their report."

The F.B.I. has previously said it gave the A.T.F. report to the safety board in March 1997, with a cover letter from Mr. Kallstrom. Safety board officials said last week that there was no record that the report had been received, and no trace of any cover letter in the board's log of official correspondence.

But yesterday, a senior official of the board said that his agency had, in fact, received a copy of the A.T.F. report "over the transom," although no one could remember precisely when. In any case, the official said, receiving the report was not a very memorable event because it only confirmed what the board already knew. This same official stressed that it was not his agency that was making an issue of the F.B.I.'s handling of the report.

The account of dissembling by the F.B.I. official came as the Senate Judiciary Committee's Subcommittee on Administrative Oversight pre-

pared to open a hearing today on the F.B.I.'s role in the case and on the 24-page A.T.F. report, which was completed in January 1997.

But while the account cast new light on bureaucratic infighting during the inquiry, there were no indications that withholding the report had endangered public safety, or had affected the perceptions of the safety

## An agency official is said to have clung to a terrorist theory.

board investigators.

In the months after the crash in July 1996, investigators for the safety board, which ordinarily has jurisdiction over crash inquiries until criminality is established, worked closely with counterparts from the A.T.F. and understood informally that they had no evidence of a bomb or missile.

Indeed, by October 1996 — several months before the A.T.F. made its report — safety board officials were saying publicly that the cause of the crash was probably mechanical, a view not endorsed by Mr. Kallstrom and the F.B.I.

The Washington Post reported yesterday the efforts by Mr. Kall-

strom to suppress and disparage the A.T.F. report. A member of the Senate subcommittee staff described virtually the same findings to The New York Times on Friday on condition that they not be published until the morning of the subcommittee's hearing today.

The subcommittee staff member said that if the F.B.I. had told the safety board about the A.T.F. findings, the Federal Aviation Administration and the airlines over which it has jurisdiction might have moved faster to accept recommendations, made in December 1996, to reduce the risk of explosions by changing fuel tanks.

But the effect on air safety of the bureaucratic squabbling within the investigative agencies is hard to measure, according to officials and aviation experts. And the F.B.I.'s stubborn adherence to the theory of a bomb or missile did not appear to have much influence on the debate.

Trans World Airlines Flight 800, a Boeing 747 bound for Paris, exploded over the Atlantic a few minutes after it took off from Kennedy International Airport on July 17, 1996. Ordinarily, the safety board would have taken over the crash inquiry.

But this crash — a horror atop the memories of the World Trade Center and Oklahoma City bombings — seemed to suggest the work of terrorists, and the F.B.I. seized control.

The investigation over the next

few months seemed to go in two directions — the F.B.I. favoring a theory that terrorists were responsible, and safety board investigators favoring a theory of mechanical failure. Neither was provable in the absence of definitive evidence, but as time passed the lack of evidence of a bomb or missile began to tip the scales in favor of an accident.

The cause of the crash has still not been formally established, but the safety board has said the plane was destroyed by an explosion of fumes in the center fuel tank, and it has said it is still searching for the source of the ignition.

Last week, the safety board's chairman, James E. Hall, asked Congress for "an explicit statutory basis" for asserting primacy over law-enforcement agencies in future cases like the Flight 800 crash. "I think I failed in asserting our interest and authority" in the investigation of that crash, he told the aviation subcommittee of the House Transportation Committee.

The Senate Judiciary Committee's Subcommittee on Administrative Oversight, led by Senator Charles E. Grassley of Iowa, has previously delved into problems at the F.B.I.'s crime laboratory, and its hearing was expected to focus on allegations that the conduct of Mr. Kallstrom and the F.B.I. made the inquiry into Flight 800 more difficult, and may have delayed the cause of air safety.



5-11-99

Podesta  
can we / should we  
do or say anything  
about this - I don't  
know about it at  
the time - Did anyone  
hear? - Bob

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Podesta

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Sean -

Should we send  
this to anyone else?

Carl

G. Marshall -fyi

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J. Marshall

Podesta  
not a bad idea  
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5-11-99



**TO:** President Bill Clinton

**FROM:** Michael Brown and Alan Khazei, Co-Founders, City Year

**DATE:** May 10, 1999

**RE:** Proposal for a nationally televised "Presidential Town Meeting" on the evening of Monday, May 24th at Howard University with leading Americans and 1000 AmeriCorps members to discuss utilizing AmeriCorps as a national strategy for responding to the tragedy in Littleton, CO.

**Proposed event:** A nationally televised "Presidential Town Meeting" at City Year's national convention on the evening of Monday, May 24th at Howard University's Crampton auditorium to discuss AmeriCorps as a key strategy for answering the questions raised by the recent tragedy in Littleton, Colorado. We propose that a panel of leading Americans who are directly involved with AmeriCorps, as well as young people in service, be invited to share their ideas with you and the nation at a 90-minute event.

**Proposed announcement:** A new AmeriCorps initiative to put an AmeriCorps community service coordinator in 10,000 high schools nationwide. This initiative would be a \$200,000,000 federal challenge grant program: each high school that puts forward \$20,000 for this position will be matched federally.

**Potential Town Meeting participants:** We propose inviting leading Americans who are active in utilizing AmeriCorps as a national youth strategy, such as: youth violence expert Geoffrey Canada, Senator John Chafee, Habitat for Humanity Founder Millard Fullard, America's Promise Chairman, Gen. Colin Powell, Rep. Chris Shays, and Lt. Gov. Katherine Kenedy Townsend, as well as young people serving in AmeriCorps.

**Rationale for event/announcement:** Following the Littleton tragedy, America's are seeking strategies that work for getting young people to reject violence and embrace positive values. There has been a call for the nation to develop a national youth policy. Mr. President, the nation has a national youth policy, you invented it, and it is called: AmeriCorps. AmeriCorps works. AmeriCorps volunteers provide critically needed tutoring, mentoring and role-modeling to hundreds of thousands of children nationwide, while offering access to education and a life-changing service experience to those who serve. Expansion of the size and scope of AmeriCorps is one of the primary "solutions" that needs to be put forward in the debate over the nation's response to the Littleton tragedy. A Presidential Town meeting could highlight the "AmeriCorps solution." City Year's national convention provides an outstanding backdrop for

making the case to expand AmeriCorps to 100,000 participants and to propose putting a community service coordinator in 10,000 high schools nationwide -- giving young people something to say "yes" to: community service. Mr. President, as you have said so powerfully, "There is nothing wrong with America that cannot be fixed by what is right with America." We urge you to come to City Year's national convention and shine a bright light on AmeriCorps something that is truly "right" about America.

**The event audience:** Nearly 1000 City Year/AmeriCorps members from ten cities who will be concluding a year of service to their country and communities, as well hundreds of City Year/AmeriCorps champions from the private, civic and governmental sectors.

**National television audience:** We are confident that your participation would trigger the interest of a national news network to facilitate the Town Meeting and carry it live. Potential moderators: Judy Woodruff, Bernard Shaw or Larry King of CNN, or Tom Brokaw of MSNBC.

**We are ready, Mr. President:** Mr. Clinton, it is our great hope that you can participate in our national convention, taking place at Howard University, May 24th 28th. We are ready for your participation, should you give us the word.

**Conclusion: Fundamentally changing the AmeriCorps debate.** Mr. President, the debate over whether Americorps should continue needs to end. The debate over Americorps' size and scope should begin. We believe that a nationally televised Town Meeting led by you and featuring prominent Americans supporting AmeriCorps could fundamentally alter the AmeriCorps debate, and offer in just one evening more thoughtful discussion and reflection on the power and potential of AmeriCorps than has taken place on a national stage over the past few years.

**Please join us, Mr. President!**

## Will Clinton Trade U.S. Honor for A False Peace?

By JOHN MCCAIN

Peace is at hand, and inspecting bomb-damage assessments must now give way to scrutinizing President Clinton's pronouncements, Boris Yeltsin's outbursts, the Group of Eight's communiqués and China's response to the accidental bombing of its embassy. Anyone interested in justice for Kosovo and in protecting American interests and values would be well advised to examine with the diligence of a Talmudic scholar Mr. Clinton's recent statements about a just settlement of the conflict in Kosovo. I confess I find it hard to suppress the fear that betrayal lies hidden in the ambiguities of the president's language.

\* \* \*

Mr. Clinton and our NATO allies have waged a war on the cheap, with tragic but predictable consequences. The president's repeated, public and gratuitous disavowals of the ground-troops option are mystifying to most diplomatic and military strategists. But when considered in a '90s political context, it appears the president's reluctance to lead is the most discouraging Dick Morris moment yet amid all the bleak events triangulation has yielded. The president does not want the power vested in his office to defend America's interests and values in the world, because the hazard inherent in its exercise exceed his personal threshold for political risk, a threshold I sometimes feel is only wide enough to admit policies on the order of Social Security demagoguery.

As essential as a war without casualties might be to the president's and the vice president's political fortunes, it has been a disaster of epic proportions to the people of Kosovo, who put their trust in NATO's promises.

The president has convinced Slobodan Milosevic that there are limits to NATO's commitment, so that Mr. Milosevic felt safe enough to disperse his forces widely. Instead of massing his army to meet a possible ground attack, he deployed it in small units, enabling his soldiers to reach more towns in considerably less time than if Mr. Clinton had remained silent on the question of ground troops. Mr. Milosevic has been able to displace, rape and murder more Kosovars more rapidly than he could have had he feared he might face the mightiest army on earth.

Despite NATO's now more aggressive air campaign, these small ethnic-cleansing units are still slaughtering Kosovars. Their tanks are hard to destroy from an altitude of 15,000 feet, where NATO bombers are ordered to remain because their loss would be a greater calamity to the allied nations than the tens of thousands of Kosovars and Serbs who have died in this half-war. The promised Apache helicopters never arrived on the battlefield. Their deployment was easily detected as a ruse by Mr. Milosevic because their use is always limited to support of a ground campaign, and their delivery kept a pace more appropriate to the Steam Age.

By now, Americans may have wearied so much of Mr. Clinton's leadership failures that they no longer bother to notice them. But when the president takes us to war, committing American lives and prestige to a conflict that he lacks the will to win, we must all stir ourselves from apathy and do what we can to rescue the nation's security and honor from the calamity he has exposed us to. We must not let the happy chatter about NATO's air campaign forcing Mr. Milosevic to "cry uncle" lull us into thinking that NATO has truly achieved the objectives we went to war for in the first place: the removal of all of Mr. Milosevic's forces from Kosovo, autonomy and security for Kosovo protected by a well-armed NATO peacekeeping force, and the safe return of the Kosovars to their homes.

The agreement reached with the Russians on the outlines of a settlement does not mention many of the conditions that would define victory, and without which any settlement would be a revolting betrayal. A full withdrawal of Mr. Milosevic's henchmen is not stipulated as a precondition to a cessation of the bombing. One hopes, probably forlornly, that if no other lesson of Vietnam has occurred to the president, at least bombing pauses that anticipate good behavior by our enemy are so discredited that even this administration would not seriously consider them.

Nowhere is NATO mentioned in the G-8 agreement, nor is NATO command of an international peacekeeping force assured. If the United Nations is granted command over forces that include but are not led by NATO countries, it will not be long before American or European soldiers are obliged to watch another Srebrenica massacre.

If Mr. Milosevic does accept NATO troops, or even NATO command of most of them, will Russian and Ukrainian troops be given authority for policing the areas of Kosovo most desired by Belgrade, resulting in an unacceptable de facto partition? What kind of arms will peacekeepers be permitted to bring into Kosovo? Enough to fight a war should Mr. Milosevic again fail to honor his commitment to act in a manner approximating a civilized ruler?

\* \* \*

Even if all these conditions are met to our satisfaction, a compromise settlement will implicitly preclude the prosecution of Mr. Milosevic as the war criminal he is. And can many Kosovars be persuaded to return to their homes, much less surrender their weapons, when the man Mr. Clinton has likened to Hitler remains in power? I doubt it.

I am more than willing to give peace a chance, but not if it comes at the price of our honor and interests. If we do not prevail unconditionally over this vastly inferior Balkan menace, the U.S. and our NATO allies will know only a false peace. And the people of Kosovo will know only the peace of Srebrenica. I think the Kosovars would rather be spared such an achievement. We should not impose it on them.

*Mr. McCain, a Republican, is a U.S. senator from Arizona.*



5-11-99

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5-11-99

## Britain's Blair Meets Mixed Success In Historic Parliamentary Elections

By CHARLES GOLDSMITH  
Staff Reporter of THE WALL STREET JOURNAL

Prime Minister Tony Blair had only mixed success in his first electoral test since becoming prime minister two years ago.

His Labor Party will be the biggest party in both Scotland and Wales, after nationalist parties fell short, but voters also sent a clear message that they resented interference by Mr. Blair's Labor machine in London.

Labor gained 56 of 129 seats in Scotland's first parliament in nearly 300 years and has launched talks on a coalition government with the Liberal Democrats, with 17 seats. The independence-seeking Scottish National Party gained a disappointing 35 seats and will be the principal opposition.

The election's shocker, however, was Labor's failure to gain an outright majority in the new Welsh Assembly, capturing 28 of 60 seats. The Welsh national party, known as Plaid Cymru, got a far-larger-than-expected 17 seats, including several in traditional Labor strongholds.

This result, reflecting a poor turnout by Labor voters, marked a rebuke of what many saw as Mr. Blair's heavy-handed role in the Welsh electoral process. Over the objection of grass-roots Labor members, Mr. Blair—long accused by critics of "control freakery"—was able to install his own candidate, Alun Michael, as leader of the Welsh Labor contingent.

In another setback to Labor, longtime Laborite Dennis Canavan easily won election to the Scottish Parliament as an inde-

pendent after Labor Party officials denied him a place on the party ballot. This result, said political observers, may make Mr. Blair reconsider his opposition to left-wing Labor maverick Ken Livingstone as the party candidate for London mayor in elections next year.

For his part, Mr. Blair claimed satisfaction with the results. "The vast majority of people voted for parties opposed to the na-

*The election's shocker was Labor's failure to gain an outright majority in the new Welsh Assembly.*

tionalist agenda of independence," he declared, and party officials boasted that Labor's showing was remarkable for an incumbent party in a midterm election.

Behind the scenes, though, Labor officials face some anxious moments as they contemplate a brand-new phenomenon in British politics—coalition government, and the inevitable compromises that come with it. The first test comes in Scotland over the issue of tuition fees for students: The Labor Party supports fees, but the Liberal Democrats are strongly opposed.

British politics have long been marked by outright control by a single party, but the Scottish and Welsh elections for the first time introduced a limited form of proportional representation that—as in continental Europe—helps lesser parties and forces more consensual government.

All eyes will be fixed in coming years on whether the Scottish Parliament's limited authority will be enough to quench separatist sentiment. The Parliament has control over many areas such as health and education, but the national government retains power over areas such as defense and macroeconomic policy.

"There will be plenty of tensions," says Andrew Hughes Hallett, an economics professor at Strathclyde University in Glasgow, adding, "You've got this parliament in Edinburgh wanting to do things, but some power is reserved for London. So the Scottish Parliament will use its instruments as much as possible and will keep bumping into limits."

In addition to the Scottish and Welsh elections, voters last week also elected thousands of local councilors. A fairly good showing by the Conservatives, who gained about 1,400 seats, will probably grant a reprieve to Tory leader William Hague, who might have faced a leadership challenge if the Conservatives fared poorly.

## Brazil Drops Rates to Fuel Its Recovery

By PETER FRITSCH  
Staff Reporter of THE WALL STREET JOURNAL

SAO PAULO, Brazil—Adding fuel to this Latin American nation's nascent economic recovery, the Central Bank lowered benchmark annual interest rates to 29.5% from 32%.

The rate cut, which takes effect today, is the second in only nine days and the fifth since the Central Bank raised rates to 45% on March 5. The rate was last cut to 32% from 34% on April 28. Benchmark rates are those charged to banks on overnight transactions. Consumer interest rates are considerably higher.

Luiz Fernando Figueiredo, the Central Bank's director for monetary policy, said "surprising" numbers showing inflation under control was the principal factor driving the rate cut. Brazil's interest-rate policy is tied closely to movements in prices. Brazil expects inflation of 16.8% this year, according to its recent agreement with the International Monetary Fund, though most analysts now think that number is too high.

Last week, research concern FIPE said consumer prices in Sao Paulo, Brazil's largest city, rose just 0.5% in April, down from 0.6% in March and 1.4% in February. FIPE projects inflation of only 7% this year.

Mr. Figueiredo also said lower rates are compatible with the return of foreign capital to Brazil. Over \$9 billion in foreign direct investment has entered Brazil through April, including receipts from privatizations. That figure is well above expectations, which were damped by January's currency devaluation. Brazil attracted \$26 billion in foreign investment last year.

Brazil could see another rate cut at the government's next Monetary Policy Committee meeting on May 19, if not sooner. Because the bank has established a "downward bias" for interest rates, bank President Arminio Fraga has the authority to cut rates unilaterally without a meeting of the policy committee. Most economists see benchmark rates falling to around 25% by early June.

Market expectations of the rate cut helped push share prices higher Friday on the Sao Paulo Stock Exchange, where the Bovespa index rose 2.9% to 12233, its highest finish in over a year. Brazil's currency, the real, strengthened to 1.663 reals per dollar from 1.678 reals to the dollar on Thursday.

Investors will probably focus today and tomorrow on President Fernando Henrique Cardoso's visit to the U.S. He is to meet with President Clinton this afternoon at the White House, after speaking at the annual meeting of the U.S. Export-Import Bank.

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# DRAWING UP PLANS TO PAY FOR PILLS FOR THE ELDERLY

ISSUE FOR 2000 ELECTION

## Washington Stage Set for Fight to Add Prescription Drugs to Medicare Coverage

A1

By ROBIN TONER

WASHINGTON, May 9 — Prescription drugs were not a major issue when Medicare was created in 1965, and thus never included as a benefit. But 34 years later, medicine has been transformed by new drugs to treat the ills of old age, from osteoporosis to heart disease, and many of the elderly are struggling to pay the bill.

The issue has great and growing power at the grass-roots level, politicians and health care advocates say, and with the goad of an election just over the horizon, lawmakers in both parties on Capitol Hill are suddenly working on a variety of proposals to do something about it. The debate will be fully joined in a matter of weeks when the Clinton Administration produces its plan to overhaul Medicare, which is expected to propose a major new drug benefit.

Yet there is also widespread agreement that it will be very hard to actually pass legislation on the issue, and not simply because of partisan politics. Medicare, the Federal health insurance program for the elderly and the disabled, already has problems paying for benefits over the long term; because of that, many politicians say, any expansion of benefits must be tied to a broader restructuring of the program, an extremely divisive prospect.

As Senator John B. Breaux, the Louisiana Democrat who headed a Federal advisory commission that deadlocked over how to restructure Medicare, put it: "People want the goodies. They want dessert. But you've also got to reform the system to make it work."

More than a third of the 39 million people on Medicare have no coverage for prescription drugs they use outside hospitals, and many others with some form of private coverage have substantial out-of-pocket costs.

It was not hard to start a conversation about the issue at the Berkeley Senior Center in Martinsburg, W.Va., last week.

"My medicine bill was almost \$200 last month," said Edith Dennison, 82, a retired millworker who says she pays that bill out of her Social Security check. Dorothy Baker, a friend who is also 82, said her bill was more than \$100. Judy Knick pulled out a list of her medications, pointed to one and declared, "This is the one that

kills me — \$145 for 30 at the Wal-Mart."

Social workers at Berkeley Senior Services, a private, nonprofit agency that operates the center, say they have become expert at getting the low-income elderly onto drug-company programs that provide free medication, and patching together other forms of assistance.

Heather Triplett, a Berkeley outreach worker, said: "A lot are embarrassed or ashamed to admit that they can't afford their prescriptions. So they go from month to month and never let anyone know what a dire situation they're in. Sometimes their kids call us."

The cost can be to a patient's health as well as pocketbook. Addressing that concern, Roni Mather, a registered nurse, recently gave a talk at the senior center about the importance of patients' taking medication as directed, and not trying to economize by stopping short when they feel better.

"Cost really comes into play with our patients," Ms. Mather said.

Medicare beneficiaries who do have some drug coverage get it in several ways. About a fourth of all beneficiaries had coverage through employer-sponsored plans in 1995, according to the National Academy of Social Insurance, a research group, while less than a tenth bought supplemental Medigap insurance with a drug benefit, which is substantially more expensive than a standard Medigap policy.

The rest of those with coverage are either members of health maintenance organizations that provide drug benefits, or qualify for Medicaid, the insurance program for the poor. Thirteen states have programs to help the lower-income elderly who are not poor enough for Medicaid.

Medicare does cover prescriptions for its beneficiaries in hospitals.

Besides the third of all Medicare beneficiaries with no drug coverage at all, what worries some analysts are the signs of erosion in private coverage. The number of large companies offering their retired employees such benefits is declining, according to the Administration. Meanwhile, some health maintenance organizations are putting new limits on how much they will cover for prescription drugs. And some of the elderly have lost their drug benefits because their health maintenance organizations have pulled out of the Medicare market.

"I went through a period toward the end of last year when four of the eight H.M.O.'s that treat seniors pulled out of my area," said Representative Benjamin L. Cardin, Democrat of Maryland. "So I had a town hall meeting and a huge crowd showed up." They were "panicked," he said, over the loss of prescription drug benefits.

With coverage limited, advocates say, the out-of-pocket costs for the elderly are substantial, because of both the rising prices of drugs and the greater use of them. Spending on outpatient pharmaceuticals this year is expected to average \$942 per Medicare beneficiary, roughly half paid by insurers and half paid by the beneficiaries, according to the National Academy of Social Insurance. About 29 percent have out-of-pocket expenses of more than \$500 a year.

Dr. Jerry Avorn, a geriatrician and expert on drugs at Brigham and Women's Hospital in Boston, said a Medicare patient today might be a woman in her 70's, on medication for osteoporosis, cholesterol, high blood pressure and depression.

"She could easily end up with bills

of three or four thousand dollars a year, primarily to prevent the occurrence of disability in future years," Dr. Avorn said. "In that light, we're really in a new era of pharmacological therapy for the elderly."

In contrast, Dr. Avorn said, "When Medicare was first created back in the mid-60's, our understanding of drugs was quite different. They were primarily used to treat acute illness and made up a small part of the health care budget. In the three-plus decades since, medicine has become not just about the treatment of acute disease but about ongoing management of chronic illness, and even more about the lowering of risk status for things like hypertension."

As a result, many advocates argue, the lack of prescription drug coverage raises important questions of equity.

The issue has quickly caught fire on Capitol Hill, with both parties promising action. But the enthusiasm masks the serious difficulties in its path. Among the biggest questions: Should a new prescription drug benefit cover everyone on Medicare, or just the lower-income? And how should it be paid for?

An analysis of five possible drug benefits by the National Academy of Social Insurance showed them adding \$17 billion to \$24 billion in the first year to Medicare, which has total spending of about \$200 billion a year.

Lawmakers are keenly aware that one of the last major efforts to expand Medicare benefits was disastrous: a 1988 law intended to provide additional coverage for catastrophic illnesses and for prescription drugs that was financed, in part, by a surtax on the elderly. The backlash was

## Prescription drugs are at the center of the Medicare debate.

so intense that it was repealed the following year, before the drug benefit even began.

Moreover, all the current maneuvering is taking place in the shadow of the 2000 elections, in which the House, where Republicans have only a thin majority, is considered up for grabs. Some Republicans suggest that the Democrats are less interested in passing legislation than in creating a campaign issue.

Republican leaders say they will offer a more responsible approach to the problem. "Republicans are working on a prescription drug plan for seniors that will not bankrupt Medicare," Representative Bill Thomas, Republican of California and chairman of the Ways and Means Subcommittee on Health, said last week. "The Democrats' bill is a poison pill," he added.

Add to that some powerful lobbies, notably the Pharmaceutical Research and Manufacturers of America, which is fiercely opposed to any Medicare prescription drug plan that would involve government price controls, asserting it would hinder research.

For all of that, many analysts say that sooner or later, the Medicare benefit package must be retrofitted for the changing medical needs of the elderly.

Dr. Christine K. Cassell, chairman of the geriatrics department at Mount Sinai Medical Center, said, "If you were to look at the current Medicare population, living as long as they do, and say, 'Let's design a cost-efficient but effective health care plan,' you'd do it very differently."

The New York Times

MONDAY, MAY 10, 1999

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## Some Cities Revive Effort to Settle Firearm Suits

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

Lawyers for some of the cities suing the gun industry quietly have revived settlement efforts with industry representatives in an attempt to resolve the growing number of municipal lawsuits against firearm makers and marketers.

Settlement efforts are at a preliminary stage, but the 17 broad-ranging provisions under consideration demonstrate that a resolution of the litigation could eclipse the relatively narrow gun-control proposals that Congress is expected to debate beginning this week.

The "suggested gun remedies" are contained in a two-page memorandum handed to gun-industry representatives last Tuesday by John Coale, a prominent member of a coalition of attorneys who represent four cities—Atlanta, Cincinnati, Cleveland and New Orleans—out of the 10 municipalities that have sued the industry. Mr. Coale gave the memo to the industry representatives during a meeting at the White House on President Clinton's antiviolenace initiative.

### Differing Approach

The most striking thing about the document, which is written on the letterhead of Mr. Coale's Washington law firm, is that it doesn't include a demand for monetary damages. Instead, the cities seek industry acquiescence to greater regulation of gun marketing, increased efforts to make guns safer to use and harder for children to get at, and steps that would facilitate tracing crime guns.

Mr. Coale said in an interview that his group might seek damages later, "depending on how nasty things get or don't get." He stressed that even though the cities have formally demanded hundreds of millions of dollars to cover the public costs of gun violence, "this wasn't really about the money. It was about getting guns away from kids and criminals."

The American Shooting Sports Council hasn't responded substantively to the set-

ATLAS AIR INC.

### Pilots Union Sues, Alleging Retaliatory Pay Reductions

Atlas Air Inc., Golden, Colo., was sued by the Air Line Pilots Association International, which accused the carrier of cutting by more than 20% the pay of pilots who voted to join the union. The union said the suit, filed in a Miami federal court, accuses Atlas of threatening during the union election to cut pilots' pay, then doing so on April 26, when pilots voted to join. The suit seeks restoration of the crew members' pay, plus unspecified punitive damages. An Atlas Air spokeswoman said the company hadn't reviewed the suit but had expected some type of action from the union. The spokeswoman said a company rule established in 1994 excluded members of collective bargaining groups from its profit-sharing plan.

tlement proposal and is likely to reject aspects of it. But the seriousness of the proposal is underscored by the trade group's already having indicated that it would be willing to meet with representatives of the cities within the next few weeks to discuss the suggested remedies.

Robert Ricker, executive director of the council, said the trade group would prefer negotiating with a team led by Philadelphia Mayor Edward Rendell because he already has held extensive talks with the industry and so far hasn't filed his own suit. "At the present time, we think it would be inappropriate to engage in direct dialogue with a mayor that has already filed suit," Mr. Ricker added. Mr. Rendell couldn't be reached for comment late yesterday.

By signaling a willingness to compromise with foes such as the cities and the Clinton administration, the council is continuing an effort to soften the gun industry's image and distinguish it from that of the National Rifle Association, which represents gun owners.

But even after the recent school massacre in Littleton, Colo., this attempt to emphasize selling guns over debating ideology risks civil war within the fractious pro-gun world. Leaders of the NRA already have vowed to oppose any litigation settlement that includes significant government regulation. The NRA went so far as to help engineer the ouster of the immediate past executive director of the shooting-sports council, in large part because he became associated with efforts to settle the lawsuits. What's more, NRA displeasure contributed to the head of a rival gun-industry trade group, the National Shooting Sports Foundation, deciding to pull out of participating in a White House meeting scheduled for today on the Clinton initiative.

### Revenue Limitations

On the antigun side, the desire for a settlement stressing greater regulation reflects a realization that the gun industry doesn't produce the sort of revenue that could support a multibillion-dollar compromise such as the one that state attorneys general forged last year with the tobacco companies. Mr. Coale said he and his fellow lawyers hadn't yet determined how, if at all, they would be paid under the proposed settlement.

The attorney group to which Mr. Coale belongs is eager to begin structuring a settlement before the number of suits proliferates, creating the danger of disorganization and other attorneys trying to grab control of the litigation. Headed by New Orleans attorney Wendell Gautier, the attorney group experienced that frustration when it did much of the pioneering work on the tobacco litigation in the mid-1990s, only to see rival lawyers step in later in the process to grab the glory and fees.

More lawsuits would increase the expense and distraction for gun executives. As many as 18 additional municipalities are within weeks of filing suit, including a group of 16 in California that are planning

to go to court all on one day, according to lawyers familiar with those plans.

The remedies suggested in the Coale memo include the manufacture of all guns with safety devices such as a feature alerting users that a bullet is in the chamber; a guarantee that all guns are equipped with a child-proof lock; the expenditure of 1% of the industry's gross revenues on research and development of "smart-gun technology that would enable a gun to be discharged only by the original and intended owner"; and an industrywide advertising standard barring "youth oriented" promotions and those "that claim that having a gun in the home" makes owners safer.

"Everything is on the table for consideration," said Mr. Ricker of the Shooting Sports Council, but he declined to discuss any of the specific proposals. Mr. Ricker already has said the industry agreed in principle with some of Mr. Clinton's gun-control provisions, such as tougher regulation of sales at gun shows.

—Jeffrey Taylor  
contributed to this article.

## Edward Jones Fires 19 For Failing to Admit E-Mail Improprieties

ST. LOUIS (AP)—Edward Jones & Co. said it fired 19 people for failing to admit they sent pornography or off-color jokes over the brokerage firm's e-mail system.

Another 41 who came forward were disciplined, the closely held company said. The action was the latest in the brokerage industry, which has been cracking down on employees using company computer systems to send offensive material.

"When people get Internet access at Edward Jones, they know the policy of the firm," said Mary Beth Heying, a spokeswoman for the brokerage firm. "It is not acceptable to use the Internet for nonbusiness-related purposes."

The company, which tracks employees' telephone calls and Internet use, issued a memo on April 27 instructing employees who had sent e-mails containing the blue material to report to the personnel office by April 29, Ms. Heying said.

The 19 workers who were fired did not come forward on their own, Ms. Heying said. The 41 offenders who voluntarily admitted wrongdoing received written warnings.

The e-mail crackdown was confined to the 2,316 employees working among the three campuses that make up the company's international headquarters in St. Louis, Ms. Heying said.

Edward Jones has a network of 4,570 offices in the U.S., Canada and England and employs about 17,000 workers.

THE WALL STREET JOURNAL  
MONDAY, MAY 10, 1999

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# China's Leaders Stoke Anger at U.S. at Their Peril

By ERIK ECKHOLM

BEIJING, May 9 — Through their extended campaign to portray the United States and NATO as evil aggressors in Yugoslavia, and now their endorsement of mass demonstrations that involved the unimpeded stoning of the American Embassy here, China's leaders may have unleashed forces that will come back to haunt them.

The extent to which the Government has shaped, or been forced to concede to, public passions on the Yugoslavia bombing and NATO's attack on the Chinese Embassy in Belgrade is debatable.

But one result of Beijing's policies was obvious in the chants and slogans of this weekend's protests: a revival of nationalistic and anti-American sentiment, which could lead in directions that are dangerous and unpredictable for the reformist Government led by Jiang Zemin. If these unspent emotions solidify, the effects on Chinese politics and foreign policy will be profound, possibly lending new power to conservative forces in the Communist Party.

Demonstrators have sung the national anthem and shouted for China's pride and against "American imperialism." Such attitudes seem to lurk permanently in the Chinese psyche, right alongside the affection for American culture that seemed so prominent last year when many students — who form the core of the current anti-American protests — hailed President Clinton as a hero.

Left to fester, that emotional nationalism could spin in unpredictable and dangerous directions, quite pos-

sibly turning against President Jiang Zemin and Prime Minister Zhu Rongji and their policies of closer ties with the West and more market economics.

"Chinese nationalism is a very emotional and explosive sentiment that, once aroused, can lead to all sorts of unexpected consequences," said Xiao Gongqin, a historian at Shanghai University.

The current outburst of nationalistic emotion, Mr. Xiao said, may be simply a shallow and largely passing response to an extraordinary event. But if it grows, he said, "it could encourage China to attempt to return to the past, and it will put Jiang Zemin and Zhu Rongji under great pressure."

The hand of hard-liners, who are less inclined to develop close ties to the United States or make concessions on, say, foreign access to Chinese markets, could be strengthened. The relative power of a figure like Li Peng, who now heads the national Parliament, might grow, and military chiefs who want a stronger response to NATO bombing in Yugoslavia might have a greater voice.

The patriotism expressed this weekend was seldom linked to direct support for the current leaders, who many protesters complained have been ineffectual in doing anything about the NATO crimes they so vociferously condemn.

Some of the cheers in front of the American Embassy this morning came when a man paraded a large photograph of Mao Zedong, the leader who brought on the mass turmoil and suffering of the Cultural Revolution and whose legacy has been

largely dismantled since his death in 1976.

"Long Live Mao," scores of people chanted, students and older white-collar workers alike, seeming to revel in a slogan seldom heard in the last 20 years of economic reforms. In truth, few of them would really want to return to the rigid ideology and personal oppressions of Mao's heyday.

Tang Zhenlei, a 30-year-old teacher, explained why he had shouted with the others: "When Chairman Mao was the leader, he would have stood up to America and taken

## Nationalist fervor could backfire on Jiang Zemin and Zhu Rongji.

stronger measures," he said. "But now our leaders have been too soft, they're happy to accept an apology from NATO and leave it at that."

"Chairman Mao was willing to stand alone to defend China's dignity," Mr. Tang said.

For the current leaders, this was supposed to be the year of no demonstrations, a year of sensitive dates like the 10th anniversary next month of the crushing of the democracy movement in Tiananmen Square. And a stable China was supposed to broaden its ties with the West and

deepen its progress toward a modern market economy.

Instead, last month more than 10,000 members of a spiritual movement held a surprise demonstration on the edge of Zhongnanhai, the inviolable leadership compound in Beijing, and the police saw little choice but to let it proceed.

Then this weekend, after the shock of the embassy attack in Belgrade, the leaders endorsed mass demonstrations around the American and British Embassies. Given the anger over NATO's motives that inflammatory propaganda has helped create here, officials may have felt that they had little choice but to let people vent their feelings.

By the same token, they cannot be pleased to have watched the student marches spiral almost out of control on Saturday night, as roaming mobs heaved bricks at American Embassy buildings and cars and mockingly defied the riot police. At several points here that night, groups of young men formed human wedges and tried to batter their way to the American Embassy through police lines. And in the city of Chengdu, crowds firebombed the American Consulate.

In a rare, direct speech to the people televised this evening, Vice President Hu Jintao gave official approval to the demonstrations, saying, in words that are sure to be quoted by democracy advocates: "The Chinese Government firmly supports and protects, in accordance with the law, all legal protest activities."

In a characteristically wooden manner, he also seemed to warn against excesses like the burning of

the consulate in Chengdu. "We believe that the broad masses will, proceeding from the fundamental interests of the nation and taking the overall situation into account, carry out the activities in good order and in accordance with law."

Some Chinese people think that the Government intentionally stirred up public opinion over NATO's campaign in Yugoslavia to shift attention from domestic ills and the approaching June 4 anniversary of the crackdown on the 1989 Tiananmen Square demonstrations for democracy.

In an interview today, a person who spoke on condition of anonymity who had been involved in the democracy movement then said that by permitting the current large and raucous demonstrations, officials were courting trouble. He quoted a Chinese saying: "He who climbs on a tiger may have trouble getting off."

Today, even as the riot police began to assert more control over the streaming throngs of protesters, the Government continued to stoke the flames of public passion, its media and "experts" insisting absolutely that the Belgrade attack had been intentional.

A bitter editorial in the People's Daily, the Communist Party's prime mouthpiece, referred to the "criminal intent of the aggressors" in the embassy bombing and said NATO now owed the Chinese people a "blood debt."

It is not a far jump from those words to the more lurid slogans voiced by protesters today, like "Bomb the White House" and "Blood for blood." But the newspaper's harsh words came from the same political leadership that has staked great status on building a "strategic partnership" with the United States.

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# How Much of a Nuclear Lift Could Spying Give China?

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Have U.S. security lapses given China, a nation with a relatively tiny, unwieldy arsenal of Stalin-era nuclear missiles, a bridge to become a much more menacing nuclear power in the 21st century?

This question is likely to reverberate in Washington for months in the wake of multiple investigations into apparent Chinese espionage at U.S. nuclear laboratories. Right now, no major leaps forward are ex-

By Wall Street Journal staff reporters John J. Fialka in Washington and Matt Forney in Beijing.

pected in China's outdated arsenal. China's weapons-development programs are traditionally slow-moving, and its military is facing a money crunch. At the same time, Beijing's overriding focus is to intimidate Taiwan, partly by deploying more short-range missiles. Still, there are signs China's military planners are slowly moving to modernize its ocean-spanning missile force and beginning to talk about substantially increasing the numbers of warheads it can carry.

## 'There's Now Momentum'

"The image of them having these 18 rickety missiles, compared to the thousands in the U.S., is really misleading, because there's now momentum behind the Chinese program," says Paul Bracken, a Yale University professor and author of one of the most widely used books on nuclear-weapons strategy. He and other weapons experts worry that the possibility that Chinese spies obtained U.S. computer codes with weapons-testing data may eventually trigger a renewed arms race.

The short-term and long-term goals are linked. China's People's Liberation Army, the world's largest standing military force, with three million troops, is downsizing and reorganizing. With Beijing's budget strained by the costs of economic restructuring, the PLA simply can't afford to make or buy what it needs. The army's budget rose 12.7% this year, faster than the economy grew, but not enough to compensate for a government order forcing the military out of businesses that sell everything from tanks to toilet paper.

So, the PLA is focusing instead on "slowly building an offensive capability," says Ken Allen, a former U.S. military-intelligence officer in Beijing. That would help explain spying at U.S. nuclear labs. One technology that has clearly been stolen, according to U.S. officials, is the design of the most modern U.S. nuclear warhead, the W-88. Others that may have been taken—although no one here has said he or she knows for sure—are the computer codes that contain a wealth of U.S. bomb-testing data.

So far, U.S. officials say, they have seen no sign of any deployment of smaller, lighter nuclear warheads that could be derived from stolen U.S. data. However, Chas. W. Freeman Jr., a former Clinton-administration Defense Department official and a China expert, says that on a recent trip to Beijing, he found Chinese military officials openly talking about both modernization and increasing the size of its nuclear forces.

## Possible Explanation of a Mystery

"This is now a live issue," says Mr. Freeman, who believes that a pledge by President Clinton in his State of the Union speech to develop a national missile-defense program struck a nerve in China, even though the move was intended to protect the U.S. from nuclear rogue nations. Both Messrs. Freeman and Bracken suspect that China may have had the U.S. nu-

clear-weapons codes for several years. That, says Mr. Freeman, would help explain one of the major mysteries surrounding China's nuclear-weapons program: Why did China, with relatively minuscule experience in testing nuclear weapons, suddenly sign the Comprehensive Test Ban Treaty in 1996, agreeing to forgo nuclear testing?

Nuclear tests, usually many of them, are the key to new weapon designs. Having the U.S. codes would shortcut the process. "They obviously hadn't any way to accumulate that mass of data. So if in fact they got that data for free out of U.S. labs, that would make it a lot easier to understand," says Mr. Freeman, referring to the treaty signing.

Smaller, U.S.-derived nuclear warheads would give China the ability to cluster more than one warhead each on missiles that can hit the U.S. It would also allow it to selectively threaten regional targets, such as Taiwan and U.S. bases in the Pacific.

In a forthcoming book, "Fire in the East," Mr. Bracken predicts that such nuclear proliferation means that "the costs of staying a dominant military power [in Asia] are going up."

Not all nuclear experts agree. Ming Zhang, a consultant to the Carnegie Endowment for International Peace, thinks that, with or without the U.S. codes, China will continue to slowly modernize, keeping its nuclear arsenal small.

## Unimpressive Current Forces

What China has on hand at the moment isn't very impressive. Its main bomber, the Hong-6, is a copy of the 1950s-era Russian Badger. China has spent billions to build one nuclear-missile submarine, the Xia, but it appears to have problems with its nuclear reactors and its missiles. "This indicates massive failure," says Robert Norris, a nuclear-weapons researcher for the Natural Resources Defense Council.

China's main military objective continues to be nearby Taiwan. Analysts believe the Chinese have plans to install as many as 650 short-range missiles on China's coastline. It has bought 50 Russian SU-27 fighters and is building roughly 100 more, which could be used to control the air in future strikes against the offshore island. But it still lacks the amphibious forces and naval ships it would need to invade Taiwan.

At the same time, the military is shrinking manpower. It wants to demobilize a half-million soldiers by year's end. The military should eventually settle at about two million people—half the number of 20 years ago. The new force will include

rapid-deployment forces such as the Air Force's "Blue Army," an "aggressor unit" trained in quick attacks across China's borders.

China seems to have succeeded in intimidating its island neighbor. "Knocking a hole in Taiwan's ground is less significant than breaking the psychological barrier here," says Andrew Yang, head of the Chinese Council for Advanced Political Studies in Taiwan. "Taiwan is very worried about missile buildup in the region," he says.

## 'Legacy Codes'

The input of U.S. nuclear data from China's spies, when and if it occurred, would increase the intimidation factor. But it will take years, perhaps a decade or more, for the information to materialize in the form of more-effective nuclear weapons. According to a U.S. Department

of Energy official, the most valuable data come in the form of "legacy codes." These are computer programs used by scientists at the two U.S. weapons labs to model how a newly configured weapon might work—based on the digital records of hundreds of U.S. tests that are built into the codes.

It can take five years for a beginning U.S. weapons scientist to master the codes, even with support from veteran bomb designers, the official says. Discovering just when China may have obtained the codes may be one key to how fast it could develop its arsenal. Federal investigators say suspicions were first raised in the early 1980s that scientists were removing the codes from secure computer systems, which violates DOE rules.

This month, Energy Secretary Bill Richardson ordered the supposedly secure computer system to be temporarily shut down. The action came after the Federal Bureau of Investigation opened the unclassified computer of Wen Ho Lee, a former weapons scientist at Los Alamos, N.M., and found a set of the codes. Mr. Lee was fired for security violations, but has not been charged with any crime. His lawyer, Mark Holscher, says Mr. Lee's files were not exposed to third parties and contained a lot of material that was unclassified. The Taiwan-born Mr. Lee, he says, "has dedicated himself to the defense of this country," meaning the U.S.

Many weapons experts believe that if China has the codes, it will still be forced to stage a test to make sure that new warheads work. But that test, a significant warning point, could come much further down the road of development, says Mr. Bracken. "Meanwhile, it saves them billions of dollars' worth of research-and-development time, which they can spend in other ways."

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# Tough Steps Credited for Welfare Dip

## Heritage Foundation Study Sees Economy Having Little Impact on Caseloads

By JUDITH HAVEMANN  
 Washington Post Staff Writer

Ever since the welfare rolls began to shrink dramatically several years ago, researchers have argued over the reason: Was it primarily the booming economy, welfare reform legislation or both?

A new study by the conservative Heritage Foundation concludes that the sharp decline in the number of families on the rolls is due almost entirely to tough state policies enacted as part of national welfare reform legislation—and not the economic good times and plummeting unemployment rate.

Many of the states with the highest unemployment rates have had the greatest success in trimming their welfare rolls, while other states with low unemployment rates have relatively large welfare rolls.

"The relative vigor of state economies, as measured by unemployment rates, has no statistically significant effect on caseload decline," said Robert Rector, a senior policy analyst for welfare reform at the foundation. Rather, tough action by states in cutting off welfare checks for violating the rules and requiring recipients to go to work immediately were much more important factors, he said.

Rector's research is the latest entry into the long-running and frequently partisan debate over why the number of welfare recipients

has dropped by 37 percent in three years.

In August 1996, President Clinton signed legislation turning welfare over to the states, allowing them to set their own rules for public assistance, requiring recipients to go to work and limiting aid for individuals to a lifetime total of five years.

Rector says the state welfare policies enacted subsequently were primarily responsible for the decline—particularly the stringent "sanctions" or financial punishments that many states have instituted against welfare recipients who fail to follow the rules.

States with the toughest policies, disqualifying recipients after their first infraction of rules, experienced a 41.8 percent reduction in their caseload during the past three years.

Other states that eliminate checks after imposing a series of progressively more severe sanc-

tions reported a 28.3 percent reduction, while states that remove only part of the welfare check for noncompliance have cut their caseloads by 17.3 percent, Rector found.

The number of families receiving welfare dropped from 4.73 million in June 1995 to 2.98 million in June 1998, according to Rector's study.

Critics argued that Rector's findings grossly understated the effects of the economy, though few doubt that the tougher state policies are having a profound effect.

Douglas Besharov, resident scholar at

the American Enterprise Institute, said it is "hard to deny that the economy has helped big time" but acknowledged that without "get-tough" welfare policies, "the economy would have accomplished only a fraction of the reduction."

Rebecca M. Blank, a member of the President's Council of Economic Advisers, said, "If you run a welfare program where you kick people

off for the slightest infraction, I am not in the least surprised that the caseloads are going down. I don't know what it tells us about success."

Two years ago, the Council of Economic Advisers concluded in a technical report that about 40 percent of the decline in welfare rolls at the time could be attributed to the improving economy. Now, Blank said, most scholars think the economy is responsible for only about 20 percent of the decline.

Most researchers believe the good economy and powerful state policies are jointly responsible for the declining dependence on welfare.

LaDonna Pavetti, senior researcher at Mathematica Policy Research, said, "We could not have had the caseload declines that we have seen without the economy being as strong as it is. The policies added a push that wasn't there before."

"If we had all the policies but not the jobs, we would have some decline, but not as steep a decline," she said.

Rector said welfare reform should be judged by how many people leave the system. The traditional welfare system was misguided because it was preoccupied with eradicating poverty, he said. "Poverty should not be the principal concern," Rector said. "Dependency and illegitimacy are the most harmful things."

## Reducing the Rolls

The strength of a state's sanctions, rather than the strength of its economy, is the key factor in reducing welfare caseloads, according to a Heritage Foundation report.

### States ranked by reduction in welfare caseloads

| Rank | State         | Sanction  | Caseload reduction | Unemployment rate |
|------|---------------|-----------|--------------------|-------------------|
| 1    | Idaho         | Immediate | 77.5%              | 5.2%              |
| 2    | Wisconsin     | Immediate | 74.3               | 3.4               |
| 3    | Wyoming       | Immediate | 66.1               | 4.8               |
| 4    | West Virginia | Delayed   | 63.6               | 6.7               |
| 5    | Mississippi   | Immediate | 48.9               | 5.6               |
| 6    | Florida       | Immediate | 45.8               | 4.7               |
| 7    | Texas         | Moderate  | 42.0               | 5.2               |
| 8    | Kansas        | Immediate | 40.4               | 3.7               |
| 9    | Alabama       | Immediate | 40.2               | 4.7               |
| 10   | Arkansas      | Immediate | 40.0               | 5.3               |
| 22   | Virginia      | Immediate | 27.1               | 3.7               |
| 27   | Maryland      | Delayed   | 25.5               | 4.9               |
| 43   | D.C.          | Weak      | 17.4               | 8.2               |

### Description of sanctions

**Immediate:** Withholds full check at first instance of noncompliance.

**Delayed:** Withholds full check after a number of months or instances of noncompliance.

**Moderate:** May withhold a portion of the check or the full check in certain circumstances.

**Weak:** Recipients retain bulk of benefits even if they fail to perform required activities.

SOURCE: The Heritage Foundation

THE WASHINGTON POST

Rep. Nancy L. Johnson (R-Conn.) chairman of the House Ways and Means subcommittee that oversees welfare policy, said while sanctions have been an important tool for states to use in forcing welfare recipients to abide by the rules, two other factors are possibly more sig-

nificant.

First, "there is more social service money available than at any time in history," she said. Second, "we have put in place through bipartisan action a new system of public support for working people that has made work pay."

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The Washington Post  
 MONDAY, MAY 10, 1999



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## Rights Groups Shift Battle to New Front: Economic Issues

By STEPHEN LABATON

WASHINGTON, May 9 — In a sign of the ways that both Congress and the leading civil rights groups have changed over the years, some of the biggest civil rights battles now are not about affirmative action plans or school choice, but about access to bankruptcy protection and bank loans.

The shift in the advocacy groups' agendas, from social inequities to economic opportunities, has become apparent as two landmark bills, overhauling both the nation's banking system and its bankruptcy courts, move swiftly through Congress.

Last Wednesday, the House of Representatives passed a bill by a veto-proof margin that would make it much harder for American families, particularly women and the elderly, to have their debts erased through bankruptcy proceedings. A day later, the Senate adopted a sweeping overhaul of the nation's financial system sponsored by Senator Phil Gramm, Republican of Texas, that would also eliminate many of the provisions of the Community Reinvestment Act, a 1977 law that requires banks to make loans to residents of inner cities, farmers and others who have traditionally been denied credit.

The shift in the agendas of civil rights groups reflects the political realities of a highly partisan Congress that wants to roll back many of the legislative gains achieved by liberals, and of civil rights groups who now see they have nothing to gain by pushing old and unpopular issues like affirmative action.

"The country today has largely moved beyond the most blatant aspects of racial discrimination, which was the driving force for so many years of the movement," said Wade Henderson, executive director of the Leadership Conference on Civil Rights, an umbrella group of the nation's most prominent civil rights organizations. "Every economic disadvantage suffered by the underserved in our society is reflected in the bankruptcy debate and the Community Reinvestment Act debate."

Civil rights groups, who have suffered from dwindling public support and court setbacks in the affirmative-action fight, stormed Capitol Hill last week in the hopes of removing provisions from both bills that would repeal the advances the groups had made more than 20 years ago.

The groups that actively lobbied against the measures represent the interests of minorities, women, Indians, the elderly, urban residents and farmers.

And liberal Democrats said that the votes on the two measures could be the only major civil rights votes in the 106th Congressional term. But so far both the House and Senate have rebuffed the recommendations of the civil rights groups and the Clinton Administration.

At the urging of Treasury Secretary Robert E. Rubin and other aides, President Clinton has threatened to veto both measures if they are not changed later in the session when members from both Houses meet in conference committees.

Mr. Rubin said in an interview last Friday that he had not heard a single

complaint from bankers about the costs of the Community Reinvestment Act, and that the civil rights groups were right to make the legislation a central focus of their agenda.

But Democrats say they fear that the Republicans have found an ideal "wedge issue" for the modern age — embarking on what could be a successful political strategy of forcing the President to choose between the powerful and politically generous banking industry, which has spent years pushing for the adoption of both bills, and the civil rights leaders who oppose them.

"Gramm could well provoke the Administration to have to choose between the civil rights community and the financial institutions," said Senator Paul S. Sarbanes, Democrat of Maryland, who fought unsuccessfully to eliminate the provisions of the banking legislation that would repeal major portions of the Community Reinvestment Act. "It has the potential to be a wedge issue."

Before last fall, the Community Reinvestment Act had never been an important issue in the perennial debate over whether to deregulate the banking system by eliminating the restrictions imposed in the Depression. Those restrictions limited the ability of banks, insurance companies and securities firms to compete with each other. The law has actually proved highly profitable for many banks and savings associations, encouraging them to lend in areas that had often been redlined and neglected. Some experts have estimated that the law has helped to direct more than \$6 billion annually to distressed communities.

Senator Gramm's proposal would exempt some 4,000 smaller banks and savings associations from the act. He would also make it more difficult for community groups to challenge the lending records of financial institutions. Mr. Gramm has said that the legislation has proved to be too onerous for financial institutions and has been used by some community groups to "extort" settlements from banks that need strong records in lending to the disadvantaged in order to get regulatory permission to expand.

The harshness of the new bankruptcy legislation became apparent when it was denounced by Representative Henry J. Hyde, the Illinois Republican who sought unsuccessfully to soften it by giving more discretion to bankruptcy judges to set the legitimate expenses of debtors.

But Mr. Hyde, the chairman of the House Judiciary Committee, has lost his once considerable influence among House Republicans as a result of his handling of the impeachment proceedings. In a scene that was unimaginable before the impeachment hearings, Mr. Hyde was challenged by the majority leader, Dick Armey of Texas, who urged the chamber to reject the Hyde provision and leave bankruptcy judges with no discretion to consider the individual circumstances of each case that comes before them.

Mr. Hyde, who received the support of only 25 of his fellow Republicans, was ultimately defeated by a vote of 238 to 184.

THE FRESH AIR FUND: 123D SUMMER

The New York Times

MONDAY, MAY 10, 1999



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for



**TO:** President Bill Clinton

**FROM:** Michael Brown and Alan Khazei, Co-Founders, City Year

**DATE:** May 10, 1999

**RE:** Proposal for a nationally televised "Presidential Town Meeting" on the evening of Monday, May 24th at Howard University with leading Americans and 1000 AmeriCorps members to discuss utilizing AmeriCorps as a national strategy for responding to the tragedy in Littleton, CO.

**Proposed event:** A nationally televised "Presidential Town Meeting" at City Year's national convention on the evening of Monday, May 24th at Howard University's Crampton auditorium to discuss AmeriCorps as a key strategy for answering the questions raised by the recent tragedy in Littleton, Colorado. We propose that a panel of leading Americans who are directly involved with AmeriCorps, as well as young people in service, be invited to share their ideas with you and the nation at a 90-minute event.

**Proposed announcement:** A new AmeriCorps initiative to put an AmeriCorps community service coordinator in 10,000 high schools nationwide. This initiative would be a \$200,000,000 federal challenge grant program: each high school that puts forward \$20,000 for this position will be matched federally.

**Potential Town Meeting participants:** We propose inviting leading Americans who are active in utilizing AmeriCorps as a national youth strategy, such as: youth violence expert Geoffrey Canada, Senator John Chafee, Habitat for Humanity Founder Millard Fullard, America's Promise Chairman, Gen. Colin Powell, Rep. Chris Shays, and Lt. Gov. Katherine Kenedy Townsend, as well as young people serving in AmeriCorps.

**Rationale for event/announcement:** Following the Littleton tragedy, America's are seeking strategies that work for getting young people to reject violence and embrace positive values. There has been a call for the nation to develop a national youth policy. Mr. President, the nation has a national youth policy, you invented it, and it is called: AmeriCorps. AmeriCorps works. AmeriCorps volunteers provide critically needed tutoring, mentoring and role-modeling to hundreds of thousands of children nationwide, while offering access to education and a life-changing service experience to those who serve. Expansion of the size and scope of AmeriCorps is one of the primary "solutions" that needs to be put forward in the debate over the nation's response to the Littleton tragedy. A Presidential Town meeting could highlight the "AmeriCorps solution." City Year's national convention provides an outstanding backdrop for

making the case to expand AmeriCorps to 100,000 participants and to propose putting a community service coordinator in 10,000 high schools nationwide -- giving young people something to say "yes" to: community service. Mr. President, as you have said so powerfully, "There is nothing wrong with America that cannot be fixed by what is right with America." We urge you to come to City Year's national convention and shine a bright light on AmeriCorps something that is truly "right" about America.

**The event audience:** Nearly 1000 City Year/AmeriCorps members from ten cities who will be concluding a year of service to their country and communities, as well hundreds of City Year/AmeriCorps champions from the private, civic and governmental sectors.

**National television audience:** We are confident that your participation would trigger the interest of a national news network to facilitate the Town Meeting and carry it live. Potential moderators: Judy Woodruff, Bernard Shaw or Larry King of CNN, or Tom Brokaw of MSNBC.

**We are ready, Mr. President:** Mr. Clinton, it is our great hope that you can participate in our national convention, taking place at Howard University, May 24th - 28th. We are ready for your participation, should you give us the word.

**Conclusion: Fundamentally changing the AmeriCorps debate.** Mr. President, the debate over whether Americorps should continue needs to end. The debate over Americorps' size and scope should begin. We believe that a nationally televised Town Meeting led by you and featuring prominent Americans supporting AmeriCorps could fundamentally alter the AmeriCorps debate, and offer in just one evening more thoughtful discussion and reflection on the power and potential of AmeriCorps than has taken place on a national stage over the past few years.

**Please join us, Mr. President!**



5-11-99

Member NASD & SIPC

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KNOW ANYTHING  
ABOUT THIS?  
TJH

May 3, 1999

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

Dear Mr. President:

I know that you will turn the conflict in Kosovo into something great not only for the world but also for your heritage. This could be the beginning of serious peace in Europe. Given the complexities of the Balkans, you had to do what you had to do.

Other than recommend that you take a physical exam, I have never offered you advice. But I just thought that for recruiting purposes you should consider a team composed of Senator Daschle, Senator Breaux, Senator Laundry, and Congresswoman Sanchez. If you get the right people, both Houses will belong to the Democrats.

I was so pleased to see that you looked well Tuesday night.

I hope that you will consider accepting the 1999 Raoul Wallenberg Memorial Gold Medal. You should not punish Reichman's Endowment for Democracy in Eastern Europe because they gave to award to President Reagan.

Sincerely yours with admiration,

  
Meyer A. Berman



5/11/99

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Yes ☒

No ☐

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THE WHITE HOUSE  
WASHINGTON

Date 5/10

To:

Glyn Davies

From: The Staff Secretary

FYI

Phil Caplan

May 7, 1999

99 MAY 10 PM 12:21

MEMORANDUM FOR PHIL CAPLAN  
SEAN MALONEY

FROM: TIM SAUNDERS  
DAVE KALBAUGH

SUBJECT: Simple Senate Resolution - S.Res. 68

We have received the attached simple Senate Resolution, S. Res. 68. The resolution expresses the sense of the Senate in regards to U.S. policy with Afghanistan. The resolution recommends among other things that the President instruct the United States Representative to the United Nations to use all appropriate means to prevent the Talibad-led government in Afghanistan from sitting on the United Nations General Assembly so long as violations of human rights against women and girls persist.

We recommend that a copy be staffed to NSC. The original will be retained in our office.



## **S. Res. 68**

### ***In the Senate of the United States,***

*May 5, 1999.*

Whereas millions of women and girls living under Taliban rule Afghanistan are denied their basic human rights;

Whereas according to the Department of State and international human rights organizations, the Taliban continues to commit widespread and well-documented human rights abuses, in gross violation of internationally accepted norms;

Whereas, according to the United States Department of State Country Report on Human Rights Practices (hereafter "1998 State Department Human Rights Report"), violence against women in Afghanistan occurs frequently, including beatings, rapes, forced marriages, disappearances, kidnappings, and killings;

Whereas women and girls under Taliban rule are generally barred from working, going to school, leaving their homes without an immediate male family member as chaperone, and visiting doctors, hospitals or clinics;

Whereas according to the 1998 State Department Human Rights Report, gender restrictions by the Taliban continue to interfere with the delivery of humanitarian assistance to women and girls in Afghanistan;

Whereas according to the 1998 State Department Human Rights Report, under Taliban rule women are forced to don a head-to-toe garment known as a burqa, which has only a mesh screen for vision, and many women found in public not wearing a burqa, or wearing a burqa that does not properly cover the ankles, are beaten by Taliban militiamen;

Whereas according to the 1998 State Department Human Rights Report, some poor women under Taliban rule cannot afford the cost of a burqa and thus are forced to remain at home or risk beatings if they go outside the home without one;

Whereas according to the 1998 State Department Human Rights Report, the lack of a burqa has resulted in the inability of some women under Taliban rule to get necessary medical care because they cannot leave home;

Whereas according to the 1998 State Department Human Rights Report, women under Taliban rule reportedly have been beaten if their shoe heels click when they walk;

Whereas according to the 1998 State Department Human Rights Report, under Taliban rule women in homes must not be visible from the street, and houses with female occupants must have their windows painted over;

Whereas according to the 1998 State Department Human Rights Report, under Taliban rule women are not allowed to drive, and taxi drivers reportedly have been beaten if they take unescorted women as passengers;

Whereas according to the 1998 State Department Human Rights Report, women under Taliban rule are forbidden to enter mosques or other places of worship; and

Whereas women and girls of all ages under Taliban rule have suffered needlessly and even died from curable illness because they have been turned away from health care facilities because of their gender: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that—

(1) the President should instruct the United States Representative to the United Nations to use all appropriate means to prevent any Taliban-led government in Afghanistan from obtaining the seat in the United Nations General Assembly reserved for Afghanistan so long as gross violations of internationally recognized human rights against women and girls persist; and

(2) the United States should refuse to recognize any government in Afghanistan which is not taking actions to achieve the following goals in Afghanistan:

(A) The effective participation of women in all civil, economic, and social life.

(B) The right of women to work.

(C) The right of women and girls to an education without discrimination and the reopening of schools to women and girls at all levels of education.

(D) The freedom of movement of women and girls.

(E) Equal access of women and girls to health facilities.



(F) Equal access of women and girls to humanitarian aid.

Attest:



*Gary Sisco*

*Secretary.*





May 7, 1999

MEMORANDUM FOR PHIL CAPLAN  
SEAN MALONEY

FROM: TIM SAUNDERS  
DAVE KALBAUGH

SUBJECT: Simple Senate Resolution - S.Res. 54

We have received the attached simple Senate Resolution, S. Res. 54. The resolution expresses the sense of the Senate in regards to U.S. policy with West Africa. The resolution recommends the President and the Secretary of State give high priority to aiding in the resolution of the conflict in Sierra Leone; urges participation in the Sierra Leone Contact Group; condemns violence and violations of human rights against the people of West Africa.

We recommend that a copy be staffed to NSC for referral to the Department of State. The original will be retained in our office.

## **S. Res. 54**

### ***In the Senate of the United States,***

*May 5, 1999.*

Whereas the Armed Forces Revolutionary Council (AFRC) military junta and the rebel fighters of the Revolutionary United Front (RUF) in Sierra Leone mounted a campaign of "Operation No Living Thing" in 1997 and have recently renewed the terror;

Whereas the atrocities and violence against the citizens of Sierra Leone, which include forced amputations, raping of women and children, pillaging farms, and the killing of the civilian population, has continued for more than 8 years;

Whereas the AFRC and RUF continue to kidnap children, forcibly train them, and send them as combatants in the conflict in Sierra Leone;

Whereas the Nigerian-led intervention force, Economic Community Monitoring Group (ECOMOG), which has deployed nearly 15,000 troops to Sierra Leone, has made a considerable contribution towards ending the cycle of violence there, despite the fact that some of its members have engaged in violations of humanitarian law;

Whereas the United Nations High Commissioner for Refugees (UNHCR) estimates that in 1998 more than 210,000 refugees fled Sierra Leone to Guinea, bringing

the total number of Sierra Leonean refugees in Guinea to 350,000, in addition to some 90,000 Sierra Leonean refugees who sought safe haven in Liberia;

Whereas the refugee camps in Guinea and Liberia are at risk of being used as safe havens for rebels and staging areas for attacks into Sierra Leone;

Whereas the humanitarian crisis in Sierra Leone has reached epic proportions with people dying from lack of food and medicine; and

Whereas the escalating violence in Sierra Leone threatens stability in West Africa and has the immediate potential of spreading to neighboring Guinea: Now, therefore, be it *Resolved*, That the Senate—

(1) urges the President and the Secretary of State to give high priority to aiding in the resolution of the conflict in Sierra Leone and to bringing stability to West Africa, including active participation and leadership in the Sierra Leone Contact Group;

(2) condemns—

(A) the violent atrocities committed by the Armed Forces Revolutionary Council (AFRC) and the Revolutionary United Front (RUF) throughout the conflict, and in particular its attacks against civilians and its use of children as combatants; and

(B) those external actors, including Liberia, Burkina Faso, and Libya, for contributing to the continuing cycle of violence in Sierra Leone by pro-



viding financial, political, and other types of assistance to the AFRC or the RUF, often in direct violation of the United Nations arms embargo;

(3) supports continued efforts by the regional peacekeeping force, ECOMOG, to restore peace and security and to defend the democratically elected government of Sierra Leone;

(4) recognizes that basic improvements in ECOMOG's performance with respect to human rights and the management of its own personnel would markedly improve its effectiveness in achieving its goals and improve the level of international support needed to meet those goals;

(5) supports appropriate United States logistical, medical and political support for ECOMOG and notes the contribution that such support has made thus far toward achieving the goals of peace and stability in Sierra Leone;

(6) calls for an immediate cessation of hostilities and respect for human rights, and urges all members of the armed conflict in Sierra Leone to engage in dialogue to bring about a long-term solution to such conflict; and

(7) expresses support for the people of Sierra Leone in their quest for a democratic, prosperous, and reconciled society.

Attest:



A handwritten signature in cursive script, reading "Gary Sisco".

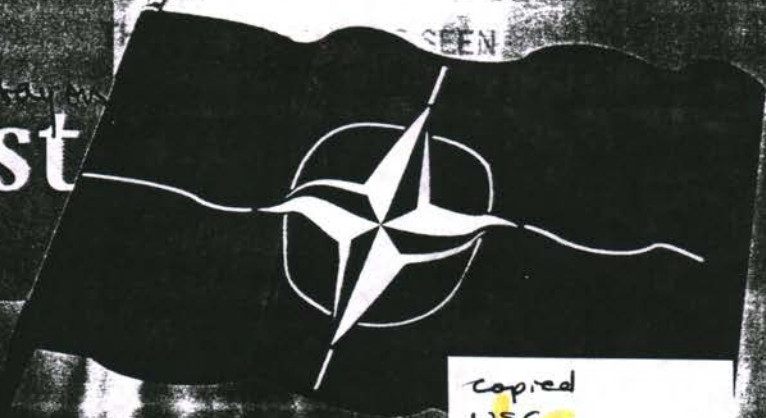
*Secretary.*



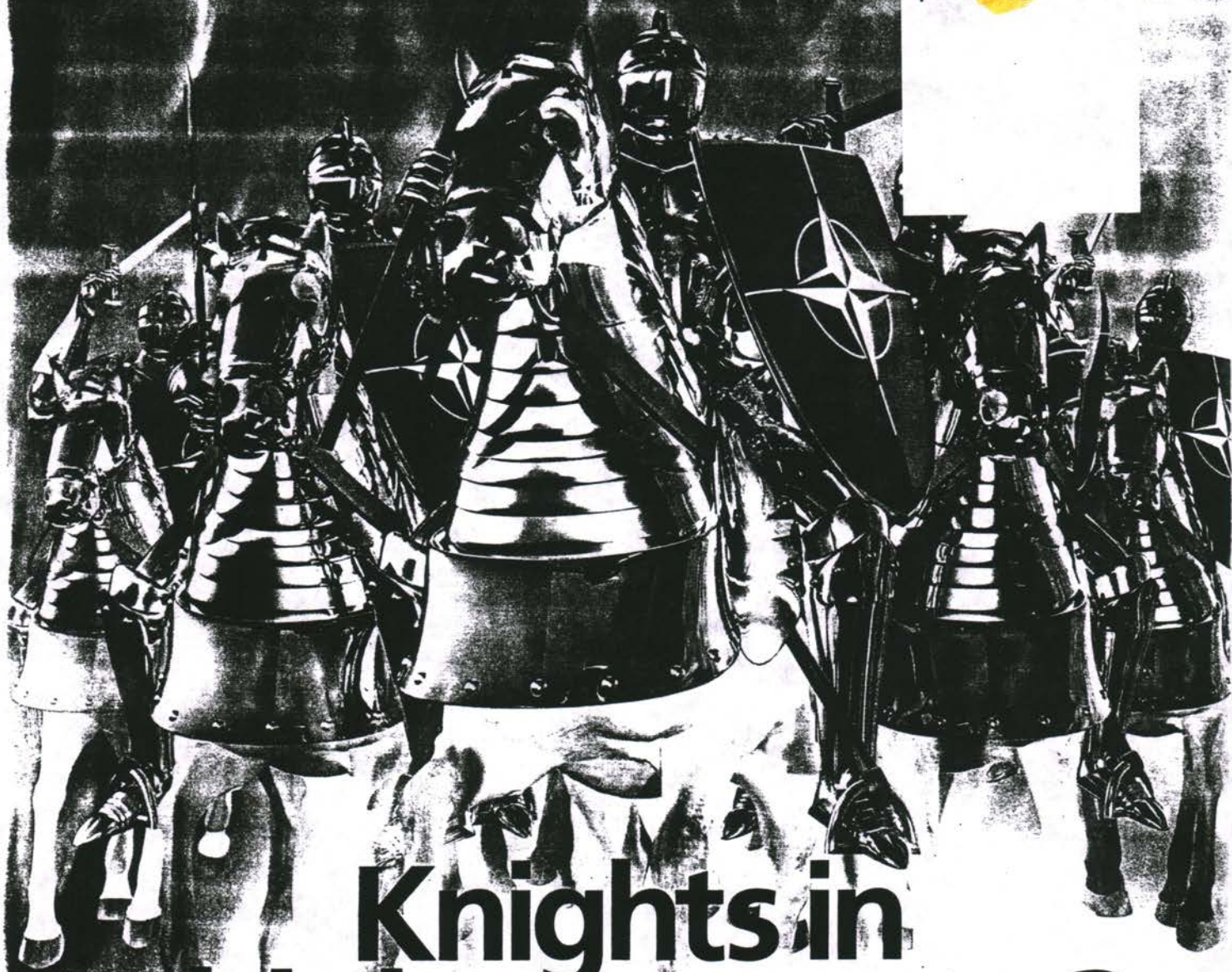
*Sally Kohn*  
*United States*  
*Supplies for NATO*  
*From a report*

# The Economist

A SURVEY OF NATO



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## Knights in shining armour?



# NATO



When they signed the treaty, the world was a different place

## Knights in shining armour?

ONLY two months ago, leaders of the Atlantic alliance were cruising comfortably towards its 50th anniversary celebrations, culminating in the summit due to open in Washington on April 23rd. In those happy times before the bombing of Yugoslavia began, senior policymakers could hold lively debates about whether the three-day diplomatic extravaganza should merely be an "elegant cocktail party", or an opportunity to lay out grand strategic plans for the 21st century. But since air strikes against Yugoslavia were launched on March 24th, to stop the persecution of ethnic Albanians in Kosovo and bring about a peace settlement in Serbia's southern province, the defence club has been literally fighting for its life.

From NATO's point of view, its first full-blown war has gone both better and worse than expected. If the strength of a military alliance is measured by the precise application of explosive power, NATO's performance in the Balkan skies has been a spectacular, albeit by no means an unqualified, success. But the organisation's moral authority and diplomatic prowess have been badly shaken. For all its claim to be the strongest and most successful military pact in history, NATO has been unable to prevent Yugoslavia's President Slobodan Milosevic from carrying out his main war aim: thwarting ethnic-Albanian separatism by driving up to a million people from their homes, forcing half a million out of the country and killing tens of thousands, perhaps more. NATO has also been responsible for the accidental deaths of scores of civilians.

Although there is strong evidence that a massive ethnic-cleansing campaign was planned anyway, it seems clear that the immediate effect of NATO's

bombs was to exacerbate and accelerate the savagery in Kosovo. Within hours of the first air strikes, dozens of towns and villages in the south Serbian province were surrounded by tanks, soldiers and armed gangs screaming: "Get out of Serbia, go to your Clinton, go to your NATO!" Those who survived this hideous ordeal soon began arriving at the province's borders with Albania, Macedonia and Montenegro in huge, pathetic waves which threaten to destabilise the entire southern Balkan region.

Regardless of the final outcome of the blood-bath in Kosovo, the alliance's air power will never again be perceived as a "silver bullet" which can instantly halt atrocities, bring adversaries to their knees and turn warriors into peace-makers. A spirit of jaunty self-confidence, prompted by NATO's relative success in Bosnia and its embrace of new, ex-communist members, has given way to a mood of determination to set some limit to the disaster now unfolding in south-eastern Europe.

The conflict has shown up both the capacity, and the very clear limitations, of the so-called smart weapons that America, and to a much lesser extent its NATO partners, can wield at very little risk to their own forces. For a graphic image of "surgical" warfare, think of the cruise-missile strike on April 3rd on the Belgrade headquarters of the Yugoslav interior ministry, which turned that building into an inferno while neatly avoiding a nearby maternity hospital. Yet by wrecking bridges and factories, and forcing Yugoslavia's fearful and exhausted city-dwellers to spend night after night in air-raid shelters, NATO has earned itself the undying hatred of millions of Serbs—and given President Milosevic a new lease of political life.

NATO's 50th birthday this weekend was to be a time for congratulatory back-patting. Instead, there will be soul-searching, says Bruce Clark







At the same time, the very sentiment that spurred the development of NATO's smart weapons—squeamishness about taking, as well as gratuitously inflicting, casualties—is also the alliance's Achilles heel. Having set out a series of war aims, NATO's leaders signalled to their adversary that they were not prepared to sacrifice many lives in pursuit of those goals. This must have been music to Yugoslav ears. In the words of Robert Hunter, a former American ambassador to NATO: "If your willingness to take casualties is limited, then someone else with a different calculation is likely to take advantage."

By virtually ruling out the deployment of ground troops, western governments unintentionally hinted to President Milosevic that if he could hang on until NATO's bombing campaign was exhausted, he could face down the alliance. Since then, it has become painfully clear that there may be little chance of guaranteeing the survival of Kosovo's population without deploying some sort of international land force, preferably with Belgrade's grudging assent. But for hundreds of thousands of people, that will be too late. Even if NATO is prepared to shoulder the political and human costs of a ground war, mounting such a campaign will stretch its capacity to the limit. Neither Britain's small, professional forces nor Germany's large, conscript forces were designed to fight an offensive land war against a medium-sized European power.

Within NATO's ranks, the conflict has spurred an impressive display of unity, at least among the leading western powers. Disgust over the Serb security forces' behaviour has united public opinion and policymakers in America, Britain, France and Germany. To most people in the main western democracies, the reports from Kosovo of torture, rape, looting and summary killing are so horrific that defeating Belgrade has seemed more important than any nicety of international law or diplomatic precedent. This has brought a temporary halt to the debate between American interventionists, who have been arguing that NATO's 19 democracies should set their own peace-making agenda, and European legalists, who would have preferred the defence club to wait for a United Nations licence before marching beyond NATO's borders. Joschka Fischer, Germany's Green foreign minister, now says that his lifelong aversion to militarism has been superseded

by an even more powerful imperative: the need to avoid a repetition of the Nazi death camps.

In other parts of the world, where people may feel there is nothing unique about Serb atrocities, the reaction has been very different. There has been dismay over a NATO operation the legal basis of which is acknowledged, even by supporters, to be shaky; and a resurgence, in places ranging from North Africa to Latin America, of latent anti-Americanism. The alliance has won few thanks from the Middle East for its pledge to defend the—mainly Muslim—Albanians, whereas rogue regimes like that of Iraq have moved even closer to Serbia.

After years of painstaking diplomatic work, aimed at reassuring Moscow while opening NATO's doors to former members of the Warsaw Pact, the western allies have seen their relations with Russia plunge to their lowest level since the end of the cold war. At the same time, the western powers have been forced to acknowledge that Russia, because of its historical ties to Serbia, may well be needed as a go-between.

Public opinion in one NATO member, Greece, has sided strongly with the Serbs—highlighting the deep religious and cultural fault lines running through the alliance, as well as around its borders. The chasm between Greece and Turkey, notional NATO allies but often close to fighting each other, looks deeper than ever. Turkey, an indirect participant in NATO's air strikes, views Kosovo—home to a small Turkish community since Ottoman times—as part of its geopolitical "backyard" and one of many places where rivalry between itself and Russia is being played out. Greeks, meanwhile, complain bitterly about what they see as the West's double standards: going to war with Serbia while turning a blind eye to Turkey's harsh treatment of its Kurdish minority. The risk of war between Greece and Turkey was cited by President Clinton as one reason for NATO's intervention in Kosovo; but so far there is no sign that this risk has abated.

Despite these fissures, the tone of NATO's internal deliberations—which in peaceful times can be tortured, slow-moving and self-indulgent—has been transformed by the cold realities of war. The petty point-scoring between Europeans and Americans that often characterises transatlantic defence debates has given way to a sober realisation that the combined efforts of both sides may only just be sufficient to save NATO's face in the Yugoslav stand-off.

NATO's campaign against Serbia was launched at a moment when the long-debated idea of boosting Europe's ability to take military action on its own seemed close to realisation. To the alarm of many American (and Turkish) observers, the European Union seemed at last to be emerging as a player on the security stage, and possibly a counterweight to NATO.

But the campaign has brought some new insights to all the participants in this hitherto academic discussion. American officials point out that although 13 countries have taken part in the NATO air strikes, at least 70% of the firepower deployed has been American. Most of the cruise missiles (apart from a small British contingent) and all the giant strategic bombers were provided by the Pentagon. At the same time, the contribution provided by British and French aircraft carriers and German ra-



Did someone say Europe and America don't see eye to eye?

dar suppression, among other things, has been more than a token. And contrary to some conventional wisdom, American technology is not invincible—witness the apparent downing of a stealthy F-117A aircraft over Serbia—nor so far ahead of Europe as to make joint operations impossible.

But advocates of European self-sufficiency, such as the French defence analyst Nicole Gnesotto, say the campaign against Serbia has brought home some hard truths about the continent's defence. First, Europe's real weakness in security matters lies not in a shortage of cruise missiles, but in a deep reluctance (born of years of letting America do the hard geopolitical work) to think strategically. Second, boosting NATO's European pillar should not be presented as a snub to America or an insurance policy against an American loss of interest, but as a necessity, whatever America does.

The campaign against Serbia has also taken the edge off NATO's rejoicing over the entry, last month, of a first wave of new members from the former Warsaw Pact—presumably to be followed at a later date by at least some of the nine other countries that have asked to join. Of the three newcomers, Poland was the most enthusiastic about participating in the campaign against Serbia, but its armed forces are so

poorly adapted to NATO's requirements that it was able to provide only token help with military transport. Hungary—which already provides the alliance with a bridgehead to Bosnia—has opened its air corridors but is nervous of Serb retaliation, possibly in the form of terrorism. The Czech Republic, where public opinion about joining NATO was somewhat sceptical from the start, reacted to the air strikes with deep dismay.

Elsewhere in Central Europe, it has become obvious that association with NATO is no longer just a matter of harmless peacekeeping exercises and diplomatic rhetoric. Countries near the conflict zone—such as Albania, Macedonia and even Bulgaria—have been telling the alliance that they cannot be expected to shoulder the risks of association with NATO unless the western powers are prepared to give them a formal defence guarantee. Albania has virtually thrown in its lot with NATO by playing host to a steadily increasing number of alliance forces, primed for combat as well as for humanitarian roles. In the old days, Albania would have been sent to the back of the queue of NATO applicants because of its weak economy and fragile democracy. But these days, NATO can no longer pick and choose its partners; it needs all the friends it can get.



## America versus Europe

THE Americans were torn between their desire for a stronger, more self-reliant Europe and their scepticism about its feasibility. The French were suspicious of American intentions, and determined that any American commitment to come to Europe's aid should be as binding, and as one-sided, as humanly possible. They suspected (quite rightly, as it turned out) that the English-speaking powers had come to some secret understandings behind France's back.

The Americans retorted that any pledge of theirs to defend continental Europe's heartland had to be balanced by European help with protecting areas slightly further afield, but still vital to American (and indeed, European) security. The Canadians, sensible as always, pointed out that security was not only a matter of military might; harmonious economic relations were important too. Britain, the only European power which instinctively thought in global terms, steered a careful middle way between an America veering between expansionism and isolationism on the one hand and the parochialism of continental Europe on the other.

That is a rough and greatly simplified description of the seven-power negotiations in 1948 which led to the conclusion of the North Atlantic Treaty the following spring. To anyone with a sense of history, NATO's recent deliberations have sounded uncannily familiar.

True, some important things have changed. The post-war negotiations took place as Stalin was beginning to crack down on his new dominions. The blockade of Berlin which began in April 1948, and the coup in Czechoslovakia in June that year which established the communists in unchallenged control, were concentrating minds in the West.

What has changed, too, is Germany: then a ravaged and occupied country, now an economic colossus and forceful diplomatic player. West Germany's admission to NATO in 1955 was a milestone in its rehabilitation as a respected member of the international community. In recent years, it has been a driving force in NATO's enlargement. The old saying that NATO exists "to keep the Americans in, the Russians out and the Germans down" is now only one-third true.

A further difference between today and 1949 is that European economic revival, in which American aid has been a contributory factor, has made it harder for America to contemplate isolationism. America's interests would be bound to be damaged if its prosperous European allies descended into chaos, crash or war.

But some things do not change in half a century. The narrow, localised perceptions of some European countries still clash with America's much broader vision, just as they did 50 years ago. When, in 1948, America urged Europe's core nations to look beyond their own backyards, one of its aims was to forge an alliance that genuinely spanned the Atlantic, as opposed to a European defence pact with America plugging the holes. This meant that the alliance had to include Norway (which was coming under strong Soviet pressure), Iceland, Greenland (and therefore Denmark), and the Azores (and therefore Portugal). After all, America and Canada could hardly be expected to come to Europe's aid unless its Atlantic sea lanes were protected.

America won that diplomatic argument, and NATO's command structure still bears the marks of its victory. The two top jobs in the alliance's military machine, always held by senior American officers,

*The ups and downs of transatlantic relations*



are that of Supreme Commander, Atlantic (based in Norfolk, Virginia) and Supreme Commander, Europe, or SACEUR (based at Mons outside Brussels). In practice, not much is heard of the Norfolk command, which accounts for less than a quarter of NATO's common budget; defending the Atlantic sea routes has become an easier task since the decline of the Russian navy. But it is an important point of principle that the two jobs—defending Europe and patrolling the Atlantic—are of equal status.

### Two views on the Middle East

While NATO's Atlantic dimension is no longer at issue, an even harder (and still unresolved) question arose over how far into the eastern Mediterranean, and the greater Middle East, the alliance's ambit should stretch. The American and British drafters of the Washington treaty were acutely conscious of Soviet designs on three nations which were not signatories: Greece, Turkey and Iran. In the end, Greece and Turkey were incorporated as full members of NATO in 1952, and Iran was the subject of a separate defence arrangement.

But over the years, alliance solidarity has often been undermined by differences between America and Western Europe over the Middle East. During the 1956 Suez crisis, America made ruthless use of its economic muscle to thwart the Franco-British invasion of Egypt. In 1973, American forces deployed in support of Israel during the Yom Kippur war were denied landing rights in continental Europe. And in 1986, Western Europe (except Britain) reacted icily to America's bombing of Libya.

Differing perceptions of the Middle East remain a serious, and possibly growing, problem. Many Americans are exasperated by what they see as Europe's complacent, mercantilist attitude to Iran (now a potential adversary rather than a vulnerable friend). After all, they argue, it is Frankfurt or Milan, not Washington, that would be threatened if Iran developed medium-range missiles. Many in Europe, with the striking exception of Britain, feel America has been too quick to use force against Iraq. And whereas America's commitment to Israel's security remains unshakable, Europeans have

been quicker to blame Israeli hawks for the travails of the peace process. During the cold war, all these differences were manageable. But NATO's future cohesion could be seriously strained by the direct involvement of one very important member—Turkey—in the Middle East, as a neighbour of Syria, Iran and Iraq and as an increasingly close strategic partner of Israel.

In cold-war NATO, the fact that America had broader strategic concerns to which Western Europe was indifferent or even hostile was not a serious problem. A common interest in warding off the Soviet threat to Europe was sufficient incentive to stick together. The West Europeans sometimes felt their safety was compromised by what they variously saw as American weakness (under President Carter) or gung-ho assertiveness (under President Reagan); but a future without NATO looked far more dangerous still.

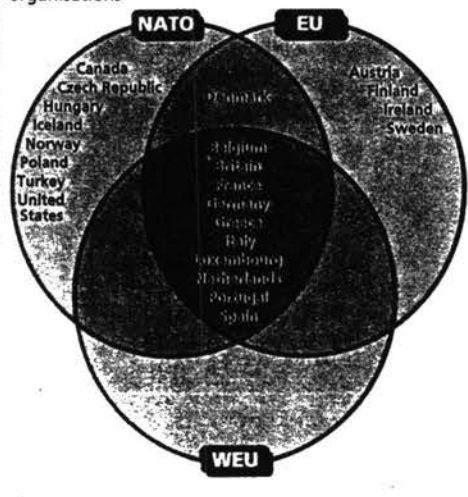
Besides, the Europeans needed NATO because most European states (partially excepting Britain and France, with their lingering imperial connections) had either lost, or simply never developed, the habit of thinking globally and strategically. Europeans saw no point in acquiring such a habit when America was doing that kind of thinking for them. Generations of European diplomats and politicians serving in Washington or at NATO headquarters imbibed the principle that in really important defence matters it was usually a good idea to yield to American pressure.

America's continuing ability to prevail in most alliance debates, and to force its allies to broaden their strategic horizons, has been underlined, over the past five years, by the diplomatic history of NATO enlargement. Apart from Germany, no European ally showed any strong enthusiasm for expanding the alliance. Given that NATO is, at bottom, a sort of gift from America to its allies (call it enlightened self-interest), many Europeans felt nervous about sharing a finite amount of American largesse with an increasing number of recipients. But America, once it had resolved its own internal debate, was able, tactfully but firmly, to tell its existing allies that the old NATO was no longer on offer. If Western Europe wanted a protective shield over Lisbon, Brussels and Oslo, it would have to accept that Prague, Warsaw and Budapest were no less entitled to protection. The Europeans got the message, and some became even more zealous enlargers than the Americans; France, for example, has argued strongly for the early admission of Romania.

America's role as leader of the alliance was called into question during the transatlantic rows that erupted over the Bosnian war and, at their height, threatened to destroy NATO. In early 1995, the United Nations mission in Bosnia, led by Britain and France, seemed about to collapse. European contributors to the UN force secured an American promise to help them stage an "emergency extraction" from Bosnia if necessary. In the end, America agreed to send ground troops to Bosnia, but only after persuading its allies to end the war through a NATO bombing campaign. The alliance survived by the skin of its teeth. In the latest Balkan war, the main NATO countries have looked impressively united. But will that last if casualties mount?

### Magic circles

Overlapping memberships of international organisations





## Count your NATOs

**W**HEN sceptical Russian visitors are taken on tours of the alliance's military headquarters at Mons in Belgium, one of the first things they are told is that NATO is not just a vast private army which the commander can direct in any way he wishes. Supreme political authority, as every pocket guidebook to the alliance explains, rests in the North Atlantic Council, which consists of the elected, civilian leaders of member states—whether they are represented by the American president or a junior diplomat from Iceland, the only ally which has no armed forces at all. Only the NAC can tell NATO's commanders what to do.

In practice, this distinction between political NATO and military NATO is not cut-and-dried. The very existence of an integrated military structure, a well-tuned instrument for orchestrating the use of force, is an important political fact, defining the choices available to member governments. When NATO's defence chiefs are unhappy about the political guidance they are receiving, they often make their views known. Last summer, for example, they expressed their frustration at being asked to prepare for a bewildering range of military operations in and around Kosovo. Military planning is itself a highly politicised process. When NATO's civilian leaders want to send a warning signal, they can order military plans which they may or may not act on.

But the distinction between political NATO and military NATO remains important. France has always been part of political NATO, but it formally abandoned military NATO in 1966. American officials regard Germany as a crucial player in political NATO, but they are privately disappointed by the quality of Germany's contribution to NATO's military side.

Apart from issuing guidance to commanders, NATO's political masters make statements on world affairs which may have no direct military implications. In theory at least, political NATO should co-ordinate the allies' position in international diplomacy—for example, when disarmament issues are being discussed at the United Nations. (In practice, the allies by no means always vote the same way.)

Military NATO demonstrates its unity in more practical ways, by training together, flying together, if necessary fighting together. It is not so much a standing army as a set of instruments, procedures and practices that can be used to assemble the forces of many nations and enable them to work together efficiently. Whether NATO is policing a no-fly zone or conducting a bombing campaign, military aircraft from a dozen nations can come together as seamlessly as squadrons from a single air force.

Political NATO and military NATO meet in the person of the Supreme Commander in Europe, General Wesley Clark. He is an intensely political figure, helping to make as well as carry out the alliance's policy in the Balkans. He has demanded, and

won, considerable freedom of action in the campaign against Serbia. It is not clear, for example, which political body authorised his early pledge to "destroy" Serbia's military if necessary. But military men say he is still hamstrung by NATO governments' insistence on scrutinising target lists.

Both military NATO and political NATO have seen signs of strain, but for different reasons. In a sense, military NATO is in difficulty because of European weakness, whereas political NATO may get into difficulty because of Europe's keenness to make a show of strength.

### Semi-detached Europe

At a NATO summit in Brussels in January 1994, President Bill Clinton told his allies that America no longer opposed the idea of separable European defence structures, capable of conducting military operations without direct American participation. But these structures should be tucked inside NATO, and detached

only when needed; in other words, they should be "separable but not (permanently) separate" from the existing alliance forces. This marked a big change from the assumptions of the cold war, when America (and Britain) waged a constant diplomatic battle to steer Europeans away from doing their own thing in military matters.

Since then, NATO has been lumbering towards a new political structure, with the alliance putting more weight on its European leg. But the process has been tortuous, as one by one the allies made adjustments to their defence and security doctrine. France became a bit more Atlanticist, Germany started to position itself as a "normal" military power, Britain became a little more European. France, which had eschewed the alliance's military wing for 30 years, faced up to the reality that NATO was the only forum in which its dream of robust European defences could ever be realised. Hence its dramatic promise in 1995 to "take up its position" in at least some parts of NATO's military structure.

It was not an easy decision. General Charles de Gaulle, the great rebuilder of national pride, had quit NATO's military arm because its domination by America was incompatible with his lofty ideal of French sovereignty. Since the end of the cold war, though, things had changed. First, the United States had greatly scaled down its military presence in Europe, so that even viewed from Paris there seemed to be a greater risk that America might quit Europe altogether than that it might crush the continent's independence. Second, France found that in practice it was fighting side by side with other western armies in places such as Iraq and Kosovo, where its forces' lack of NATO experience was something of a disadvantage.

Four years on, France has still not rejoined the military structure. It made the mistake of setting an unrealistic condition for its re-entry: an American undertaking that in future NATO's commander in

*There are two of them: one political, one military*



**Euro-supremo Clark**





## Heirs of Pericles

**H**ISTORICALLY, NATO has not always insisted on democracy in its own ranks. Its founders included Portugal's authoritarian regime under Salazar, mired in colonial wars in various parts of Africa. As long as Portugal remained a loyal member of the anti-Soviet camp, its other failings never seemed to trouble the alliance. The only time when Portugal's role in NATO came under hard scrutiny was after the fall of the old regime in 1974 when it looked as though the communists might take over.

Turkish participation in the alliance has survived three military coups. Turkey's powerful army, traditionally the guardian of the secular state, still follows a model of civil-military relations sharply different from the one NATO is

trying to impose on new democracies in Central Europe. Were Turkey applying to join the alliance now, it would probably be told to put its armed forces under democratic control first.

As for Greece, the extent to which NATO put strategy before democracy after the military takeover in April 1967 has become clear only in the past year or so, with the release of classified papers in Washington and London. In Washington, President Johnson was torn between embarrassment over the failure of democracy in its birthplace and the need to maintain relations with a strategic ally. America's ambassador in Athens, Phillips Talbot, urged his masters to issue a mild statement of regret over the forcible seizure of power,

but they declined. In May, a limited arms embargo against the new Greek regime was announced, but it was never properly implemented. After the Six-Day war in June, the then secretary of state, Dean Rusk, persuaded the administration to upgrade relations with the colonels' regime as it had been so helpful to America's efforts to support Israel.

From 1968 onwards, the Nixon administration fully normalised relations with Greece. The Soviet invasion of Czechoslovakia had helped to convince NATO to close ranks without worrying too much about the allies' internal affairs. Tanks on the streets of Prague made the western alliance more tolerant of tanks on the streets of Athens.

Greece remained under military rule for seven years. Because so many politicians were exiled, jailed or tortured, it was forced out of the Council of Europe, and many West Europeans kept the regime at arm's length, but Greece's relations with NATO remained virtually undisturbed. Whenever squeamish Scandinavians wondered aloud whether the colonels had a place in an alliance of democracies, they were sharply called to order by Joseph Luns, the conservative Dutchman who was NATO's secretary-general after 1971. Not surprisingly, today's democratic Greece views NATO's new self-definition as a defender of democracy in Central Europe with a tinge of scepticism.



So what if Salazar's salute was a bit odd?

southern Europe, based in Naples, would be a European. The demand was dismissed in Washington because the command in Naples involved real, not symbolic power. France has not yet found a dignified way to climb down. But its interest in "Europeanising" NATO remains as strong as ever.

Germany, meanwhile, took large strides towards rehabilitating itself as a military power, and therefore a potential player in new European defence structures, under the government of Helmut Kohl. Thanks to meticulous work by Volker Rühe, the defence minister at the time, Germany gradually raised its profile in Balkan peacekeeping. At first the German forces' role was confined to running a military hospital in the relative safety of Croatia, but when NATO began its Bosnia operation in 1996, German troops were dispatched to the heart of the former war zone. The government patiently built up political and public support for such deployments, and after a challenge the constitutional court ruled that they were indeed legal.

The new Red-Green coalition that came to power last autumn has been less sure what sort of defence policy it wants; it has announced a defence review which may take two years to complete. But Germany's participation, with the approval of a Green foreign minister, in air raids on Serbia is an extraordinary landmark in its history.

A third piece in the European jigsaw is Britain.

In an abrupt departure from British conventional wisdom, Tony Blair has decided that involving the European Union in defence matters is no longer taboo. The prime minister has acknowledged the oddity of having two hugely important international organisations—the EU and NATO—located a few miles from each other in Brussels but never speaking to each other. If the EU itself is going to get involved in defence, the new British reasoning goes, there will no longer be a need for the Western European Union, a little-known defence club which groups ten of the EU's 15 members. These changes in British thinking were received with delight by the continental Europeans. They led to a landmark Franco-British declaration at St Malo last December which stated that the "(European) Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in response to international crises."

Impressive as it sounded, the St Malo declaration was actually a delicate compromise between France's wish to boost the profile of the EU and Britain's insistence that any upgrading of European defences should be kept firmly under NATO's aegis. At NATO headquarters, the declaration was not seen as an unmixed blessing. After all, the alliance's hapless officials had spent nearly three years trying to work out a relationship between NATO and the WEU



to allow some European-only military missions that would benefit from NATO planning and perhaps the loan of some NATO equipment.

Now those alliance boffins may have to start all over again, this time to work out a relationship between NATO and the EU. This prospect is particularly unwelcome for the six European members of NATO which do not belong to the EU: the Polish, Czech and Hungarian newcomers, plus Iceland, Norway and, above all, Turkey.

Not surprisingly, America has taken up the cudgel in defence of these six states, which risk being left out in the cold if the EU becomes an important force in international security. Turkey's strategic significance to America can hardly be overstated. It is regarded as a pivotal state, not just within NATO but in the Middle East, in the Caucasus and even in Central Asia. Whatever happens to American relations with Western Europe, American relations with Turkey will remain robust.

In some ways, NATO is not an axis but a triangle. The two sides formed by American-Western European relations and American-Turkish relations are sound and strong. The third side of the triangle, however—relations between Turkey and Western Europe—is in a poor state. Turkey accuses the EU of

discriminating unfairly against its long-standing application to join that club, and America sympathises with Turkey to a degree that infuriates some Europeans.

Because of its icy political and economic relations with the EU, Turkey is horrified by the idea of a greater role in defence for that institution. With some difficulty, Turkey had negotiated for itself a relationship with the Western European Union that fell only fractionally short of full membership. Now, the Turks feel, they too may have to start from the beginning and find a way of devising a security relationship with the EU, one of their least favourite international clubs. Trying to maintain warm co-operation with the EU in defence matters while political relations remain chilly would be like mixing "hot coffee and cold ice cream", says Turkey's envoy to NATO, Onur Oymen.

The Washington summit may shed some light on whether "stronger European defences" means what America would like it to mean—more spending on things like the "survivability and sustainability" of European forces in distant war zones; or whether it means what America fears it might—the emergence of the EU as a serious counterweight to NATO in managing the continent's security.



## Armies and arms

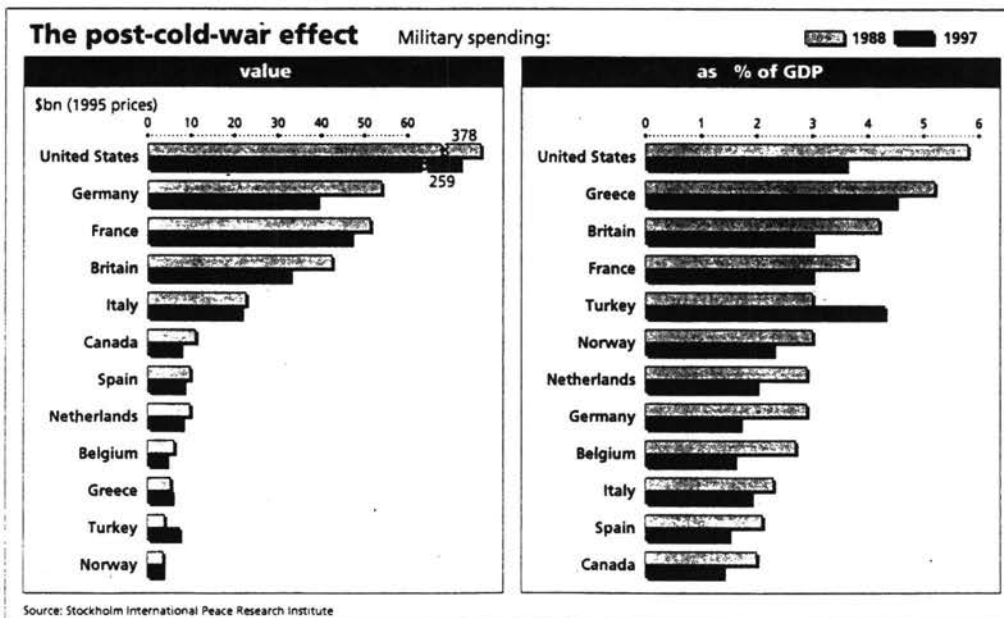
SINCE the end of the cold war, both America and most of its European allies have cut real defence spending by about 25% in real terms (see chart), but the gap between their capacities has widened considerably. A senior American official complains that several European countries have simply opted out of the defence business.

That gap will widen further now that American military spending (particularly on communications and electronics) is surging again, at a time when several European countries—such as Belgium, Denmark and the Netherlands—are making further

deep cuts. As America's armed forces leap into the information age, inspired by the "revolution in the military affairs" that promises perfect knowledge of everything that moves on a battlefield, Europe's static, conscript-dependent forces look increasingly like dinosaurs.

Britain, having won warm American plaudits for its own strategic defence review last summer, has taken to pointing out how old-fashioned the "paper armies" of most European countries look, in terms of both personnel and equipment. Western Europe's combined defence budget is almost two-

*Togetherhness has its problems*



## Your command is my wish

"THERE was blood on the floor by the end of it." That is how one well-placed observer described several years of negotiation between NATO members which culminated, last month, in the creation of a new and supposedly "lighter" European command structure, designed for a world faced with no single overwhelming threat but many diverse risks.

Not real blood, of course. What he meant was that even among friendly nations, there can be vigorous competition for the prestige and geopolitical influence that goes with hosting or commanding an important NATO facility. Among nations that are not friendly, such as Greece and Turkey, the stakes are correspondingly higher.

One of NATO's successes has been its ability to channel the rivalry between jealous old nation states into relatively harmless directions—such as bickering over who gets which job in the alliance's division of labour. The fact that Uncle Sam is always there to act as a referee sets limits to these squabbles.

In the bargaining over jobs, there was some quiet rivalry between Britain and Germany. The new arrangements cut from three to two the number of second-tier commands in Europe: one in Naples, always headed by an American admiral, and one at Brunssum in the Netherlands, now headed by a German. The apparent loser was Britain, which forfeited a second-level command at High Wycombe. On the other hand, the deputy Supreme Commander in Europe—known in alliance jargon as DSA-CEUR—is a British hero of the Balkans and Northern Ireland, General Sir Rupert Smith.

In the old days, when power was even more concentrated in American hands, serving as understudy to the all-powerful SACEUR was known as a "golfing job" with little real responsibility. But now that European-only military

missions—which DSA-CEUR would lead—are in prospect, the job has become highly desirable. Yet to the dismay of some British officers, London's mandarins agreed that Britain and Germany would take turns at the job. Still, Britain has held on to some prizes, notably the command of the Allied Rapid Reaction Corps, a showpiece multinational formation based in Germany but in recent weeks deployed in the Balkans.

Even harder to finesse were the issues posed by Spain's integration into NATO's military structure, completed only last year. Because Portugal had a moderately significant role in the alliance's (entirely separate) Atlantic structures, Spain insisted on getting an important job in the European command. It was duly given a sub-regional headquarters. Also at Spanish insistence, the limits of NATO's European command were extended to the west of Gibraltar, and a curious bubble was drawn on the map to bring the Spanish Canary islands

into Europe's purview.

But wait—did that mean that Spain was taking responsibility for the defence of Gibraltar? Britain was not at all happy at that prospect. A brewing Anglo-Spanish row was calmed by agreeing that Britain's garrison on the Rock would not have a NATO function.

Another ingenious device was to agree that in peacetime, these NATO facilities would not have clearly limited areas of responsibility. It was only by establishing this principle that Greece and Turkey were persuaded to drop their long-standing objections to the establishment of NATO headquarters on each other's territory—at Larissa and Izmir, respectively.

The big loser in this new division of spoils is France, which announced in December 1995 that it would rejoin some bits of military NATO after 29 years' absence. Thanks to France's partial return to the fold, French officers were involved in designing the new structure; but since the return was only partial, no NATO commands could be established on French soil. *Quel dommage!*



thirds that of America, but it produces less than a quarter of America's deployable fighting strength. Most European members of NATO have been able to scrape together smallish contingents for peacekeeping in the Balkans, but that gives a misleading picture, say defence planners; only a handful of Europe's notional forces are really available for the kind of missions NATO is likely to undertake.

For example, of the 5,000 or so military aircraft which European armies could theoretically use for air strikes, barely 10% are capable of precision bombing. Given that carpet bombing has become ethically unacceptable, sceptical Britons wonder

what purpose the remaining aircraft really serve.

One problem many European countries face is the political (and in some cases legal) difficulty of sending conscripts abroad on potentially dangerous missions when the homeland's future is not at stake. Most of them are slowly switching to professional armies: France will have completed the process by 2002, Spain and Portugal a year or two later. Italy and Norway are increasing the number of professional soldiers. But in Germany, history has made people wary of an all-professional army, separate from the rest of society, and many feel there are strong political reasons for keeping the draft. A





more practical consideration is that Europe lacks strategic transport, intelligence and logistics—not just prestigious items like C-17 military transporters, but rapid sealift, inflatable fuel tanks and forward repair facilities. This deficiency would be particularly acute if European governments had to maintain forces in a distant combat zone for more than a few weeks.

"The fact that modern armies no longer live off the land means that you need a long 'transport tail'—including simple things like trucks to carry food and water," says a NATO planner. "The trouble is that these items do not sound very exciting for a defence minister who is trying to persuade voters to spend extra money on defence."

Imagine a medium-sized conflict, say in Africa, with no certainty of using the territory of friendly countries as a base. Over the first six weeks, America could if necessary deploy and support a force of 250,000—whereas NATO's European members would be hard pressed to despatch and sustain 20,000 troops, says Michael O'Hanlon, a defence analyst at the Brookings Institution in Washington.

This technology gap has made it harder for Americans and Europeans to fight together at a time when military theory suggests they should be integrating their forces more closely. In the coalition that NATO would have fielded against the Warsaw Pact, no formation smaller than 50,000 or so would have been multinational. In current NATO thinking, units as small as 100 may have to be made up from different countries. If Americans and Europeans were really serious about fighting together, they would try harder to buy compatible equipment.

### Hardline on hardware

In a perfect world, NATO's military chiefs would supply their political masters with disinterested views about the sort of equipment they need for tomorrow's wars. NATO governments would take joint decisions about which weapons to order, putting aside their own pork-barrel politics or industrial policy. In practice things are very different. Consider the dire fate suffered by a NATO project intended as a showpiece of defence-industry co-operation.

NATO's (American) senior commanders have stated that one of their top priorities is air-to-ground surveillance: the ability to monitor movements (whether of tanks or refugees) across hundreds of miles from a safe distance. This, after all, is the sort of thing commanders need when they are called on to discharge peacekeeping duties in complex ethnic-war zones such as Kosovo, and are under pressure to keep their own casualties low.

For the past four years, NATO governments have been quarrelling about how to meet this requirement, expected to cost around \$3 billion, in a way that uses the best technology and gives everybody a fair share of the business. America initially tried to persuade its partners to buy the JSTARS system developed for the American air force, but the Europeans were not interested; they suspected that the Pentagon was simply trying to defray its costs and drum up extra work for American contractors.

So the Pentagon offered to share with its European allies a more sophisticated radar system, known as RTIP, which can be combined with whatever aircraft and ground stations the Europeans

care to select. The Europeans remain sceptical. France, Germany, Italy and the Netherlands have said they may go their own way and develop an alternative radar system. But neither the Pentagon nor NATO's commanders will give their blessing to a system that includes no American input. Britain, meanwhile, has stayed aloof, calculating that it could get a better mixture of technology and work for its own industry by holding a separate competition for an airborne radar system and encouraging Anglo-American teams to compete.

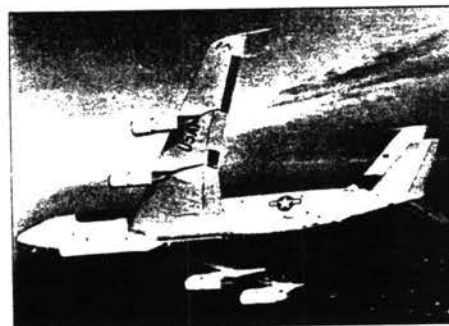
Jacques Gansler, the Pentagon's chief weapons buyer and a strong advocate of competition in the transatlantic arms market, has been frustrated by the poor record of NATO's defence-industry co-operation. He says the alliance's myriad committees are not promoting efficiency and compatibility as effectively as they should. "Too often, you have one country saying it wants to fly faster, and the other saying it wants to fly higher—so they produce an aircraft that costs twice as much. Instead, they should be looking for trade-offs so they can meet both requirements for a fixed price."

Most of NATO's industrial committees are geared to traditional categories of equipment, such as ships, aircraft and tanks, as opposed to smart weapons or communications systems, Dr Gansler complains. Or they concentrate on one kind of warfare, such as land operations, when all the latest American thinking is about integrating air, land and sea operations.

If there is one area of high technology where NATO countries should be working together, it is defence against ballistic and cruise missiles, the proliferation of which is the subject of frequent American warnings to Europe. But here again, national interest and funding constraints seem to prevail over internationalism.

Germany and Italy have been disappointed by America's backsliding, as they see it, on the air-defence system known as MEADS which the three countries are supposed to be developing together. As a way of keeping the project alive, Dr Gansler has suggested using an American interceptor (the PAC-3) while jointly developing a radar system and launcher. Seen from Washington, the latest offer is a generous move to share American technology and meet the military needs of NATO allies; but the Germans and Italians feel they are being fobbed off with a second-best solution. Part of the problem is the sheer imbalance between the two sides. America has several other anti-missile defence programmes in progress, and has no reason other than NATO solidarity to give MEADS any priority; for the Europeans, the programme is a one-off chance to enter a sensitive area of high military technology.

Cynical souls claim that NATO's very expansion was a conspiracy by Polish-American politicians and defence contractors who saw the new members as promising customers; and it is certainly true that Bruce Jackson, the moving force behind an ex-



**JSTARS: not invented here**





tremely active Washington lobby group, the Committee to Expand Nato, also happened to be a vice-president of Lockheed Martin, one of America's two biggest aerospace companies. But Lockheed has always kept a discreet distance from its employee's political activities.

Besides, the pickings for arms manufacturers may at first be fairly thin. NATO planners, shocked by the rustiness of the three newcomers' Soviet-equipped armed forces, have advised them to concentrate hard on achieving the bare minimum of "inter-operability" with the older NATO armies. That means investing in communications systems, air defences and radar—and drawing on a \$1.5 billion NATO fund specially set up for the purpose.

Poland has also contracted DaimlerChrysler Aerospace to upgrade its 22 MiG-29 fighters, which rank among the more sophisticated Soviet-designed aircraft. It may soon order new western fighters. The Czech Republic hopes soon to replace its ageing fleet of MiG-21 aircraft with western alternatives. America's Boeing has established a Czech foothold by taking a 34% share in Aero Vodochody, a light-aircraft maker. In due course, Central and Eastern European members of NATO could be a promising market for the Eurofighter aircraft, made by Britain, Germany, Italy and Spain, or, perhaps more realistically, the Anglo-Swedish Gripen. But so far, the region does not appear to be producing enough business to make or break a contractor's fortunes.

## Balkan wars

*Why peace in Kosovo will be more elusive than in Bosnia*

JAVIER SOLANA, the effervescent Spaniard who holds NATO's top political job, likes to reminisce about the sharply differing circumstances in which he has visited Sarajevo. When he went there as Spanish foreign minister in 1995, the city was under siege and he had to take a tortuous overland route, risking Serb artillery fire. Happily, his appointment in December 1995 as NATO's secretary-general coincided with the advent of peace in Bosnia. His next few visits to the city were by military transport aircraft; he found the city tense and half-ruined, but more or less peaceful. These days, his trips are undramatic affairs, since Sarajevo airport is now open for commercial flights which quickly and easily link the city with the neon lights and normality of Vienna.

It will a long time, if ever, before Mr Solana can tell a similarly happy tale about Kosovo. Why has Bosnia proved to be a relative success story for NATO, while Kosovo is turning out to be much tougher than expected?

NATO's morale, and international prestige, soared sky-high after the alliance ended three years of fighting in Bosnia (by bombing and shelling the Bosnian Serbs, but also offering them decent peace terms). It then deployed a peacekeeping force which enforced the ceasefire and helped to nurse a new, loosely-articulated Bosnian state into life. The firmness of NATO's approach was widely contrasted with the muddle and indecision of the United Nations' effort to mitigate the fighting in Bosnia. In retrospect, it seems clear that NATO's success in Bosnia prompted its leaders to underestimate the difficulty of making peace in Kosovo.

The two conflict zones had something in common: in both cases, Slobodan Milosevic had conjured up the genie of Serb nationalism and then presented himself as the only person who could keep it under control. But there was also a crucial difference: in Bosnia, NATO was intervening in support of an internationally recognised government, the embattled Muslim-led administration in Sarajevo. In Kosovo, by contrast, the alliance was lined up against the disputed territory's legitimate authorities. Russia, China, and the governments of many other large, ramshackle states were horrified by the idea that the rights of a persecuted minority could

be used to justify an attack on a sovereign state.

Nor was that the only difference. NATO's intervention in Bosnia had not come out of the blue; it grew out of a carefully devised American plan to break out of a deep impasse which had damaged transatlantic relations and mocked the ideal of a "Europe whole and free" proclaimed after the collapse of communism. For at least a year before NATO intervened to break the Serb stranglehold on Sarajevo and other Muslim enclaves in Bosnia, America had been working quietly to alter the balance of power on the ground by encouraging Muslims and Croats to stop quarrelling and unite against the Serbs. It had winked at arms shipments to the hard-pressed Bosnian government, even when they came from "pariah states" such as Iran.

By August 1995, when NATO aircraft began dropping bombs on the overstretched Bosnian Serb army, its Croatian and Bosnian adversaries were well-placed to seize the moment and advance on the ground until the battle-lines roughly coincided with sustainable peace terms. These terms were thrashed out in detail during negotiations in Dayton, Ohio, where Slobodan Milosevic spoke for his erstwhile protégés, the Bosnian Serbs. Since the settlement boosted his role as a guarantor of peace, and gave him some hope of relief from international sanctions, Mr Milosevic had a strong interest in "delivering" the compliance of all Serbs.

In the Kosovo conflict, much less forethought was given to the likely consequences of NATO air attacks. It was widely believed that President Milosevic might agree to NATO's terms for a peace settlement within 24 hours of the bombs beginning to fall. With the luxury of hindsight, it is now clear there was never much prospect of him doing that, since he had purposefully spent the previous three months on a massive build-up of forces in Kosovo. Critics are now arguing that the Kosovo peace talks in Rambouillet near Paris in February were at best a waste of time, at worst downright harmful. It was obvious that the Serb side had no interest in a NATO-brokered peace; the talks simply provided more time for preparing the ethnic cleansing.

In Bosnia, the western world took advantage of Mr Milosevic's highly flexible brand of opportunism, capable of seizing on either peace or war. In the



An army of refugees wasn't what we had in mind

months leading up to the Kosovo disaster, the American government had given the Serb strongman little incentive to co-operate; indeed, it had suggested publicly that it would welcome his overthrow. Many critics, including some Washington insiders, think it then failed to react quickly enough to signs, from December onwards, that Mr Milosevic had made a definitive choice in favour of war.

Whether by good luck or calculation, the timing of NATO's intervention in Bosnia could hardly have been better for the alliance's prestige. Arguments about western policy had been raging for the previous three years. While hawks (mostly American) were calling for a forceful international intervention, doves (mostly in Britain and France) said that might trigger a terrible, and uncontrollable, revenge attack by the Serbs on beleaguered Moslem communities in eastern Bosnia. In July 1995, when the UN was still notionally in charge in Bosnia, Serb forces did exactly what had been feared, overrunning Srebrenica and killing thousands of its menfolk. A few weeks later, nearby Zepa suffered a similar fate. The fall of these enclaves was a diplomatic death-knell for the UN's peacekeeping mission, and cleared the way for NATO to take over. The argument

that a NATO intervention would endanger the besieged Muslims of eastern Bosnia had lost its force because the two most vulnerable places had already fallen. Srebrenica's widows may still be wondering whether that was why western policymakers maintained a deafening silence during the last few days before their enclave collapsed.

If NATO's Bosnian intervention came at a convenient moment, its Kosovo campaign came at a hopeless time for the ethnic Albanians. In 1995, the Croatian and Bosnian forces had been able to act as "NATO's ground troops", making instant use of the tactical opportunities opened up by NATO's air and artillery attacks on the forces encircling Sarajevo. But when NATO's latest air campaign began last month, the Kosovo Liberation Army, a ragtag guerrilla force barely a year old, was in no position to take advantage of the western attacks. Besides, western governments would probably not have wanted it to, anyway, given that they have not endorsed the KLA's goal—full independence for Kosovo—and distrust its Marxist antecedents. In retrospect, it seems clear that the western intervention in Bosnia was blessed by skill and luck; when it came to Kosovo, both had run out.

## A desirable club

FOR MOST of the past 50 years NATO has looked like the sort of club countries are clamouring to join. The 12 nations which signed the North Atlantic Treaty on April 4th, 1949—the United States, Canada and ten European powers—were joined by Greece and Turkey in 1952, by West Germany in 1955 and by Spain in 1982. And on March 16th this year the first three ex-communist countries to gain admission—Poland, Hungary and the Czech Republic—saw their flags hoisted at NATO's Brussels headquarters. Such popularity attests to the club's success. But remember that every new admission risks diluting NATO's most valuable assets: the abil-

ity of its integrated military structure to defend any part of its members' territory and to co-ordinate the use of force by many nations.

Nine of the countries attending this weekend's summit have already knocked on the door. They are Slovenia and Romania, which had hoped to join the first wave of enlargement; the three Baltic states, whose history makes them unusually impatient for a defence guarantee; Slovakia and Bulgaria, where newish pro-western governments are scrambling to catch up with reforms; and the weak, vulnerable Balkan states of Albania and Macedonia, which look in imminent danger of being drawn into the

*But not quite as desirable as it was before Kosovo*



Kosovo maelstrom.

The summit will present the candidates with a "membership action plan" which lays down, in even greater detail than before, the sort of military reforms they should embark on to improve their chances of eventually joining. But barring a last-minute surprise, no country will be given a firm invitation, not even Slovenia, whose small, efficient military could be absorbed easily.

One of the reasons for the lack of new invitations (though nobody will say so in public) is that NATO is not yet willing to pay the geopolitical costs of admitting the Baltic republics, which could exacerbate its relations with Russia even further; and while the Balts are being kept out, it seems unfair to admit anybody else.

Several other countries, mostly ex-Soviet republics, have expressed an interest in getting as close to NATO as geopolitical prudence (and proximity to Russia) will allow: for example, Ukraine, Georgia and Azerbaijan. Then there are those democratic

countries which remained neutral during the cold war—Sweden, Finland and Austria—but have recently begun to co-operate more closely with NATO. There are also new nations in Central Asia, such as Uzbekistan and Kazakhstan, which are a very long way from the Atlantic, but would like some moral and material support for their embryonic armies.

But many of the countries that had been moving closer to NATO have grown much more wary of the alliance since the bombing of Serbia began. Ukraine, for example, unequivocally opposes the raids; like most of the rickety states that emerged from the Soviet wreckage, it is alarmed by the idea that oppressed minorities can be used as a pretext for other countries to attack.

And then there is Russia itself, always the ghost at NATO's feast. Before the air raids on Belgrade began, the alliance had developed an embryonic but functional relationship with its old foe. There were Russian officers at NATO's military headquarters, and regular set-piece meetings between Russian

## Fault lines in the sand

**I**F THERE is such a thing as a geopolitical contour line, then it probably runs somewhere near the university town of Tartu in eastern Estonia, where a western-style defence academy, designed to bring Baltic armies up to NATO standards, was inaugurated last month. Only a few miles away lie the icy waters of Lake Peipus where an army of Teutonic knights perished in 1242, routed by a Slavic warrior-prince. Teutons and Slavs have been battling over these lands almost ever since—although the Estonians who dwell round here are neither. In 1632, Tartu became the second university town in the Swedish empire; today its atmosphere is a strange mixture of Teutonic central Europe and legacies of the Soviet regime that held sway until 1991, including a sinister grey KGB building where many people were brutally interrogated. The defence academy itself was converted from a Soviet agricultural college—an unusual case, perhaps, of beating ploughshares into swords.

At the opening ceremony, dignitaries from NATO governments and other countries, such as Sweden and Switzerland, each gave their blessing to the new academy, comically illustrating how NATO enlargement means different things to different people. A German speaker hailed the college as a triumph of internationalism over chauvinism, serving three (Baltic) countries and sponsored by half a dozen others. A French representative said the college affirmed the right of every country to its own language and identity. A Pole drew cheers by declaring: "The long Soviet

night is over." A Norwegian reminded the Balts, to polite silence, that they would somehow have to live with Russia. General Michael Clemmesen, the college's Danish commandant, said its creation would put the Baltic states at the head of the queue to join NATO. An American compared Estonia's embryonic defence forces with those of her country's Revolutionary army; a British onlooker muttered rude things about the burning of the White House in 1812. Britain's defence secretary, George Robertson, the most senior visitor present, praised the Baltic states for reforming their armed forces but was careful to avoid making any promises about NATO membership.

Behind all the bonhomie, some of the ambiguity behind western policy towards the Baltic states, and NATO enlargement in general, showed through. Western messages for the Balts, and other would-be NATO members, all referred to the amount of "progress" they had made towards membership, as though the quality of their air-defence systems, or the efficiency of their arms-buying bureaucracy, was the only thing that mattered. One of the convenient things about judging candidates by their suitability—as opposed to the moral or geopolitical imperative to defend them—is that, in some respects, they will always be unsuitable.

Particular attention is paid to the candidates' degree of "readiness" to serve in NATO-led coalitions or UN missions. The creation of BALTBAT, a battalion of peacekeepers from Estonia, Latvia and Lithuania who use English as

their common language, is a source of pride among the region's fledgling armies; so has been its deployment in Bosnia. But everybody knows that "readiness" is not the only criterion by which the Baltic states' application to join NATO will be judged. Western countries always have to consider whether they are prepared to guarantee the defence of these small countries against a resurgent Russia.

In the college's *Baltic Defence Review*, a new journal, these points are made more bluntly. If the Baltic republics achieve their aim of fielding five brigades each, their combined defences will "not be negligible" against a Russian army with six to eight fully equipped divisions, writes Robert Dalsjö, a Swedish defence consultant. But he notes that most western governments, although happy to help Baltic armies to acquire light weapons and hone their peacekeeping skills, have not been willing to provide the means to head off a Russian invasion: anti-tank or anti-aircraft weapons.

In the same publication, a Lithuanian defence planner expressed mild exasperation over NATO's filibustering. Applicants were first presented with a list of 10-12 "inter-operability goals"; then with another 30 to 40; and all the time, NATO was careful not to imply that this was an exhaustive or sufficient list, so that applicants would not be able to say: "We have done everything you asked us, so now let us in." In fact, the writer points out, full inter-operability—which requires unity of command and a high degree of intelligence-sharing—would be possible only inside the alliance. NATO's demands, he observes, have been "like a never-ending game".



ministers and diplomats and their NATO counterparts. A loose NATO-Russian partnership, agreed on nearly two years ago after much bargaining, was hailed as a sign that Russia would not place insuperable obstacles in the way of NATO's enlargement. Now all those achievements lie in ruins. Russia has frozen all co-operation with the alliance and is likely to object strongly to any further moves to extend the western club eastwards.

In short, the war with Yugoslavia has compromised NATO's ability to present itself as an endlessly bountiful distributor of strategic and military gifts, in carefully measured doses, to all manner of European nations and ex-Soviet republics. NATO will now have to use every ounce of its diplomatic skill to salvage some of its image as a smiling, generous donor of military largesse—a role which it had developed, in recent years, into a fine art. NATO's success at "defence diplomacy" was made possible by its understanding of some of the most keenly felt needs of its former foes in the communist camp.

As NATO discovered, the battered, demoralised defence forces of the former communist world, and most of their civilian masters, have a strong desire for things that only NATO can give them: help with planning, equipping and training a modern army, with decent information technology and logistics, and with communicating (linguistically and in other ways) with western counterparts. Many old communist soldiers also long for the chance of hobnobbing with officers who are properly paid and equipped but treat them with respect.

In the course of thousands of joint exercises, seminars, teach-ins, training courses and, above all, the practical experience of multinational peace-keeping in the Balkans, NATO has been able to impart those gifts in large and small amounts, to more and less favoured friends. Partnership for Peace is an ingenious, open-ended programme under which countries in Europe or the former Soviet Union can virtually choose for themselves how intense they want their relationship with NATO to be. For very close partners, and likely future members, NATO can virtually take over the defence-planning process; with remote acquaintances, the alliance can hold



Paddling partners for peace

worthy seminars on how to cope with civil emergencies or defence-related pollution.

In the course of doling out help in many directions, NATO has become an artful presenter of its wares. It knows how to make rather substantial moves seem innocuous, and empty gestures seem full of meaning. For example, most of the would-be NATO members in Central and Eastern Europe have been endowed with an American-inspired "air-space management system", which ostensibly has a civilian purpose. Only on closer inspection does it become clear that these gifts could lay the basis for a unitary air-defence system. On the other hand, formal discussions with Russia about military doctrine or non-proliferation, however interesting they may sound, often turn out to be nothing more than a rehearsal of well-known views.

This sort of presentational skill will be needed in abundance if the guests at the Washington summit—NATO members old and new, plus all members of the Partnership for Peace—are to go away satisfied. Perhaps it is just as well that the White House has got better at choreographing diplomatic events since the advent of the television age. The original Washington treaty, to the embarrassment of President Harry Truman, was signed to the strains of a Gershwin song called "I've got plenty of nothing."

## Checks and balances

ONE of NATO's problems has been that defence doctrines and institutional cultures adjust very slowly, but security environments can be transformed with bewildering speed. The events of a single day—such as Iraq's invasion of Kuwait, a missile launch by North Korea or the onset of war with Serbia—can easily invalidate the cosy assumptions of a decade.

1999 was meant to be a year when NATO made great strides on a number of fronts. This weekend's summit would reaffirm a renewed Atlantic alliance, growing steadily in size and scope, as the foundation stone of Europe's security. Then, at a summit in June between America and the European Union, obstacles to transatlantic trade would be swept away, and both sides would commit themselves anew to fighting bad things like drugs, thugs and

pollution. And finally, at a conference in Istanbul in the autumn, the Organisation for Security and Co-operation in Europe would be reaffirmed as a tool for pre-empting conflict and curing its after-effects by promoting democracy, human rights and civil society.

It sounded too good to be true, and so it was. With the Balkans on fire, the leaders of the western world will be doing well if they can maintain anything like business as usual. Arguably events such as the recent mass resignation of the European Commission have made NATO stand out even more as one of the success stories of post-cold-war diplomacy and European integration.

All the same, though, the emphasis at the NATO summit will be less on bold new horizons than originally planned, and more on consolidating achieve-

*Keeping the show on the road has got much harder*







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ments and keeping the show on the road. One outcome will be a new "Strategic Concept", designed to replace a document drafted rather hastily in November 1991 as the world was still reeling from the Soviet collapse. The new document will reaffirm NATO's main job of defending its members' territory (under article 5 of the Washington treaty); but it will also proclaim the principle—already established in practice by Bosnia and Kosovo—that out-of-area peacekeeping operations, not covered by article 5, are important too. But not too far out of area: the Europeans have resisted anything that gives the impression of encouraging NATO to act as a global policeman. Although some influential American figures want NATO to evolve in that direction, senior officials in Washington have assured their European counterparts that they are not looking for military help in Haiti or Indochina. Peacekeeping in the Caucasus, or rescuing civilians from a disaster in Africa, might be a different story.

#### A little bit nuclear

Cautious Europeans have seen to it that there will be no radical redefinition of article 5, of the sort that could dragoon them into joint operations against terrorists or proliferators of non-conventional warheads or missiles. Wary Americans (and Britons) have resisted calls from cautious, greenish folk in Germany and Canada for downgrading the role of nuclear deterrence in NATO's military doctrine. This reluctance has been a disappointment to many on

the European left, who have been calling for a NATO promise that it will not be the first to use nuclear weapons in a conflict. During the cold war, NATO always argued that it had to keep the nuclear option in reserve because of the Warsaw Pact's conventional superiority; now it is Russia that might be tempted to rely more heavily on battlefield nuclear weapons to make up for the weakness of its regular forces.

The Pentagon insists that now is not the moment to tie itself down on the way it might use its nuclear weapons. At a time when rogue states, and possibly terrorist groups under their patronage, are bent on acquiring nuclear, chemical or biological devices, it is better to keep them guessing about the sort of retaliation they might expect. In practice, the importance of nuclear weapons in the alliance's day-to-day thinking has already been sharply downgraded. In cold-war days there were tens of thousands of battlefield nuclear weapons in Europe; now there are around 200. In the words of one senior diplomat (who, as it happens, opposes changing NATO's doctrine): "Nuclear weapons have been put in a small box somewhere in the corner, and that is where they should stay."

Over the years, NATO has often reacted with commendable speed to unexpected circumstances, whereas in more peaceful times it has shown inertia and attachment to old doctrines and habits of diplomacy. The alliance provides ample evidence to support the old saying that there is nothing so permanent as a temporary arrangement. Take the sprawling, featureless edifice on the outskirts of Brussels which houses NATO's political headquarters. With its long, low corridors and antiseptic atmosphere, it still feels like the hospital it used to be. Only the clusters of Italian carabinieri, American marines and British bureaucrats—all conforming perfectly to national stereotypes—indicate the presence of an important multinational bureaucracy. NATO moved there in a hurry in 1966, after France's dramatic withdrawal from the alliance's military wing, but the building has served well enough for some important moments in modern diplomacy. In the past few months a prefabricated building has gone up to provide offices for the newly arrived Poles, Hungarians and Czechs. The plan is to re-house the entire headquarters in more dignified premises soon, but nobody would be surprised if in a decade's time prefabricated quarters were still being erected for new NATO members.

With such a talent for inspired improvisation, and so little inclination to make changes that are not urgently needed, it was never realistic to expect NATO to transform itself before it was confronted by a clear and present danger. Now that danger is at hand—a war with Serbia that has proved more intractable, and more costly in human and diplomatic terms, than anybody had expected. Its outcome will have huge, incalculable repercussions for NATO's ability to shoulder a whole series of new, self-imposed tasks: projecting stability in Europe, co-operating with an ever-broadening range of countries, heading off emerging threats such as terrorism, rogue missiles and non-conventional weapons. But at this moment, the thing uppermost in NATO's mind is how to bring the stand-off with Yugoslavia to a satisfactory conclusion.



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5-10-99

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ALICE SLATER  
President, Global Action for the Environment

PETER WEISS  
President, Lawyers Committee  
on Nuclear Policy

Ms. Betty Currie  
Office of the President  
The White House  
Washington, D.C.

5/8/99

Dear Betty,

Once again Dr. Robert Muller suggested we ask you to  
make sure the President sees this letter.

Once again, with deepest gratitude,

Sincerely,



Selma Brackman  
Executive Director

Encl. / Letter to President Clinton

99 MAY 10 PM 4:16

5-10-99  
Send to Beukhardt?  
Yes ☒  
No ☐

C

# WAR & PEACE FOUNDATION

32 Union Square East, New York, NY 10003 Phone 212 777 4210 or 212 777 6626 Fax 212 777 2552 e-mail warpeace@interport.net www.interport.net/~warpeace

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ALICE SLATER  
President, Global Action for the Environment

PETER WEISS  
President, Lawyers Committee  
on Nuclear Policy

President William Jefferson Clinton 5/7/99  
The White House  
Washington, D.C.

Dear Mr. President,

We appreciate the letter from Earle K. Huckins of NASA in response to our letter calling for a meeting with you to discuss the unique perils of the proposed Cassini flyby of Earth. But time is short, and only you can act to avert the increasingly imminent danger.

On the 15th August this year Cassini, carrying a record 72.3 pounds of deadly plutonium, is scheduled to pass only a few hundred miles from Earth on the way to Saturn. NASA warns that an accidental re-entry could expose 5-billion people to radiation. Our committee of experts -- including scientists, religious leaders and concerned citizens -- are convinced that such an accident could cause up to a million fatal cancers. Such an unprecedented global risk cannot be justified on the basis of scientific research to study the moons of Saturn.

As a matter of extreme urgency we call on you to meet with our delegation to hear the scientific and moral concerns of the world's people, and to consider an immediate order to NASA to redirect Cassini away from Earth and into the Sun for solar research. In view of preparations now underway to begin Cassini's return to Earth, we look forward to an appointment at the earliest possible date.

Very sincerely

  
Selma Brackman  
Executive Director

cc

Committee members - listed next page



Among those joining with the War & Peace Foundation in calling for a cancellation of the Cassini flyby are:

Dr. Rosalie Bertell, Canadian scientist and expert on health effects of radiation  
 Marilyn Clemment, Executive Director Women's Int. League for Peace and Freedom  
 The Reverend William Sloan Coffin, Former Chaplain, Yale University  
 Daniel Ellsberg, Director of Manhattan Project II  
 Dr. Sam Epstein, Oncologist on environmental cancer,  
 Benjamin Ferencz, Former US prosecutor, Nuremberg Trials  
 Bruce Gagnon, Global Network Against Weapons and Nuclear Power in Space  
 Dr. John Gofman, President, Committee for Nuclear Responsibility  
 Jonathan Granoff, Vice President U.N. NGO Committee on Disarmament  
 Karl Grossman, Professor Journalism SUNY, author The Wrong Stuff  
 Bishop Thomas Gumbleton of Detroit  
 Father Ted Hesburgh, President, Notre Dame University  
 Dr. Jean Houston, Director, Human Potential Institute  
 Hamilton Fish III, Publisher, The Nation magazine  
 Professor Michio Kaku, Professor Theoretical Physics, CCNY  
 Dr. Robert Jay Lifton, Distinguished Professor of Psychoanalysis  
 Dr. Rashmi Mayur, Director, International Institute for Sustainable Future, India  
 David McReynolds, President, War Resisters League  
 Father Richard McSorley, Professor of Comparative Religion, Georgetown Univ.  
 Patricia Miche, President, Global Education Associates  
 Dr. Robert Muller, Chancellor, former U.N. Assistant Secretary General  
 Dr. Harold Robles, President, Schweitzer Institute  
 Senator Douglas Roche, Former Canadian Disarmament Ambassador  
 Dr. Janet Sherman, Toxicologist  
 Dr. Alice Stewart, U.K. epidemiologist and expert on nuclear health effects  
 Dr. Robert Thurman, Professor, Indo-Tibetan studies, Columbia University

National Aeronautics and  
Space Administration  
**Headquarters**  
Washington, DC 20546-0001



Reply in Attn of:

S

APR 22 1999

Ms. Selma Brackman  
Executive Director  
War and Peace Foundation  
32 Union Square East  
New York, NY 10003

Dear Ms. Brackman:

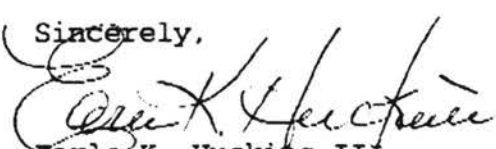
Thank you for your letter of February 17, 1999, to President Clinton requesting a meeting about the Cassini mission. I am writing to you since the NASA Office of Space Science is the responsible program office for the Cassini mission.

As indicated in my August 25, 1998, letter to you, I am willing to coordinate and provide you, in your capacity as the Executive Director of the War and Peace Foundation, with a meeting to discuss the Cassini mission after we have identified and understand your specific concerns. Before I schedule a face-to-face meeting, please send me a list of your specific concerns. After you receive my responses to your concerns, please let me know what concerns you still may have that require further elaboration or clarification. Once the remaining specific concerns are identified, I will contact you to arrange for a mutually convenient date and time for a meeting in Washington, DC.

The above approach will ensure that we have a mutual understanding about the scope of the meeting and assure the attendance of the appropriate people for discussing your identified remaining concerns.

Please let me know whether and when we might expect to receive a list of your specific concerns. I look forward to hearing from you.

Sincerely,

  
Earle K. Huckins III  
Deputy Associate Administrator  
for Space Science

## Facsimile Transmittal

99 MAY 10 4:18

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**SPARKS, NV 89435-1482**

**Date: 5/10/99**

**Attention: William J. Clinton, The President  
Mrs. Hillary Rodham-Clinton**

**c/o Ms. Bettie W. Currie**

**From: Bud Beasley Elementary School PTA  
Sparks, NV**

**Number of pages (including this cover): 4**

**Comment(s):**

**Dear Ms. Currie:**

**Would you kindly forward these letters to our very busy President  
and the First Lady?**

**We hope our message will offer a bright moment, especially  
during the Summit on youth violence.**

**Regards,**

**The parents of Bud Beasley Elementary School  
Sparks, NV**

5-10-99  
Send to Burkhardt?

Yes ☒

No ☐

**Bud Beasley Elementary School  
PTA**

2100 Canyon Parkway  
Sparks, NV 89438  
Phone (775) 626-5250

May 10, 1999

William J. Clinton, The President  
Mrs. Hillary Rodham-Clinton  
1600 Pennsylvania Ave  
Washington DC 20500

Dear Mr. President and Mrs. Clinton,

We believe you will be proud to learn about a wonderful, patriotic activity taking place at Bud Beasley Elementary School in Sparks, Nevada. Enclosed PTA letters will offer some insight into our efforts to help Kosovo children - the most tragic victims of recent events in Yugoslavia. Since our country is so deeply involved, we feel it is important to educate American children about the principles we stand for, and about the deep suffering that genocide and disregard for human rights bring to the people, especially children.

Bud Beasley students have demonstrated an exceptional humanitarian attitude, compassion and understanding in their willingness to share and "give up" most of their lifelong savings to ease the suffering of less fortunate. The money donated from the piggybanks was symbolic of our children reaching out to Kosovo victims "with their hearts". We are convinced that this humanitarian cause is also helpful to our children, because it teaches them to better appreciate peace and quality of life in America. American youth needs a meaningful, empowering cause, so their attention is not focused on senseless, violent acts that are unfortunately so present in our culture. We also hope the students will learn that personal satisfaction and deserved recognition can come from doing good and caring about others.

In two weeks, Bud Beasley Elementary School has collected almost \$2000.00 to donate to Kosovo children through the American Red Cross. We were deeply touched upon reviewing the donation envelopes that also contained many warm messages. One kindergarten boy included a map "to show the Kosovo children the way out of the war". It only took a little "spark", given from parents and teachers, to ignite these admirable feelings in very young children.

We are currently working on getting every Nevada school involved. We hope our efforts will succeed, and perhaps spread even further! It will take compassion and money to rebuild the lives of all victims in Yugoslavia. We cannot erase the scars, but we should try to help spiritually and financially. Our efforts will mean a lot to these people.

"The power of American hearts" was truly manifested by the actions of Bud Beasley students. We are so proud of them!

Sincerely,

The parents of Bud Beasley Elementary School



May, 1999

Dear Parents,

The tragic events in Yugoslavia, that you are all aware of, have created the worst human disaster in Europe since the Second World War. The agony of Kosovo parents whose children are forced to witness these horrible war atrocities, and suffer along with adults, must be felt and empathized by all of us.

Our children share the fortune of growing up in the greatest democracy in the world, where international crisis has never caused direct suffering, and we should pray that it will never happen in America! During the recent weeks many children observed this through the mass media clips of events in Kosovo and bordering countries - mostly the refugees and their desperate predicament. The faces of suffering children have made a lasting impression.

Therefore, we propose that the students of all local schools take up a collection of funds for the cause of Kosovo children through the American Red Cross. This immensely educational experience, as well as humanitarian effort, would heighten our children's social awareness, and allow them to better appreciate the reality of their lives in USA. To make it meaningful, the students should contribute from their savings (piggybanks). Even the smallest amounts would constitute a great contribution! For example, 50.10 cents will buy a loaf of bread to feed a starving family. According to the Red Cross, 100 percent of the donations will get to refugees within two weeks!

Regardless of your political views about our troop involvement in Yugoslavia, we hope you will encourage your child to be a true humanitarian and an aware citizen.

Thank you for your support and understanding.

Concerned parents  
of Bud Beasley Elementary School  
Sparks, NV





**DATE:** MAY 1, 1999

**TO:** NEVADA PTA REPRESENTATIVES

**FROM:** BUD BEASLEY ELEMENTARY SCHOOL PTA, SPARKS, NV

**SUBJ:** INVOLVING OUR CHILDREN IN AN URGENT PLEA TO HELP  
KOSOVO CHILDREN

WE WOULD LIKE TO INVITE YOU TO HELP US IN AN URGENT PLEA TO HEIGHTEN OUR CHILDREN'S AWARENESS OF THE UNFORTUNATE EVENTS TAKING PLACE IN YUGOSLAVIA.

ATTACHED IS A LETTER FOR DISTRIBUTION WHICH WE HAVE DRAFTED FOR YOUR CONVENIENCE, AND A MASTER WHICH COULD BE USED TO PREPARE PREPRINTED AMERICAN RED CROSS DONATION ENVELOPES (THESE CAN BE PREPARED ON YOUR SCHOOL'S RISOGRAPH OR COPIER).

WE HAVE ASKED THE CHILDREN OF BUD BEASLEY TO DIG INTO THEIR HEARTS AND PIGGYBANKS SO THAT KOSOVO'S CHILDREN MAY SEE SOME HOPE FOR THE FUTURE. IN JUST TWO WEEKS, WE COLLECTED \$1970.

IN OUR AREA, RED CROSS HAS BEEN TRULY TOUCHED BY OUR EFFORTS AND HAS HANDLED THE BURDEN OF COUNTING THE MONEY (WE ASSUME THEY WILL DO THE SAME OUTSIDE OF RENO/SPARKS).

THANK YOU FOR YOUR HELP, AND IF WE CAN BE OF ANY ASSISTANCE PLEASE GIVE US A CALL.

|                                      |          |
|--------------------------------------|----------|
| EVA CAPPIELLO, KOSOVO CHAIRMAN       | 626-1511 |
| STACY SORENSEN, PRESIDENT            | 626-6408 |
| TINA SPENCER, PRESIDENT 99-00        | 626-1991 |
| DEBBIE WILTGEN, VICE PRESIDENT 99-00 | 626-6774 |

May, 1999

Dear Parents,

The tragic events in Yugoslavia, that you are all aware of, have created the worst human disaster in Europe since the Second World War. The agony of Kosovo parents whose children are forced to witness these horrible war atrocities, and suffer along with adults, must be felt and empathized by all of us.

Our children share the fortune of growing up in the greatest democracy in the world, where international crisis has never caused direct suffering, and we should pray that it will never happen in America! During the recent weeks many children observed this through the mass media clips of events in Kosovo and bordering countries - mostly the refugees and their desperate predicament. The faces of suffering children have made a lasting impression.

Therefore, we propose that the students of all local schools take up a collection of funds for the cause of Kosovo children through the American Red Cross. This immensely educational experience, as well as humanitarian effort, would heighten our children's social awareness, and allow them to better appreciate the reality of their lives in USA. To make it meaningful, the students should contribute from their savings (piggybanks). Even the smallest amounts would constitute a great contribution! For example, \$0.10 cents will buy a loaf of bread to feed a starving family. According to the Red Cross, 100 percent of the donations will get to refugees within two weeks!

Regardless of your political views about our troop involvement in Yugoslavia, we hope you will encourage your child to be a true humanitarian and an aware citizen.

Thank you for your support and understanding,

Concerned parents  
of Bud Beasley Elementary School  
Sparks, NV



5-14-99

Mr. President

Copied  
Echavesta  
Podesta

Maia  
shown by  
uninvolved  
PB







May 14, 1999

5-11-99

Dear Mr. President,

Your leadership is remarkable and today's strategy meeting on children's violence and responsibility was one more fine example. I am grateful to you for the invitation to be at the table and, please know, I

am ready and willing to assist your vision in any way.

The tour of your home and all the fascinating history you shared gave me so much to think about I could hardly go to sleep. Thank you for your kindness and hospitality.

With great respect for you and  
Hillary, Pam Baker

E-1199

Send to Burkhardt

Yes ☒

No ☐

RED DT — NEEDS  
BY ~~THURS~~ THURS <



4576 46 ave con  
no

99 MAY 11 AM 11:37

**FAX COVER SHEET**

✓ Called Kings-  
Holiday MAY

Dinner .95

95

DATE: 5/10/99

NUMBER OF PAGES (INCLUDING COVER): 4

P-11

NOTE: *Delly*

My good friend Gerard Guez is throwing a party to honor his brother Paul. He is a friend & supporter of the Pres. & would like his signature on the drafted letter, if possible.

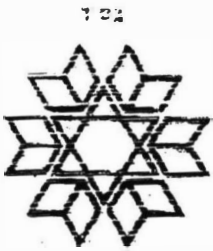
This is a non-profit organization that helps pay for the education of under privileged Jewish children, 40% of children have their entire education paid for from this Academy (ages 3-17). Senators Boxer & Feinstein are co-chairs for this Academy. If this short letter is unacceptable, then could one please be drafted which is similar. I need this ASAP

Thanks, Love Roger

FROM : NATIONAL DES ACADEMY

PHONE NO. : 310 659 2865

May. 06 1959 10:16PM F1

Maimonides  
Academy

Scholarship Banquet  
Beverly Hilton Hotel  
May 13, 1999

HONORARY CHILDMEN  
BEN CAMARATA  
WAYNE HUGHES  
JAY SCHOTTENSTEIN

RAYQUATECHAIRMAN  
HERBERT GUEZ  
GERARD GUEZ  
TODD RAY  
KAMEL RAY

## ANNUET LUCHARMEN

ARTHUR ABLAM  
 GEORGE ALCONO  
 HAN ARON  
 SERGE AZRIA  
 CASSY BAER  
 SHELLY BROADY  
 SEVERLY COHEN  
 ALBERT DAKOTIAN  
 JOE FALLAS  
 JACKIE GORDI  
 DOV HADDAD  
 LEE HARTMAN  
 MICHEL HAROUCHE  
 PETER KOPAL  
 KENNEDY GREEN  
 ALAN DUBOIS  
 CHARLES YERKE  
 JACK RIMONY  
 EVEL LAMANA  
 WOLFF YERKE

MCNULTY COMPANY  
HON. MR. JAMES C. MCNULTY  
SHERIFF, LOS ANGELES  
P.O. BOX 2408, LOS ANGELES  
CALIFORNIA 90011

*A Tribute to Paul Guez*  
MAIMONIDES ACADEMY  
BANQUET

310 NORTH HUNTLEY DRIVE, LOS ANGELES, CA. 90048  
Direct: 310-659-2700 Fax: 310-659-2953  
School: 310-659-2456 Fax: 310-659-2885

FACSIMILE TRANSMISSION

Date:

TO:

FAX #

**FROM:**

**FAX #:** 310-659-2953

PAGES: 3 (including this page)

Attached please find information  
regarding Paul Gutz and a  
suggested letter of congratulation.

We would be very grateful if you would forward these to the President.

I look forward to meeting you at  
the Banquet on May 13. S. G.

S. G.  
Dawson

MEMBER OF THE CALIFORNIA ASSOCIATION OF INDEPENDENT SCHOOLS  
AFFILIATED WITH THE BUREAU OF HIGHER EDUCATION OF THE JEWISH FEDERATION CENTRAL OF GREATER LOS ANGELES

310 N Hundley Drive, Los Angeles, CA 90048 • Tel: 310-659-2456 • Fax: 310-659-2865



May 09 99 08:49p

FROM : MAIMONIDES ACADEMY

PHONE NO. : 310 659 2865

May. 08 1999 10:20PM P3

**PAUL GUEZ**

Mr. Paul Guez is one of Southern California's most prominent clothing manufacturers. The Azteca Jeans company he owns with his brother Hubert, produces jeanswear products for some of the best brands, and retailers in the marketplace, including Calvin Klein, Ralph Lauren, Donna Karen, Candies, Bongo and American Eagle.

Through his involvement in various charities and communal projects, he is becoming recognized as a leading figure in the Los Angeles Sephardic Jewish community.

- ESTABLISHED SASSON JEANS, INC. IN 1976, WITH THE CONCEPT OF BRINGING EUROPEAN STYLE AND QUALITY JEANS TO THE AMERICAN MARKET.
- CREATED THE PAUL GUEZ SCHOLARSHIP FUND FOR SEPHARDIC STUDENTS AT YESHIVA UNIVERSITY, N.Y., IN 1987.
- DESIGNATED "PATRON OF THE TALMUD" BY THE MESORAH HERITAGE FOUNDATION IN 1993.
- NAMED 1995 MAN OF THE YEAR, BY SPORTSWEAR INTERNATIONAL MAGAZINE.
- ESTABLISHED THE GUEZ SCHOLARSHIP FUND FOR UNDERPRIVILEGED CHILDREN AT MAIMONIDES ACADEMY IN 1998.
- BECAUSE OF HIS MANY CHARITABLE COMMITMENTS AND ENDEAVORS, HE WILL RECEIVE MAIMONIDES ACADEMY'S PRESTIGIOUS 1999 YEHUDA HALEVI AWARD.

May 09 99 08:50p

FROM : MAIMONIDES ACADEMY

PHONE NO. : 310 659 2865

May, 08 1999 10:19PM P2

Dear Paul,

Congratulations on this occasion of being honored with the distinguished Yehuda Halevi Award. This recognition is a testimony of your dedication and devotion to many worthy charitable causes and particularly to your work on behalf of the Maimonides Academy.

You have inspired so many by your example of selfless devotion to make our world a better place for all. The students of Maimonides Academy, their parents and we all are grateful to you for the leadership role you have played in supporting the education of these children.

There is no greater deed than helping a child grow to become an educated, productive and proud adult. Mazal Tov.

Sincerely,