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The Commonwealth of Massachusetts
Executive Department 95 AUG 2 P6:53
State House • Boston 02133

William F. Weld
Governor

Argeo Paul Cellucci
Lt. Governor

FAX COVER SHEET

TO: The President

AGENCY/COMPANY:

PHONE NUMBER:

FAX NUMBER:

FROM: Governor's Office

PHONE NUMBER: (617) 727-3600

FAX NUMBER: (617) 727-9723

NUMBER OF PAGES _____ INCLUDING THIS COVER SHEET

IF THERE IS TROUBLE WITH THIS FAX, CONTACT:

COMMENTS:

To DorsKind for reply

cc Marcia Hale

OK? yes
8/2

S.

original
to
DorsKind

S.

THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE DEPARTMENT
STATE HOUSE • BOSTON 02133
(617) 727-3600

WILLIAM F. WELD
GOVERNOR

ARGEO PAUL CELLUCCI
LIEUTENANT-GOVERNOR

VIA FAX -- COPY BY SURFACE MAIL

August 2, 1995

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to follow up on our brief conversation in Vermont on Monday concerning the Commonwealth's pending welfare reform waivers and also to respond to Secretary Shalala's letter to me of July 29th.

As you pointed out in your April 11th letter to one of our mutual constituents in Lynn, Massachusetts, "Welfare should be a transitional program". I agree and for that reason feel unable to accept a reform which does not hold to that straightforward principle.

As you know, Massachusetts has always had one of the nation's strongest commitments to assisting at-risk populations. Our AFDC benefit is among the highest in America, our Medicaid investment is near the top and, on a per capita basis, we invest more in subsidized child care than any other state. We have no intention of moving back from our willingness to assist our citizens in search of self-sufficiency.

As you suggested in your remarks in Burlington, the apparent major stumbling block in the waiver negotiations has been the question of conditions under which recipients are permitted to continue in the program.

It is worth noting that under our plan, a first time mother who joins the AFDC rolls during her third trimester will be eligible for 48 to 50 months of benefits prior to the expiration of her time limit, because under our plan the 24-month clock does not begin running until the youngest child is two years of age. For an able bodied individual who is capable of work, four years on welfare ought to be enough. I suspect you agree that as policy makers we should put in place, now, a program that does call for the end of benefits at some point.

As you may or may not have been advised, during our negotiations we have agreed to a provision that will result in extensions being given to recipients in counties where extended unemployment at 10% or more makes successful job searches more challenging.

Further, we have agreed to special provisions under which extensions can be given where recipients "demonstrate circumstances that temporarily prevent the individual from being competitive for employment opportunities" or where individuals have "encountered unique personal life disruptions that make a required immediate entrance to the job market unreasonable".

Finally, our plan authorizes the Commissioner to grant extensions in any other instance where significant hardship is apparent.

We all share your concern about the need for appropriate supports for families, but at the same time I cannot shake the feeling that as we reform the welfare system, we must remove the perverse incentives that trap generation after generation in a terrible situation.

Our statute -- which, as you know, passed with overwhelming bipartisan support -- 31 to 3 in our Senate and 133 to 21 in our House -- does not provide for (nor should it) another layer of bureaucratic paternalism at a time when we should be stressing straightforward, unambiguous, personal responsibility. We have not expected enough of welfare recipients in the past. The consequence is a system that I believe you and I both want to end.

Individuals who know they will have to work will be motivated in a very different way than individuals who will have access to indefinite extensions by indicating that a job is not available or is just out of reach.

I was pleased that you have moved waiver approval to a 30-day process in your Administration and I hope, now, that our waiver -- which has been at HHS for more than four months -- will be expeditiously approved.

The Commonwealth is anxious to go forward with the nation's broadest reform to date, and I look forward to this partnership with you in authorizing its implementation.

Respectfully,

Bill

William F. Weld
Governor

THE PRESIDENT HAS SEEN
8-4-95

August 2, 1995

95 AUG 3 P7:40

RECOMMENDED TELEPHONE CALL

TO: Mayor Edward (Ed) Rendell of Philadelphia

DATE: Before August 8, 1995

RECOMMENDED BY: Douglas B. Sosnik

PURPOSE: Ask Mayor Rendell to be a part of the September 18 Philadelphia Presidential gala

BACKGROUND: Mayor Edward Rendell will be the determining factor in the September 18 Philadelphia Presidential gala. Mayor Renedell has the ability to raise $200,000+ from non-traditional, non-Democratic givers that we cannot reach.

TOPICS OF DISCUSSION: 1. Take the lead fundraising role on September 18 Philadelphia event.

2. The Mayor realizes the importance of this Presidential election. He has been heard to say that this will be the most important election in his lifetime.

3. Mayor Rendell's own election should be easily won now that Henry Nicholas (African American, labor leader, third party candidate) is not running.

CONTACT PERSON AND
TELEPHONE NUMBER(S): 215/686-2181 (work), executive assistant: Susan Anderson

DATE OF SUBMISSION: August 3, 1995

ACTION:

good talk; sd he'd really help - wants me to do young paper. must really - can I come in & see Daley - I think I should

BC

THE WHITE HOUSE

WASHINGTON

August 4, 1995

Mike Wallman
Santeler Marketing Group
Suite 200
460 Seaport Court
Port of Redwood City, California 94063

Dear Mike:

Thanks for your letter of July 26. It was great to hear from you and to get an update on where you are and what you're doing. I remember you very well--you were always taking pictures! It sounds as though you have a very exciting life in California.

Thanks, too, for sending the tape of the Stardusters. The quality is remarkably good for being more than 30 years old, and I really got a kick out of listening to it.

Your encouragement and support of our efforts here mean a lot to me. We've made great progress in the past two-and-a-half years, and I'm confident we'll be able to do even more in the months ahead.

Thanks, again, for writing. I hope you'll come see me if I'm ever in your neighborhood.

Sincerely,

Bill Clinton

I hope to see you in Calif — Thanks

July 26, 1995

Dear Mr. President,

It's been a long time since we last spoke, I'd say 20 years or so since Hot Springs. My nephew, Shane Raley lived in Washington for a short while last summer. He was dating your niece, Kellye Wulfurs and was able to get me your address.

You may remember, I was the Old Gold Book photographer who took all those pictures of you; especially that one of you holding Leo in your arms out at Southwest Junior High School during the Band Variety Show in '64.

Things seemed to really hit home when you were running in the primaries, I was in Rochester, New York on business. I had just come back to my hotel, turned on the NBC evening news and Tom Brokow was doing a profile on the possible Democratic candidates running for President. I looked up and saw the picture I had taken of you in front of a tree. This was the OGB picture representing you being elected to Boy's Nation. I remember so well while I was setting up to take the picture, I was calling you "Mr. President" and kidding you on how you were going to change the world. It's really strange what can be said as just a passing comment, then later come to pass. Come to think about it, I guess I was the first one to ever call you "Mr. President".

Back to the Band Variety Show, not only was I taking pictures for the Old Gold Book, I was also handling the job of lighting and sound which meant I did some of the recordings. Enclosed is a tape which I hope you'll find time to listen to. I made this from one of those Variety Shows when you were playing with the Stardusters. Obviously, it's not the best of quality since it was recorded some 30 years ago.

As for me, I'm an Executive Producer for a company by the name of Santeler Marketing Group in Redwood City, California, just south of San Francisco. We produce major corporate events for large, high-tech companies such as Apple Computer, Motorola, Digital Equipment Corporation and Eastman Kodak. I produced many events for John Sculley while he was at Apple. I mentioned to him one time that I had gone through high school with you and that you used to live on Sculley Street in Hot Springs.

I live in San Carlos midway along the peninsula between San Francisco and Silicon Valley. You've been out here several times and I was always trying to get a chance to see you at one of your public appearances, but it's never worked out. If you're ever in the area with nothing to do, give me a call; I'll treat you to lunch.

I want to close by saying that I'm extremely honored to know that I was at one time a classmate and friend of Bill Clinton's.

Sincerely,

Mike Wallman
HSHS 1965

(415) 593-1407 - Home
(415) 367-7713 - Office

6-2215

THE PRESIDENT HAS SEEN
8-4-95

THE WHITE HOUSE

WASHINGTON

95 AUG 2 A8:52

August 1, 1995

The media education on American issues

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE BOWLES
LAURA TYSON

SUBJECT: Update on Budget Working Group Activities

I. APPROPRIATIONS UPDATE

House Floor Action: Yesterday, the House completed action on the VA/HUD Appropriations bill (228-193). They reversed a vote on the Boehlert amendment (210-210) which would have struck 17 legislative riders relating to environmental programs from the bill. The vote reversal occurred largely due to absenteeism. No Republican switched their vote. One Democrat, Dooley, switched his vote. Defense Appropriations is pending on the House floor.

- Your statement today on the Environmental riders received considerable media attention, with significant play on *CNN* for much of the day despite of the Bosnia and tropical storm developments.

- Your statement today was also picked up by all three major networks and appeared on the *ABC, CBS, and NBC* evening news.

The Labor/HHS Appropriations bill is scheduled for floor consideration tomorrow, August 2. There is a possibility that the House may not take up the bill until after the recess due to concern over timing and votes.

- We are planning a brief oval office event with Minority Leader Gephart, Rep. Obey, Secretary Riley and Secretary Reich for Thursday, August 3, to highlight the extreme GOP cuts to education and training. Details still being worked out. The current idea is for Secretary Riley to release a "State of Education report."

Senate Floor Action: The Senate is considering the Energy & Water Appropriations bill. A Bumpers amendment which deletes funding for gas turbine spending was adopted on a 62-38 vote. The Senate is expected to complete action on the Energy & Water and Defense Appropriations bills before the August recess.

Medicare Education: We are beginning an effort to educate the elite media about the Medicare Trust Fund to dispel the myth that your budget does nothing for the solvency of the Trust Fund while the Republican budget does.

> We have planned a series of small group briefings with Tyson, Rivlin, and others to outline: (1) what the Part A Trust Fund is and how it differs from the Part B Trust Fund; (2) the history of the solvency of the Part A Trust Fund; (3) what you have done to improve the solvency of the Trust Fund; and (4) how what the Republicans are proposing is not necessary to extend the solvency of the Trust Fund.
>
> We are also planning to place an op-ed from the Administration trustees (Rubin, Reich, Shalala) to address these issues.

Regional Media. We have begun implementing a two week radio strategy on Medicare targeting key legislative and senior markets. 19 White House, HHS and Labor Dept. officials will give us two 45 minute slots each week for morning and evening drive radio.

Set-up four budget/Medicare tongs this week with Tyson, Stephanopoulos, Rivlin and Griffin.

MONDAY, JULY 31, 1995

RIVLIN Mid-Session Review: On Monday, OMB issued its Mid-Session Review of the Budget, highlighted the Administration's success in reducing the deficit and now forecasting a balanced budget in 9 years under your balanced budget plan.

Director Rivlin testified today before the Senate Budget Committee on the Mid-Session and will do so Thursday before the House Budget Committee. She continues to conduct many print, TV, and radio interviews about the Administration's budget priorities and success to date. Her communications staff is doing the same in interviews and conversations with reporters, whether on the budget in general or on proposals about specific programs in particular.

Other Activity

- Sec. Pena conducted radio interviews with target cities regarding impact of transit cuts to rural areas.
- Sec. Reich will held an OSHA event on Republican attacks on worker protection laws.

TUESDAY, AUGUST 1, 1995,

POTUS Environmental Statement: As described above, your statement on the GOP amendment on Environmental riders was the major budget news of the day.

Other Activity

- Sec. Ron Brown did a Sperling Breakfast.
- Adm. Johnson participated in a radio interviews with WBTE in Charlotte, NC.
- Sec. Reich participated in a Satellite tour with communities dislocated due to base closures. The communities included Philadelphia, Charleston, San Antonio and key sites in California.
- Sec. Glickman was in MN for Farm Fest Convention where there was a forum on budget cuts.

WEDNESDAY, AUGUST 2

Other Activity

- Sec. Pena conducts radio interviews regarding impact of transit cuts to rural areas.
- Sec. Pena appears before the Senate Commerce Science and Transportation Committee on FAA reform.
- Sec. Rubin will do a Sperling Breakfast.
- Sec. Reich will hold press event on summer jobs.

THURSDAY, AUGUST 3

POTUS/ Event Highlighting Extreme GOP Cuts to Education and Training
RIVLIN House Testimony on Mid-Session Review

White House Media Affairs Will begin implementing a specialty press conference calls focusing on African-American, Hispanic, women's and older American press.

Other Activity

- Sec. Brown meets with Washington Business Reps. to discuss and update on budget issue priorities.
- Sec. Brown addresses Women's briefing regarding minority business. (OEOB)
- Sec. Shalala will be in Anaheim California addressing the California Teachers Association meeting.
- Sec. Shalala briefs seniors in Anaheim California on Medicare
- Sec. Reich will release data on dangers at worksites.
- Reich/Riley radio interviews: Labor/HHS appropriations.

FRIDAY, AUGUST 4, 1995

We will pitch guests attending Saturday Family Medical Leave radio address to regional reporters on Friday for set-up pieces for the address.

Other Activity

- Sec. Rubin Attending Sperling breakfast.
- Secretary Babbitt Conference call with media from New York State; focus on budget, clean water, environmental issues.
- Sec. Shalala attends Peace Corps convention in Austin, TX.
- Sec. Reich will attend the FMLA hearing.
- Maria Echaveste, Director of Wage & Hour, and Asst.Sec. Anderson will hold an amplification event for the anniversary of FMLA.

SATURDAY, AUGUST 5

POTUS Family Medical Leave Act 2nd Anniversary Radio Address: Budget Content still being determined.

Other Activity

- Shalala at National Women's Political Caucus in Nashville, TN.

MONDAY, AUGUST 7

- Sec. Pena will do a budget event in Des Moines, IA
- Sec. Pena will conduct radio interviews with target cities regarding impact of transit cuts to rural areas.

TUESDAY, AUGUST 8

POTUS Environment, Health, and Public Safety event
Current planning is an event coupled by issuance of an Executive Order on Community Right to Know. Details being worked out.

- Sec Pena will do a budget related event in Cleveland, OH

WEDNESDAY, AUGUST 9

POTUS National Baptists Convention (Charlotte, NC)

THURSDAY, AUGUST 10, 1995

POTUS Press Conference (tentative)

FUTURE ACTIVITIES

- **Recess Planning:** We are meeting tomorrow to finalize plans for the Congressional Recess. Our strategy will be to use Cabinet, groups, and outside validators to keep the pressure on key members while they are at home in their districts.

  - OMB finishing analyses of GOP cuts on 50 major cities.
  - Cabinet / Group activity
  - Mayors will meet in Seattle on Aug 28th. Plan is to have them do events in their cities that week, culminating with a huge event.press conference with 50 Mayors on the 8/28th. Possibly Put them on Sunday News shows on the 27th.

- **September Planning:** Meetings continue with key education groups and Congressional staff to coordinate back-to-school activities in early September.

  We are working on coordinated activities with education groups during the week of September 11th, which is "back to school" week and "save student aid" week.

  Planning also continues for the last two weeks of September. We are working on strategy to counter GOP release of Medicare plan set for September 21.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
THE PRESIDENT HAS SEEN
8.4.95

August 1, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN
PHIL CAPLAN

SUBJECT: Drug Strategy

Attached is a memo on drug strategy from Rahm and a response from Lee Brown. Rahm argues that while we have taken a series of actions on drugs, we have no coherent strategy that can be clearly articulated to the public. He proposes building on your crime-fighting credentials with a four-point strategy on casual use and a shift on hard-core use away from rehabilitation toward mandatory testing.

Casual use strategy: (i) *safe and drug free schools* -- you want to fund the program, GOP wants to cut it. This is a battle we want; (ii) *drug testing of high school athletes* -- to make the Supreme Court decision your own, A.G. and Dr. Brown should visit schools to explain the decision; (iii) *locker room searches* -- DOJ should develop blue-print for schools to conduct such searches constitutionally; (iv) *being a father* -- convey your concern about the drug war as a parent and speak to kids directly about creating peer pressure not to use drugs.

Hard core use strategy: Rahm argues that your policy here should create controversy and that your focus should be not on rehabilitating hard-core users, but on getting them off the streets. To this end he urges twice-monthly tests for those on parole or probation from a drug-related crime. Anyone failing would be "immediately charged."

Suggested actions: Rahm lists a series of possible activities to get out your anti-drug message, including such ideas as a high-school speech, an appearance on a CBS special, a Califano op-ed and regular White House meetings.

Lee Brown's response: Dr. Brown supports Rahm's approach on *casual use*, except for locker room searches, which he believes may cause more controversy than benefit. On *hard-core use*, he argues that treatment should not be overlooked and contends that the average cost is only $6,000 per person, not $30,000 as Rahm suggests. On mandatory testing, he would confer with the A.G. about what Justice is already doing with federal offenders in this area. He fully endorses Rahm's ideas for message activities.

Some of Rahm's ideas -- e.g., testing and locker room searches -- have obvious legal implications. We have sent copies of these memos to Ab Mikva for his review.

THE WHITE HOUSE

WASHINGTON

95 JUL 13 P6:30

July 10, 1995

MEMORANDUM FOR THE PRESIDENT
LEON PANETTA

FROM: RAHM EMANUEL R.E.

SUBJECT: DRUG STRATEGY

I know that you have wanted to enhance the Administration's profile on the drug war, and recently the ONDCP has made improvements in our press coverage. However, we do not have an overall message on drugs that is resonating throughout the nation. As I stated in an earlier memo (3/22), we have a policy on drugs, but lack a coherent message. In contrast, Presidents Reagan and Bush each had a simple message, although they lacked a policy.

We do not have a coherent drug strategy that can be articulated to the public. What the Administration does have is a series of actions it has taken in the drug war. Therefore, our objective must be to develop a simple message that is commensurate with a strategically thought-through policy.

We are not starting from ground zero. The public does not separate crime and drugs, they see it as one problem. First and foremost, they see it all as part of the breakdown of family values. As Stan Greenberg's recent polling shows, you have credibility with the public in the area of fighting crime and gun-violence in America. Therefore, as we develop our drug strategy message, we must build upon the foundation you have laid in the area of fighting crime.

With this notion in mind, the Administration's drug message must be understandable, simple, and put in popular terms. Second, we need to highlight the fights which draw attention to the Administration's drug strategy. You need to focus on the aspects of your strategy that deal with the public's concerns: 1) their kids and 2) the threat that drugs perpetuate crime.

POLICY

There are two areas of drug use which enable us to build upon your crime fighting credentials: (1) casual use and (2) hard core use. Right now our policy of treating hard core users is couched in the wrong terms and is not receiving significant funding in relation to

interdiction to be noticeable. In addition, we do not have a message concerning casual use although we have the makings of a policy.

I recommend that we announce a four-point drug strategy to deal with casual drug use. Here are the cornerstones of that policy.

I. CASUAL USE

Casual use is what every parent, such as yourself, is concerned about. Their children, from 6th grade to high school, are under peer pressure to try drugs -- everything from marijuana to more dangerous substances. I believe our message about fighting casual drug use among teens should encompass these four ideas.

1. SAFE AND DRUG FREE SCHOOLS

We have funded the only federally-funded drug education program that teaches kids about the dangers and hazards of drug use.

You have proposed fully funding this program. The Republicans will try to cut this program. Their cuts will cause a fight over drug-education and position the Administration on the public's side. We want this battle.

2. DRUG TESTING OF HIGH SCHOOL ATHLETES

The Supreme Court's decision in the Vernonia School District v. Akon reinforces how serious this Administration is about curbing drug use: if kids take drugs, we will catch them and they will be punished.

To trumpet this success and make this victory your own, the Attorney General and Dr. Brown should visit schools throughout the country to explain the decision to students and teachers.

3. LOCKER ROOM SEARCHES

During the campaign, you came out in favor of locker room searches. This should be incorporated into your drug-education message.

The Justice Department should develop a blue-print for how schools can implement locker room searches with constitutional safeguards.

4. BEING A FATHER

You need to discuss the drug war as a father who is dealing with your own daughter. This will help keep the focus on children. The First Lady and Chelsea could become involved by encouraging families and teens to discuss this issue more among themselves.

You should announce that you are tackling casual drug use by speaking directly to kids and encouraging kids to speak to each other. There are a lot of kids out there who aren't using drugs and we need to tell them that they are doing the right thing by creating peer pressure and other types of pressure for them <u>not</u> to do drugs.

II. <u>HARD CORE USE</u>

The public's concern about hard core drug use is not about the hard core user. It is about taking criminals off the street. People fundamentally believe that hard core drug users drive crime and violence in this country; and this should be the basis of any strategy to address this problem. In essence, we need to change our focus on fighting hard core drug use away from rehabilitation and more towards fighting crime and violence; so that it is consistent with our overall crime message.

Right now our hard core drug use policy is based on treatment for long term drug users. Because of our policy, funds between interdiction and treatment are roughly split down the middle. This provides an opening for Republicans to argue that we are cutting interdiction. As you can see from the Washington Post story this week, we are being attacked for cutting interdiction and, although the money was transferred to treatment, the amount was too minimal to make a significant impact to justify the emphasis on treatment. Furthermore, this is being substantiated by government officials who are angered by the cuts in their interdiction programs.

Therefore, I recommend that we launch a new policy to address the problem of hard core drug use that is different from what we are currently doing, but that still incorporates our treatment philosophy. We should require that every ex-convict on parole or on probation for a drug-related crime undergo mandatory drug tests twice a month. If anyone fails the test, they are immediately charged.

In addition to being consistent with other aspects of our drug and crime strategy, this initiative has three advantages:

1. CHEAPER
   This is cheaper than treatment - we currently spend $30,000 - $40,000 per person on treatment. There are 2 million hard core users.

2. ACADEMICALLY SMART
   Mark Kleinman from the Harvard Kennedy School of Government has been a big proponent of this policy and we could build an intellectual case supporting it.

3. POLITICALLY SMART
   It is politically sellable because it is a policy backed with substance and action, rather than the intangible reasons to support treatment.

In order to distinguish your policy, it should create controversy. This idea is controversial, but, more importantly, it is consistent with and builds upon your credentials in fighting crime and violence. Remember, the issue of treating hard core users in not about the hard core user, it is about getting them off the streets and preventing them from committing crimes.

If you cannot implement this policy fully, I strongly recommend that by Executive Order you direct the Drug Office to start instituting this policy on a pilot project basis.

COMMUNICATIONS/POLITICS

Our battle on drugs needs to be incorporated into the fight against crime and violence which you have been engaged in throughout your Presidency. In short, the overall objective for a drug message is that it be built upon your credentials in fighting crime and violence. There is no reason to abruptly change the tone or launch a new war.

Besides announcing the policy changes recommended above, the following activities could also strengthen your anti-drug and violence strategy.

- At the beginning of next school year, you could address an entire high school on the dangers drug use.

- You have been invited to appear on a CBS produced show on fighting drugs that will be linked to 3,000 communities. We should accept this invitation.

- I have asked former Secretary Califano, and he has agreed, to write an Op-Ed supporting the Administration's approach to dealing with drugs.

- You could go to Miami to highlight the success of the Miami community coalition which has been able to reduce drug usage by more than 50% below national figures. You could announce a goal for the entire country, based on the Miami example, to reduce drug use 50% by the year 2000.

- You could schedule regular White House meetings with government officials to discuss our drug strategy.

- We are in the process of scheduling a National Family Partnership event that will take place at the end of the summer.

- You could meet with major news networks and ask them to cover more drug stories. Since 1989, there has been a significant decrease in the amount of network news coverage of drug stories. Meanwhile, public service advertisements and drug use have increased. Therefore, it is incumbent upon the networks to enhance their effectiveness in addressing this issue, and to take their share of the responsibility in communicating the societal hazards of drugs.

- The drug team has assembled several accomplishment documents that we could distribute to media outlets and surrogates to clarify our position and effectiveness on fighting drugs.

- There is an unfinished study that will show that crack use is declining in the U.S. The ONDCP will leak this part of the study to encourage news coverage of this success. You could also make a statement or speech that focuses on the finding.

In order to prepare for Republican attacks blaming the President for increased drug use in America, I have asked the ONDCP to produce several documents to promote the Administration's efforts to fight drugs. Attached please find a preliminary fact sheet on the President's accomplishments with regard to drugs. ONDCP is also preparing a long term strategy memo for the President and you to review.

ADMINISTRATION ANTI-DRUG RECORD

"I'm going to do everything I can to implement the 1995 National Drug Control Strategy...We propose to work more closely with foreign governments to cut drugs off at the source. We propose to boost community efforts to educate young people about the dangers and penalties of drug use...We will work to break the cycle of crime and drugs providing treatment to hardcore drug users, who consume most of the drugs and cause much of the crime and health problems. And we will punish people who break the law more severely."

President Clinton
February 8, 1995

VICTORIES AND THE ENORMOUS CHALLENGE

* This Administration seeks to target the hardcore users---the 2.7 million regular users of heroin and cocaine with intensive treatment programs.

• In 1979, there were 24 million casual (once a month or more) drug users, compared to 11 million now -- a drop of well more than half.

• Americans are spending 23% less on illegal drugs than five years ago -- $49 billion versus $64 billion, still an enormous drain on our economy but a marked improvement.

THE COLOMBIAN CALI DRUG CARTEL

* President Clinton, by being the first president to decertify Colombia, is causing the cartel, the source of 80% of the cocaine that reaches our shores, to be dismantled through U.S.-Colimbian efforts. In the last month alone, Colombia has taken into custody three of the top five leaders of the Cali Cartel. Under the pressure of the President's power to "decertify", Colombia can be banned from receiving international loans and U.S foreign aid it if does not cooperate.

• Despite Colombia's having been the original source of nearly all our cocaine for decades, President Clinton is the first President to decertify them, and only grant them a "national interest" waiver that will be removed if they do not bring down Cali cartel leaders.

- A major sting operation in Miami, presaged the Colombian arrests. In May, the Miami High Intensity Drug Trafficking Area (HIDTA), which is coordinated by the President's National Drug Policy Director, indicted several Cali leaders and shared intelligence with the Colombian government, in advance of the Colombians' arresting of the Cali leaders in their own land.

- The U.S. indictments included several American lawyers representing the cartel, effectively "Benedict Arnolds" who crossed the line. One U.S. lawyer indicted by our task force has now pled guilty to the allegation of assisting in money laundering for the cartel.

DRUG FREE SCHOOLS

- The President used his first veto to protect $482 million the Congress tried to cut in half for 1995, and to zero out for 1996, for the Safe and Drug Free School program, the only federally funded drug education program in the nation's school districts, which reaches 94% or 30 million of our children in grades 7–12. The program establishes innovative and successful anti–drug counseling, education, intervention, and conflict resolution programs that have reduced drug use as much as 25% in many schools.

- On June 7, the President recognized the 100 best schools in the White House Rose Garden.

DRUG TESTING SCHOOL ATHLETES

- On June 27, the Supreme Court agreed with the Administration's position, argued to the Court by the Solicitor General supporting the school district, that a school district may subject student athletes to drug testing. The Administration believes, and the Court ruled, that the time involved in a drug test is minimal compared to the invaluable message that there can be no drug use by these athletes to whom the entire student body pays so much attention.

NO DRUG USE MESSAGE IN PROFESSIONAL SPORTS

- Throughout May and June, the President's National Drug Policy Director criticized the Yankees for "sending the worst possible message to the youth of America" by hiring multiple drug and criminal offender Darryl Strawberry. Director Brown, Yankees' owner George Steinbrenner, and players' representatives have agreed to meet in the near future to assure a strong anti–drug policy by Major League Baseball and to discuss the rehabilitation of athletes during and after a drug problem.

- Director Brown is also arranging meetings with representatives of basketball,

hockey, and football to assure a no drug use message in professional sports.

ONE BATTLE, ONE TEAM

- The Administration has created seven "high intensity drug trafficking area" joint task forces around the country pulling together all federal, state, and local law enforcement and treatment officials into "one battle, one team." These task forces, each of which receives $10 – 38 million annually from the Office of National Drug Control Policy, are: New York, Los Angeles, Miami, Houston, Baltimore–Washington, the Southwest Border, and Puerto Rico–Virgin Island.

- In addition to the critical Colombian Cartel indictments mentioned earlier, these task forces have dismembered some of the most significant and heavily armed drug distribution networks.

  * New York – $11.6 million: The El Dorado Joint Money Laundering Task Force dismantled ten money laundering operations linked to South America and Hong Kong.

  * Los Angeles – $11.5 million: Local Los Angeles HIDTA agencies--working in conjunction with the Newark, New Jersey, Drug Enforcement Administration Field Division, dismantled a Colombian distribution network that received cocaine in Los Angeles and Houston and transported it to the East Coast.

  * Houston – $10.1 million: Dismantled five cocaine, one heroin and one marijuana trafficking organizations in FY '1994.

  * Southwest Border – $37.7 million: Small task forces dispersed along the 2,000 mile border, dismantled trafficking and drug money laundering orgnaizations.

  * Washington, D. C./Baltimore, MD. – $12.6 million: Newly activiated, bringing together the largest component of drug treatment and prevention professionals with law enforcement officials to work together as a team, tackling the drug problem from both sides, demand and supply reduction.

  * Puerto Rico/Virgin Island – $9 million: Newly designated.

- Around the country, there are a total of eighty similar smaller task forces, and the Administration will be announcing three new major city task forces over the next month.

STOPPING GUN PROLIFERATION

- The President fought for and signed the Brady bill, which requires a background check before the purchase of a handgun.

- The President fought for Congress to ban and signed into law the ban on assault weapons, the arm of choice for drug traffickers and cop-killers.

"HARD LINE" BORDER STRENGTHENING INITIATIVE

- $70 million allocated to stop drug smugglers from driving recklessly through our ports to move illicit drugs. The immediate impact was a 38% reduction in port runners and the associated violence. "Hard Line" has resulted in the dismantling of a major port-running organization in El Paso. The group is reputed to have smuggled drugs in over 2,000 instances through the port of entry. We are procuring new equipment and increasing manpower to strengthen the border.

TOUGHER SENTENCES -- AND DRUG TREATMENT THAT WORKS:

- The President's 1994 crime bill expanded death penalties to include drug kingpins and providing tougher sentences for cocaine dealers. Complimenting this approach is the President's expanded drug treatment for users.

- A California study shows that for every dollar spent on drug treatment, we get seven dollars back in health care and crime cost savings. The Administration is in a battle with CONGRESS, which has CUT the President's treatment funding request for hard core users for FY 1995 from $355 million to $57 million (Congress did maintain $42 million for drug treatment in federal and state prisons).

DRUG COURTS: TOUGH, SMART ALTERNATIVE TO PRISON

- The Attorney General found from her Florida experience that drug courts force offenders to chose between treatment and prison and save enormous manpower from the legal system. Unfortunately, Congress cut $17 million of the President's $29 million request for FY '95. The President saved $12 million for this program.

MAKING THE DRUG POLICY DIRECTOR A CABINET MEMBER

- Despite the 1988 Anti Drug Abuse Act requiring it, President Clinton was the first President to make the National Drug Policy Director a Cabinet member. Because fighting drugs requires all areas of the government to cooperate --

foreign, domestic, education, treatment, prevention, law enforcement, etc. -- and because the law provides that the Director oversee the national anti-drug budget and strategy, the Director needs direct access to the heads of all departments as well as to the President. President Clinton gives this status and access to Lee Brown.

The President has repeatedly emphasized a "no use" drug policy because of the devastating impact of drug abuse on kids and families. The Administration is sending one signal: stop using, buying, and selling drugs. From submitting a $14.6 Billion comprehensive enforcement and prevention anti-drug budget (FY '96) to a strategy which attacks at all fronts -- tougher sentences, education, and treatment at home, interdiction at the borders, economic pressure on source countries, destruction of drug crops and labs, and indicting and arresting drug kingpins -- the "no use" message is the same.

Detailed Accomplishment List

I. Fighting For American Values: Strengthening the Fight Against Drugs

Strengthened White House Drug Control Efforts

- Unlike the previous Administration. made the Director of Office of National Drug Control Policy a full cabinet level position.
- Strengthened the Director's authority to identify needed resources and drug policy priorities in approving federal agency drug control budgets.
- Gave the Director more authority to address drug interdiction and appoint .
- * Inter-Agency Working Group reports to the Director of ONDCP

Put forth largest and smartest drug control budget ever.

- In FY 1995, the President requested $ 13.8 billion to fight drugs, the largest budget ever. In FY 1996, the President has requested $14.6 billion.
- The President fought for and saved $232 million the Republicans wanted cut from drug programs in the Rescissions bill.

Stopping Gun Proliferation

- The President fought for and signed the Brady bill, which requires a background check before the purchase of a handgun.
- The President fought Congress and signed into law, a ban on assault weapons, the arm of choice for drug traffickers and cop-killers.

Enlisted All Federal Agencies in Supporting American Values and Fighting Drugs

- Multi-agency Empowerment Zones and Enterprise Communities program to revitalize and strengthen distressed neighborhoods and fight drugs.
- HUD's Operation Safe Homes program to reduce drugs and guns in public

housing and Pulling America's Communities Together (PACT) program to address the problem of drugs, crime and violence in cities throughout the United States.

- Department of Transportation industry workplace program to ensure safe and secure travel and transportation.

II. Enforcement – Supported the toughest fight against drugs

Increased funding to State and local law enforcement by 18 percent.

- Instituted a program of new community policing grants to put 100,000 new police on the streets and increasing police presence by 20% to help local jurisdictions get drugs out of American neighborhoods.

- Included resources to make treatment and prevention available with expanded drug courts, boot camps, and treatment in the criminal justice system to prevent criminals from returning to our streets to entice our kids with drugs and endanger them with violence.

Strengthening U.S. Borders

- The Custom's Service Operation Hard Line initiative has already shown success by dismantling a port runner smuggling organization and the violence and cocaine this group brought into the U.S. in more than 2,000 instances of reckless, high speed driving through the border. ONDCP is working with Treasury to identify $70 million to add 60 Customs agents and procure Jersey barriers, bollards, and other equipment to strengthen our border.

Increased Border Patrol Agents

- Requested a total increase of 150 border patrol agents in 1995 and 700 border patrol agents in 1996 to prevent illegal entry attempts along the U.S. Border.

Tougher Sentencing

- Since 1992, the Administration has opposed the U. S. Sentencing Commission's proposed reductions in the sentencing levels for those who launder the proceeds from criminal activity and for the crack offenses.

Federal/State/Local Drug Control Teamwork Pays Off

- The Miami High Intensity Drug Trafficking area (HIDTA) joint task force played an important role in drug trafficking indictments of 24 individuals including four Cali Cartel leaders and six United States lawyers, including a former Deputy Assistant Attorney General of the United States. DEA, Customs, FBI, IRS, Bureau of Alchohol Tobacco and Firearms, and State and local agencies leveraged the small federal investment of $11.6 million for the Miami HIDTA into federal indictments that will save billions of dollars the drug trade costs in crime and health care.

- HIDTA joint task force programs in Los Angeles, New York, Houston and the Southwest border are joined by newly designated task forces in Washington/Baltimore and Puerto Rico/ U.S. Virgin Islands. Federal, State and local law enforcement, treatment and prevention work together to measurably reduce drug trafficking and drug-related violent crime and chronic, hardcore drug use throughout the region. Three new major city task forces will be announced over the next month.

Improved Enforcement Technology

- ONDCP's Counterdrug Technology Assessment Center (CTAC) has established a national counterdrug research and development (R&D) program to coordinate the R&D efforts of all Federal agencies with drug law enforcement missions. This National Program will aid law enforcement agencies at all levels by fostering the introduction of advanced technology in support of the law enforcement mission. Specific technology areas under development by CTAC for law enforcement applications also hold promise for improving anti-terrorism capabilities and demand reduction.

III. Global – Continue to Lead World Fight on Drugs

Dismantling the Cali Drug Cartel

- The President has demanded that the Colombians get tough with the Cali Cartel, and has provided them with modern intelligence-gathering techniques, law enforcement training, and technical support. His approach is paying big dividends.

- The arrests of Cali Drug Kingpins Gilberto Rodriguez Orejuela and Jose

Santacruz Londono, and two other important cartel leaders, are major accomplishments. The Colombians have taken important steps with new laws, legal infrastructure, law enforcement professionalism, eradication, and demonstrated political will to seriously challenge the rest of the drug cartels. Tough sentences for Rodriguez Orejuela and Santacruz Londono will be an important barometer.

Turning Up The Heat on Drug Producing and Trafficking Countries Produces Immediate Results

- The President has used his power to pressure drug producing and trafficking countries (decertification) in a tough and smart way. He decertified Colombia, Peru, Bolivia, and Pakistan with a national interest waiver, to show them that the U.S. considers drug trafficking as a serious threat to our national security and that we are dissatisfied with their effort.

- The Colombians and Peruvians immediately stepped up their counterdrug efforts with major arrests and the interdiction and seizure of large quantities of illegal drugs and chemicals during the last six months. Pakistan has extradited a notorious heroin kingpin to the U.S. The fully decertified Nigeria has appointed a drug czar, enacted counterdrug legislation, and extradited some traffickers.

Significant Coca Eradication Shows President's Power

- Peru and Bolivia have made significant improvements in their coca eradication effort: the Peruvian strategy will eradicate 50 percent of its coca crop by the year 2000 and Bolivia has eradicated more than 2,000 hectares of coca since January. Colombia's well established aerial eradication program, has eliminated nearly 25,000 acres of coca and opium poppy crops in 1995 and sent a message to its South American neighbors that it is serious about fighting drug trafficking..

Passed "Shoot down/intelligence sharing" legislation

- Previous administrations had not addressed the legality of shooting down civilian aircraft suspected of being involved in drug trafficking. Despite sharp opposition, we still passed the "shoot down/intelligence sharing" bill that protects individuals in our armed forces from being sued if another country's citizen is killed as a result of the sharing of our information. We now have a set of rules of engagement that in recent cases in Colombia and Peru have been working effectively in tracking and capturing narcotics trafficking aircraft.

Historic Agreement at Summit of the Americas Fights Drugs in the Hemisphere

- Thirty-four Presidents of countries in this hemisphere have signed an agreement to work together to combat drug trafficking, including production, distribution, and consumption.

IV. Prevention - Maintain Fight Against Casual Drug Use

Overall Casual Use Down

- Casual drug use, or non-addicted drug use, declined substantially. The total number of individuals who use drugs on a casual basis declined from 24 million users in 1985 to 11 million users in 1993. A decline in marijuana use that began after 1979 accounts for most of the success (the number of users declined from 23 million in 1979 to 9 million users in 1993). Declines in cocaine use also contributed greatly to the overall trend, as the number of users declined from 5.3 million in 1985 to 1.3 million in 1993.

Created and signed into law the Safe and Drug Free Schools and Communities Act

- The President used his first veto to save nearly all funding for the only school based federally funded drug prevention program the Republicans voted to cut in half and appear ready to eliminate in FY 1996. Some 40 million students benefitted from education programs about drugs in 94 percent of the schools in the country.

Preventing gangs

- HHS FY 1996 budget includes $10.5 million for the Youth Gang Initiative Program.

- Treasury's $7.2 million for the Bureau of Alcohol, Tobacco, and Firearms administers the Gang Resistance Education and Training program (GREAT) where ATF agents work directly with youth to discourage gang involvement.

- Justice Department's Office of Juvenile Justice and Delinquency Prevention funds $ 139.2 million in programs to prevent and control juvenile delinquency and illegal drug use, gangs and drug trafficking.

Drug Free Workplace – All Federal agencies are in compliance.

Sending Strong "No Use" Message To Kids

- President has spoken out about drugs more than 50 times in the last two years.

Administration Urges Supreme Court To Support School Athlete Drug Testing

- The President had urged the Supreme Court to support school district drug testing of athletes in Vernonia School District v. Acton. The President applauded the Court's decision in favor of testing: "[This] case sends exactly the right message to parents and students: drug use will not be tolerated in our schools."

No Alcohol Use By Minor Drivers

- The President in his June 10th radio address called on Congress to pass the same law as 24 states and D.C., which consider a driver under age 21 to be "driving while impaired" after just one full drink of alcohol. These laws work -- alcohol-related crashes involving teenage drivers are down as much as 10-20 percent in those states. The Senate has passed such a provision and the House is likely to vote on a measure this summer.

V. Treatment

Smart Use of Federal Treatment Dollars Saves America Money

- Expanding treatment for drug users would break the cycle of drugs, crime and violence and proposed $ 355 million to address the 2.7 million hard core drug-addicted users of cocaine and heroin, who use 80 percent of the drugs and commit the majority of crimes.

- In FY 1995, the President requested $29 million for Drug Courts to require drug addicted offenders to get treatment or go to prison. The President fought for and saved $12 million for the program in the rescission bill. For FY 1996 the President has asked for $150 million for drug courts, an increase of $121 million. Drug courts can reduce recidivism and we know that treating drug users can save seven dollars for every one dollar spent.

- The President requested $267 million for treatment research in FY 1996 to find new medications to block the action of cocaine.

- The Ryan White HIV/AIDS law provide a network of health care services for persons living with HIV infection and AIDS including those infected drug users. For FY 1996 the President requested $692 million.

* CTAC, in conjunction with Federal State and local agencies has intitiated a cocaine blocking agent that uses artificial enzymes being developed for use in drug treatment and rehabilitation. This extremely important work could provide a breakthrough in providing effective therapeutic drugs that block cocaine for extensive periods of time.

Drug Control Requests of the Bush and Clinton Administrations

(dollars in millions)

	Bush Requests				Clinton Requests*	
Function	1990	1991	1992	1993	1995	1996
Criminal Justice System	**	$4,279	$4,995	$5,362	$5,927	$7,167
Treatment	$925	1,492	1,655	2,124	2,874	2,827
Prevention	1,176	1,242	1,515	1,617	2,051	1,975
International	449	690	779	768	428	399
Interdiction	**	2,373	2,109	2,220	1,206	1,278
Research	**	383	488	511	532	571
Intelligence	**	172	114	129	163	334
Total	$7,864	$10,631	$11,655	$12,729	$13,180	$14,550

* ONDCP under direction of Lee Brown.

**Funding not tracked using these categories in FY 1990 request.

Supply/Demand Split

Function	1990	1991	1992	1993	1995	1996
Supply	70%	71%	70%	68%	59%	64%
Demand***	30%	29%	30%	32%	41%	36%

***Includes Prevention and Treatment R&D funding.

- The Bush Administration emphasized supply-side programs to a much greater extent than the Clinton Administration.

- The first request submitted by ONDCP under Lee Brown requested 41% of total drug control funds for treatment and prevention programs. During the Bush Administration, the drug control strategy included no more than 32% of its total funding request for treatment and prevention programs.

- The Criminal Justice System item includes law enforcement, the President's program for 100,000 more police on America's streets, and prisons.

JULY 7, 1995

MEMORANDUM

TO: RAHM EMANUEL

FROM: BOB WEINER

RE: SUMMARY DRUG BUDGET INFORMATION

* BUSH'S LAST (1993) ANTI-DRUG BUDGET WAS $12.7 BILLION; PRESIDENT CLINTON'S 1996 REQUEST IS $14.5 BILLION

* FOR FY 1995, THE REPUBLICAN BUDGET AND RESCISSION AS ENACTED BY CONGRESS REMOVED:

  -- **$229 MILLION FROM** PRESIDENT CLINTON'S **TREATMENT** FUNDING REQUEST;

  -- **$242 MILLION FROM** PRESIDENT CLINTON'S REQUEST FOR **PREVENTION** PROGRAMS; AND

  -- **$118 MILLION FROM** THE PRESIDENT'S REQUEST FOR **INTERNATIONAL COOPERATIVE EFFORTS** TO STOP DRUGS COMING FROM SOURCE COUNTRIES

(For full details, see two charts at end of earlier memo: "Drug Control Requests of the Bush and Clinton Administrations", and "Effect of Congressional Action on the FY 1995 Drug Control Request")

NOTE: Additional information requested for changes in memo will be provided Monday; have set Noon as time for everybody to have finalized, and will get to you then.

Bob

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

95 JUL 18 P7:44

July 18, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: **LEE P. BROWN**

SUBJECT: **Drug Strategy Review**

I have reviewed the July 10 memorandum from Rahm Emanuel. It generally follows the ideas I have discussed with him. The connection of crime and drugs and its impact on families and communities is a theme with which I strongly concur.

The approach that is outlined in the memorandum is generally compatible with your National Drug Control Strategy. Both of the messages for casual drug use and hard core drug use can be crafted to assure Americans we are fighting to keep their children and their streets safe. But it is important not to overlook treatment of the hardcore drug user in jails and prisons, since the only way we will break the cycle is to assist those released from prison from returning to their old habits.

I wholeheartedly support the advocacy for Safe and Drug Free Schools funding. The focus on athletes at the high school level, with the involvement of the Attorney General, will give a united message. Coaches and athletes are key leaders in school systems. The recent Supreme Court ruling on drug testing of high school athletes provides another tool to act as a deterrence. I will also continue my activity with professional athletes and organized sports.

Your involvement as a father will assist in keeping the message on children. The support from the First Lady will enhance our commitment to families and communicate the importance of parents discussing the dangers of drug use with their children.

Because of previous Supreme Court decisions, I believe that locker searches may create more controversy than benefit. While I am open to discussing other steps that school administrators can take to reduce adolescent drug use, this approach may undermine your message of the need for constructive dialogue between adults and youth about the dangers of drugs. Since your strength is reaching out to the youth of America, this suggestion could make you appear to be advocating an anti-kid bias. Maybe an alternative is to encourage parents to know what their kids have in their rooms or what kids have in their possession. We need to think this one out so we can get the type of attention Rahm is suggesting.

The argument to be used in support of providing treatment for the hard core user is that it is cheaper and smarter. The average cost for all persons involved in treatment is actually $6,000 per person, not the $30,000 Rahm suggests.

In respect to requirements for mandatory drug testing of those on parole or probation for a drug-related crime, I will confer with the Attorney General and determine what the Department of Justice is currently doing in this area for federal offenders and explore ways in which this program can be highlighted and expanded. This could then be adopted by the States voluntarily without the Administration being accused of requiring unfunded mandates.

I totally endorse the suggested activities outlined in the communications and politics section of the memorandum. Your leadership is critical for a sustained effort.

I will be forwarding our revised communications plan shortly. Rahm has been very helpful in conceptualizing the events. What we need assistance with, of course, is in sharpening the message. That is a marketing issue and I am in the process of getting some marketing people together with Rahm to develop sound bites that work.

As we have discussed several times, it is important that you get publicly involved in this issue. This is especially important since the Partnership for a Drug-Free America has conducted polls on "Public Attitudes Toward Presidential Involvement in Drug Programs." Jim Burke is sharing this information with people he meets with. A copy of those results is attached. Also, our friends in Congress, such as Senator Biden, continue to call for greater visibility from you on the drug issue.

I also support using the Miami Coalition for a Drug Free Community as a model for other communities throughout the nation. I am attaching a copy of the "Miami Story."

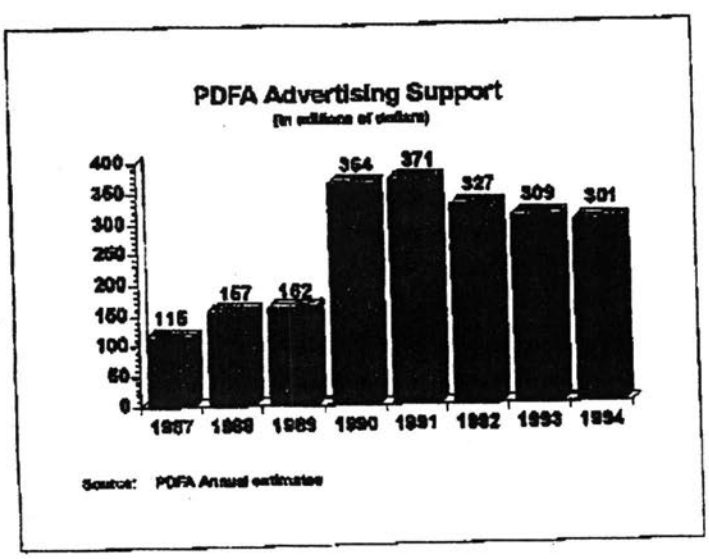
cc: Leon Panetta
Rahm Emanuel

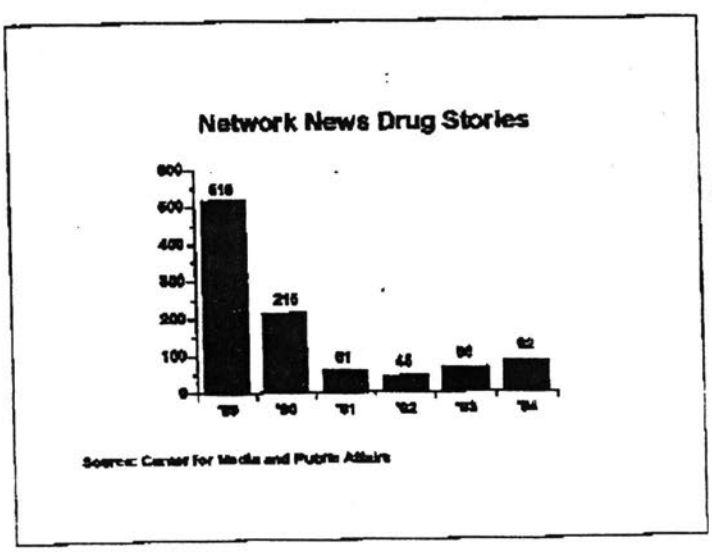
There has been little or no political leadership on the drug problem since early 1991, when the Gulf War began. The following survey data clearly shows that the public has understood this and are disappointed in the lack of Presidential involvement over the past four (4) years:

PUBLIC ATTITUDES TOWARD PRESIDENTIAL INVOLVEMENT IN DRUG PROBLEM

	March '92	December '94
Concerned About Drugs		
Extremely/Very	84%	77%
Want President Involved		
Extremely/Very	90%	91%
Want President To Take A Stronger Stand	55%	53%
Current Involvement Of The President		
A Little/Not At All Involved	70%	66%
Americans Want A Non-Partisan Approach	81%	79%

The irony is that when President Bush spoke to the nation on Labor Day of 1989, 63% of the public considered illegal drugs to be the nation's number one domestic problem. (Gallup 9/10/89) Following that speech there was immediate media response:





THE MIAMI STORY

Background --- The Miami Coalition for a Safe and Drug-Free Community was founded in early 1988, born out of increasing outrage and frustration over illegal drugs and their devastating consequences for the community. During the height of the cocaine epidemic in the mid-1980's, the Drug Enforcement Administration estimated that more cocaine was coming into South Florida, and Dade County in particular, than any other place in the world. The Miami Coalition was a community-wide expansion of a local business led drug-free workplace program that was developed two years earlier, and was the first anti-substance abuse coalition to be formed on a broad basis in a major city. It has become a model for many other communities in this country and, increasingly, abroad.

Overview --- The Miami Coalition is a private, non-profit organization of over 3,300 active volunteers and is the recognized "convener" for all of Miami's anti-drug efforts in prevention, education, intervention, treatment and law enforcement. The board of directors includes the direct involvement of 105 community leaders, representing every large institution in Dade County. The Coalition depends mostly on volunteered services and resources, and is funded primarily through local corporations and foundations. The board is governed by a smaller executive committee, whose early leadership was provided by chairman Tad Foote (President, University of Miami), vice-chairmen Alvah Chapman (Chairman, Knight-Ridder) and Bob McCabe (President, Miami Dade Community College), and executive director Marilyn Culp. Three founding principles have been key to the success of the Miami Coalition.

- **A clear focus on the importance of drugs and their impact on the community.** The Coalition focused the community's response to the problem by building a consensus as to the most effective anti-drug strategies, and provides a place for people to call to offer their help and a mechanism for targeting colunteered time and resources. The principle of focus is also applied to the allocation of money and other resources --- putting people, time and money mostly toward existing programs that are producing results.
- **Leadership by the direct involvement of the top private sector and civic leaders.** The personal and long term commitment of the community's recognized leaders is critical to the process of strategic planning, making difficult decisions and commiting significant resources. These are people who understand accountability for results, not just accountabilty for use of resources. The clout of top leadership of the community is necessary in overcoming resistance to change. The character of the leadership of the Miami Coalition is a unique blend of passion and discipline.
- **Comprehensive inclusion of all segments of the community, recognizing that everyone has a role in the solution because everyone has a stake in the outcome.** Combining all the community's points of view and perspectives is challenging, but is absolutely necessary to building consensus and has sparked many creative solutions. Comprehensive involvement of the community leads to broad and comprehensive strategies to attack the problem, as shown by the Miami Coalition's ten task forces: Family/Neighborhood; Schools; Law Enforcement/Courts/Corrections; Treatment/Rehabilitation/Recovery; Prevention; Workplace; Religious organizations; Scientific Advisory Committee; Media/Public Information; and Legislative Committee.

Results — The Miami Coalition has produced the nation's most visible success story. Despite being a key "import" center for illegal drugs and a major concentrated population area with at least its share of urban problems, **Miami has clear evidence that the Coalition's efforts are working.**

- **Media support has increased dramatically** with the help of the Partnership for a Drug-Free America. Anti-drug messages are now airing at over 2.5 times the national average, making Miami the top media support market in America. Although difficult to quantify, the Partnership also estimates that Miami's news, editorial and feature coverage of the drug issue is also substantially higher than the U.S. average. Increased media support also helps improve other indiciators of progress by getting more anti-drug messages to more people more often.

- **Drug usage is down significantly from 1991 through 1993 and is currently at less than half the average U.S. levels.** Based on the U.S. Department of Health and Human Services "National Household Survey on Drug Abuse", **Miami also has the lowest drug usage of the 6 major metropolitan areas measured by the study** (New York, Los Angeles, Chicago, Washington D.C., Denver and Miami).

- **Fifty-three percent of Dade County's workforce is now employed by companies with a drug policy program.** The Miami drug-free workplace program (now called Business Against Narcotics and Drugs) has achieved greater success in expanding drug-free workplace programs than any other area in the county and is being used as a model for many other large and small cities.

- **There is an increasing perception among Dade residents that there is improvement in their local drug problem**; similarly, fewer people each year felt the Dade County drug problem was worse than in the rest of the country. More people are recognizing that drugs are deeply embedded in their other problems. These public attitude trends are critically important because the community clearly recognizes the contribution of the Coalition and are more likely to understand the scope of the problem, believe that the problem can be solved and that they have a role to play.

Conclusion — The Miami Coalition has many different and often unique program components. Its success, however, is due more to the comprehensive nature of its programs than to any one or two particular approaches. Many problems remain, but it is clear by the data and to anyone who takes the time to experience the Miami Coalition for themselves that good things are happening in Dade County on the drug problem. **If every community in America could duplicate what Miami has done, we could reduce the number of regular users of illegal drugs by more than 6.5 million.** This is a realistic and achievable goal for the nation, and depends much more on leadership and public will than on federal dollars. Most importantly, it **would translate into billions in savings of taxpayer costs, millions fewer lives impaired by drug use and addiction, tens of thousands of lives saved each year, and a better and more hopeful future for millions of our children.**

CC

Erskine

Von

Humboldt

VP

STATE OF NORTH CAROLINA P4:36
OFFICE OF THE GOVERNOR
RALEIGH 27603-8001

JAMES B. HUNT JR.
GOVERNOR

CC
Erskine
Lew
Harold

August 4, 1995

The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

Thank you for giving me the opportunity to meet with you in Vermont Monday to discuss the importance of tobacco to North Carolina's economy. I appreciate the concern that you expressed regarding the 264,000 North Carolinians whose jobs depend on tobacco.

Since our meeting, your staff has indicated that you have not yet made a decision regarding FDA regulation of tobacco products. But news reports suggest that a decision is imminent.

As I said Monday, I share your concern about underage smoking. I am confident that tobacco farmers and the tobacco industry would join in an educational campaign aimed at young people. North Carolina has shown the effectiveness of similar efforts to discourage drunk driving and encourage seat belt use.

There already are enough laws and regulations on the books, at both the state and federal level, to carry out an effective enforcement and educational campaign. The Department of Health and Human Services has the regulatory authority to take action to reduce smoking by youths through advertising and vending machines.

Another layer of government regulation is not needed to achieve this goal. Specifically, it is not necessary to give the Food and Drug Administration broader regulatory authority.

All too often in the past, the federal government's good intentions have caused it to go overboard with new regulations. I strongly urge you not to let that happen in this case.

Mr. President, this issue is of vital importance to the people of North Carolina and to hundreds of thousands of others across the country. I appreciate your serious consideration of this matter, and I ask you to resist the effort to increase government regulation in an area where it is not needed.

My warmest personal regards.

Sincerely,

James B. Hunt Jr.

JBH/spw

TO H. ICKES

THE WHITE HOUSE
WASHINGTON

95 AUG 2 P1:51

24 July 1995

MEMORANDUM FOR TODD STERN

FROM: Harold Ickes

SUBJECT: Nomination of Sandra Gardebring to the Federal District Court, district of Minnesota

---

Todd, attached is a copy of a self-explanatory 9 June 1995 letter to the President from Patrick J. O'Connor and his letter of the same date to me asking that I bring a nomination of Sandra Gardebring to the President's attention.

I assume that Mr. O'Connor's letter to the President has been dealt with.

It has been -- by July 6 letter from Vicki Radd.
I understand Gardebring has withdrawn from consideration.

O'CONNOR & HANNAN, L.L.P.
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JESUS A. MADALENA*

June 9, 1995

Via Telefax

The Honorable Harold Ickes
Assistant to the President and Deputy
Chief of Staff for Policy and Polital
Affairs
The White House
Washington, D.C.

Dear Harold:

Will you please bring this to the attention of the President?

Many thanks,

Pat

Patrick J. O'Connor

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LOCAL COUNSEL
JESUS A. MADALENA*

June 9, 1995

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

Subject: Nomination of Sandra Gardebring to the Federal District Court, District of Minnesota

Dear Mr. President:

I have known Judge Gardebring for over twenty years. My first working relationship with her occurred in the seventies. She was the Commissioner of the Minnesota Pollution Control Agency at that time. I represented a large defense contractor that manufactured naval guns. My client had recently acquired the plant and was negotiating with the E.P.A and P.C.A. to clear up the dumpings of the previous owner (going back to 1942). This was at a site about one thousand yards from the Mississippi River where the City of Minneapolis was taking its drinking water. The EPA considered this site as one of the most critical in the nation. Judge Gardebring took hold of this complicated situation and worked out a solution that met EPA standards and one that the company could handle financially.

Through the years I have observed her handle many complicated matters on both the state and federal level. She is fair, highly intelligent, a tireless worker, and is respected by her peers. She will make an excellent federal judge, is well qualified and will be a credit to the federal judicial system.

I recommend her without reservation and urge you to nominate her for this position.

Very truly yours,

Patrick J. O'Connor

P.S. Enclosed is a biographical sketch of the Justice.

The Honorable Sandra Gardebring

Judge Gardebring has been honored by a variety of local and national organizations for her work on environment, human service, transportation, and women's issues. In 1987, she was named "Woman of the Year" by the national Women's Transportation Association; in 1989, she received the Environmental Regeneration. Award from the International Rene Dubos Center for Human Environment and also in that year, she was acknowledged by the American Public Welfare Association for her leadership in the national effort to improve the lot of children in this country.

She is an active member of the Minnesota State Bar Association, particularly involved in its efforts to assure access to the court system for poor people. Judge is a member of the American Law Institute and the American Judicature Society. Judge Gardebring has served as a member of the board of directors of the Center for Victims of Torture; People, Inc.; Project Environment Foundation; Camp DuNord, and the St. Paul United Way.

Judge Gardebring has provided leadership to the judiciary in Minnesota in a variety of ways. In 1992, she chaired a Task Force of the Minnesota Supreme Court to consider the use of interactive television within the state court system. From 1992 to 1994, she chaired a legislatively-authorized Commission on Juvenile Justice. The task force report led to major changes in the statutory scheme for juvenile justice in Minnesota. Judge Gardebring is now chairing another legislatively mandated task force, this one directed to the overhaul of the system for civil commitment of the mentally ill in Minnesota. She also chairs a Supreme Court committee on the issue of judicial support for pro bono activities, and is a member of the Minnesota Sentencing Guidelines Commission.

Judge Gardebring is married to Paul Anders Ogren, and has two stepchildren, Sam, age 17, and Shana, age 15. She lives in Shoreview, Minnesota.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: August 4,1995

TO: James E. Castello

FROM: **Staff Secretary**

As we discussed.

Todd

original to
J. Castello
MS

RETURN
+O
J. Castelli
for revision

T.

THE PRESIDENT HAS SEEN
6.22.94

THE WHITE HOUSE

WASHINGTON

June 22, 1994

MR. PRESIDENT:

Attached is a decision memo from Counsel's office on a bill that Senator Kennedy plans to introduce tomorrow prohibiting employment discrimination on the basis of sexual orientation. Senator Kennedy is hoping for an Administration endorsement.

Counsel's office lists four options, recommending option 2 -- that you express support for the principle of combatting employment discrimination on the basis of sexual orientation, but refrain from explicitly endorsing the Kennedy bill so as to preserve some flexibility. Counsel's office informs us that George and Gergen also support this approach. (The other options are (1) endorse the bill; (3) state that we will review it, while expressing no further position; and (4) oppose the bill.)

In view of the shortness of time, I am forwarding the memo to you immediately. At the same time, I am circulating it to the Vice President and relevant staff.

Option 1___ Option 2 (Counsel's choice) V

Option 3___ Option 4___ Discuss___

Todd Stern

How does Religious Freedom Act affect Civil Rights Legislation Do it

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

June 22, 1994

94 JUN 22 P7:10

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD N. CUTLER LNC
SPECIAL COUNSEL TO THE PRESIDENT

JOEL I. KLEIN JIK
DEPUTY COUNSEL TO THE PRESIDENT

CLIFFORD M. SLOAN CMS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Gay rights anti-discrimination bill

Senator Kennedy plans to introduce legislation tomorrow that would prohibit employment discrimination on the basis of sexual orientation ("the Employment Non-Discrimination Act"). According to the Leadership Conference on Civil Rights, the bill will be endorsed by a bipartisan group of legislators (Feinstein, Murray, Chafee, and Jeffords in the Senate; Frank, Studds, Edwards, Schroeder, Morella, Shays, and Huffington in the House) and by a range of civil rights leaders and groups (including Coretta Scott King, Justin Dart, the Leadership Conference On Civil Rights, and many other representatives of minority, women, disability, and labor groups). Senator Kennedy has requested that the Administration endorse the bill and that Assistant Attorney General Deval Patrick be present to express support for it.

In many respects, the bill is narrowly crafted. The Act prohibits employment discrimination on the basis of sexual orientation. (A copy of the bill is attached.) It precludes the use of quotas or discrimination claims based solely on statistics (so-called "disparate impact" claims). It does not apply to religious organizations, but it does apply to their "for-profit activities subject to taxation." The bill also does not apply to the armed forces.

At the same time, certain provisions of the bill may raise significant issues. The congressional findings seem to include a finding that would lead to "strict scrutiny" for sexual orientation claims in court. (The finding refers to exclusion of gay men, lesbians, and bisexuals from "full participation in the political process" and to their status as a "discrete and insular minority," p. 2, lines 17-20 -- traditional formulations for strict scrutiny). In the gays-in-the-military litigation, DOJ and DOD have been arguing against strict scrutiny in the military context.

In addition, the bill defines "sexual orientation" as "lesbian, gay, bisexual, or heterosexual orientation, real or perceived, as manifested by identity, acts, statements, or associations" (p. 11, lines 13-16) and prohibits employment discrimination on the basis of sexual orientation (p. 3, lines 21-22). Opponents may claim that the bill thus protects even on-the-job sexual acts and on-the-job sexual statements of any kind, regardless of propriety. It is, however, possible that clarifying language could promptly resolve this problem and make clear that the point of the legislation is merely that gay men, lesbians, and bisexuals should not be treated differently from similarly situated heterosexuals.

OPTIONS

Four options are possible:

(1) ____ Endorse the legislation.

(2) ____ State that we support the principle of combatting sexual orientation employment discrimination and that we will review the legislation with care.

(3) ____ State that we will review the legislation and express no further position at this time.

(4) ____ Oppose the legislation.

We recommend in favor of option 2. The principle of non-discrimination in employment is clearly laudable and appropriate, and is consistent with your public statements during the campaign and subsequently. At the same time, we may wish to preserve some flexibility to offer suggestions on the bill and to respond to criticisms of it.

THE WHITE HOUSE

WASHINGTON

June 21, 1995 95 JUN 21 P6:02

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES E. CASTELLO J.E.C.
DEPUTY COUNSEL TO THE PRESIDENT

MARVIN KRISLOV MK
ASSOCIATE COUNSEL TO THE PRESIDENT

CC: LEON E. PANETTA
GEORGE STEPHANOPOULOS

SUBJECT: EMPLOYMENT NON-DISCRIMINATION ACT

This memorandum evaluates legislation that would prohibit employment discrimination on the basis of sexual orientation.

Background:

Last June, Senator Kennedy introduced a version of the Employment Non-Discrimination Act (ENDA) that was the subject of hearings before a Senate Judiciary Subcommittee at which Deval Patrick testified. Consistent with your response to a decision memo from our office (copy attached), Deval expressed support for the bill's purpose without explicitly endorsing the legislation. The written testimony noted that "we expect to have some technical comments on the bill" but promised that you would "sign into law legislation passed by Congress that prohibits discrimination in employment based on sexual orientation."

Current Status

ENDA was reintroduced in the House last week with 120 co-sponsors. Gay rights groups have previously told us that they want to have your outright endorsement of the bill. That desire has no doubt intensified since the Department of Justice's decision not to file an amicus brief before the Supreme Court in Evans v. Romer, the case involving Colorado's anti-gay initiative. (However, even if Congress were to enact ENDA, the new statute would only partially correct the effect of the Colorado initiative. That initiative is not limited to employment discrimination but bars ordinances, laws or policies that protect gays from any discrimination -- including in such areas as housing, public accommodations and health insurance.)

Two potentially difficult provisions in Senator Kennedy's prior version of ENDA have been modified in the bill introduced last week. First, the bill contains no "findings" section that

could be inconsistent with the gays-in-the-military policy. Second, the definition of "sexual orientation" has been changed to make clear that employers may bar on-the-job sexual behavior. In addition, the bill's limited application to religious organizations has been clarified. The Act only applies "to any employment position that pertains solely to a religious organization's for-profit activities subject to taxation."

You have previously asked how this religious provision would interact with the Religious Freedom Restoration Act (RFRA). That law generally provides that "government shall not substantially burden a person's exercise of religion . . ." and permits such a burden to be imposed *only* if it furthers "a compelling governmental interest" by "the least restrictive means." ENDA's ban on job discrimination against gays might be attacked as inconsistent with RFRA (by religious organizations or by individuals who claim religious objection to hiring gays) on grounds that no compelling government interest is served by the regulation or that the coverage of for-profit activities is too broad. DOJ's Office of Legislative Counsel (OLC) believes the statute would survive such facial challenges, because courts would find that ENDA does serve a compelling interest in an appropriate way. OLC acknowledges that in particular circumstances--for example, if a church were forced to hire gay teachers in a for-profit school--a court might find ENDA's burden on free exercise of religion to be impermissible. OLC believes, however, that ENDA merits endorsement in its current form.

In last year's hearings, several major religious groups testified that the religious exemption in ENDA was sufficient. However, these groups represented the more "liberal" denominations, which supported the bill itself. (A representative of the Family Research Council did warn that the courts could interpret the "for-profit" distinction too narrowly, with major repercussions for such groups as the Mormon Church.)

Recommendation:

Given your basic support for ENDA and the strong desire by gay organizations for an outright endorsement, we recommend that you announce your support for the bill. If, subsequently, church groups raise legitimate objections to the scope of the religious exemption, you could endorse any reasonable amendment to the language. Alternatively, prior to any endorsement, you could reach out to more conservative religious groups to see if they object to the exemption, but there is a risk that this will simply stir up trouble where (so far) there is none.

__ Endorse bill ___ Explore religious issue first __ Discuss

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: August 4, 1995

TO: Leon Panetta
Harold Ickes
Erskine Bowles
Tony Lake
Mike McCurry
George Stephanopoulos

FROM: Staff Secretary

I assume we don't want to do this. Any thoughts about how we should handle?

Todd

The Dallas Morning News

95 AUG 4 P12:58

Rena Pederson
Vice President/Editorial Page Editor

August 2, 1995

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

On behalf of *The Dallas Morning News* and the Dallas Committee on Foreign Relations, we are writing to invite you to participate in a debate on lifting the Bosnian arms embargo and its consequence for American foreign policy. We have invited Sen. Richard Lugar to argue the case for lifting the embargo and invite you to make the case against.

The format we envision is a truncated Oxford Union format. We will flip a coin to determine the first speaker, who will speak for six minutes to state his case. The second speaker will then take the floor for six minutes. Each speaker will then be given four minutes for rebuttal. The moderator's role will be limited to introduction of the speakers and enforcement of the time limits.

We expect the debate to be televised (widely covered by the media). The 20 minutes allocated for actual debate will allow for sufficient time for introduction, wrap-up and commercial space at the front end of the debate. The debate itself will be continuous and uninterrupted. Our objective is to provide citizens in Texas with insights into one of the most vexing foreign policy issues of our time. To this end we have invited two of the most thoughtful and eloquent decision makers to increase the public's awareness of the complexities of this issue and its impact on America's role in world affairs.

We will work with you to schedule a date which will be both mutually convenient and timely, hopefully during the month of August or September. (Perhaps on your way back from vacation in Wyoming?)

Kindly have your office contact Ms. Pederson at 214/977-8259 so that we may proceed.

Sincerely,

Rena Pederson

Richard Fisher

Rena Pederson
Editor, Editorial Page

Richard W. Fisher
Founding Chairman
Dallas Committee on
Foreign Relations

cc: Sen. Richard Lugar

Chief Counsel
to the Chairman

U.S. MERIT SYSTEM PROTECTION BOARD
Washington, D.C. 20419

95 AUG 4 AM 11:18

8/3

Todd,

This was sent yesterday and Daschle spoke to the President on Saturday.

Thanks again.

Steve

TO VICKI
Rudd
FR: Todd

original sent to Vicki Rudd

MSPB From 175 8/93

TOM DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510–7020

August 2, 1995

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to strongly recommend Ben Erdreich for appointment to the vacancy on the U.S. Court of Appeals for the Federal Circuit.

Ben has outstanding academic and professional qualifications, and for the past two years has excelled as chairman of the U.S. Merit Systems Protection Board, the position to which you appointed him in 1993. The Federal Circuit receives almost half of its cases from this Board, and many of Ben's opinions have been adopted by the Court.

I have known Ben over ten years, worked with him and observed his work. I can attest that he has the intellect and temperament to be an excellent addition to the federal judiciary. In addition, Ben's unique experience as a private practitioner, congressman and adjudicator make him particularly well qualified for selection for this court.

As you know, senior members of the Senate Judiciary Committee, from both sides of the aisle, have also urged Ben's nomination to the U.S. Court of Appeals for the Federal Circuit. His nomination is excellent on the merits, and the high regard in which he is held on the Hill augurs well for the confirmation process. I urge you to give serious consideration to this appointment.

With best regards, I am

Sincerely,

Tom Daschle

cc: Judge Abner Mikva

Chron

~~CS ALL~~

FYI

Send this to Laura Tyson w/ copy of my letter to Klein. Ask her to read it & see me about it BC

08/03/95

DR. TYSON,

The original letter is being held in the Staff Secy's office.

Pls let us know when it is OK to dispatch it.

Thanks.

THE WHITE HOUSE

WASHINGTON

July 26, 1995

Mr. Eli Broad
Chairman and Chief Executive Officer
SunAmerica, Inc.
37th Floor
One SunAmerica Center
Century City
Los Angeles, California 90067

Dear Eli:

Thanks for your thoughtful letter about retirement issues. It was good to have you on the panel at the White House Pacific Rim Economic Conference.

As you know, I share your view that we must encourage our fellow Americans to plan for retirement. In this effort, as you may know, the Department of Labor and the Department of the Treasury recently launched a national retirement savings education campaign. Secretaries Reich and Rubin are spearheading this effort to raise awareness about the importance of planning for the future.

My Administration has sought also to strengthen our nation's pension plans, and I worked with Congress last year to pass the Retirement Protection Act of 1994. This new law brings about comprehensive reforms that will strengthen plans that are underfunded, require businesses with the riskiest plans to pay their fair share of pension insurance premiums, and ensure that both workers and retirees receive better information about their pension plans. These reforms will improve pension funding in a balanced and affordable way, helping hardworking citizens plan for their futures effectively.

Finally, Vice President Gore and I are currently working to simplify and improve the pension system through our reinventing government efforts, which will help to ensure a future of greater security for retirees.

As we seek to encourage retirement savings and increase economic security for all Americans, I appreciate your thoughts and will certainly keep them in mind. I hope to see you again soon.

Sincerely,

Bill Clinton

Eli – I've going to have the NEC work through your ideas and I'll also consider the commission you suggested – You've sure hit upon my major concern – Thanks

Bill

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Los Angeles CA 90067-6022
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Fax: 310.772.6567

Eli Broad
Chairman and
Chief Executive Officer

SunAmerica

June 28, 1995

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

Dear Mr. President:

I enjoyed being on the panel at yesterday's White House Pacific Rim Economic Conference. Thank you for your very kind introduction and for allowing me to participate.

As you know, I strongly believe that the nation will be facing a retirement savings crisis of major proportions commencing in the first two decades of the next century. I know there are more immediate priorities, but I am hopeful that a national retirement savings policy will be adopted to educate families -- primarily middle-American families -- about the need to start saving for their retirement at an appropriate age, hopefully in their forties.

During yesterday's second panel, I believe you indicated that saving for retirement might be in conflict with saving for higher education for our children, and that perhaps paying for education should be given greater priority. I do not believe this is a dichotomy. People could first save for their children's education and then continue to save so that they will have an appropriate nest egg for their golden years. Perhaps we could develop programs or financial products that would join these two goals.

In addition to adopting a national retirement savings policy, I believe it is important for you to create a bipartisan commission, made up primarily of private citizens, to study the coming retirement savings crisis, including a review of such issues as Social Security, our tax policy regarding retirement savings, and the need to educate the public about saving. Hopefully, this commission would act in a manner similar to the base closure commission, and would report its findings after the Presidential election, but no later than mid-December 1996.

I am pleased to enclose a copy of our company's annual report and recent quarterly, as well as a lecture I gave earlier this year at CalTech that you might find of interest.

Mrs. Broad and I send you and the First Lady our best wishes.

Sincerely,

Eli

EB/srm
Enclosures

P/S Many thanks for your notes re the Legion of Honor, etc!

REMARKS BY ELI BROAD
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
SUNAMERICA INC.

"BOOMER WAVE OR BOOMERANG? THE RETIREMENT RECKONING OF THE 21ST CENTURY"

The Annual Bray Lecture
On the American Economic System

California Institute of Technology
January 23, 1995

Good evening. I am honored to be invited to speak to you tonight. The annual Bray Lecture Series---which honors one of our most distinguished Fellows, Ulric Bray,---has become an important forum for the presentation of ideas and issues dealing with the American economic system. And it is especially gratifying to be asked to address you tonight, considering the distinguished list of business leaders who have preceded me at this podium in years past.

The topic I have chosen to discuss is one I deem vitally important, and one in which we as Americans all have a vital stake. The subject is retirement savings and its rightful place in U.S. public policy. More specifically, how will our nation rise to the challenge of providing retirement security for a vast legion of men and women born since 1945--- those colloquially referred to as the "baby boom" generation.

Indeed, the day is not far off when no fewer than 76 million of these individuals, who are now entering their forties and fifties, will be entering their "golden years."

The poet Robert Browning romanticized and celebrated those vintage years by his famous writing:

"Grow old along with me.
The best is yet to be,
the last of life,
for which the first was made."

Unfortunately, the 21st century version of that verse may be much less sanguine.

The irony is that, just as modern health care has extended the lifespan of millions of Americans, the sheer magnitude of our aging population, coupled with an anemic national savings rate, portends serious economic consequences for our nation and its people.

Our heritage as a country is one of self-reliance, but also one of concern for our fellow citizens. It is this latter issue---how America will provide for the economic well-being of its aging populace---that may well be the dominant socio-economic policy question of the 21st Century.

- **Consider first, the scope of the problem.**

    - To begin with, the number of Americans heading to "Golden Pond" is growing exponentially. Today, one in

eight Americans is 65 years or older. At the turn of the century, that figure was one in 25. By the year 2030, one out of every five Americans will be of retirement age. As a socio-political force, their numbers will be 68 million strong.

■ The economic implications of this massive population shift are compelling. Consider the fact that, in 1993, 55.5% of all federal expenditures, other than defense and interest on the national debt, were for the benefit of those over the age of 65.

■ Then add that, according to the U.S. Department of Health and Human Services, those receiving benefits from the Social Security retirement and disability program will swell from 41.8 million in 1993 to a projected 80.3 million in 2030.

■ The ratio of American workers to retirees, which has remained constant at roughly 3.4-to-1 since the mid-1970s, will shrink to 2-to-1 by 2030. Under the most onerous projections of the Social Security Administration, by mid-century, the Social Security Administration would have only 1.5 *working* Americans for every one beneficiary.

- The sheer magnitude of America's projected retirees is daunting to say the least, but the economic implications for financing an *extended* retirement are even more profound. Today, our nation's citizens are living much longer. In 1900, life expectancy at birth was 47 years. In 1993, it reached 76 years. For men reaching the age of 65 today, average life expectancy is 81 years; for women, it's 85 years. And these average life expectancies are expected to lengthen. Indeed, the fastest growing segment of the U.S. population is the so-called oldest-old, those beyond 84 years of age.

- **Beyond demographics, the causal factors which have contributed to America's retirement dilemma are rooted in a cross-current of diverse corporate, societal and governmental changes. Let's take a moment to put these in perspective:**

  - First, I would submit that our nation has been lulled into a false sense of security. We must remember that America's financial model for retirement is based on the experience of prior generations--- a model whereby individuals worked for 40-45 years, then retired for five-to-ten years at most.

For a good part of this century, our citizens lived and worked under a system I would term *reciprocal benevolence.* They had an implicit contract with their government and employers whereby after years of labor, often with one company, they were guaranteed a measure of financial security for their few remaining "golden years."

As a result, America's most recent retirees have, on average, retired younger, in better health and more affluent than ever before. Dramatic housing appreciation, guaranteed corporate pensions, plus generous Social Security benefits, have resulted in financial security unprecedented in the social history of our nation.

■ But today's reality is far different. Based on current demographic trends, America's baby boom generation can anticipate spending nearly one-third of their adult lives in retirement. Since few begin planning for retirement until age forty, some 76 million Americans may have less than one-third of their adult lives to save for an equal time in retirement.

■ Compounding the problem is an advent of new period of *corporate laissez-faire* with regard to retirement entitlement programs. Gone are the days of the gold watch and company-funded pension plans. Basic relationships between employer and employee have changed. And American business has moved en masse out of the retirement guaranty business.

Today, one-in-five workers changes jobs every year. The average employee will work for at least seven companies. And a growing number may never work for one company long enough to become vested in a traditional pension program.

Faced with ever-rising pension costs, American business has shifted the responsibility for retirement planning to the American worker. Professionally-managed defined-benefit plans---those which guarantee specified pension benefits to employees for life---are on their way to extinction. In the 1980s, the number of these programs dropped by 22%. Today, less than one-third of the U.S. labor force is enrolled in one.

Instead, companies that offer retirement benefits to

employees are doing so with defined contribution plans---usually 401(k) plans. Under these plans, companies typically promise to match a certain portion of an employee's annual contributions, but the employee is responsible for managing the choice of investments available within the 401(k). Retirement savings has thus become a "do-it-yourself" proposition.

In a changing work environment, with fewer long-term relationships, these new plans offer some very attractive benefits to employees. These include:

(1) personalized accounts, separate from the company's general funds, which are not subject to manipulation or under-funding in hard times,

(2) portability, so that when an employee switches jobs, his or her retirement savings plan can move as well,

(3) a range of investment choices, typically including stock, bond and fixed-income options,

(4) matching contributions by employers, and of course...

(5) tax advantages. Contributions are made with pretax dollars and earnings are tax deferred until withdrawal.

The difficulty with these plans is that they only work if employees take advantage of them. Participation in 401(k)s is strictly voluntary, and recent studies suggest that up to one-third of those eligible to participate do not. Even among employees who do participate, funds are too often regarded as short-term savings. Upon changing jobs, lump-sum payments are used to finance current purchases.

But perhaps the most critical concern is that employees are required to decide, on their own, which investments they should select---a task for which many are ill-equipped. Unfortunately, individuals when faced with a choice tend to be highly conservative investors. Having little or no experience with 30-year investment horizons, or with risk analysis, or with asset allocation decisions, they tend to choose investments that look the safest---often money market funds or guaranteed, fixed-return investments. These investments typically do a poor job of out-pacing inflation over long time periods. History tells us that, over the long haul, investments in stocks produce the strongest

inflation-adjusted returns. Professional portfolio managers know this, and devise diversified portfolios of stocks, bonds and fixed-income investments that balance risk and return.

In effect then, we are asking every working man and woman in America to think and act like a professional pension fund manager. The risks associated with this experiment are enormous, as our nation contemplates the reality that vast numbers of post-World War II baby boomers may be ill-prepared for their retirement years.

- No less disturbing is the fact that many Americans wrongly believe that the federal government will step in and fill the void. One government survey found that 40% of people ages 51 to 61 expect to retire with no income other than that from Social Security.

The current maximum Social Security payment is less than $14,000 a year. Current benefit levels cover less than one-third of the average retiree's *preretirement* income level. Yet financial experts agree that nearly 75-80% of preretirement income is required to sustain a comparable standard of living after retirement.

Nor are Social Security benefits a certainty. Social Security as a percentage of retiree's income has already dropped from 50% in the 1970s to just 20% today. Further, the Social Security Administration's Board of Trustees continues to project a sizeable long-range deficit and potential insolvency for the system as early as 2017.

■ **The conclusion this suggests is that Americans, more than ever, will be forced to rely on private savings in their retirement years.**

However, almost 40% of U.S. households have no personal retirement savings. And according to several recent national surveys, almost half of all Americans between 45 and 64 are not currently saving anything for retirement. In 1990, the median annual cash income from assets was less than $2,400 for retirees.

The U.S. savings rate has fallen precipitously below that of other industrialized nations. According to the Bureau of Economic Analysis, the national savings rate, net of depreciation, has dropped to less than 2% of gross domestic product, down from 4% during the 1980s and about 8% previously. A major contributor to the decline has been the decline in personal savings, which fell from 8% of disposable income in the 1980s

to 4% today.

With regard to this issue, the federal government has been far less than helpful. While the need to stimulate national savings has been great, key incentives to do so have been eliminated. Individual retirement accounts, or IRAs, were severely curtailed during the 1980s, and more recently, significant new limits have been placed on the allowable annual contribution to self-employed and company-sponsored pension plans.

■ **I submit to you tonight, that what is needed in this country is a comprehensive National Retirement Savings Policy, one which can stem the current tide of national savings neglect.**

There's an ancient Chinese proverb that says opportunity comes wrapped in every crisis. That is surely the case with the important issues we discuss this evening.

Fortunately, the range of personal savings products and financial advisory services available to the American public has never been greater. With the advent of packaged financial products such as mutual funds and variable annuities, Americans have access at reasonable cost to professional money management. And along with a growing array of investment products, financial planning

advice also is easier and less costly to obtain.

The answer, therefore, lies in appropriate incentives and education, not in entitlements. As a nation, we must empower our citizens to take control of their own retirement through a coherent and coordinated policy that will encourage long-term savings, yet provide a trustworthy, financially sound safety net for those who need it.

The tenets of this policy should be fourfold:

(1) First, we must encourage voluntary savings and investment. People will save more if they have real economic incentives to do so.

Pretax contributions limits to Individual Retirement Accounts should be raised. And individual contributions to 401(k) plans that are primary pension plans should be subject to the types of limits that apply to other qualified pension plans. The Tax Reform Act of 1986 (TEFRA) reduced the contribution limits for 401(k)s from $30,000 to $7,000. By virtue of indexing, the limit was still only $9,240 in 1994.

In addition, within qualified plans, complicated nondiscrimination rules, which reduce savings by middle-income earners, should be simplified.

Further, we must continue to encourage private investment of after-tax dollars. We must revisit the issue of a reduction in the capital gains tax. And we should encourage individual after-tax savings on a tax-deferred basis, as is currently possible through a broad spectrum of annuity products.

(2) Secondly, we must address the very real problems faced by our Social Security system. I don't think anyone here tonight would disagree that Social Security has been a tremendous success in securing the well-being of our nation's elderly, particularly the poorest among them. But our trust in the system has been severely eroded, and for good reason---the program is lurching toward insolvency in the next 25 to 30 years. Now is the time to mandate considerable reform when reasonable solutions, such as a rise in our nation's retirement age, are still available.

(3) Thirdly, while we're overhauling retirement programs, we should add ERISA to the list. The federal

government's current set of requirements of what businesses must offer their employees, even in the simplest qualified pension plans, is overwhelming. Small employers might be much more inclined to offer these programs if they didn't have to pay attorneys, accountants and other consultants tens of thousands of dollars each year to assure compliance with a labyrinth of regulations.

(4) Finally, and most importantly, we must continue to find ways to improve the ability of the average American to make wise and prudent investment decisions. The Department of Labor must take the lead, providing guidance for employers, empowering and encouraging them to provide reasonable information to their workers about investments, without fear of rampant liability for their employees' investment choices.

Further, a comprehensive national retirement savings education campaign should be launched at the federal level, with ongoing support from the public and private sectors.

In conclusion tonight, there has been a great deal of talk in Washington these past few weeks about personal responsibility

and self-reliance. What is clearly needed is to apply that thinking to one of the most important social and economic issues facing our nation---the financial security in retirement of generations to come.

As with all issues facing our great nation, the answer is not out in the stars---it is in ourselves. It is in the intellect, the tenacity and the vision we bring to the task. I ask you to join me in elevating this issue to a critical national priority.

Thank you.

Carter on Tobacco

Jim Dorskind

reply

Original sent to Dorskind

JIMMY CARTER

July 28, 1995

THE PRESIDENT HAS SEEN

8-3 95

To President Bill Clinton

I understand that a heated debate is now going on within the White House as to whether the Food and Drug Administration should be permitted to assert jurisdiction over tobacco products and promulgate a comprehensive, meaningful set of proposals designed to reduce tobacco use by our nation's children. Published reports also indicate that Commissioner Kessler has carefully focused his attention on how to use the powers of the Federal Government to reduce smoking by young people without restricting the ability of adults to purchase tobacco products or the tobacco industry to market to adults.

The tobacco industry's own actions have demonstrated that comprehensive governmental action is essential if we want to reduce tobacco use by children. While the tobacco industry argues that it does not want to sell cigarettes to young people, it spends over $6 billion per year marketing its product, much of it in ways that have a direct impact on many people; and it has routinely opposed efforts by concerned citizens and governmental officials to enact measures which would be effective in restricting youth access to tobacco. Despite the promises of the tobacco industry, since the early 1980s smoking rates among teenagers have gone up, not down--a true national tragedy.

The FDA's proposals provide an historic opportunity to reduce tobacco use among children. This opportunity will be missed if we let the tobacco industry avoid meaningful action through more hollow promises of voluntary restraint. I regret not having had the current information concerning tobacco and the tobacco industry when I was President. Another generation of American children has been addicted since I left office.

Fortunately, with the disclosure of so much new information about the harm caused by tobacco use and the tobacco industry's own irresponsible behavior, the attitude of the American public also has changed. There are political risks to decisive action in support of the FDA's efforts, but there is no doubt that the American public will applaud you for standing up for our nation's children. You have my full support.

Sincerely,

The Honorable Bill Clinton
The President
The White House
Washington, DC 20500

HOWELL HEFLIN
ALABAMA

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
COMMITTEE OF
COMMITTEE ON

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Jocelyn Jolley to coordinate reply.

original sent to Jocelyn

THE PRESIDENT HAS SEEN
8.3.95

Chron

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Blue on Fax - (Need your signature on file to do a mgmt memo - Buchanan attached) BG

June 29, 1995

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

Dear Mr. President:

During an earlier telephone conversation you requested that I write to you outlining why I believe you should strongly oppose H.R. 956, the "Product Liability Fairness Act", which passed the Senate on May 10, 1995. In my judgment, this is the most misnamed bill that I have ever seen come before the Senate, and I will first provide a summary of why this is so and then expand on these points in more detail. In brief:

-- H.R. 956 is unconstitutional;

-- H.R. 956 discriminates against women, the elderly, children, and low-income persons;

-- There is no product liability "crisis"; product liability cases undisputedly constitute one-third of one percent of the civil case docket;

-- This bill exempts business plaintiffs from the restrictions it places on ordinary people;

-- H.R. 956 is one-sided; it preempts state laws that are more favorable to consumers, but retains those state laws that are more favorable to big business defendants;

-- The bill arbitrarily caps punitive damages, taking away the role of the jury and essentially placing a limit on safety;

-- The bill completely immunizes from punitive damages defendants who act "recklessly," in a "grossly negligent" manner, or in a "willful and wanton" manner;

-- H.R. 956 increases delay and unfairness by allowing a second trial for punitive damages but prohibiting in the case in chief evidence of the precise outrageous conduct that gives rise to a punitive damages claim;

-- By tying the amount of punitive damages to non-economic loss, H.R. 956 actually treats defendants better if the victims of their negligence are killed, and not just injured;

-- H.R. 956 grants immunity to manufacturers of component parts for medical implants;

-- The bill takes away the recovery of an innocent victim if the product was "altered" by a person entirely different than the victim and without the victim's knowledge;

-- H.R. 956 reverses two centuries of state consumer protection law, as embodied in the Uniform Commercial Code and the Restatement, by eliminating claims against sellers for breach of implied warranties and failures to warn.

H.R. 956 IS UNFAIR

This bill was written singularly for the benefit of the manufacturers and sellers of dangerous and defective products, as it favors defendants over consumers in virtually every area of the law it affects. This is why every major consumer and labor organization, as well as more than one hundred women's, children's, health, and public interest organizations oppose this bill.

One-Way Uniformity

Although the proponents of H.R. 956 claim that the bill is needed to create "uniformity" in the law, H.R. 956 intentionally creates pro-defendant disuniformity. For example: (1) the bill caps punitive damages, but does not make punitive damages available in states that do not have them nor does it preempt states that provide for lower caps; (2) the bill's statute of repose (an absolute bar to filing suit based on the age of the product) preempts only those states that do not have a statute of repose or that provide for longer periods; (3) the bill mandates to the states federal "comparative negligence" whereby awards are reduced by a percentage equal to the plaintiff's own fault, unless a state has a "contributory negligence" standard whereby all damages are barred by any plaintiff fault.

Exempting Big Business

H.R. 956 explicitly exempts business plaintiffs from the restrictions the bill imposes on consumers and workers. For example, if company A purchases a piece of factory equipment from company B, and that piece of equipment is defective and explodes, company A can sue company B for all of its lost profits caused by the disruption of the business. Yet, the family of the worker who is killed operating the machine must face the limitations of

the bill. If something is good for the goose, it ought to be good for the gander, especially when it is undisputed that the greatest number of cases and the cases with the largest verdicts are businesses suing businesses.

Capping Safety

By capping punitive damages, H.R. 956 unfairly insulates wrongdoers and diminishes incentives for product safety. The bill caps punitive damages at two times compensatory damages or $250,000. For "small businesses" (any business that can reorganize into a relevant corporate form of fewer than 25 employees or a net worth of less than $500,000), the cap can never exceed $250,000. The bill as passed by the Senate allows for additur in some cases, but allows defendants unhappy with the judge's additur a new trial on the issue of punitive damages.

A cap undermines the entire purpose of punitive damages -- to punish and deter egregious behavior. A cap allows defendants to put greed above safety because the cap can be calculated as a predictable business risk. Americans are safer today because punitive damage awards caused the removal from the marketplace of products such as asbestos, flammable children's pajamas, Dalkon Shields, Cooper-7 intrauterine devices, super absorbent tampons, silicone gel breast implants, and the exploding Ford Pinto. H.R. 956 jeopardizes such achievements.

A Prohibitive Standard

Under the bill punitive damages can only be awarded for conduct manifesting a "conscious, flagrant indifference to safety." Although in my years on the bench I never encountered such a standard, it is clear that punitive damages would no longer be available in cases where a defendant was "merely" reckless or acted in a willful and wanton manner. Had the provisions of H.R. 956 applied in the Exxon Valdez case, for example, no punitive damages would have been awarded, since Exxon was found to have acted "recklessly."

Choosing Whose Damages Really Matter

H.R. 956 eliminates joint and several liability for non-economic damages, effectively discriminating against homemakers, children, the elderly, and others who may suffer little economic loss but who suffer very real losses such as the loss of the ability to bear children or disfigurement. By making those losses more difficult to recover, this bill values the loss of money above all other losses and shifts the burden of allocating damages away from negligent defendants and onto the shoulders of victims of defective products.

H.R. 956 UNNECESSARILY USURPS STATE LAW

H.R. 956 represents an extraordinary extension of federal power into a domain traditionally handled by the states. As a former governor, you well understand the historical role that the states have had in determining their own tort laws. For more than two centuries, the states have sought to carefully balance the compensatory and regulatory roles of tort law. The states know best what rules are consistent with the customs and values of the community. As a former state judge, I have seen the way in which state tort laws have been carefully crafted to meet local needs. I feel strongly that absent any demonstration of a "crisis" in the area of product liability, two centuries of state law should not be summarily overturned by the Congress.

There has been no such demonstration of a crisis. The National Center for State Courts has conducted a comprehensive study demonstrating that product liability cases are approximately 4 percent of all tort filings; tort filings are approximately 9 percent of all civil filings; and civil filings are approximately 27 percent of all filings. This makes products liability one-third of one percent of the civil case load in the state courts (where the vast majority of products cases are filed). As for punitive damages, according to what the Supreme Court called the most exhaustive study ever conducted on the subject, between 1965 and 1990 there were only 355 punitive damage awards in product liability cases in the entire country. One-fourth of these cases involved asbestos and another fourth of these cases were overturned or limited on appeal.

H.R. 956 IS CONSTITUTIONALLY SUSPECT

There are several ways in which H.R. 956 may be unconstitutional. First, it is not at all clear that Congress has the constitutional authority to prescribe state substantive or procedural law applicable to product liability cases. Despite the interstate nature of commerce, the interstate commerce clause does not necessarily permit Congress to regulate state courts, which is precisely what H.R. 956 does, without creating a federal cause of action. Erie Railroad Co. v. Tompkins and its progeny make clear that Congress is extremely limited in proscribing substantive rules of common law, whether in diversity cases or, even more problematically, in state courts.

The bill's mandate that state courts be bound by the precedent and authoritative construction of the U.S. Court of Appeals likely violates the doctrine of separation of powers, particularly since the bill does not create a federal cause of action. The U.S. Courts of Appeals have no such authority over the state courts. Indeed, even the Supreme Court may not have jurisdiction over these decisions, since the decisions would be either state law cases appealed from state courts or state law cases appealed from courts sitting in diversity. Thus, this bill

may be inconsistent with separation of powers and the provisions of Article III.

The punitive damages provisions may violate the Seventh Amendment. By making the jury's award of punitive damages irrelevant by subsequently applying a cap about which the jury was not informed, the essential jury function is emasculated. I have seen a letter from your Justice Department arguing that the additur provision is not a violation of the Seventh Amendment. However, this analysis misses the point; the second clause of that amendment states that "no fact tried by a jury shall be otherwise re-examined in any Court of the United States, that according to the rules of common law." "Common law" provides only for remittitur, not additur. Indeed, the United States Supreme Court has found additur to be unconstitutional in the federal courts. In Dimick v. Schiedt, 293 U.S. 474, 486 (1935), the court held that the power to increase a damage award was a violation of the right to trial by jury.

I hope that after carefully considering the merits of H.R. 956, you will agree that this bill is unwise, unnecessary, and unfair. I urge you to veto this legislation, and I would of course be more than happy to discuss any of this with you further.

With kindest regards, I am

Respectfully yours,

Howell Heflin

HH/ms

THE PRESIDENT HAS SEEN

8-3-95

GS

FYI – Interesting

~~Need to Reply~~ –

So if you get any

good ideas

Honorable William J. vanden Heuvel
President
Franklin and Eleanor Roosevelt Institute
Suite 900
711 Fifth Avenue
New York, NY 10022

THE PRESIDENT

8/3/95

Dear Bill

I have read, twice, your very good letter of July 7, 1995 – and I must say it encouraged me greatly to keep pushing — Stay with us and give your ideas on what to do as you can

Sincerely

Bill Clinton

TO: THE PRESIDENT OF THE UNITED STATES

FROM: BILL VANDEN HEUVEL

DATE: JULY 7, 1995

Mr. President, I am deeply grateful for the honor of our luncheon today and for the opportunity to discuss the issues affecting our country and the world.

On January 4th of this year, I gave the mid-year lecture at Oklahoma City University. Invited to address the implications of the 1994 elections, I predicted that you would be re-elected President of the United States in 1996. The Gingrich/Dole Congress is an aberration. You are the future of America.

The liberal values of FDR are now the core of mainstream America. Those values are a combination of realism, pragmatism and idealism. They are more important to the future than to the past. They are reflected in our international commitments as well as in the general welfare of our people. I believe you and Hillary share these values and have the power, ability and opportunity to lead the nation to their greater fulfillment.

A few notes and observations:

1. The rich and powerful will always take care of themselves. The test of our progress, as President Roosevelt said in his Second Inaugural, "is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little..."

2. A basic liberal principle is that taxes ought to be paid in accordance with capacity to pay. Income and wealth disparities continue to grow. Income inequalities are now larger in America than at any time since Herbert Hoover's administration. The conservative London Economist recently stated that the threat posed by too much inequality is that social systems may break down altogether. It urged stronger measures to reduce poverty. A government unable to help the poor, Lyndon Johnson used to say, will not be able to protect the rich. The reality is that 18% of American workers with full-time jobs earn only poverty level wages. The campaign to reduce the capital gains tax, or to eliminate it, will again make the rich richer, the very rich very much richer. Please read FDR's speech in Arthurdale, Virginia on May 27, 1938, where he discusses capital gains and why they should be taxed. [Public Papers and Addresses of Franklin D. Roosevelt, p. 355-365, especially p. 363 - Attachment 1]

3. The presidency, FDR said, is preeminently a place of moral leadership. Americans know that the problems of the country are enduring, subject to amelioration or control but not susceptible to immediate solutions -- and most of the major problems are certainly not resolvable by government alone. But whether they agree with him or not, the people look to the President to define the vision of the nation, to raise their sights and hopes, to give them a sense of community and unity. The Republican attack on the federal government is as old as the republic itself. The bureaucracy, inefficiency, corruption, and ineffectiveness of state and local governments makes the federal government appear as a paragon of perfection -- those governments are much more susceptible to special interests and to the control of forces that have a discriminatory agenda than the federal government. The unity of the nation must be our theme. FDR's greatest legacy was the idea that the federal government had a positive responsibility for the general welfare. Which government does it, or whether private enterprise should do it, is an operating decision dependent on many factors -- but it is the responsibility of the federal government to ensure that something is done and that it is done effectively.

4. The Budget: The Republic congressional effort to increase the DOD budget over DOD's own request is an opportunity to put the budget, the national debt, and the budget deficit in perspective for the people. With the DOD supporting you, events and opportunities should be found and created to carry the fight to the people.

5. The President is the nation's spokesman on foreign policy. His constitutional authority gives him the right and the obligation to define and defend our foreign policy interests. Although international issues may have limited impact on elections, the President's leadership in these matters is a major factor in defining his presidency. The strength (or weakness) perceived in his execution of that role has a major impact on his political strength (or weakness) in dealing with the Congress and domestic issues. This Congress is destroying a history of bi-partisan foreign policy beginning with World War II [See Alfred Landon's letter to FDR, December 10, 1937, criticizing the Congress for demagogic playing of politics with foreign policy and creating doubt abroad that FDR spoke for the nation in these matters -- Attachment 2]. The executive foreign policy establishment looks timid and fearful in its approach to Congress, giving Senators like Helms inordinate power instead of making him out as the ridiculous obstacle that he is to the proper expression of American interests in international affairs.

6. The United Nations: The Rooseveltian generation wrote the ground rules for the world community that enshrine Western values as the cornerstone of international society (The U.N. Charter, Dumbarton Oaks, Bretton Woods, etc.). Succeeding generations repulsed constant Soviet challenges to those values. The U.N. framework advances many of our goals better -- much better -- than a bilateral sledgehammer, whether in trade negotiations where longstanding ILO Conventions have already given a universal imprimatur to the goals you want incorporated in world trade rules; whether in human rights where just last month Chinese scientists called for easing of repression, repeatedly invoking the U.N., its Charter, and its human rights standards as their authority; whether in the struggle for women's rights where, for example, the argument for education of women is far more digestible in Muslim countries if it comes from the U.N. than from Washington. These are just a few illustrations of the value of the U.N. framework to the U.S. -- such examples are endless -- the most significant perhaps being Desert Storm and the invocation of collective security against Iraq's aggression -- an operation where the U.N. provided the shield for the Arab nations, Israel, the European Union, Russia, etc. to follow our leadership (not to mention the U.N.'s providing the obligation of international financing of a conflict that otherwise might have cost America $100 billion).

   The polls I have seen show that Americans would rather have the U.N. take the lead and do our fair share (including leadership). There is a very limited constituency for unilateralism or the new isolationism. Recent polls show that over two-thirds of our fellow citizens support U.N. peace operations, with practically the same majority favoring the role of U.S. troops in U.N. operations and believing that the U.S. should pay its U.N. obligations in full. [Attachment 3]

   The U.N. bashers, led by The Heritage Foundation, have had an uninterrupted decade of faulting the U.N., holding it to standards that few if any governments could themselves meet. The Congress has deliberately bankrupted the U.N. making efficiency and forward planning almost impossible. Who has made the case for the U.N. to the American people? Even Lee Hamilton has become an echo chamber for the "bashers", saying in a recent Washington Post article that "the U.N. today is a terrible mess" -- a pejorative broadside that allows no rational reply. The attacks from Congress on the U.N. say more about the attackers than about the real difficulties confronting the organization. Behind it all lies the notion that American foreign relations involve no more than incessant lectures to an

ignorant world interlaced with occasional unilateral forays. The common element is the absence of interest in serious thought and the discussion of alternative choices.

The litmus test of reform should be whether the proposed reform strengthens the U.N. and makes it more effective, not alone that it reduces it in size. Madeleine Albright is a superb Ambassador to the U.N. -- articulate, tough, and a master of multilateral diplomacy. She has time and again defined brilliantly the American interest in having an effective U.N. But no one can answer the paranoid fears of the various "militias" which believe the U.N. is preparing a massive military attack against the United States! If you, Mr. President, would use appropriate occasions to educate Americans as to the true purposes and possibilities of the U.N., the strength revealed in the polls in support of the U.N. would harden and increase -- but Americans must know that you have confidence that the U.N. will serve our national purposes in helping to secure peace, control violence and enhance democratic values. You must lead and direct the national debate on what we Americans want the U.N. to do and to be.

The U.N. -- both the Secretariat and the significant member states -- would welcome your initiative to develop a proposal to reorganize the U.N. to make it more effective in meeting the needs of the post-Cold War world but such a proposal would have no meaning if the Congressional attitude of treating the U.N. as an adversary prevails in its formulation. To an unparalleled extent, the U.N. looks to American leadership and direction. We cannot continue asking the U.N. to do things it is not capable of carrying out or which the member states are unwilling to finance. The Congress knows that the U.N. cannot undertake any mission against our will, but there are many dangerous trouble spots in the world where Americans must be educated to understand that our vital interests are best protected through the U.N. The term "world policeman" is used in America as a pejorative expression, but we cannot have a civilized society without a policeman. We see that in our own communities. The police do not and cannot provide total security but the fact that we do have a police force in a community makes the possibilities of law and order realistic. The world needs that too. No nation (and certainly not the United States) wants to be that policeman but with American leadership, creativity and commitment we could organize the instrumentalities through the U.N. that would at least bring a semblance of law and order to many parts of the world where desperate and dangerous anarchy would otherwise exist.

In his Fourth Inaugural address, FDR said: "We have learned that we cannot live alone, at peace; that our well-being is dependent on the well-being of other nations... We can gain no lasting peace if we approach it with suspicion and mistrust -- or with fear. We can gain it only if we proceed with the understanding and the confidence and the courage which flow from conviction." The world needs an international structure to maintain peace, resist aggression, and seek social justice. If the U.N. is too flawed to fulfill that mission, let us consider the alternatives; but if the U.N. is the best available instrument to achieve that purpose, let us have the conviction to make it work successfully. It is the historical opportunity that justifies the terrible human and material costs of the World Wars and the Cold War. For a nation with our strength, wealth and history, it is a challenge worthy of our effort. American engagement with the world is a seamless web. If the U.N. is destroyed or rendered ineffective, that will be only the beginning of a continuing assault against an international structure of relationships that we now take for granted.

7. A note about the Government's role assisting citizens in having equal opportunity in sharing the blessings of American life:

In the Civil Rights Act of 1875, Congress banned discrimination in places of public accommodation. The Supreme Court with Justice Bradley speaking for an 8-1 majority (Civil Rights Cases, 109 U.S. 3 (1883)) ruled the Civil Rights Act unconstitutional and said the following:

> "When a man has emerged from slavery, and by the aid of beneficent legislation has shaken off the inseparable concomitants of that state, there must be some stage in the progress of his elevation when he takes the rank of a mere citizen, and ceases to be the special favorite of the laws, and when his rights as a citizen, as a man, are to be protected in the ordinary modes by which other men's rights are protected..."

Radical members of the Supreme Court today resonate the echo of Justice Bradley's dictum. There are affirmative action programs that are unfair, wrong, even counter-productive but for women, for all minorities and especially the Afro-American and Hispanic minorities, affirmative "thinking," affirmative "assistance," affirmative "encouragement," affirmative "action" have made a substantial difference in their effort to

participate fully in the great experience of America. [See Judicial Enigma, the First Justice Harlan by Tinsley E. Yarbrough, p.151, et sequitur for Harlan's famous dissent -- Attachment 4]

A final note:

Machiavelli wrote that a great leader must be as brave as a lion and as shrewd as a fox. The first, indispensable task is to gain power, to win the election. Having listened to a multitude of voices, it is your inner voice that must guide you. The 1996 election is for America's soul. You are our leader, our Captain, our hope. It is for each of us, knowing the decency and strength of your character and commitment, to help you in every possible way.

With respect and esteem,

Jim vanden Heuvel.

Attachment 1

67 ¶ "We . . . Are Getting More Practical Results in . . . Bettering the Social Conditions of the Nation out of Our Taxes than Ever Before in Our History." Address at Arthurdale, West Virginia. May 27, 1938

My friends of Arthurdale:

AT LAST after many attempts dating back through several years, I have succeeded in coming to Arthurdale—and I can greet you as old friends because you are Mrs. Roosevelt's old friends and also because I have heard so much about you.

Much has been written all over the country about you good people, about the conditions of life in certain towns in this part of the world and about what the United States has done here at Arthurdale. The Nation has heard about Scott's Run, with its very poor conditions of life, and the Nation has heard about Arthurdale with its vastly improved conditions of life. But I think I voice the thoughts of you who live here when I say to the country over the radio that about the last thing that you would want would be to be publicized as some rare and special type of Americans.

I think you will agree with me if I put history this way:

Back in 1933 the whole Nation knew that it faced a crisis in economic conditions but the Nation did not realize that it also faced a crisis in its social conditions. If anyone were to ask me what is the outstanding contribution that has been made to American life in the past five years, I would say without hesitation that it is the awakening of the social conscience of America.

As one part, and only one part, of the effort of your government to improve social conditions, we undertook, as you remember, in dozens of places scattered over almost every part of the country, to set up, with the cooperation of the local people

themselves, projects to provide better homes, a better chance to raise foodstuffs, and a better chance to make both ends meet in maintaining a reasonably decent standard of living through the passing years.

Many different types of projects were undertaken—some of them in wholly rural sections, some in cities, some in suburbs, some for industrial workers, some for miners, some, like Arthurdale, a combination of industry and farming. These projects represent something new, and because we in America had little or no experience along these lines, there were some failures—not a complete failure in the case of any given project, but partial failures due to bad guesses on economic subjects like new industries or lack of markets.

On the whole, however, the percentage of good guesses in the average of these projects has been extraordinarily high, and for this success the principal part of the credit properly should go to the individual families who, themselves, have come to live in these new communities, people like you here in Arthurdale.

The lessons that we have all learned are going to save a hundred times their cost in dollars just as fast as government or private capital—or as I hope, both of them—go on with the inevitable task of improving living conditions throughout the country and helping Americans to live as modern science has made it possible for them to live. This extra cost of pioneering ventures, such as this, represents development cost which we justifiably charge off as the inevitable cost of all progress—just as we have in the past charged off the huge government share in the development costs of the railroads, the cables, the airplanes, and the hundreds of millions of dollars in improved highways that have made the automobile possible. But what is equally important to me, the lessons learned from this first bold government venture will save human lives and human happiness as well as dollars in this march of progress that lies ahead of us.

This is a high school graduation and I am speaking just as much to you who graduate today as I am to your parents and

your grown-up friends. You are the citizens of tomorrow—not just this graduating class, but thousands of other high school graduating classes in every state of the Union.

Last night a very old and dear friend of mine gave me a little clipping out of a North Carolina paper. He is with me today, my old Chief, former Secretary of the Navy under Woodrow Wilson, Josephus Daniels, now the United States Ambassador to Mexico. This clipping goes back a quarter of a century. It is headed May 26, 1913. It says that Franklin Roosevelt, Assistant Secretary of the Navy, delivered the Commencement Address at A. & M. College in North Carolina. "The economics of a life of a people," he said, "often seem like academic questions when we study them out of textbooks, but they seem like life or death when we try to feed a hungry family. The question of production of food supply was an academic question twenty years ago; today it is becoming a question of bread and butter." So you see, as my old Chief said, the Assistant Secretary of the Navy has not changed very much in twenty-five years.

Now, I will carry you back a shorter distance.

When you, today's graduates, were of grade school age we, your elders in the United States, were asleep at the switch and your government also was asleep at the switch. For many years, other nations of the world were giving serious attention to and taking definite action on many social problems while we in the United States were pushing them aside with the idea that perhaps some day we might get around to meeting them.

We had heard ten years ago of the ideals of ending child labor, of initiating a five-day week, of shortening working hours, of putting a floor under wages, of clearing slums, of bringing electricity into the homes, and of giving families the chance to build or buy a home on easy terms, of starting old-age pensions and unemployment insurance. But, my friends, all those things were in the greater part just a beautiful dream—a dream until your government, five years ago, got tired of waiting, stepped in and started to make the dreams come true.

Government has done little more than to start the ball rolling. Government knows how much more remains to be done. But Government hopes, now that it has taken the first risks and shown the way, that private capital and business men will see how much it is to their own advantage—and profit—to keep the ball rolling, and keep it rolling so well that the inevitable wider improvement in American social conditions will come about in normal course of private enterprise without compelling the Government to use large amounts of taxpayers' money to keep America up to date.

A great many sincere people—good citizens with influence and money—have been coming to West Virgina mining towns in the past two or three years, to see the conditions under which American families lived, conditions under which, unfortunately, many American families still live. Many of these people have come to see me after their visit to Scott's Run or similar places, and have expressed to me their surprise and their horror at things they have seen. They have said to me: "I did not imagine that such conditions could exist in the United States."

They have wanted to help at the particular spot they have seen, but the lesson that I have found it difficult to get across to them has been the fact that they have seen only one spot or two spots—tiny, single spots on the great map of the United States, a map that is covered over with hundreds and even thousands of similar spots. Un-American standards exist by no means in a few coal towns only. They exist in almost every industrial community and they exist in very many of the farming counties of the country.

Now, of course, pending the time that private capital and private enterprise will take up the burden, the money your Government is spending to encourage the Nation to live better—especially that part of the Nation which most needs it—is taxpayers' money.

Two questions therefore, arise: "Is that spending of taxpayers' money justified from the point of view of the in-

individual taxpayer?" and "How should the money be raised?"

So far as the taxpayer's individual interest is concerned, I always look at it this way:

Taxes—and I am talking about taxes to you who are graduating today just as much as your parents for the very good reason that very soon you will be taxpayers yourselves—taxes, local and state and federal combined, are nowhere near as high in this country as they are in any other great nation that pretends to be up-to-date. If I were a business man making and hoping to continue to make good profits, I would remind myself as I paid my income tax, moderate by the standards of other nations, that the most important factor in the kind of an active economic life in which profits can be made is people—able, alert, competent, up-to-date people—people to produce and people with ability to consume. Money invested to make and keep the people of this Nation that kind of people is therefore a good business investment.

And if I were the same man thinking about inheritance taxes, of what I was going to leave, of what I could leave to my children, I would say to myself that to leave them a living in a nation of strong and able men and women is to leave them a better heritage of security than a few thousand dollars saved on an inheritance tax.

Now, how should taxes be paid?

For a great many years the Nation as a whole has accepted the principle that taxes ought to be paid by individuals and families in accordance with their capacity to pay. To put it another way, it has meant a graduated tax on a man's increase in wealth. For instance, a poor man or poor family whose increase in wealth in a given year is below a certain figure pays no direct Federal taxes at all; he pays some indirect taxes but no direct taxes; when the family gains more than $2,500 in a year, he gets into the income tax group, and that type of family starts in by paying a small percentage on the year's gains.

As the gains get still larger, the percentage of the tax goes up

so that, for example, when a family's wealth increases to let us say a gain of $100,000 a year, they have to pay a third of it to the Federal Government. In the case of still richer people, with half a million dollars a year income or a million dollars a year income, they may have to pay more than half of their large incomes to the State and Federal governments.

Last week, the Congress passed a new tax bill. It contained many good features—improvements in tax administration, the elimination of a number of nuisance taxes on articles in common use, the lightening of the tax burden on small corporations in accordance with what I recommended to the Congress last fall. I hope that these changes made by this tax bill may be helpful to business and that this belief may, in itself, be a factor in the revival of business enterprise.

But, when the President of the United States has a bill sent to him from Congress, he has to read the whole bill; and on the other side of the ledger, I cannot help but regret that two very fundamental principles of government must once more be called to the attention of the American public.

Both of these matters of principle, stripped of every attempt to confuse, are extraordinarily simple and can be understood by every citizen.

In 1936, many large corporations, and especially those big corporations that were owned or controlled by a comparatively small number of very rich stockholders, were in the habit of failing to declare the dividends, the profits that they had earned. In that way these stockholders, small in number, large stockholders, were in a position to leave the profits their money had made in the controlled corporation—paying the Government on these profits only the normal corporation tax of from ten to fifteen per cent. By this method, these stockholders were able to avoid paying a personal income tax at a much higher rate, at a rate which in many cases would have involved a tax payment of fifty per cent, or sixty per cent, or even higher because the stockholders were in what are known as the upper brackets of the personal income tax.

The Treasury Department found many instances of closely held corporations which, starting with the comparatively modest capital of several million dollars—and that is considered modest capital by a lot of people—had, over a period of years, grown into corporations worth several hundreds of millions of dollars without ever declaring a dividend to their stockholders. That meant a definite, though of course a strictly legal, device by which these stockholders greatly increased their wealth year after year without having to pay to the Government more than a normal corporation tax, thus escaping very large sums of personal income tax payments.

The Revenue Act of 1936 sought to end this serious loophole.

In principle our objective was right, but in practice, probably because it was a new thing, the Act as finally worked out in the Senate undoubtedly did prevent many small corporations from normal and reasonable business expansion, from building up adequate surpluses, or from paying off old debts.

The tax bill this year sought to get rid of these inequitable features, quite properly, but to retain at the same time the principle of stopping the tax avoidance that I have described. As finally passed, the bill retains the principle but the penalty for these large corporations for withholding dividends to their stockholders has been made so small—only two and a half per cent at the most—that it is doubtful, very doubtful, whether it will wholly eliminate the old tax avoidance practices of the past.

It is true that the bill seeks to strengthen the authority of the Government to act against companies that clearly seek to avoid these surtaxes for their stockholders by failing to declare dividends out of their profits; and I hope that this new provision, together with the recent favorable decision by the Supreme Court in interpreting the prior law, will retard the revival of the old evil. It seems to me that it is the definite duty and interest of the public—and you are the public—the interest of the Legislative and Executive branches of the Government, to watch very closely to see what happens during the coming year, as a result of these new provisions.

We must always remember that this old method of greatly increasing private fortunes through the withholding of corporate dividends was open and useful only to those citizens who already had wealth large enough to control these large corporations—people whose personal income was already large enough to put them in the higher surtax brackets.

The position of this Administration is this:

We are delighted to remove any existing barriers against every little business in the Nation which is seeking to set itself squarely on its own feet, seeking to pay off its debts and seeking to make a reasonable profit; but the Administration does not want large closely-held corporations making large profits to be used as a vehicle by the small number of their owners to avoid legitimate income taxes. And I think the people of this country are squarely behind the Administration in this belief.

It is also true that for a number of years it has been recognized that this progressive taxation of wealth realistically ought to apply not only to salaries and to dividends and to bond coupons but also to other forms of wealth, such as increases in one's capital by selling any form of property at a profit, that are known as capital gains.

This new bill, that is still before me at this moment, wholly eliminates the progressive tax principle with respect to these capital gains: it taxes small capital profits and large capital profits at exactly the same tax rate. That, my friends, is not right.

In other words, if you or I were to sell stocks that we have held for a few years, at a profit of, let us say, five thousand dollars, we would have to pay a tax of fifteen per cent on that profit under this new bill; whereas the man who has made a profit of five hundred thousand dollars on stocks that he has owned is required, under this new bill, to pay a tax of only fifteen per cent, just as you and I would. Nobody, by any stretch of the imagination, can say that this new provision maintains the principle of payment in proportion to ability to pay.

Some people who have favored this abandonment of principle have justified their position on the ground that one has to aban-

don principles once in a while when there is an emergency, and that the abandonment of this particular principle will encourage many rich men to take a new risk with their capital and invest it in new enterprises.

But this school of thought finds it very difficult to answer the fact that almost all—over eighty per cent of all capital gains that are reported—are profits made in the stock market—profits made not by developing new companies, not by starting new industries the way they are being started at Arthurdale, oh, no, but profits made by buying stocks of old companies, buying them low and selling them high, or by the still possible method of selling stocks short—selling stocks you do not own—and then buying them in at a lower price.

The abandonment of the principle of progressive tax payments in accordance with capacity to pay may encourage a small amount of capital to go into new productive enterprises, but, chiefly, it will help those who make large profits in buying and selling existing stocks.

New productive enterprise, and you here in this community know what that term means, is not created by the buying of stocks of established companies when they are low and selling them when they are high. I should like to see a revision of our tax laws which would really encourage new enterprise and new investment and the undertaking by private capital of projects like this, that the Government has undertaken here in Arthurdale. But there is no assurance that untaxed savings will go into such new investment or new enterprise. They may be hoarded or they may be lost in the inflation or the deflation that occurs in the shuffling about of existing investments.

We, as a nation, ought to adopt tax policies that will encourage men to venture, and to build new productive wealth. Unless something is added to the combined wealth of the nation, one man's capital gain may be nothing more than another man's capital loss.

In this analysis of this abandonment of what I believe is a basic principle, I have attacked no person. I have merely called

the attention of the country to certain clear-cut inescapable facts—and especially to the fact that this tax bill which, in many respects, is a good one, actually abandons the accepted principle of progressive taxation at a point which is very important in our economic life.

Here again is an example of a provision of law which actually, and in plain English, gives an infinitely greater tax concession to the man who makes a very great profit than to the man who makes a comparatively small profit. It helps the very few, therefore, at the expense of the many. To carry on government, you and I know that some definite total sum has to be raised, whether it is county government or a state government or a federal government. If the many who make small capital gains have to pay the same rate as the few who make large capital gains, it means that the tax rate for the little fellow must be higher than if we had stuck to the accepted principle of a graduated tax.

In accordance with recommendations that I have made during several years past, I hope that the Congress, when the new Congress comes back next January, will undertake a broader program of improving the Federal tax system as a whole, in the light of accepted principles of fairness in American taxation, and of the necessary incentives in our economic life.

You will see the difficulty in which your President has been placed. This tax bill contains features that ought to become law, but it contains several undesirable features, especially the ones I have just been talking about.

Here is the problem: If I sign the bill—and I have until midnight tonight to sign it—many people, with some justification, will think that I approve the abandonment of an important principle of American taxation. If I veto the bill, it will prevent many of the desirable features of it from going into effect.

I am choosing this occasion, when old and young are gathered together, when people are listening in every state of the Union—I am taking this occasion to make an announcement: For the first time since I have been President, I am going to take the third course which is open to me under the Constitution.

67. Address at Arthurdale, W. Va.

At midnight tonight, this new tax bill automatically will become law; but it will become law without my signature or my approval. By taking that course, I am calling the definite attention of the American people to those unwise parts of the bill that I have been talking to you about today—one of them which may restore in the future certain forms of tax avoidance of the past, and of continued concentrated investment power, which we in Washington had begun to end; and the other feature, a definite abandonment of a principle of tax policy long ago accepted as part of our American system.

Two things we can well remember.

The first is that our whole tax system, state, local and federal, can and must be greatly improved in the coming year.

The second is that we in this country are getting more practical results in the way of bettering the social conditions of the nation out of our taxes than ever before in our history. That is why it is a pretty good idea to talk taxes not only to parents of America but also to the younger generation of America.

I have been thrilled today by all I have seen. I have been made happy in meeting so many people that I have heard a lot about, by seeing them in their own homes, by seeing the splendid work that has been going on. I want to tell you, my friends of Arthurdale, that I am proud of what I have seen today and I am proud of all of you, old and young alike, who are helping so greatly to make this community an American success.

(See also Item 47 and note, this volume, for discussion of the tax bill.)

Attachment 2

TELEGRAM

The White House
Washington

December 21, 1937

Honorable Alf M. Landon,
Topeka, Kansas

My dear Governor Landon:

The generous spirit of your telegram helps me to meet the problems which confront our country in the field of foreign relations during these troublous times.

The pledge which you gave at the Gridiron dinner a year ago carried force because of the patriotic motive which prompted it. The renewal of that pledge not only strengthens the hand of government but gives all of our citizens a good example.

I believe that the overwhelming majority of our countrymen, regardless of politics, race, creed or color, from the days of Washington to this hour have desired to pursue the even tenor of their way at peace with all nations and all peoples.

But throughout our long history we Americans have rejected every suggestion that ultimate security can be assured by closing our eyes to the fact that whether we like it or not we are a part of a large world of other nations and peoples.

As such we owe some measure of cooperation and even leadership in maintaining standards of conduct helpful to the ultimate goal of general peace.

FRANKLIN D. ROOSEVELT

xPPF359
xPPF7120
xPPF7200 Lindsay Support

TELEGRAM

PPF

The White House
Washington

38 WUC 228 D.L. 5:15pm

Topeka, Kansas, December 20, 1939.

The President.

Dear Mr. President: A year ago at the Gridiron Dinner, in the spirit of the old American tradition that politics cease at the water's edge, I pledged you cooperation and support in the difficult foreign situations confronting your Administration.

That is a grand principle, and we must evidence our good faith in it. It means there must be no demagogic playing of politics at the expense of the country's unity in dangerous situations such as now confront us.

Therefore I want to renew my pledge, especially in view of the fact that so many members of Congress, of both parties, seem to have forgotten this basic principle of American politics and by their actions help create the impression on foreign nations that they do not trust your Administration of foreign affairs. They would hamstring your conduc t of extremely delicate foreign situation.

These members are pursuing the same dangerous course followed by those members of the British Parliament who early in 1914 gave the impression that England either would not or could not fight under any circumstances.

I congratulate you on your firm "NO" to the proposed legislation that would take away the power of Congress to declare war. You and I both know the American people want peace, but they want a peace that will enable us to maintain the respect of the other nations of the world.

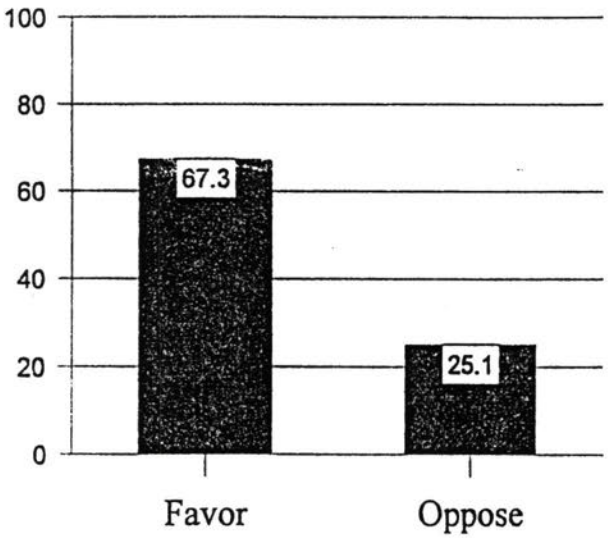
Alf M. Landon.

Attachment 3

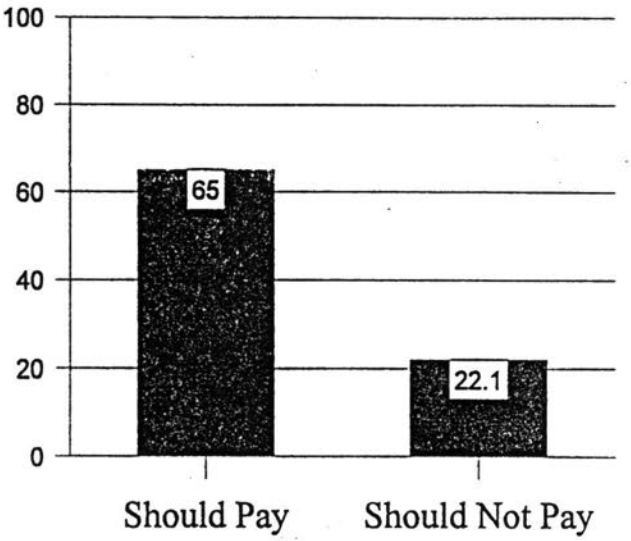
U.S. Public Support for U.N. Peacekeeping

Recent public opinion polls demonstrate strong support among the American public for United Nations peacekeeping. Over two-thirds of U.S. citizens support U.N. peace operations. Almost two out of three Americans favor contributing U.S. troops to U.N. operations and believe the U.S. should pay its U.N. peacekeeping dues in full. A majority of Americans also find foreign command of U.S. troops in U.N. peace operations acceptable.

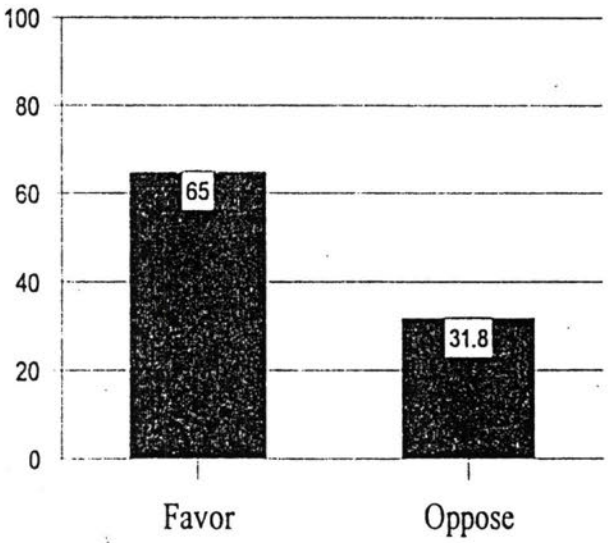
Do you favor or oppose the idea of U.N. peacekeeping?



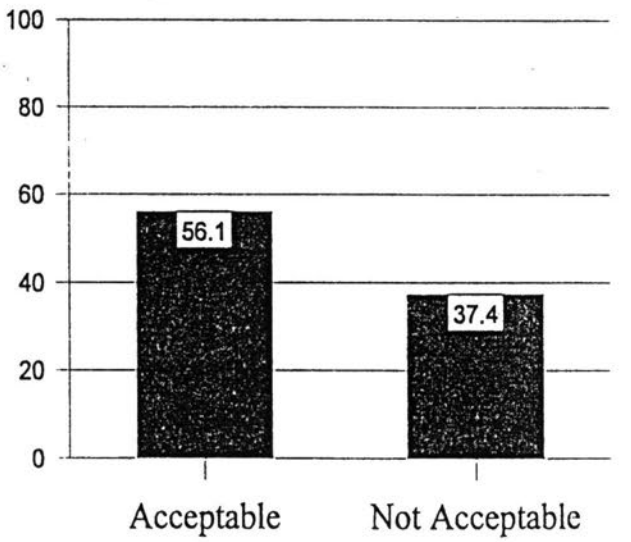
Do you think the U.S. should pay its peacekeeping dues in full?



Do you favor or oppose the U.S. contributing troops to U.N. peacekeeping operations?



When the U.S. contributes troops to a U.N. peace operation, is it acceptable or not acceptable for the overall commander to be a foreigner?



Polling data from University of Maryland Program on International Policy Attitudes, April 19-23, 1995

Project on Peacekeeping and the United Nations
Council for a Livable World Education Fund
110 Maryland Ave. NE Washington, D.C. 20002 202/543-4100

Attachment 4

Of all the elements in the majority's rationale, the Court's assertion that the former slaves had been the beneficiaries of preferential treatment by government aroused Harlan's sense of moral outrage the most. In the most memorable and moving passage of his dissent, he gently but firmly admonished his brethren:

> It is, I submit, scarcely just to say that the colored race has been the special favorite of the laws. What the nation, through congress, has sought to accomplish in reference to that race is, what had already been done in every state in the Union by the white race, to secure and protect rights belonging to them as freemen and citizens; nothing more. The one underlying principle of congressional legislation has been to enable the black race to take the rank of mere citizen. The difficulty has been to compel a recognition of their legal right to take that rank, and to secure the enjoyment of privileges belonging, under the law, to them as a component part of the people for whose welfare and happiness government is ordained. At every step in this direction the nation has been confronted with class tyranny, which a contemporary English historian says is, of all tyrannies, the most intolerable, "for it is ubiquitous in its operation, and weighs perhaps most heavily on those whose obscurity or distance would withdraw them from the notice of a single despot." To-day it is the colored race which is denied . . . rights fundamental in their freedom and citizenship. At some future time it may be some other race that will fall under the ban. If the constitutional amendments be enforced, according to the intent with which, as I conceive, they were adopted, there cannot be, in this republic, any class of human beings in practical subjection to another class, with power in the latter to dole out to the former just such privileges as they may choose to grant.[72]

Not surprisingly, given his extensive political background and reputation as an accomplished stump speaker, Justice Harlan's judicial opinions were more inspirational than tightly legalistic. His dissent in the *Civil Rights Cases* was no exception. Even before the Fourteenth Amendment's adoption, the Court had held that certain rights were indeed implicit in national citizenship;[73] but its approach to defining such guarantees was arguably less open-ended than Harlan's dissent suggested. His construction of the Thirteenth Amendment and assertion that private action subject to governmental regulation is tantamount to state action under the Fourteenth Amendment seem equally boundless. It is not surprising, therefore, that newspapers critical of his dissent focused their attention on the justice's loose readings of constitutional text. In a blunt, if respectful, assessment, for example, the New York *Daily Tribune* conceded Harlan's "sincerity and ability." Of his interpretation of the Thirteenth Amendment and conclusion that the Fourteenth reached private facilities "amenable to public regulation," however, the *Tribune* caustically observed, "This is surely straining the Constitution until it cracks. The purpose of a written Constitution is to fix the law. We must adhere to the law as written, or lose ourselves on a sea of doubt and confusion. The meaning of these amendments is plain. One abolishes slavery, abolishing what is commonly known as slavery—not giving power to punish acts which may, by a forced construction, be regarded as badges of slavery. The other prohibits any 'State' from infringing upon the rights of citizens. If their clear meaning could be distorted to Justice Harlan's view, it would only be to gain a temporary advantage in a matter of little practical moment by the sacrifice of great principles."[74]

THE PRESIDENT HAS SEEN
8-3-95

THE WASHINGTON POST
SUNDAY, JUNE 25, 1995

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Long-Distance Dissident

In China, he was at the center of the push for democracy. Now, Wang Juntao is trying to revive the movement from 13 time zones away

BY LENA H. SUN
Photographs by Max Aguilera-Hellweg

mid the hubbub in the cafeteria of the Rayburn House Office Building, Wang Juntao finishes his orange soda and turns again to matters of strategy. Wang is about to brief some members of Congress on what his D.C.-based institute is doing to revive the democracy movement in China. For the occasion, he has shed his Chinese-brand sneakers and khaki pants for a gray suit, white shirt and mauve paisley tie. He has also sought the counsel of an American adviser.

"The attitudes, the way you present, should be strong and ambitious," says Rick Swartz, the adviser. "Last time, you were too soft." He suggests that Wang cut some material about the background of the democratic movement, maybe appeal more directly for congressional support. "Members of Congress like to be asked to do things," Swartz points out. "These are all big egos."

Wang smiles, a little embarrassed. He turns to his assistant and explains, in Mandarin, that he is reluctant to abbreviate the background. Nor does he want to overdo the part about seeking U.S. support. His assistant, Drew Liu, translates some of this for Swartz, who acknowledges Wang's point, but presses his own. The issue remains unresolved as they head out for their briefing.

In a small room in the Capitol, about 20 people have gathered around a table this spring day. Among them are five members, including Rep. Nancy Pelosi (D-Calif.), who chairs the meeting, and Rep. Frank Wolf (R-Va.). Wang's English is limited, so he will

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give a short presentation in Chinese, and Liu will provide an English translation with added details. Wang is familiar with the procedure because he went through it last year, just after the Chinese government evicted him from a prison cell and put him on a plane out of Beijing.

So Wang speaks: He describes the rise of a new democratic opposition inside China. He lists the four main groups that make up this "united front." He ticks off the main characteristics of each one. He outlines proposals to draft new laws for China and plans to participate in China's local elections in 1997. He explains the "three cores" that make up the movement's organizational structure.

As Liu translates, Wang, 37, sits with his hands folded in his lap. Back in China, while the police were hunting him down, the wanted poster described him as 1.75 meters (5 feet, 9 inches) tall, "rather plump, dark complexion, round face, large eyes, rather thick lips, speaks with a Beijing accent." Now, he wears an unruffled expression. He looks as if he is daydreaming.

Liu is still speaking when a buzzer goes off. The five members leave for a vote on the House floor, and the room falls into an expectant hush. When they return, Liu and Wang pick up where they left off, but soon the buzzer sounds again and the members go off to vote. Again they return, and again Liu resumes, but now time is short, so someone cuts him off to ask: What can Congress do to help?

Everyone's attention turns to Wang. He is, after all, the one whom the Communist authorities targeted as a mastermind of the democratic movement, the general's son who turned his back on the Communist Party. He's the one who paid for his ideas with 4½ years in solitary confinement.

He suggests that Congress pass resolutions to show U.S. support for democracy. He says congressional staff members could meet with democratic activists when they visit China. After a short discussion about human rights in China, the meeting comes to a close. Pelosi and Wolf come over to shake Wang's hand, but then the buzzer sounds and they disappear. Wang and Liu and Swarts get ready to leave as well.

Wang knows he could have been more dynamic, more direct, but he had his reasons for disregarding Swarts's advice. This briefing is a not terribly meaningful ritual of Washington, where he is, for now, one more exile in a city of exiles. But Wang did not become a revolutionary just for the privilege of explaining himself to foreigners in suits. He is more concerned with how his words will play in China, where his life's work remains.

IN 1976, Wang Juntao, below right, entered prison a criminal and exited a hero. In 1988, bottom, he worked the provinces to build his network. In 1989, before the bloody crackdown, he was an adviser to the demonstrators in Tiananmen Square.

WHEN THE SHOOTING started on the approaches to Tiananmen Square, Wang Juntao (pronounced Wong Jun-TOW) was on the outskirts of Beijing. He had not camped out in the square, like the students who had led the demonstrations over the preceding weeks; he was part of an older generation of activists who advised the students from behind the scenes. Just seven days before, in fact, he and some other activists had told them to pack up and leave: They had hoped the students' departure would give the government some incentive to enter into negotiations that would lead to political reform. They had also feared that the government would clear the square by force.

Wang was waiting for a colleague at an inn on June 3, 1989, the night the crackdown came. When his driver told him about the shooting, Wang moved toward it, along the western approach road to the square. He saw a man lying on the street, his brains flowing out of his smashed skull. Some soldiers were firing from a truck broken down by the side of the road. Across from them, enraged Beijing residents—ordinary Chinese who had supported the protesters—were crawling along the pavement and hurling bricks at the truck.

Wang helped move about 10 fellow pro-democracy figures—students and older activists—to safety outside the city. His car was often the only one on the road; people thought they were government spies, and threw stones and bricks at them. On June 7, after the crackdown had left several hundred people dead around Tiananmen Square, Wang heard that the police were planning to arrest him. Immediately, he made plans of his own.

He permed his hair, donned sunglasses and put on brightly patterned clothing. He called his wife, Hou Xiaotian (pronounced Ho Shee-OW-tian), and told her he was leaving the next day for the city of Tianjin, southeast of Beijing. She went to the Beijing train station and waited all day, not daring to leave the designated spot for fear of missing him, not knowing that his call had been a ruse to throw off the police. Wang and two companions had already left from another station, headed for Harbin, China's northernmost city.

His two companions were captured early on, but Wang eluded the dragnet for four months, staying with friends and acquaintances in cities and villages, often leaving at a moment's notice. Sometimes, he disguised himself as a peasant, going around in ragged clothing, a straw hat and bare feet. Once, he hid for a week in an underground bomb shelter that had been converted to a chicken farm. To keep the police off his trail, he arranged for friends to mail letters to his family from different cities. Eventually, disguised as a warehouse watchman, he found refuge in a village in central China. He passed the time reading and writing and listening to the Voice of America.

On October 19, he received word that he could escape to Hong Kong the next day on the same underground railroad that had already moved other activists to safety. He did not want to leave China, but his contact said he had to discuss that with the colleague arranging his escape.

When Wang went to meet the man in Changsha, the capital of Hunan province in central China, dozens of uniformed police were there to greet him. The colleague, after a 21-hour police interrogation, had agreed to set him up.

Wang's confinement was solitary, but not uneventful. After about a year, he contracted hepatitis B and was denied timely treatment. He went on 21 hunger strikes—the longest lasting 58

LEFT PHOTOGRAPH BY ASSOCIATED PRESS. RIGHT PHOTOGRAPHS COURTESY TAIWAN

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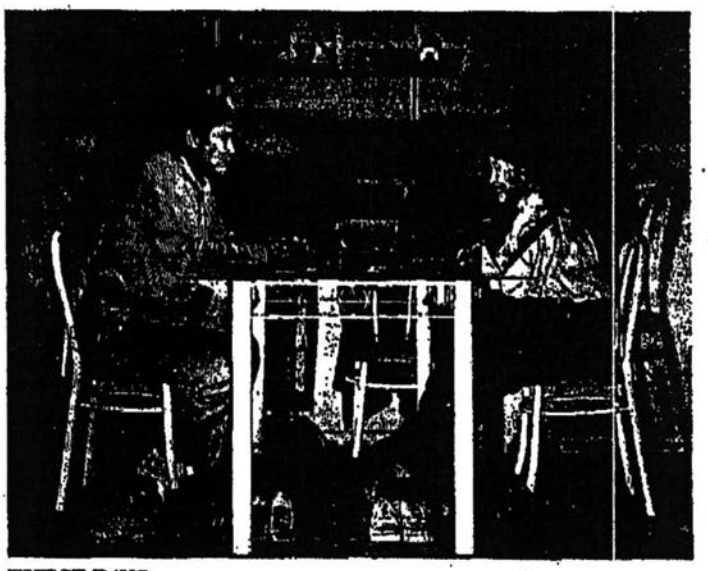
days, including 17 without water—to demand medical treatment and protest prison conditions. For five months, he was held in a windowless, insect-infested cell about three meters square.

His trial, for subversion, lasted one morning in February 1991. That afternoon, he was sentenced to 13 years in prison. Among the other intellectuals tried in connection with the protest in Tiananmen Square, only his close friend and colleague, Chen Ziming, received so harsh a punishment. The government called them the "black hands" behind the democracy movement.

It was Wang's wife who got him out.

In a culture unaccustomed to questioning authority, Hou—who was 26 when her husband was arrested—took on the Politburo. She petitioned China's top officials. She held news conferences in Beijing for Western journalists. She accosted the justice minister outside his office to try to secure better medical treatment for her husband. She enlisted Western governments and human rights groups to press Chinese officials for his release. Potential employers blackballed her. Friends and relatives of Wang's stopped speaking to her, fearful of government retaliation. For her efforts, she spent five months in jail herself.



THESE DAYS, Wang and his wife, Hou Xiaotian, reach out to China from their Rosslyn apartment.

In 1993, she left China, officially to study in the United States, but really to lobby Western governments to act on her husband's behalf. That November, on the eve of President Clinton's meeting with Chinese President Jiang Zemin in Seattle, Hou asked a U.S. official to give Clinton a copy of her appeal "Free My Husband," which had been published on the Op-Ed page of the Wall Street Journal.

Clinton was so moved, U.S. officials later told Hou, that he raised the matter in his meeting with Jiang. Eventually, Wang's case became a chip in negotiations over China's most-favored-nation trading status. On April 23, 1994, prison officials let him pack some toiletries, some books and a change of clothes and put him on a United Airlines flight to Tokyo and New York.

Throughout his time in prison, he believed he would serve no more than five years before he would be released into the intellectual equivalent of house arrest—the government just wasn't in the habit of sending dissidents into exile. The thought that he'd be leaving China had never crossed his mind.

THE CHINA STRATEGIC INSTITUTE consists of borrowed office space and borrowed telephone lines and a borrowed fax and computer. The office space, in the basement of Rick Swartz's home in Mount Pleasant, comes with free lunch. Drew Liu, the institute's principal assistant, is a volunteer.

The institute is, for now, Wang's primary means of helping to steer the most populous nation on Earth beyond its authoritarian tradition without passing through anarchy.

He does have a budget—this year, $30,000 from the federally funded National Endowment for Democracy, plus about $100,000 in donations from Chinese Americans and Chinese from around the world—but the bulk of it goes back to China. There are those in the Chinese intelligentsia—lawyers, scientists, academics, even Communist Party officials and government workers—who are sympathetic to his aims; Wang pays them to do covert political and social research. It's one way to build a constituency.

Another way is to use their research to figure out how to reach ordinary Chinese, for whom democracy is an alien way of thinking. This is the most fundamental—and most difficult—task Wang and his colleagues in China are trying to accomplish.

His scenario for China's future is this: Once Deng Xiaoping dies—the patriarch is now 90—the simmering power struggle between hard-liners and moderates will break out into the open. As they struggle, they will inevitably change the shape of Chinese society. As the society changes, the democratic forces—both reform elements within the Communist Party and activists outside it—can seize the opportunity to push China toward democracy.

Wang and his fellow activists are trying to lay the groundwork for that day. "The democracy movement cannot rely on publishing one or two articles in the Western newspapers," he says. "That's not really influencing Chinese politics."

To gain influence, they spend their time translating all their data, all their theories, all their analyses into gestures of dissent. This spring, they focused on two popular issues—rampant corruption and the government's continued refusal to acknowledge its violence in the Tiananmen Square crackdown six years ago—to petition for political reform. Next year, they plan to produce an alternative to the Five-Year Plan, the government's main planning document, and to draft legislation to change China's political and legal structure. The year after, they want to field a slate of candidates for local office in several cities.

Wang is trying to participate in this effort from half a planet and 13 time zones away. This has its frustrations.

Staying in touch with his Chinese colleagues is vital, and yet the time difference means making, or taking, phone calls at odd

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THE WASHINGTON POST
SUNDAY, JUNE 25, 1995

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hours (the ones that come at 2 or 3 a.m. have not improved relations between Wang's friends and his wife). The Chinese government's propensity for tapping telephones means that Wang and his colleagues must also rely on other ways to communicate (the details of which he declines to discuss). His closest collaborator, Chen Ziming, who resumed his activism after he was released from prison the month after Wang, remains in the country under constant surveillance.

Communicating with sympathetic parties in the United States presents problems of another sort. Wang reads English much better than he speaks or hears it; he has learned the vocabulary specific to his status here—"political exile" and "State Department"—but he doesn't know that the subway he rides is "the Metro" or that the little round cakes he sneaks behind his wife's back are "doughnuts."

Likewise, the American way of doing things is still foreign to him. "If you want to do something in China, you go do it, and you don't say it," he says. Even the most innocuous actions may be labeled "anti-government," so activists prefer to keep their heads down. "But in the West, if you want to do something, you have to speak out, and you have to speak out loudly. Otherwise, it's hard for people to support you."

Still, communicating is what Wang does, because it's what he can do. He is on the road about four times a month, taking his message to Europe, to Canada and to scores of university campuses in the United States. His audiences are primarily Chinese, but there are obstacles to reaching even them: Foreign governments are so fearful of damaging their relations with China that he has been asked to submit his speeches for clearance (Canada) and denied timely visas (France).

"It's not as easy or as simple as I thought," he says. "So many U.S. businesses and some parts of the U.S. government are very afraid of China. They are afraid that if China gets upset, there will be trouble . . . We always had such high expectations of the kind of support we would get in America, but I've realized that here, they cannot support all your democratic activities unconditionally, any time, in any situation. In China, even if you're under a lot of government pressure, a lot of people will help you secretly. But in the U.S., you have to do everything yourself."

He keeps at his work partly to prove that the government has not neutralized him, as it has so many other activists who fled China. "I know that for the time being I cannot return," he told an audience at Harvard University last December, "but I refuse to become a pitiful wandering Chinese abroad."

HOU IS CRESTFALLEN when she returns from the supermarket on a rainy Sunday afternoon. She had misread the ad in the newspaper. "I thought there was a sale on a special machine to make pancakes, but it's just a sale on pancake mix," she says in Mandarin, except for the word "pancake," which she says in English. Undaunted, she bought a box of Hungry Jack, and now she opens it up.

She mixes the batter and ladles a spoonful into a frying pan. The batter sizzles, bubbles form, she flips the pancake. It looks just like the golden-brown flapjack pictured on the box.

"Success," she hollers, again in Mandarin. Transferring the pancake onto a plate with a pair of chopsticks, she walks triumphantly into the living room of the one-bedroom apartment she and Wang share in Rosslyn, holding the plate like a prize catch. Deftly she pries off a piece and places it in her husband's mouth.

Wang eats the pancake and continues talking politics with the friend who had taken Hou shopping. He smiles at his wife; he knows she is trying to pamper him.

She has done so much for him, even after she got him out of prison. Hou helped him get a $20,000 fellowship from the Soros Foundation, a New York-based philanthropy. She helped him get the speaking engagement at Harvard that led to his being named a visiting fellow at the university's John K. Fairbank Center. She found their one-bedroom apartment in Rosslyn last June, when for his work they moved to the capital of the free world. When his Soros money ran out, she went out and worked in a clerical job to fill the household till.

They depend a lot on the kindness of friends—their 1981 Honda Civic was a gift, as was the PC in their bedroom. Sometimes, even their groceries are a gift.

They met in September 1986, at a party at Wang's parents' home in Beijing; they married three months later. Hou was 23, and a graduate student at the Beijing Economic University. She expected to spend her days with Wang shopping, watching movies and strolling in the park, but her husband had bigger dreams.

He was born into a privileged family of the Communist Party's elite. Wang's father served as a soldier in the Communists' Second Field Army in the 1930s and '40s, under a political commissar named Deng Xiaoping, and eventually became a brigadier general, equivalent in rank to a cabinet minister or provincial governor. (Wang's given name means "billowing wave of the army," and American friends who can't pronounce "Juntao" call him "Army").

Wang's birth, however, came two months prematurely. Because of his father's position, the family had access to the better care offered at a military hospital. "If not for the Communist Party, I would have died," Wang says. The irony is not lost on him.

He grew up on a military compound that had two swimming pools, a movie theater and fruit orchards. During the Cultural Revolution of 1966-76, when all things foreign were banned, Wang's father was in charge of security for books seized in the capital; he secretly brought some home for his adolescent son. With his family, Wang also regularly watched foreign films, including such American movies as "Tora! Tora! Tora!," about the bombing of Pearl Harbor.

On Sunday mornings, his father and other military officers would debate developments in Chinese politics with a candor that would have been dangerous in public. Wang grew up thinking it was natural to be skeptical, to question authority. (Natural enough that he has always remained close to his father, despite their political differences. "My sister told me the old man is very proud of me," he says.)

For a few days in early April 1976, when he was 17, Wang joined thousands of Chinese who spontaneously converged on Tiananmen Square to mourn the death of Premier Zhou Enlai and protest the repressive policies of the Cultural Revolution. Wang led the other students in his class to lay a memorial wreath, and he pasted four poems he had written on the Monument to the People's Heroes in the center of the square. Police and militia were ordered to clear the square, clashing with angry demonstrators. Hundreds were injured and many more arrested.

For his actions, Wang was jailed for seven months. The government initially condemned the protest as a "serious, counterrevolutionary incident," but then Deng mounted a political comeback from his disgrace during the Cultural Revolution and initiated an era of reform. Soon, the government declared the protest to be "a wholly revolutionary action of the masses." Almost overnight, the "counterrevolutionaries" became heroes.

But in the interim, as Wang sat in his cell, he thought about how a handful of people had suppressed a movement of hundreds of thousands. "From then on," he says, "I wanted more democracy for China."

After he was released from jail, Wang rejected his father's offer of a military career and served instead for a year and a half on a collective farm outside Beijing, shoveling pig manure and doing other chores. When a nationwide university entrance exam was reinstated as part of the official end of the Cultural Revolution, Wang took the test and in the fall of 1978 enrolled at Beijing University, one of the country's most

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those kids weren't old enough to think, 'What's going on here?' " and their friend, Gertrude Freeman, who says, "They probably thought they were going swimming."

"This is what I heard," Mary says. "Where she is now, they have her sectioned off by herself, but she can still hear the other ones in there, and what they do is sing her a lullaby every night."

Here come Rickey and Julie Hamrick, who say they have a photograph of Alex and Michael on a wall in their living room, and that their children sometimes take out an extra toy for the boys when they're playing, and that they were at a bingo hall two days after the boys were reported abducted when Julie, during the last game of the evening, the one with the $700 jackpot, suddenly quit playing and announced she had just seen an image of the two boys at the bottom of a lake. "The thought of some mother stooping low enough to do this . . ." Rickey says. "I can't sleep," Julie says. They get out of the car. They walk to the bottom of the ramp. It begins to rain. Julie begins to cry. It rains harder. Rickey wraps his arms around her and rocks her back and forth. "The rain's not a bad thing," he says. "You have to look at it as teardrops from those two little angels in heaven."

On this goes, from 7:24 a.m. until after 8 p.m., when the sun begins to set.

"That's where she let it go, isn't it?"
"Yeah. About halfway down."
"How far out did that car go?"
"Seventy-five feet."
"How long did it float?"
"I heard 40 minutes."
"Pretty lake, isn't it?"
"Yeah. It is."

And it is, too, except now, two hours later, in the dark, it isn't. It feels like a different place entirely.

Park at the top of the boat ramp, and you can see only what's lit up in the headlights.

Turn off the engine, and you can hear what must be thousands of crickets and frogs.

Put it in neutral, and you can feel how surprisingly steep the ramp turns out to be.

Turn off the headlights, and you can hardly see anything at all.

There are no colors. There is no texture. There are just vague outlines and various shades of gray. This is the lake Susan Smith came to. Maybe she did watch. Maybe they did wake up. Maybe they did scream for her. Maybe she is evil. At night, sometimes, it can be difficult to tell evil and sadness apart. But then comes daylight, when fathers let children out of bathtubs, and children wake up safely from sleepovers, and nothing seems very far from anything else in Union, and everything seems perfectly clear. ■

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DISSIDENT

continued from page 22

prestigious institutions. About the same time, he was elected to a leadership post in the Communist Youth League.

This did not prevent him from taking part in the Democracy Wall movement of 1978-79, a brief period of open dissent named for the posters that were pasted on a stretch of wall in downtown Beijing, or from becoming deputy editor of an influential underground publication that called for reform within the Communist Party.

On campus, he majored in nuclear physics but neglected his schoolwork to plunge into politics. In the historic elections to the local People's Congresses in the winter of 1980—the congresses were largely powerless, but the elections were China's first to allow for the nomination of independent candidates—Wang ran on a platform calling for political change. He lost, though narrowly, because his criticism of the party was so overt.

Barely graduating from the university, he worked briefly for the China Atomic Research Institute on the city's outskirts before traveling to central China to do more grass-roots work. He started rural extension schools and set up adult education centers that taught classes in subjects like debating, to encourage independent thinking.

It was in 1986 that he returned to Beijing and joined forces with Chen Ziming, a social scientist and entrepreneur. Together, they headed an unofficial, privately funded network of research institutes that produced a series of pioneering studies on the social consequences of Deng's economic reforms, which were gradually expanding economic and individual autonomy. The institutes brought together new interest groups, such as civic bodies and polling organizations, and the two men hoped this convergence would lead to greater social openness and political pluralism.

At its height in the late 1980s, Wang and Chen's network comprised several different institutes, a weekly economics journal that Wang headed, a printing plant, a computerized data-processing center and a small fleet of cars, trucks and minivans. They could draw on the research and writing skills of several hundred prominent academics and social scientists across the country.

They could also advise, with some credibility, if not complete success, the students who flocked into Tiananmen Square in 1989.

FOR TONIGHT'S APPEARANCE, Wang is back in his Chinese-brand sneakers, khaki pants and blue blazer. He's on a panel at Yale, one of four speakers, all Chinese. Their topic—"China in the Post-Deng Era"—is chalked onto the blackboard in Chinese. The students taking seats in a room in Dunham Laboratory, the electrical engineering building, are all Chinese.

"There are many factors for instability," he tells his audience. Consider the millions of unemployed peasants who have surged from the countryside to the cities in search of jobs. Then factor in the soaring number of laid-off workers as failing state-run factories drown in red ink. "If this is already a problem now," he says, "we can only imagine what the future will hold when the Chinese economy stops growing as fast."

This is Wang's stump speech, the one he has given at colleges across the United States and abroad. When he went to the University of Minnesota, he drew 400 to 500 people. At places like Purdue University and the University of Vermont, 200 to 300 routinely came to hear him. Tonight's turnout is only about 50, but that could be explained by the February cold, or by the scheduling that brought him to Yale (and 300 listeners) just a few weeks ago.

But tonight's students are attentive, and when the presentation is over, they ask informed and probing questions. One is about corruption, one of Wang's favorite targets.

"When Deng started his economic reforms in the early 1980s," he says, "he ran into resistance from the mid-level cadres, so he had to buy them off by letting them taste the fruits of reform. They had their hands out." Over time, the abuses became worse. Now corruption is entrenched. The system no longer works. No matter what the Communist Party says, it cannot fundamentally oppose corruption because doing so would harm its own interests—and its grip on power.

When he is through, several students come up to him, a bit self-consciously, to shake his hand. Some of them say they have been put off by democracy activists who fled China in the Tiananmen aftermath, but they respect Wang because he wanted to stay in the country, and because he was imprisoned. They have their picture taken with him.

He's been up since 7 a.m., but they keep asking questions and he keeps answering them, for 20 minutes, half an hour, 50 minutes, 75 minutes, an hour and a half, until it's midnight and the head of the Chinese students' association breaks up the conversation. Wang, for his part, could go on with this sort of gathering indefinitely. He is aware that there are at least 80,000 Chinese students and professionals in the United States—80,000 potential constituents for democracy—and who knows how many of them will be going back? ■

Lena H. Sun was The Post's Beijing bureau chief from 1990 to 1994.

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THE PRESIDENT HAS SEEN
8-3-95

Bonn
Your reminder
+ Warm Regards
BC

August 2, 1995

MEMORANDUM

To: **THE PRESIDENT**

From: **Jonathan Friebert**

Re: **Letter to George McGovern**

PLEASE NOTE: Anthony Lake was given a copy of this letter.

Senator McGovern forwards a letter from Daniel Boyer of Geneva concerning the Bosnia situation. Boyer feels vital American interests are at stake because the current American policy will lead to military involvement with "consequences much larger than the Bosnian conflict."

Mr. Boyer is very close to the situation as an unofficial observer for the UN. He has attended official negotiations and used his home for private meetings. He says the cutting edge issue is not about territory but about regional control. Muslims will not live under Serbian rule and vice versa. The Serbs have proposed to live in a confederation with the Muslims and Croations, but not under any of their authority.

He fears the policies of lifting the arms embargo and heavy air strikes will escalate the violence and draw America into the war. Moreover, the "International Criminal Tribunal for the Former Yugoslavs" which indicted Serbian leaders on war crimes only makes negotiations more difficult. Boyer believes that these actions are moving on a course toward an international war. Further, as a Democrat, he thinks the Republicans are trying to trap you into a position so they can score political points.

Boyer thinks you must "call for an immediate peace conference under American leadership" in which "the United States will take a firm non-partisan position." If you want to stop the war, it must be done under your "direct leadership," and not through "special envoys."

8/2 Y. re Tony
2. Pres.
at Espagnas
ag Jon

UNO-INNSBRUCK
UNIVERSITY OF NEW ORLEANS

Die Internationale Sommerschule
c/o Internationales Studentenhaus

Rechengasse 7 A-6020 INNSBRUCK

Aug. 1, 1995
Innsbruck, Austria

FAX

To: 202-456-6701

Rebecca Cameron
The White House

Dear Rebecca,

Here is the text of the letter I faxed to the President yesterday — a letter to me from Daniel Borge of Denver. I'm sorry it misfired yesterday. I'll be back at my Washington office Aug. 8.

all the best,

Roger McDonough

July 28, 1995

Dear Senator, Dear George,

As always when American interests are at stake, you do not hesitate to go to the front line and this time, in my opinion, the stakes are very high.

As you know, I have been very much involved in the Yugoslav situation for the past three years, working unofficially here in Geneva with Cyrus Vance and David Owen, who are my fellow members of the Board of Directors of the Center of International Health and Cooperation, a non-governmental organization holding consultative status with the United Nations in New York and Geneva. I have been an observer at the offcial negotiations at the UN and also provided my home for confidential meetings. I have watched the situation deteriorate year by year, going from near settlement to the present international crisis.

The question is not whether one likes or dislikes the Serbs, Karadzic, or anyone else in former Yugoslavia, but that the administration's present one-sided policy is taking us straight towards military involvement with consequences much larger than the Bosnian conflict.

If the President doesn't stop the escalation and call for an immediate peace conference, we are all going to lose and the President the first. When dead Americans start coming home, the American people are going to react and we will have a Republican President as well as Congress.

The President wrote you that the Bosnian Serbs are not offering any new elements in their negotiating position. The Bosnian Serbs have been clear from the beginning. The Bosnian Muslims didn't want to live in multiethnic, multicultural Yugoslavia and decided to separate. So be it. The Serbs don't want to live in a Muslim-ruled country and declared their separation from Bosnia. Impossible! Why is it acceptable to break up Yugoslavia after 70 years of existence, but vital to maintain the unity of Bosnia which never before existed as a country?

The Serbs proposed to create three entities, even to be part of a confederation with the Muslims and Croats, but they will not agree to live under Muslim domination. That is the essential issue and not the percentage of territory. It is the opinion of all our allies, except Germany, as well as of many other countries, that for three years the United States has prolonged an unnecessary war by sabotaging negotiations in an effort to force the Serbs into a unitary Bosnia. Once we accept the fact that we cannot oblige people to live together against their will, the problems of the map can be solved.

Instead of trying to bring about peace, the United States is playing a very dangerous game, threatening airstrikes and encouraging the Muslims and Croats to seek military gains. Everyone knows the present attacks by Bosnian Croats and Muslims -- openly supported by the regular Croatian Army -- would not have occurred without American approval and, most likely, logistical assistance, despite our claims that the various "retired" American generals and colonels now seen in the Balkans are only "observers" or "advisors" or maybe even "tourists" come to enjoy the local scenery. We count that Milosevic will not send in the Yugoslav Army. No doubt he doesn't want to, but if the fighting increases, the Army may just take matters into its own hands.

Now we have the added dilemma resulting from the brilliant idea to announce indictments of Karadzic, Mladic, and Martic (the leader of the Krajina Serbs) as war criminals. The entire idea of the "International Criminal Tribunal for the Former Yugoslavia" is highly dubious in the eyes of many legal scholars, but the manifest political use to which it has now been put seriously undermines its credibility.

The chief effect of these indictments and the accompanying arrest warrants will be to make peace negotiations virtually impossible, unless everyone goes to Pale or Knin for talks, a rather unlikely possibility. It is almost as though someone wanted to make sure that there will not be a negotiated settlement.

It is my impression that the President understands the situation better than any of those who surround him and that he is trying to keep us out of war.

However, pushed by his own advisors and harassed by the Republicans, he may take the wrong direction. The Republicans have already set a very neat trap for him with the resolution to lift the arms embargo. If I understand the news reports correctly, the actual lifting would be put off until next spring because it would be too difficult to withdraw the UN forces during the winter. So the President will be obliged to preside over what will inevitably be a humiliating evacuation just as the major primaries are taking place.

The President has stated that he believes the situation can be saved by massive airstrikes against the Bosnian Serbs. It just won't work. Airstrikes will only increase the violence, and the first result will be the withdrawal of French troops. I am a personal friend of many French decision-makers and know that, despite their bellicose rhetoric, they are just looking for an excuse to hand the hot potatoes over to us.

Once the French announce their departure, the other UN troops will follow and the United States will have to go in first to rescue them and then to replace them. The death toll will be substantial. None of this will in any way help the Bosnian Muslim people, although it may give their politicans more time on CNN and more money in their foreign bank accounts.

As I have previously written you, it is another miscalculation to believe that President Milosevic can help us. Belgrade is becoming a place of pilgrimage for all the international peacemakers, but Milosevic has lost much of his influence with the Bosnian Serbs. There are limits to the pressure he can put on them before his own population, particularly the army, rebels against him and proceeds by force with the unification of all Serbs.

I hope you can encourage the President to stop the current escalation. Obviously, the situation is much more precarious than it was six weeks ago when Karadzic sent his first letter, but it is still possible to find a solution if the President decides to break the impasse.

I strongly suggest the President call an immediate peace conference under American leadership and at which the United States will take a firm non-partisan position making it crystal clear to all parties that we will not let ourselves be embroiled on anyone's behalf nor permit the internationalization of the conflict.

Mr. Siladjic has made an open statement that he is going to ask various Muslim countries to send arms and troops to fight in Bosnia. You can be sure that the Serbs are looking for volunteers to defend Orthodoxy against Islam. The next thing, Turks, Greeks, Russians will get involved, and America will inevitably be caught in the middle.

I am sure a number of people in the White House are aware of most of these facts and giving thought to them. The problem is that nothing conducive to peace is done, and things becomes worse every day.

Having been involved with the Yugoslav negotiations since the beginning and having had frequent private conversations with all the players, I probably have a clearer idea of the situation than most of the "Balkan specialists" in Washington. I have wanted to write to the President for some time, but was sure that if I sent a letter myself it would end up in the general mail-answering room and neither the President nor any of his advisors would ever read it. With your help, someone responsible may at least see this letter.

As an American, a Democrat twice elected Chairman of Democrats Abroad France, who worked quite hard and made a considerable financial contribution to the President Clinton's election, and who hopes to see him re-elected, I would like respectfully to warn the President of the risks of listening to the dangerous advice of the "laptop bombardiers" (in the immortal words of Abe Rosenthal).

If the United States wants to stop the war, it can be done. Negotiations can start very quickly. In order to succeed, they should be conducted, not by the "contact group" or any of the various "special envoys", but under the direct leadership of the President of the United States.

With my very best
Regards,
Daniel

Daniel Boyer
Home Address:
7 chemin de la Prévôté
1223 Cologny
Switzerland

Tel. (4122) 752-5074
Fax (4122) 752-5077

THE PRESIDENT HAS SEEN
8-3-95
J Emerson | McGrath

2 No. California supporters - we should thank them.

BG
(this is a congressional one)

know that a number of people — I won't say who — have told me that the editorial team of The Chronicle accepted money to write that piece about Ron Brown. In light of this accusation, it's clear that the only way to preserve the good name of The Chronicle will be to have the entire team resign by the end of the week. I'll be forwarding my resume for the ensuing vacancies under separate cover.

MARK COPITHORNE
Berkeley

Courage

Editor — I am sick of hearing young whippersnappers like Representative Kasich blather about the courage of the Republicans in putting together their balanced budget, designed to balance the budget in seven years.

They have put together a budget that slashes services for the neediest, while cutting taxes for those fat cats who supported the Republican takeover of Congress. And, of course, congresspersons are also in the tax bracket that will benefit from cuts and reductions in capital-gains taxes.

I would like to remind Representative Kasich that it is people like me who need the courage . . . seniors who will find that Medicare covers far less of their medical expenses. Mothers with dependent children will need to bear up as well, as will students trying to find educational loans to enable them to go to college.

Yes, I think many of us need a lot more courage than Representative Kasich, and that other brave man, Newt Gingrich. A good memory would help, too, to remind those noble leaders that most of that deficit they are so worried about now was run up during the Reagan and Bush years!

CHRISTINE ROUSE
San Francisco

Jim Dorskind
Please coordinate the reply if necessary

'It Doesn't Matter'

Editor — The Chronicle argues that President Clinton should fire Ron Brown. It doesn't matter that Ron Brown is regarded by many in the business community as the most effective secretary of commerce ever. It doesn't matter that Ron Brown has helped secure billions of dollars in new markets overseas for American companies. It doesn't matter that, for those of us who remember the more than 150 indictments of the Reagan administration, the Clinton presidency receives high marks for probity, integrity and government openness. No, Ron Brown is the object of an accusation, and that alone, regardless of the merit of the charge, is the source of so much embarrassment for the president that it cannot be tolerated.

I think it's only fair to let you

Pentagon Pork

Editor — Thank you for printing William Safire's article ("The GOP Delivers") on May 17. It's refreshing to hear the Republican point of view regarding the upcoming budget battle in Washington. Through cutting funding of the national service, PBS and all art in general, Mr. Safire's conclusion is this: "the best way to redirect our nation is stronger government spending restraint plus tax reduction."

THE PRESIDENT HAS SEEN
8.3.95

THE WHITE HOUSE

GS

We should get Kirbo - you should call & tell him I agree w/ his general argument (tho' not entirely) and I wonder what policies he would pursue to raise incomes, reduce inequality

Bx

To: President Clinton

Fr: George S.

Here's the Michael Lind article I told you about. Let me know if you want any follow-up.

GS

TO HAVE AND HAVE NOT

Notes on the progress of the American class war

By Michael Lind

Judging by the headlines that have been leading the news for the last several years, public debate in the United States at the end of the twentieth century has become a war of words among the disaffected minorities that so often appear on the never-ending talk show jointly hosted by Oprah, Larry King, Jenny Jones, and the McLaughlin Group. Conservatives at war with liberals; Christian fundamentalists at odds with liberal Jews; blacks at war with whites; whites at war with Hispanic immigrants; men at war with women; heterosexuals at war with homosexuals; and the young at war with the old. A guide to the multiple conflicts in progress would resemble the Personals pages in *The Village Voice*, with "versus" or "contra" substituted for "seeking" (Pro-Sex Classicists versus Anti-Sex Modernists).

The noise is deceptive. Off-camera, beyond the blazing lights, past the ropy tangle of black cords and down the hall, in the corner offices (on Capitol Hill as well as at General Electric, The Walt Disney Company, and CBS News), people in expensive suits quietly continue to go about the work of shifting the center of gravity of wealth and power in the United States from the discounted many to the privileged few. While public attention has been diverted to controversies as inflammatory as they are trivial—Should the Constitution be amended to ban flag-burning? Should dirty pictures be allowed on the Internet?—the American elites that subsidize and staff both the Republican and Democratic parties have steadfastly waged a generation-long class war against the middle and working classes. Now and then the television cameras catch a glimpse of what is going on, as they did last year during the NAFTA and GATT debates, when a Democratic President and a bipartisan majority in Congress collaborated in the sacrifice of American labor to the interests of Ameri-

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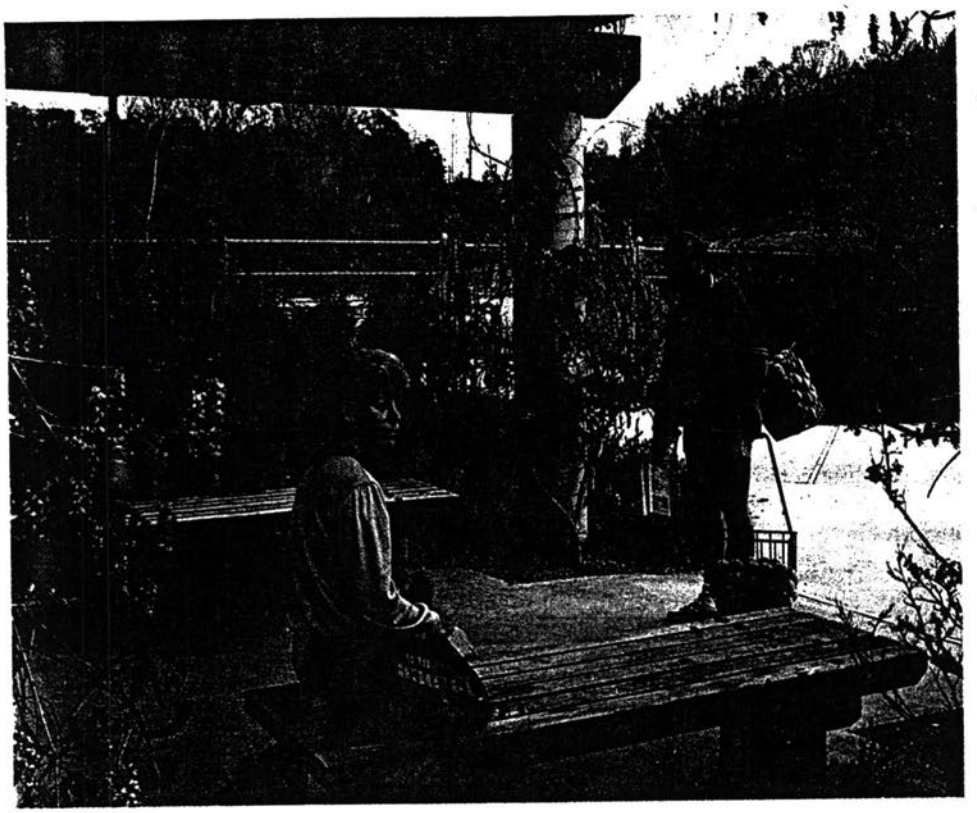
THE AMERICAN RULING CLASS SPARES NO PAINS IN PROMOTING THE BELIEF THAT IT DOES NOT EXIST

can corporations and foreign capital. More recently, with a candor rare among politicians, House Speaker Newt Gingrich argued against raising the minimum wage in the United States—on the grounds that a higher minimum wage would handicap American workers in their competition with workers *in Mexico*.

The camera, however, quickly returns to the set and the shouting audience, while assistant producers hold up placards with the theme for the day: the Contract with America, the New Covenant, Affirmative Action, Moral Renewal. It's against the rules to talk about a rapacious American oligarchy, and the suggestion that the small group of people with most of the money and power in the United States just *might* be responsible to some degree for what has been happening to the country over the last twenty years invariably invites the news media to expressions of wrath and denial. Whenever a politician proposes to speak for the many—whether he is on the left (Jerry Brown), right (Patrick Buchanan), or center (Ross Perot)—the Op-Ed pages in the nation's better newspapers (the *Washington Post*, the *New York Times*, the *Wall Street Journal*) issue stern warnings of "demagogy." Yes, the pundits admit, economic and social inequality have been growing in the United States, with alarming results, but the ruling and possessing class cannot be blamed, because, well, there is no ruling and possessing class.



The American oligarchy spares no pains in promoting the belief that it does not exist, but the success of its disappearing act depends on equally strenuous efforts on the part of an American public anxious to believe in egalitarian fictions and unwilling to see what is hidden in plain sight. Anybody choosing to see the oligarchy in its native habitat need do nothing else but walk down the street of any big city to an office tower housing a major bank, a corporate headquarters or law firm, or a national television station. Enter the building and the multiracial diversity of the street vanishes as abruptly as the sound of the traffic. Step off the elevator at the top of the tower and apart from the clerical and maintenance staff hardly anybody is nonwhite. The contrast between the street and the tower is the contrast between the grass roots and the national headquarters, the field office and the home office. No matter what your starting point, the closer you come to the centers of American politics and society, the more everyone begins to look the same. Though corporate executives, shop stewards, and graduate-student lecturers could not be more different, the people who run big business bear a remarkable resemblance to the people who run big labor, who in turn might be mistaken for the people in charge of the media and the universities. *They are the same people*. They differ in their opinions—and in almost no other way. Almost exclusively white, disproportionately mainline Protes-

All photographs © Joel Sternfeld, courtesy Pace-MacGill Gallery, New York.

tant or Jewish, most of the members of the American elites went to one of a dozen Ivy League colleges or top state universities. Not only do they have advanced professional or graduate degrees—J.D.'s, M.B.A.'s, Ph.D.'s, M.D.'s—but usually at least one of their parents (and sometimes both) has advanced professional or graduate degrees. They dress the same. They talk the same. They walk the same. They have the same body language, the same gestures. They eat the same food, drink the same drinks, and play the same sports. They read the same publications. They . . . but I should say *we*. As a second-generation professional with an Ivy League diploma, having worked for liberal Democrats and conservative Republicans, business lobbyists and pro-labor intellectuals, among professors and journalists and lawyers and Foreign Service officers, I am a card-carrying member of the overclass. So, in all likelihood, reader, are you.

Amounting, with their dependents, to about 20 percent of the population,[1] this relatively new and still evolving political and social oligarchy is not identified with any particular region of the country. Homogeneous and nomadic, the overclass is the first truly national upper class in American history. In a managerial capitalist society like our own, the essential distinction is not between the "bourgeoisie" (the factory owners) and the "proletariat" (the factory workers) but between the credentialed minority (making a living from fees or wages supplemented by stock options) and the salaried majority. The salaried class—at-will employees, lacking a four-year college education, paid by the hour, who can be fired at any time—constitutes the real "middle class," accounting, as it does, for three-quarters of the population.

The white overclass, then, properly perceived, is neither a middle class nor a high bourgeoisie but a sort of guild oligarchy, like those that ran early modern Italian and Dutch city-states. Our latter-day oligarchs (lawyers, bankers, publishers, anchorpersons) are the contemporary equivalents of the plump and goateed syndics, haloed by starched collars, who gaze smugly back at us through honey veils of impasto from the paintings of Rembrandt and Hals. The precedent for our class war can't be found in the slapstick melee pitting thick-necked proles against top-hatted, umbrella-wielding bourgeois that enlivens Sergei Eisenstein's *Ten Days That Shook the World*. We should think, instead, of the civic discord between great guilds and lesser guilds—the bankers and merchants versus the artisans—that troubled cities like Florence and Milan in the Renaissance, and that resembled the struggle over universal health care between the insurance lobby and the AFL-CIO.

At least the syndics of Amsterdam and the Venetian families in the Golden Book did not add insult to injury by insisting that they were not "elites." The most remarkable thing about our own American oligarchy is the pretense that it doesn't constitute anything as definite as a social class. We prefer to assign good fortune to our individual merit, saying that we owe our perches in the upper percentiles of income and education not to our connections but solely to our own I.Q., virtue, brio, genius, *sprezzatura*, chutzpah, gumption. Had we been switched at birth by accident, had we grown up in a ghetto or barrio or trailer park, we would have arrived at our offices at ABC News or the Republican National Committee or the ACLU in more or less the same amount of time. The absence of black and Hispanic Americans in our schools and our offices and our clubs can only be explained, we tell ourselves, not by *our* extrinsic advantages but by *their* intrinsic defects. Compared with us (and perhaps with middle-class East Asian immigrants), most blacks and Hispanics must be disproportionately lazy, even (if Charles Murray and the late Richard Herrnstein are to be believed) disproportionately retarded. What other explanation for their failure to rise can there be? America, after all, is a classless society.

THE WHITE OVERCLASS IS NEITHER A MIDDLE CLASS NOR A HIGH BOURGEOISIE BUT A GUILD OLIGARCHY

[1] *Defined as individuals with professional or graduate education (which is roughly correlated with high income), and without counting dependents, the members of the overclass account for no more than 5 percent of the U.S. population.*

THE NEW AMERICAN OLIGARCHY HAS WAGED ITS WAR AGAINST THE WAGE-EARNING MAJORITY ON SEVERAL FRONTS

Or rather a two-class society. The belated acknowledgment of an "underclass" as a distinct group represents the only exception to the polite fiction that everyone in the United States, from a garage mechanic to a rich attorney (particularly the rich attorney), belongs to the "middle class." Over the past decade the ghetto poor have been the topic of conversation at more candlelight-and-wine dinner parties than I can recall, but without looking at the program or the wine list it is impossible to tell whether one is among nominal liberals or nominal conservatives. The same kind of people in the same kind of suits go on about "the blacks" as though a minority within an 12 percent minority were taking over the country, as if Washington were Pretoria and New York a suburb of Johannesburg. Not only do the comfortable members of the overclass single out the weakest and least influential of their fellow citizens as the cause of all their sorrows but they routinely, and preposterously, treat the genuine pathologies of the ghetto—high levels of violence and illegitimacy—as the major problems facing a country with uncontrollable trade and fiscal deficits, a low savings rate, an obsolete military strategy, an anachronistic and corrupt electoral system, the worst system of primary education in the First World, and the bulk of its population facing long-term economic decline.

To be sure, upper classes in other societies have often fretted, sometimes to the point of panic, about the lower orders, and in Japan, as in Britain and France (to an even greater degree than in the United States), the people in charge tend to go to the same schools, not a dozen but one or two. But in those countries people at least acknowledge the existence of an upper stratum, and the public-school old-boy network or the *énarquate* retains some tradition of responsibility for the less fortunate, some sense of noblesse oblige based on self-preservation if not on superior morality. (As Disraeli observed in 1848, "The palace is not safe when the cottage is not happy.") Among all the industrial democracies, only in the United States do the members of the oligarchy absolve themselves with the comforting notion that their class does not exist. Willing to pursue collective economic interests but lacking any sense of a political commonwealth, the American overclass at the end of the twentieth century takes as its own what Adam Smith identified as "the vile maxim of the masters of mankind. . . . All for ourselves, and nothing for other people." The sentiment is heartfelt and bipartisan.

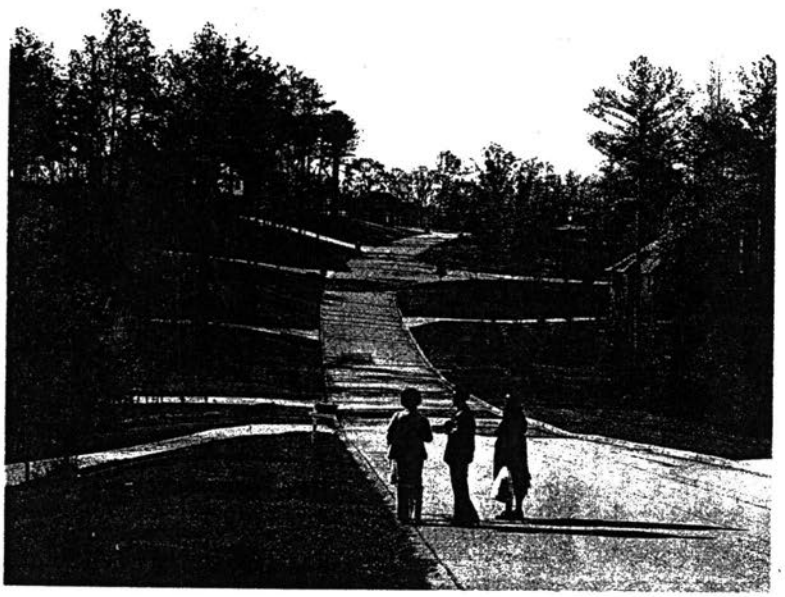
During the past generation, the prerogatives of our new oligarchy have been magnified by a political system in which the power of money to buy TV time has become a good deal more important than the power of labor unions or party bosses to mobilize voters. Supported by the news media, which it largely owns, the oligarchy has waged its war of attrition against the wage-earning majority on several fronts: regressive taxation, the expatriation of industry, and mass immigration. Regressive taxes like the Social Security payroll tax and state sales taxes shift much of the tax burden from the rich to middle-income Americans. After the Reagan-era tax reforms, 75 percent of the American people owed more taxes than they would have owed had the 1977 tax laws been left untouched; only the wealthiest 5 percent of the public received any significant benefit from the tax cuts. Continuing the program, Newt Gingrich's Republicans are sponsoring yet another windfall for the wealthy. Under the tax-cut legislation passed by the House, which Gingrich called the "crown jewel" of the Contract with America, individuals earning $350,000 a year would receive a tax reduction of $13,000, while families making $30,000 a year would get only 50 cents a day. (Some crown. Some jewel.)[2]

[2] *In the version of the Contract with America legislation first passed by the House, two thirds of the spending cuts would come from programs for low-income families, while roughly half the money from the cuts would go to the wealthiest 10 percent of American households. Fully one fifth of the savings would go to the wealthiest 1 percent of families.*

Owing in large part to the bipartisan preference for regressive over progressive taxation, and despite the cries of anguish from Senator Phil Gramm and the editorial writers employed by the *Wall Street Journal*, the United States now stands second to last among the major industrialized countries in the rate of taxation on income—and dead last in terms of economic equality. The replacement of progressive income taxation by a flat tax, along with the adoption of national sales taxes (reforms favored by many conservative Democrats as well as Republicans), would further shift the national tax burden from the credentialed minority to the wage-earning majority. Average Americans have not only been taxed *instead* of the rich; they have been taxed to *repay* the rich. Borrowing, which accounted for only 5.3 percent of federal spending in the 1960s, increased to 29.9 percent in the 1990s. Interest payments on the debt (which last year amounted to $203 billion) represent a transfer of wealth from ordinary American taxpayers to rich Americans and foreigners without precedent in history.

On the second front of the class war, corporate elites continue to use the imperatives of global free trade as a means of driving down American wages and nullifying the social contract implicit in both the New Deal and the Great Society. U.S. corporations now lead the world in the race to low-wage countries with cheap and politically repressed labor forces. Concentrated in "export-processing zones" in Third World countries, and usually not integrated into the local economy, much of the transnational investment brings together foreign capital and technology with inexpensive and docile labor to manufacture consumer electronics, shoes, luggage, or toys. The export-processing zone is nothing new; it used to be called the plantation. In the nineteenth and early twentieth centuries, plantations owned by American, British, and European investors produced raw materials and agriculture for export; modern technology now permits factory work to be done in the same countries. The banana republic is being replaced by the sweatshop republic as national, middle-class capitalism gives way to global plantation capitalism.

UNDER GLOBAL PLANTATION CAPITALISM, THE BANANA REPUBLIC IS GIVING WAY TO THE SWEATSHOP REPUBLIC



Many advocates of free trade claim that higher productivity growth in the United States will offset any downward pressure on wages caused by the global sweatshop economy, but the appealing theory falls victim to an unpleasant fact. Productivity *has* been going up in America, without resulting wage gains for American workers. Between 1977 and 1992, the average productivity of American workers increased by more than 30 percent, while the average real wage *fell* by 13 percent. The logic is inescapable. No matter how much productivity increases, wages will fall if there is an abundance of workers competing for a scarcity of jobs—an abundance of the sort created by the globalization of the labor pool for U.S.-based corporations.[3]

Even skilled production often can be done more cheaply elsewhere. Software research and design is now being done by local computer specialists in India, in Russia, and in Poland. Since 1979, the real wages of

[3] *According to Common Cause, the leading first-time contributor to the Republican National Committee since the 1994 congressional elections, Fruit of the Loom, gave $100,000 to the RNC in February 1995, three days before the House Ways and Means trade subcommittee held hearings on a bill to ease quotas on low-wage Caribbean countries in which the corporation has commercial ventures. The subcommittee approved the measure.*

IF MASS IMMIGRATION ENDED, MEMBERS OF THE WHITE OVERCLASS WOULD HAVE TO PAY HIGHER WAGES, FEES, AND TIPS

high school dropouts have declined by 20 percent, while the incomes of workers with more than four years of college have risen by 8 percent. There are two ways to interpret the better performance of professionals relative to other workers in the new, internationalized economy. The most common explanation (the one preferred by the overclass and its publicists in the major news media) is that the world economy, in some vague way, rewards expertise and high-tech skills—though if this were so, one would expect multilingual physicists to be growing spectacularly rich rather than bond traders, corporate vice presidents, and partners in large law firms, whose skills have little or nothing to do with high technology. A more plausible explanation is that professionals in the United States benefit from a vigorously enforced form of protectionism based on credentials and licensing. A corporation can hire an Indian computer programmer to do the work of an American computer programmer for a fraction of the wage, but it cannot hire an Indian lawyer to try a case in the United States. Permit legal briefs to be written in India and submitted to American courts by fax from Indian lawyers, and legal fees in the United States would quickly plummet, the skill, education, and productivity of American lawyers notwithstanding.

Not all nonprofessional jobs can be expatriated to Mexico or Malaysia, and a great many low-skilled services—from truck driving to nursing and sales and restaurant work—still must be performed in America. Accordingly, on a third front of the class war, the American gentry support a generous immigration policy. Enlarging the low-skill labor pool in the United States has the same effect as enlarging the labor pool through the expatriation of American-owned industry. From the point of view of members of the white overclass, of course, this is good news—if mass immigration ended tomorrow, they would probably have to pay higher wages, fees, and tips. In the 1980s, during the "Massachusetts Miracle," the state's unemployment rate fell to half the national average, 2.2 percent. As a result of a tight labor market, wages for workers at McDonald's rose to more than $7 an hour. So unfortunate a development prompted a study from the Twentieth Century Fund in which author Thomas Muller took note of the awful consequences: "In many areas of the Northeast, a scarcity of clerks in the late 1980s caused a noticeable deterioration in service. . . . This is not an argument that long lines or *flip behavior by salespeople* will fundamentally affect America's well-being, but they do constitute an irritant that can diminish the quality of our life [emphasis added]." In a seller's market for labor, it seems, there is a danger that the help will get uppity.

"As the number of working mothers increases," Muller wrote, "such [household] help, once considered a luxury, is becoming more and more a necessity. Were it not for recent immigrants, nannies, maids, and gardeners would be a vanishing breed . . ." Although the vast majority of Americans still do not consider the employment of "nannies, maids, or gardeners" to be a necessity rather than a luxury, the 1 percent of the population that employs live-in servants (c.f., the recent difficulties of Zoe Baird, Kimba Wood, and Arianna Huffington) cannot enjoy an appropriate degree of comfort without a supporting cast of deferential helots. Our own overclass Americans are as dependent on Latina maids as were the members of the nineteenth-century Northeastern establishment on Irish "Bridgets" and the antebellum Southern planters on house slaves. (In this connection, J. P. Morgan's definition of the leisure class, which he saw as the bulwark of civilization, is instructive: "All those who can afford to hire a maid.")

The *Wall Street Journal*, ever mindful of the short-run interests of the overclass, has called for an amendment to the U.S. Constitution consisting of five words: "There shall be open borders." If the United States and Mexican labor markets were merged (together with the capital markets already integrated by NAFTA), then American investment would flow south to take advantage of cheap labor, and tens of millions of Mexican workers would migrate north to better-paying jobs, until wages stabilized

somewhere above the contemporary Mexican level (between $4 and $5 a day) but below the current American minimum wage of $4.25 an hour. The numbers of the white overclass would remain fixed, while the pool of cheap labor expanded, and Muller's dream of heaven would come true: every American who is not a maid or gardener might be able to afford one.

Although the inequalities of income in the United States are now greater than at any time since the 1930s, and although numerous observers have remarked on the fact and cited abundant statistics in support of their observations, the response of the American overclass has been to blame everybody but its nonexistent self—to blame the ghetto, or the schools, or the liberal news media, or the loss of family values. In a characteristic argument that appeared in early April on the Op-Ed page of the *Washington Post* ("Raising the Minimum Wage Isn't the Answer"), James K. Glassman dismissed the idea that public policy can help the majority of workers whose real wages continue to fall: "[T]he ultimate answer lies with workers themselves. . . . Government can help a bit through tax breaks for education, but ultimately the cure for low working wages may be nothing more mysterious than high personal diligence."

In any other democracy, an enraged citizenry probably would have rebelled by now against a national elite that weakens unions, slashes wages and benefits, pits workers against low-wage foreign and immigrant competition—and then informs its victims that the chief source of their economic problems is a lack of "high personal diligence." But for whom could an enraged citizen vote? The American overclass manages to protect itself from popular insurgencies, not only through its ownership of the news media but also by its financial control of elections and its use of affirmative-action patronage.

Of the three defenses, the uniquely corrupt American system of funding elections is by far the most important, which is no doubt why campaign finance reform was left out of the Contract with America. The real two-party system in the United States consists not of the Democrats and the Republicans but of the party of voters and the party of donors. The donor party is extraordinarily small. Roughly 10 percent of the American people make political contributions, most of them in minimal amounts. The number of large political donors is even smaller. Citizen Action, an independent consumer group, found that in the 1989–90 election cycle only 179,677 individual donors gave contributions equal to or greater than $200 to a federal candidate: "Thirty-four percent of the money spent by federal candidates was directly contributed by no more than one tenth of one percent of the voting age population." One may reasonably doubt that this one tenth of one percent is representative of the electorate or the population at large.

We were taught in civics classes that the United States is a "pluralistic" democracy in which Madisonian "factions" balance one another, ensuring that no single minority or economic interest will prevail. We were lied to. Labor does not balance big business; consumer groups do not balance big business; *nobody* balances big business anymore. Contrary to conservative claims that liberal and left-wing "special interests" dominate Congress, PAC funds come, overwhelmingly, from business. Citizens vote occasionally; dollars vote continually. During the first two months of this year, "soft money" contributions, chiefly from industry, flowed into the coffers of the Republican National Committee at the rate of $123,121 per day, and during the recently ended two-year congressional campaign cycle, then Majority Leader Richard A. Gephardt (D., Mo.) accumulated PAC money in the amount of $1,001,400, while Speaker Newt Gingrich (R., Ga.) received $763,220. As recently as last April, President Clinton appeared at a $50,000-a-couple fund-raiser at Steven Spielberg's home in Hollywood. Because the same economic oli-

THE REAL TWO-PARTY SYSTEM IN THE UNITED STATES CONSISTS OF THE PARTY OF VOTERS AND THE PARTY OF DONORS

THE WHITE OVERCLASS PITS AMERICANS OF DIFFERENT RACES AGAINST ONE ANOTHER IN ZERO-SUM STRUGGLES FOR GOVERNMENT PATRONAGE

garchy subsidizes almost all of our politicians, our political fights are as inconsequential as TV wrestling.

Armed with the political advantage secured by the purchase of congressmen, senators, and presidents, the overclass shores up its defense against genuinely representative democracy (i.e., a popular coalition uniting middle-class and working-class Americans of all races and regions) by adopting a strategy of divide and rule expressed in the language of multiculturalism. The dynamics of a divided society similar to our own were noted in 1947 by Gunnar Myrdal: "In a society where there are broad social classes and, in addition, more minute distinctions and splits in the lower strata, *the lower class groups will to a great extent take care of keeping each other subdued*, thus relieving to that extent the higher classes of this otherwise painful task necessary to the monopolization of its power and advantages." Centuries before today's multiculturalists adopted the slogan "Celebrate diversity," William Smith, a slave trader, explained his reasons for celebrating diversity among the exploited:

> As for the languages of *Gambia*, they are so many and so different, that the Natives, on either side of the River, cannot understand each other; which, if rightly consider'd, is no small Happiness to the *Europeans* who go thither to trade for slaves. . . . [T]he safest Way is to trade with the different Nations, on either side of the River, and having some of every Sort on board, there will be no more Likelihood of their succeeding in a Plot than of finishing the Tower of Babel.

Unified along the lines of economic interest, the wealthy American minority hold the fragmented majority at bay by pitting blacks against whites in zero-sum struggles for government patronage and by bribing potential black and Hispanic leaders, who might otherwise propose something other than rhetorical rebellion, with the gifts of affirmative action. The policy was promoted by Richard Nixon, who, as much as any American politician, deserves to be acknowledged as the father of racial preferences.

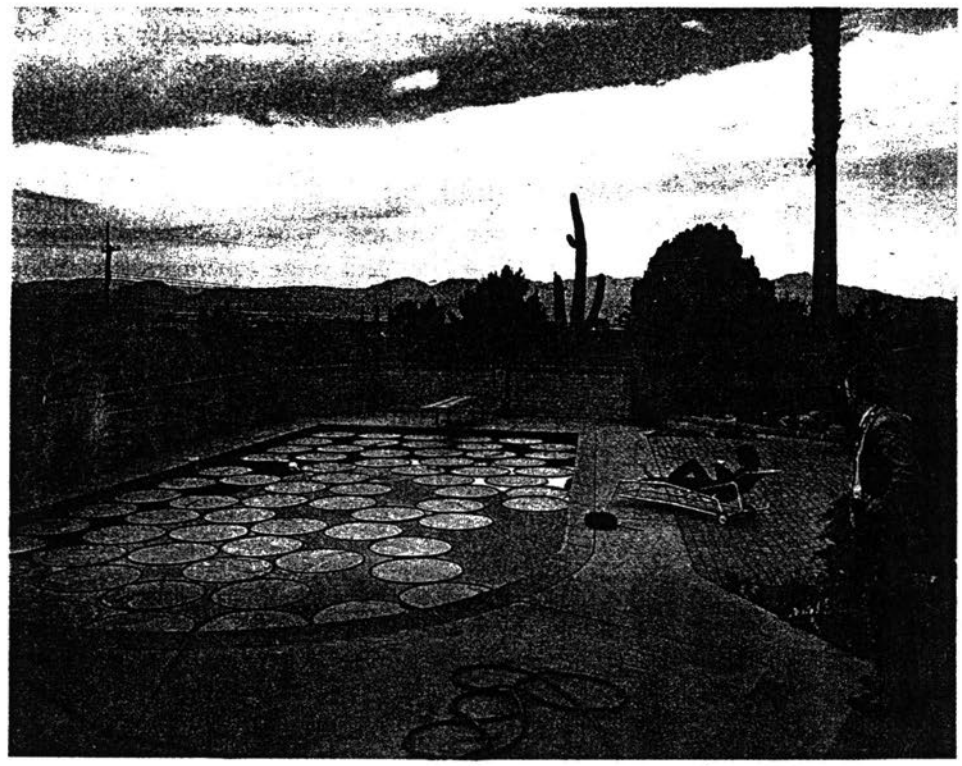
"What most militants want," Nixon explained in 1968, using the language of gangsterism to support his proposal for minority contracting preferences, "is not separation, but to be included in . . . to have a share of the wealth, and a piece of the action." Racial-preference policies give middle-class and wealthy blacks and Hispanics "a share of the wealth and a piece of the action." The ritual that symbolizes civil-rights "progress" in today's oligarchic America is the "integration" of an all-white country club, which invariably means admitting one of the wealthiest black citizens who can be found in the local community. Similarly, in the matter of presidential Cabinet posts, diversity means appointing rich professionals educated in the Ivy League who happen to belong to different races and sexes.

The Ivy League, in its turn, rigs its admissions policies to disproportionately benefit well-off black and Hispanic Americans (at Harvard, for example, 70 percent of black undergraduates are the children of parents in managerial or professional fields, while at Cornell twice as many minority students, in some years, come from the suburbs as from the cities). In order not to lose accreditation, most colleges and universities try to have approximately as many black students as there are black Americans in the general population, around 12 percent. These goals and timetables can be met only by drastically lowering admissions standards for black students, who for obvious historical reasons are far less academically prepared than many of their white competitors.[4]

[4] *In 1989 a black high school graduate in California with the minimum high school GPA had a 70 percent chance of being accepted to Berkeley, while a white high school student with the same score had only a 9 percent chance of admission. Between 1985 and 1990, the average LSAT score for white students admitted to the University of Texas Law School was in the ninety-second percentile as compared with the fifty-fifth percentile for black students. This enormous gap gives the lie to the argument that affirmative action affects only marginally qualified whites—the "margin" in this case is thirty-seven percentile points.*

"To get past racism, we must here take account of race," McGeorge Bundy, the former aide to Presidents Kennedy and Johnson, declared magisterially in "The Issue Before the Court: Who Gets Ahead in America?", an article in *The Atlantic Monthly* that appeared in November 1977 during the formative period of affirmative action in college admissions. Bundy could afford to be generous in redistributing opportunities from middle-class whites to middle-class blacks and Hispanics because so many members of his class are safely insulated from the effects of racial preference by the largest affirmative-action program in the United States: legacy preference.[5]

LEGACY PREFERENCE, THE LARGEST AFFIRMATIVE-ACTION PROGRAM IN THE UNITED STATES, BENEFITS THE CHILDREN OF THE OVERCLASS



Legacies, or children of alumni, are three times more likely to be accepted to Harvard than other high school graduates with the same (sometimes better) scores (at Harvard, the dean of admissions reads legacy applications—but not those of non-legacies). Children of Yale graduates are two and a half times more likely than non-alumni kin to be admitted to Yale. According to a former Princeton dean of admissions, legacies at "one Ivy League university" had average SAT scores of 1,280, compared with the average of 1,350 out of a possible 1,600 for the total freshman class.[6]

As the number of black and Hispanic students at selective universities and partners in prestigious law firms is artificially maintained, the average wages of black and Hispanic workers, along with those of white workers, continue to stagnate or decline. The tokenism embodied in racial preference and multiculturalism is thus about as threatening to the American elite as an avant-garde sculpture in the lobby of a bank.

Meanwhile, behind the Potemkin Village facade of contemporary America, with its five separate-but-equal official races and its racially authentic folk art, the American oligarchy goes busily about the work of

[5] *Bundy was born into a rich Boston Brahmin family. On his mother's side, he was kin to the influential Lowells. His father, Harvey H. Bundy, a partner in the elite Boston law firm of Choate, Hall and Stewart, succeeded John Foster Dulles as board chairman of the Carnegie Endowment for International Peace. After attending Groton and Yale, McGeorge Bundy became dean of Harvard College. His older brother William, married Dean Acheson's daughter; his sister Katherine was related by marriage to Jacqueline Onassis and Louis Auchincloss.*

[6] *The late Christopher Lasch, in* The Revolt of the Elites and the Betrayal of Democracy *(W.W. Norton, 1995), excerpted in the November 1994 issue of* Harper's Magazine, *describes "the professional and managerial class" as a "meritocracy" or "an aristocracy of talent." However, the fact that the white overclass, by means of legacy preference, has rigged higher education in its favor proves that it is afraid of genuine meritocracy.*

THE HAPPY FEW WILL ZOOM OVERHEAD ON PRIVATE TOLL ROADS WHILE ORDINARY AMERICANS FUME IN TRAFFIC ON CRUMBLING PUBLIC STREETS

constructing its own enclave society, an America-within-America, linked to the international economy and detached from the destiny of the native middle class. What Lewis Lapham has called "the new feudalism" reverses the trend of the past thousand years toward the government's provision of basic public goods like policing, public roads and transport networks, and public schools. In the United States—to a degree unmatched in any other industrial democracy—these public goods are once again becoming private luxuries, accessible only to the affluent few. Federal spending declined in the 1980s for services like law enforcement and government (by 42 percent), for education and training (by 40 percent), and for the transportation infrastructure (by 32 percent); and most of the growth in government spending in recent decades has taken the form of non-means-tested entitlements, like Social Security and Medicare, that benefit middle- and upper-income Americans.

If the notion of a neo-feudal United States seems far-fetched, consider the "feudal" elements of modern America. Increasing numbers of affluent white Americans have been withdrawing into gated suburbs, many of them indistinguishable from private cities, whose community associations provide not only security but trash collection, street cleaning, and utilities. The inhabitants have sought permission from local governments to block off public streets with gates and other barriers to traffic (a California appeals court recently ruled that seven metal gates installed by the Los Angeles suburb of Whitley Heights represented an illegal "return to feudal times"—but only *after* their installation had been approved by the Los Angeles City Council). Some of the richer residents within the walls seek not only permission to barricade themselves but exemption from taxes—on the argument that taxes for public municipal services on top of the fees they pay their private community associations constitute "double taxation."

Because the affluent would rather hire mercenary forces than pay for police, the number of private security guards in the United States now exceeds the number of publicly employed policemen. To help those who cannot afford to rent police officers, the right is trying to make it easier to carry concealed weapons at the mall, in the office, and on the subway; holsters and body armor may once again become fashion accessories. A chorus of conservative voices proposes the replacement of public schools with taxpayer-subsidized vouchers to private schools, and the idea of replacing the national highway system with private toll roads is not a fantasy confined to dystopian science fiction. More than ten states now have projects for such roads, which would allow the happy few to drive their expensive cars on state-of-the-art computer-enhanced highways while ordinary Americans fume in traffic on crumbling public streets.

The new American urban architecture reflects the same evolution of American society from republicanism to feudalism. Downtown office complexes begin to resemble medieval castles—collections of towers connected by skyways and sealed off from the growing horde of the unemployable poor. The celebrated architect Frank Gehry specializes in what cultural critic Mike Davis calls "carceral" architecture—for example, "stealth houses" for the wealthy, hiding their opulent interiors from thieves behind plain gray walls. Gehry's 1984 Goldwyn Branch Library in Hollywood (inspired by the same architect's fortified U.S. Chancellery in Damascus, a building bristling with ten-foot steel stakes and stylized sentry boxes) prompted Davis to describe it as "probably the most menacing library ever built, a bizarre hybrid of a drydocked dreadnaught and a cavalry fort."

The dream of withdrawal probably explains the enthusiasm in overclass circles for the "virtual corporation," a dematerialized entity consisting

solely of a small management team temporarily contracting out work, here to Mexicans and South Koreans, there to Hungarians and Czechs, in the manner of the nabobs who lived it up in eighteenth-century London on their rents from Caribbean plantations run on their behalf by thuggish overseers. This is the vision expressed by the television commercials for IBM and the American Express Card and the magazine advertisements for new computers and fax machines that show a middle-aged executive communicating with his office from a beach resort or a corporate lawyer tucking in her child via a videophone in a busy airport. Virtual capitalism thus meets the virtual family in the utopia of the American overclass: Dad will bask in the Caribbean sun sketching out marketing designs on his laptop computer while Mom keeps an eye on Baby, via satellite, as she flies from New York to Frankfurt to Tokyo. Off-camera, never seen, is the Latina maid who actually changes Baby's diapers, and, in this or that Third World shantytown of tin roofs and open sewers, the employees, or rather the independent contractors, of Dad's or Mom's virtual corporation, workers as likely as not without benefits, without insurance, without civil rights, without a voice in their governments, laboring to make products they can never afford to buy.

Some American executives have begun to follow the factories to Fortunate Isles. The *Wall Street Journal* and *Fortune* recently portrayed, with considerable sympathy, a number of rich American expatriates, among them the heirs to the Dart container and Campbell's soup fortunes, who have renounced their U.S. citizenship and begun new lives in more humane societies, like the Turks and Caicos Islands and Belize. Senator Phil Gramm last spring denounced a proposal to tax these expatriates as a measure reminiscent of "Nazi Germany," apparently secure in the belief that the old American republican ideal of civic obligation is nothing but totalitarianism in disguise. No doubt, when the overclass revolution is completed, persecuted tycoons will no longer be driven out of their hostile homeland. In *America libre*, it will no longer be necessary to move to Jamaica to be able to afford maids and chauffeurs on a lawyer's salary, or to relocate production to Honduras in order to pay the working classes no more than a few cents an hour (House Majority Leader Dick Armey favors abolishing the minimum wage). North America shall come to resemble Columbus's mistaken perception of it as simply one more Caribbean island populated by dusky masses born to be servants. The United States, which the eighteenth-century American elite sought to refashion as a new Roman Republic, and which the nineteenth-century American patriciate conceived of as a new and greater Britain, shall be renovated by the new white overclass as a New Honduras or a New Belize.

Until that blessed day, the bipartisan white overclass, secure behind urban fronts and suburban walls, as well as the metaphorical moats of legacy preference, expensive schooling, and an impregnable interest rate, has neither reason nor incentive to moderate its ruthless pursuit of its own short-term concerns. In a more homogeneous society, the growing concentration of power and wealth in the hands of a privileged minority might be expected to produce a strong reaction on the part of the majority. In present-day America, however, no such reaction is likely to take place. Although heavily outnumbered, the unified few rest secure in the knowledge that any insurgency will almost certainly dissipate in quarrels among the fragmented many rather than in open rebellion; during the 1992 Los Angeles riots, black, Hispanic, and white rioters turned on Korean middlemen rather than march on Beverly Hills. The belligerent guests on the never-ending talk show, urged on by the screaming audience, will continue to enact allegorical conflicts, while, off-camera and upstairs, the discreet members of the class that does not exist ponder the choice of marble or mahogany for the walls of the executive suite from which they command. ■

THE UNITED STATES IS BEING RENOVATED, NOT AS A NEW ROME OR A NEW BRITAIN BUT AS A NEW HONDURAS OR A NEW BELIZE

Frankie Monterisi Jr.
213 Bellvale Lakes Road
Warwick, N.Y. 10990

Dear Mr. Clinton,
Please sign baseball card for me. Thank you.

Frankie Monterisi Jr.

Todd – 8/3
This was hand delivered from NEOB Today.

Shelley
DOR STAFF

95 JUL 3

PRESIDENT

To
Norskrand
from
Hausling

THE OXFORD SOCIETY

OF WASHINGTON, D.C.

Dr. Joseph Aschheim
Honorary Secretary

P.O. Box 3758
Washington, D.C. 20007
Telephone (202) 337-6777

July 26, 1995

Dear and cherished President Clinton,

Heartfelt gratitude for your thought ful letter of 5 July which is so greatly appreciated. As we write to you from Oxford today, we place our hopes and our trust in you, our beloved President and in our First Lady – as well as in Ann Stock to whom we send our grateful thanks.

An occasion at the White House would be treasured in the memories of Oxonians and the University of Oxford.

We send you our respect, esteem and loyal support and are always

Yours faithfully,

Joseph and Rochelle

THE OXFORD SOCIETY

OF WASHINGTON, D.C.

Dr. Joseph Aschheim
Honorary Secretary

P.O. Box 3758
Washington, D.C. 20007
Telephone (202) 337-6777

June 8, 1995

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

Dear and cherished President Clinton,

We rejoice with our Commander-in-Chief on the miraculous rescue of Captain Scott O'Grady. We watched the news of this great achievement with gratitude and admiration.

We are very proud of the long list of distinguished US military officers (both on active duty and retired) in Oxford's glorious family in the nation's capital region. Many of these Oxonian military officers are serving you and our beloved country at this time.

There has never been a President in the history of our country who has been as generous and kind to Oxonians as you are, bringing so many talented Oxford graduates to positions in the government where they can be of help to the USA and to our world.

You are Oxford University's cherished son and are appreciated by the University of Oxford.

Oxford University looks forward, as does this association for Oxford in the Capital, to the occasion for Oxonians at the White House to which you, with your golden heart, refer in your generous and greatly appreciated letter of 9 March. If you could select a date for this historic event, we would all be greatly indebted to you. We would help in every way with such an occasion. Before Christmas 1995 would be a truly wonderful time for the occasion. May we save the time before Christmas 1995 as the date you might select? Of course, any choice of date that you and Mrs. Clinton would make would be greeted with gratitude and joy.

We love and treasure our President. On behalf of Oxford University and its association here we thank you and send you our respect, our devoted support and our loyalty and we are always

Yours faithfully,

Joseph and Rochelle

Joseph and Rochelle Aschheim
Honorary Secretary and Joint Honorary Secretary

THE WHITE HOUSE

WASHINGTON

August 1, 1995

Leon/Erskine

The duck hunters think Beatty is the one problem - one of you should ask Babbitt to do all he can.
Advise.

BC

Mr. Emon A. Mahony, Jr.
Arkansas Oklahoma Gas Corporation
Post Office Box 17004
Fort Smith, Arkansas 72917-7004

Dear Emon:

Thanks for your letter regarding regulations for the upcoming duck hunting season. It's always good to have your insights, and I've passed your letter along to Mollie Beattie, the Director of the U.S. Fish and Wildlife Service.

As you well know, I strongly agree that we should maximize hunting opportunities, as duck populations allow. Accordingly, the Fish and Wildlife Service has developed new rule-making procedures that will increase objectivity and consistency by using Adaptive Harvest Management, as you suggest.

We are also working hard to preserve habitat conservation programs as an important part of our efforts to promote sustainable economic development. The budget I have submitted to Congress reflects our commitment to these programs.

As always, I'm grateful for your involvement and support. Please keep in touch.

Sincerely,

Bill

I heard your request and will do what I can

Bill

EMON A. MAHONY, JR.
P. O. Box 17004
Fort Smith, AR 72917-7004
Tel: 501/783-3181, Extension 2203
Fax: 501/784-2095

Hum / Tim
BC sig asap

July 3, 1995

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

RE: "Adaptive Harvest Management for 1995-96 Waterfowl Seasons" Memorandum to Don Rollins and Gene Henry from Mickey Heitmeyer and Jeff Nelson (Dated May 10, 1995), and
"Inter-office Communication from DU National Headquarters from Jeff Nelson, Chief Biologist to M. Connolly, Board Members, Group Managers and Directors and Regional Offices, (Dated June 16, 1995)

Dear President Clinton:

Last year, you will recall the Department of the Interior was accused of failing to follow sound biological recommendations regarding the allowable duck harvest because they refused to increase the length of the season and the bag limit when the population increased. They certainly showed no such reluctance to decrease the season and bag limit when the population decreased.

My personal problem with the attitude of a few people in the Department of the Interior is that I have witnessed a heartening change in attitude among duck hunters in recent years toward total compliance with hunting regulations. Attitudes and actions of the hunters have become increasingly oriented toward sound biological recommendations and maximizing habitat and numbers. Bad faith by the federal government will set back the gains we have made.

In my opinion, public posturing at this point would be inappropriate; but, I hope you will quietly communicate with the Department of the Interior your strong belief they should follow sound biological recommendations, as opposed to neurotic fuzzy-think and whining lassitude.

As a final note, it appears the RCS program is up for renewal this year. My personal experience, along with millions of other Americans, is that this program has been very beneficial, both to local habitat in terms of increased game number, and to regional habitat in terms of the reduced soil erosion and keeping our waters cleaner.

I hope the program can be renewed.

Sincerely yours,

Emon A. Mahony, Jr.
EAMjr:lap
Enclosures - (captioned)

aog

ARKANSAS OKLAHOMA GAS CORPORATION

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FORT SMITH, AR 72917
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FAX: 501-784-2095

Blind Note to President Clinton:

I am very hopeful we can regain some of the Southern, white, male vote we have lost to Republicans. Proper handling of this issue has the potential to do that.

Emon A. Mahony, Jr.

Emon

lp
6/30/95

INTER-OFFICE COMMUNICATION

DUCKS UNLIMITED, INC. NATIONAL HEADQUARTERS

TO: Distribution DATE: June 16, 1995

FROM: Jeff Nelson, Chief Biologist

SUBJECT: Spring Breeding Survey Results ***(WATERFOWL ARE UP!!)***

Next week the U.S. Fish and Wildlife Service (FWS) will release the official estimates of breeding ducks and May ponds from this year's survey. Information from cooperating states, outside the surveyed area, will not be available until later. Using several sources, we have been able to compile the following preliminary summary of the results to be released.

Total ducks will be up substantially from last year. This was expected given the excellent production observed last year and the continued good water across many areas this year. North and South Dakota are up 26 and 14 percent in ponds, respectively, while Montana declined by 27 percent. In Canada, Manitoba pond numbers increased by 125 percent, but declined in Saskatchewan (-13%) and Alberta (-4%) mostly in the southern grassland areas. Overall, May ponds are at record levels (since 1974) in the U.S. and above the 1961-94 average (+16%) and 1994 levels (+3%) in the Canadian prairies. Taken together, we have the wettest conditions in the Prairie Pothole Region (PPR) since 1979.

Duck breeding numbers for most species are up from last year and ***are at or above*** North American Plan goals. We expect mallards to be at about 8.3 million (8.1M is goal), blue-winged teal at 5.1M (4.6M goal), green-winged teal at 2.3M (1.8M goal), shovelers at 2.8M (2.0M goal), wigeon at 2.6M (3.0M goal), canvasback at 770 thousand (538 thousand goal), and scaup at 4.4M (6.2M goal). Although we don't have the numbers yet, gadwall will exceed last year's record of 2.3M (1.5M goal) and redheads will probably set a record since 855 thousand were counted in the PPR alone, more than ever counted in the entire survey (640 thousand goal).

Pintails remain of concern. It appears that they declined slightly from last year's estimate to about 2.8M (5.6M goal). We attribute this result to the fact that large areas of grassland, which were wet early last year, were dry this spring when the birds came through. Once they get further north, pintails are often missed in the surveys because they are not as well dispersed and the survey transects are much further apart. Moreover, young pintails were relatively common last fall, indicating good production in 1994 which should have resulted in an improved breeding population. Expect pintail seasons to remain the same as 1994.

Attempts to estimate the fall flight for 1995 are underway. I expect something in the range of ***83 - 90 million***, depending on the brood surveys, late nesting effort, and

DUCKS UNLIMITED INC.

STEVE FRICK
SENIOR REGIONAL DIRECTOR
ARKANSAS

1011 N. Denver
Russellville, Arkansas 72801
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results from several cooperating states, including California. Do not get this estimate. confused with the Plan goal of 100M birds. The FWS fall flight estimate only includes birds coming from the surveyed area, whereas the Plan goal includes the entire continent. Many species are poorly represented in the surveyed area (e.g., Black Duck, Wood Duck, Ring-necked Duck, all the sea ducks), but they contribute significantly to the Plan goals. The bottomline is that we will have a fall flight well in excess of the 100M bird goal of the Plan this fall.

A final note regarding the Plan goals. Remember....the Plan envisioned populations being at goal during an *average* year. This has not been an average year. In fact, we should expect to recover populations well in excess of the goal during these unusually good times so that we maintain populations where we want them under more moderate habitat conditions. If anything, all waterfowl conservationists should be impressed with just how variable duck populations can be, and that should cause us to support efforts to put programs in place to take advantage of favorable climatic conditions (i.e., DU's programs, WPAs, CRP, etc.), and to mute the ravages of drought (i.e., restore managed water to the prairies (DU), protect dry basins from cultivation, prevent poor agronomic practices, etc.).

Expect a liberal season this year! I have attached the proposal circulated by the FWS earlier this year which was generated through a much-improved, scientifically based approach called adaptive harvest management. I expect any debate to revolve around the canvasback and pintail seasons. Although we are all concerned about protecting the resource, this is one of those years where liberalizing harvest opportunity completely justified. Now to turn opportunity into a memorable and safe hunting season!

Distribution:
Matt Connolly
Board Members
Group Managers and Directors
Regional Offices

Matt

MEMORANDUM

INSTITUTE FOR WETLAND AND WATERFOWL RESEARCH
One Waterfowl Way Memphis, TN 38120

TO: Don Rollins, Gene Henry DATE: May 10, 1995

FROM: Mickey Heitmeyer, Jeff Nelson

SUBJECT: Adaptive Harvest Management for 1995-96 Waterfowl Seasons

On 2 May, 1995 we visited Fred Johnson of the U.S. Fish and Wildlife Service's (USFWS) Office of Migratory Bird Management in Laurel, MD to discuss plans for implementing an "adaptive harvest management" strategy for the 1995-96 waterfowl hunting season. Our discussions were productive and allowed us to understand the process better and provide input into future harvest implementation plans.

Generally, we believe the "Adaptive Harvest Management" approach is conceptually and biologically sound. We further suggest (see section #4 below) that DU endorse this process and accept the USFWS invitation to participate in future refinement and development of models.

Below, we provide background reading, and our views, of "Adaptive Harvest Management." We acknowledge that this background is a bit lengthy, but it should help clarify the rationale and biology behind the process for us "duck hunters."

1. What is "Adaptive Harvest Management?"

"Adaptive Management" simply is a process of making decisions when you do not know all of the answers about cause and effect. This decision making when "uncertainty" is present is not confined to resource or duck management, and has application to a variety of management decisions including those of DU. "Adaptive Management" has 3 fundamental parts:

1. Development of clear focused management objectives (e.g. maximum harvest opportunity consistent with reaching and maintaining NAWMP population goals).

2. A monitoring program that periodically determines the status of the resource in question (e.g. the number of ducks counted each spring).

3. A process to determine the impacts of various management decisions on the resource (e.g. how did the mallard population respond to various regulations?).

A significant value of the "Adaptive Management" process is that managers can learn how their decisions perform and therefore

various amounts of annual harvest (usually expressed as a rate, i.e. the proportion of the population that is killed annually) on subsequent population size. One school of thought believes that the number of ducks killed (up to a certain threshold level) reduces natural (non hunting) mortality by that equivalent amount and has no ultimate effect on populations. This "compensatory mortality" might occur partly because hunters tend to shoot more young, poor condition, and diseased birds that might have died anyway. Another school of thought believes that hunter-killed birds do not replace, but instead "add to", natural mortality. Under this strictly "additive mortality" scenario every duck shot represents a net reduction in the next springs population.

Another uncertainty in duck management is whether or not density dependent survival and reproduction occurs. The concept of density dependence is simple and revolves around the suspicion that some resources (such as food) are limiting to birds when populations are high. In these cases, there is not enough resource (e.g. food) to go around and some birds die or produce poorly. Conversely, when populations are low, resources are so abundant that everyone has plenty and birds survive and reproduce better. Consequently, if density dependence truly operates, harvest can be high when ducks are more numerous because birds may not do well anyway. In fact, a lower population may produce more offspring than a high one because the recruitment (or survival) rate of individuals is better. If density dependence does not operate, harvest must be lower.

The current "Adaptive Harvest Management" scenario offered by the USFWS seeks to understand if duck (especially mallard) harvest is compensatory or additive and whether or not populations are regulated by density. The implications are obvious. For example, if harvest is compensatory and density dependence exists, we could shoot large numbers of birds each year at most population levels with no effect. And, as stated above, it might actually be desirable to harvest larger numbers to maximize individual production. Conversely, if harvest is additive and density dependence does not exist (or is weak), harvest will have to be restrictive under most population levels (except when populations are near or above goals).

In our view, these questions are absolutely critical and will effect the future of waterfowl hunting, waterfowl management, and DU. We simply must know the answers!

3. The Interim Harvest Option Matrix

We attach the table of harvest options suggested for each Flyway for this coming fall based on an optimally calculated matrix of regulations related to population size and pond numbers in Canada. The USFWS clearly acknowledges that this is an interim

A common question is how long will this "Adaptive Harvest Management" process take to reach conclusions? First, it is important to understand that "Adaptive Management" is a fundamental change in how decisions about harvest will be reached in the future and that it is not a "fad" (like the Stabilized Regulations on the late 1970's and early 1980's) that has a defined end point. The time needed to determine which model (i.e. compensatory vs. additive and degree of density dependence) most correctly predicts population changes will depend in part on weather, habitat conditions, and hunter participation over the next few years. Despite unknown future conditions, USFWS biologists believe some (perhaps most) answers may be forthcoming within 3-5 years and certainly most answers are possible by 10 years. Regardless, the ability to "adapt" management with new information can be constantly integrated.

4. DU Opportunities and Actions

The USFWS clearly has opened the door for DU to be involved in the process of deciding optimal management strategies for waterfowl, including harvest management. We believe this invitation is a result of increased comfort with our cooperative intentions, technical credibility, and influential leadership. Only a few years back such trust and capability was lacking.

We suggest that DU endorse the process of "Adaptive Harvest Management" and accept the opportunity to work with the USFWS in this arena. The key to this opportunity, however, is technical, not political involvement. We are excited about the potential for DU, especially the IWWR, to assist with model development, monitoring programs, and providing data to feed-back into the decision loop.

Finally, we suggest that the process of "Adaptive Management" might have application to other conservation and "non-duck" management strategies both in and out of DU. If you think it advisable, we offer to give a short (i.e. 10-15 minute) presentation to our Board, Executive, Conservation and/or Strategic Planning Committees on the process for this years hunting regulations. Regulation decisions will be completed by early-August so we will need to address this prior to that time.

cc: Matt Connolly
Group Managers
Mike Anderson
Bruce Batt

Attachments (2)

POTENTAIL FRAMEWORK PACKAGES FOR DUCK HUNTING DURING THE 1995–96 SEASON.

	ATLANTIC FLYWAY			MISSISSIPPI FLYWAY			CENTRAL FLYWAY [a]			PACIFIC FLYWAY [b][c]		
	RES	MOD	LIB	RES	MOD	LIB	RES	MOD	LIB	RES	MOD	LIB
Begining Shooting Time	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise	1/2 hr. before sunrise
Ending Shooting Time	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
Opening Date	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1	OCT 1
Closing Date	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20	JAN 20
Season Length	30	40	50	30	40	50	39	51	60	59	79	93
Daily Bag/ Possession	3 / 6	4 / 8	5 / 10	3 / 6	4 / 8	5 / 10	3 / 6	4 / 8	5 / 10	4 / 8	5 / 10	6 / 12
Species/Sex Regulations												
Mallard (Total/F)	3/1	4/1	5/1	2/1	3/1	4/1	3/1	4/1	5/1	3/1	4/1	6/1
Pintail	1	1	1	1	1	1	1	1	1	1	2	2
Black Duck	1	1	1	1	1	1						
H. Merganser	1	1	1	1	1	1	1	1	1			
Canvasback	<---------- PENDING REVIEW OF POPULATION, HABITAT, AND HARVEST DATA ---------->											
Redhead	2	2	2	1	1	1	1	1	1	2	2	2
Wood Duck	2	2	2	2	2	2	2	2	2			
Whistling Ducks	1	1	1									
Harlequin	Closed	Closed	Closed									
Mottled Duck	1	1	1	3	3	3	1	1	1			

[a] In the High Plains Mallard Managemnt Unit, all regulations would be the same as the remainder of the CF with the exception of season lerngth. Under the resrrictive package the number of additional days would be 12, 16 for the modereate package and 23 for the liberal package. Under all options, additional days must be after the Saturday nearest December 10.

[b] In the Columbia Basin Mallard Mangement Unit, all regulations would be the same as the remainder of the PF with the exception of season length. Under all options, an additional 7 days would be allowed.

[c] In Alaska, framework dates, bag limits, and season length would be differnt than the remainder of the PF. Under the restrictive option the bag would be 5–7, 8–10 for the moderate and liberal packages. No restrictions on pintails; canvasback limits will follow those for the PF. Under all options season length would be 107 days and framework dates would be Sep 1 – Jan 26.

Table 2

WEIGHTED STRATEGY

Canadian ponds (M)

BPOP (M)	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0
5.00	C	C	C	R	R	R	R	M	M
5.25	C	R	R	R	R	M	M	M	L
5.50	R	R	R	R	M	M	M	L	L
5.75	R	R	R	M	M	M	L	L	L
6.00	R	M	M	M	M	L	L	L	L
6.25	M	M	M	M	L	L	L	L	L
6.50	M	M	M	L	L	L	L	L	L
6.75	M	M	L	L	L	L	L	L	L
7.00	M	L	L	L	L	L	L	L	L
7.25	M	L	L	L	L	L	L	L	L
7.50	L	L	L	L	L	L	L	L	L
7.75	L	L	L	L	L	L	L	L	L
8.00	L	L	L	L	L	L	L	L	L
8.25	L	L	L	L	L	L	L	L	L
8.50	L	L	L	L	L	L	L	L	L
8.75	L	L	L	L	L	L	L	L	L
9.00	L	L	L	L	L	L	L	L	L