10/31 Todd,

re Potus note

does he mean .... to reply .... as in a ltr to Mr Wilson -

Send to Dorskind ? ?

yes ✱ coordinate w/ Alexis & George

Copies have been done already to VP/Alexis & OS.

S

THE PRESIDENT HAS SEEN
10 31 95

UNIVERSITY OF CHICAGO
CENTER FOR THE STUDY OF URBAN INEQUALITY
1155 EAST 60TH STREET
CHICAGO, ILLINOIS 60637

95 OCT 30

WILLIAM JULIUS WILSON
Director and Lucy Flower University Professor of Sociology and Public Policy

IRVING B. HARRIS GRADUATE SCHOOL OF PUBLIC POLICY STUDIES
TEL: (312) 702-0894
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VP | Alexis | GS
Fyi - will to coordinate with to reply - BC

October 23, 1995

Jim Dorskind
Please coordinate the reply, with Alexis + George.

ORIGINAL to Dorskind 11/1/95 S

To: President Bill Clinton

From: William Julius Wilson

In re: Your request that I send you a memorandum on the steps that ought to be taken next to address the problems of race in America.

Mr. President, it was a pleasure to see and talk to you again at the ceremony for the National Medal of Science recipients. As I indicated in our brief conversation your speech on race in Austin, Texas was outstanding. I was very pleased when you asked me to send you a memorandum on my thoughts of what we should do next. Below are my thoughts.

I think that the idea of a national Commission to study and review the national state of race relations is a very good idea at this time. To support the work of this Commission I think that you should give several additional speeches on race similar in tone and compassion to the speech you delivered in Austin. I believe that these speeches should emphasize interracial unity to overcome the racial divide rhetoric.

These speeches might point out that our nation's response to racial discord has been disappointing. In discussing the problems we have a tendency to invoke the kind of rhetoric that exacerbates rather than alleviates urban and metropolitan racial tensions. Ever since the 1992 Los Angeles riot, the media has focused heavily on the factors that divide rather than those that unite racial groups. Emphasis on racial division peaked in 1995 following the jury's verdict in the O. J. Simpson murder trail. The racial divide, as depicted in the media, seemed as wide as ever.

The extent of the racial divisions in this country should not be minimized. The different reactions to the Simpson trial and the verdict in part reflect the

fundamentally dissimilar racial experiences of blacks and whites in America--the former burdened by racial injustice, the latter largely free of the effects of bigotry and hatred. Nonetheless, you should point out that the emphasis on racial differences has obscured the fact that African Americans, whites, and other ethnic groups share many common concerns, are victimized by many common problems, and have many common values, aspirations, and hopes.

As I point out in my new book (Jobless Ghettos: How the Disappearance of Work Affects Urban Life), which will be published next summer by Knopf, if inner-city blacks are experiencing the greatest problems of joblessness, it is to a large extent a more extreme form of economic marginality that has affected most Americans since 1980. Solutions to the broader problems of economic marginality in this country, including those that stem from changes in the global economy, will go a long way toward addressing the problems of inner-city joblessness, especially if the application of resources includes wise targeting to the groups most in need of help. Discussions that emphasize common solutions to commonly shared problems promote a sense of unity, regardless of the different degree of severity to which these problems afflict certain groups. Such messages bring races together, not apart, and are especially important during periods of racial tension. You should point out, however, that in comparison with the rhetoric on racial divisions interracial unity messages have been infrequent and are generally ignored in the media.

You should also emphasize in your speeches on race that it is important to recognize that racial antagonisms, or the manifestation of racial tensions, are products of economic, political and social situations. In a 1992 op-ed article in the New York Times, entitled "The Right Message," I used this argument to point out why it is important for political leaders to channel the frustrations of average citizens in positive or constructive directions during periods of economic duress. I discussed your 1992 political campaign and I pointed out that you not only explicitly acknowledged the growing racial tension in America and the need for political leadership to unite and not divide the races, but you had actually developed a public rhetoric that reflected these concerns. This campaign rhetoric warned Americans against the distraction of pitting race against race; it urged citizens to associate their declining real incomes, increasing job insecurity, and growing pessimism with the complex but real sources of these problems. I pointed out that the use of this positive public rhetoric during a period of intense racial tension enabled you to bring together antagonistic racial groups in an effective political coalition during the primary elections--even in Louisiana where a majority of white voters supported the former Klansman David Duke in the 1991 gubernatorial election. Unfortunately, the media failed to record the significance of this event.

A vision of interracial unity that acknowledges distinctively racial problems but, nonetheless, emphasizes common solutions to common problems

is more important now than ever. Such a vision should be developed, shared, and promoted by all leaders in this country, but especially by political leaders.

Mr. President, I have in mind a vision that promotes values of racial and intergroup harmony and unity and rejects the commonly held view that race is so divisive that whites, blacks, Latinos, and other ethnic groups cannot work together in a common cause. This vision recognizes that if a political message is tailored to a white audience, racial minorities draw back, just as whites draw back when a message is tailored to minority audiences. The foundation of this vision emphasizes issues and programs that concern the families of all racial and ethnic groups so that individuals of these groups will see their mutual interests and join in a multiracial coalition to move America forward; it promotes the idea that Americans have common interests and concerns–ranging from employment to the the toll of crime and drug trafficking in their neighborhoods--that cross racial and class boundaries. This vision encourages Americans to see that the application of programs to combat these problems would benefit everyone, not just the truly disadvantaged; to recognize that the division between the suburbs and the central city is partly a racial one and that it is vitally important to emphasize city-suburban cooperation, not separation; and, finally, to endorse the idea that all groups should be able to achieve full membership in society because the problems of economic and social marginality rest with the inequities in society at large and not with group deficiencies.

Mr. President, in the introduction of my new book, Jobless Ghettos, I discuss these points because I feel that a public rhetoric of interracial unity is an essential and important first step in addressing the problems of race in the United States, including those that are related to the jobless ghetto. You drew from my last book, The Truly Disadvantaged, in your 1992 campaign. I think that you will find my new book even more useful given the problems that have emerged since then. I will make sure that you receive an advanced copy. The campaign will be in full swing when it comes out.

You will note that I am not recommending that you call for new programs. If you appoint a national Commission to study race in America, the appropriate time to discuss programs would be in reaction to the Commission's recommendation. What is needed now is a change in the public discourse on race. As President of the United States you could be an effective voice in promoting this change.

If I can be of further help, please let me know. I was pleased to learn from Vice President Gore that you found the materials from the discussions on race that we had at his house useful.

THE PRESIDENT HAS SEEN
10/30/95

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

Kathleen A. McGinty
Chair

95 OCT 27 P9:00

October 27, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN MCGINTY

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

TIMBER

On Wednesday, the Circuit Court of Appeals for the Ninth Circuit denied the government's motion for a stay of Judge Hogan's decision ordering release of 62 additional old growth timber sales in Oregon and Washington. The court set argument in January and stated that our chances of success on the merits were negligible. Thus, contrary to our understanding of this provision of the rescissions act, the law requires us to release all timber sales ever offered at any time in the 13 national forests in Oregon and Washington and Bureau of Land Management lands in western Oregon.

As a consequence of this ruling, the Forest Service and the Bureau of Land Management immediately released 62 sales with about 230 million board feet. This is responsive to the injunction issued by Judge Hogan to release all sales offered during fiscal years 1991-1995. Next Wednesday, we are to submit a list to Judge Hogan of all such sales offered by the agencies prior to the passage of the original "318 sales" - that is, prior to 1990.

One more legal argument remains to shield some sales from release. The rescissions bill provides that no sale units shall be released if they contain threatened or endangered bird species "known to be nesting" in the unit. We are withholding a number of sale units based on our agencies' determination that they contain nesting marbled murrelets or spotted owls. That argument is set for the first part of November, but we are still uncertain which court will hear that part of the case.

Even if we succeed in defending our position on that argument, I must tell you the release of these old growth sales - all of which had been withheld because of our determination that they would cause significant environmental harm - puts the continued viability of your Forest Plan at risk. It also puts into question the continued viability of our initiatives to offer relief to private landowners under the Endangered Species Act and to avoid listing of certain widespread fish species that will be adversely

affected by these sales. The Department of Justice and USDA through the Forest Service have issued releases decrying the decision and asking timber industry stakeholders to voluntarily mitigate environmental damage. The press has been bad, equating our compliance with the court order as acquiescence. I will keep you informed as we assess the damage that this very broad reading of the rescissions bill has inflicted upon our forest policies. I attached to this memo, however, the final two pages of a memo I wrote to Harold Ickes on implications for the President's programs and recommends steps for you to take to turn this around.

MEETING WITH GOVERNOR KITZHABER

Governor John Kitzhaber (D-OR) met with Chief of Staff Panetta and the Western Strategies Group to discuss natural resource and health care issues. I have enclosed the memo from Gov. Kitzhaber and an article quoting him from *The Register-Guard* in Eugene, Oregon. I and others in the White House met with him separately. He urged us not to bow to timber industry and labor pressure. "They will never be with you and there aren't enough of them to fill a school bus, anyway" he said.

BONNEVILLE POWER ADMINISTRATION

The Vice President announced an agreement with Senator Mark Hatfield (R-OR) and other Northwest Senators on salmon recovery costs and the Bonneville Power Administration (BPA). The deal calls for a 10 year, $4 billion salmon recovery program that shields the region's ratepayers from higher electricity prices and does it without suspending environmental laws. The BPA will have to spend as much as $435 million annually to protect salmon. The deal sets aside an additional $325 million contingency fund over 10 years to ensure that efforts to save salmon comply with federal environmental laws. You received significant praise from environmentalists and the fishing industry as well as regional elected officials on this initiative. This followed a week of bad press with speculation that we would cave both from an environmental perspective and allowing BPA to dictate unfair terms to its non-industrial customers.

PROJECT XL

We are preparing an event for Friday, November 3 so you, the Vice President, and Administrator Browner can announce the first set of companies to be accepted into the initial phase of the Project XL program. We plan to have a company executive and a community representative join you in the event. The message will focus on innovative ways to bring together government, the private sector, and communities to identify innovative approaches that will achieve results that are both cheaper and cleaner. While we emphasize our "Rollback - no" message I believe continued demonstration of your commitment to Reform is important too. The picture here will be of you leading -- bringing people together and moving forward -- while the Congress is paralyzed by polarization and radicalism.

Recycled Paper

RECONCILIATION

This week the House and Senate both passed their versions of the Reconciliation budget each of which included serious anti-environmental provisions. Chief among these was the provision included in both bills to open the Arctic National Wildlife Refuge (ANWR) to drilling. An amendment in the Senate, that the Administration supported, to excise that provision narrowly lost but with a margin sufficient to sustain a veto.

Other provisions of concern include a sham mining reform proposal passed by the House and Senate, and adverse provisions regarding grazing, endangered species, and energy taxes passed by the House.

EPA APPROPRIATIONS

Facing defeat on a vote opposing the legislative riders in the EPA appropriations bill, House leadership postponed action until next week. This move on the part of the Republicans is part of an emerging strategy to try to avoid votes or vetoes on environment issues where possible because of the perception that they have been losing these issues in the media and with the public. If they pursue this strategy we will need to create our own opportunities for you to continue to slam them on these issues. They are running scared; we've got to nail them.

CLIMATE CHANGE

The Intergovernmental Panel on Climate Change (IPCC) Working Group II released its findings at a press conference on Tuesday. This report was prepared and reviewed by over 1,000 experts worldwide. The key conclusions were:

- The smoking gun has been found: the temperature increase we have seen is human-induced. This change is an important new stress that may well exacerbate existing ecological and socio-economic systems already affected by pollution, increasing resource demands, etc.

- Specific potential impacts include increases in sea level, increases in risks to human health from increased heat stress and expanded range of vector-borne infectious diseases, and reductions in biodiversity. Developed countries will likely be in a better position than developing countries to adopt in ways that reduce the harm from climate change.

- Substantial reductions in greenhouse gas emissions could be achieved through both energy efficiency measures and alternative sources of supply. These options appear to be technically feasible and economically possible.

THE PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT

The PCSD is scheduled to hold its last meeting next Wednesday, November 1. They will be

voting on final report language. We are moving toward a remarkable consensus among the government, business, and environmental members. I will provide an update next week.

CONFIRMATION

I am pleased to report that the Environment and Public Works Committee unanimously approved my nomination to be Chair of CEQ by a voice vote on Tuesday. Chairman John Chafee (R-RI) is optimistic that floor action will be swift and non-controversial. I suspect we have more work to do to ensure this is the case. In fact, Senator Alan Simpson (R-WY) already indicates he will put a hold on my nomination -- not because of any problem he has with me, but because of a problem he has with an EPA regulation.

What's Next: There are yet more sale units subject to release under this provision of the Rescission Act. Next Wednesday, we must submit a list to Judge Hogan of all of the timber sales offered but not released by the Forest Service or BLM prior to 1990. In other words, any old sales still on the books - no matter how old - are supposed to go out the door. The agencies are busy searching their records; we don't yet know what this list will look like.

The statute provides one way out of releasing sales. If the agency determines that there are threatened or endangered birds "known to be nesting" in a sale unit, that unit is not to be released. Using the best scientific standards available, our agencies have withheld 55 sale units under this provision. However, industry has also filed a lawsuit in front of Judge Hogan challenging our use of the current scientific protocol as inconsistent with the statutory language. They claim, backed by the same letter used by the same Judge to rule against us on the issue of geographic scope, that we have to produce actual eggshell fragments or fecal material before we have proven that birds are nesting. Those arguments will be heard on November 7th.

Implications for the President's Programs: There are serious repercussions from the release of all of these old growth sales, all of which were withheld in the first place because of serious environmental problems. For example, in our affidavits filed with the 9th Circuit, we explained that the 62 sales just released would cause:

- adverse impact on threatened Snake River spring/summer chinook salmon, Snake River fall chinook salmon the Upper Grande River population of spring/summer chinook salmon;

- will cause harm to the northern spotted owl and marbled murrelets;

- will have an adverse impact on the bull trout.

The legal and policy implications of this are, of course, to some degree speculative. Obviously, the more of these sales we have to continue to release, the greater the probability of harm to our programs. However, **there appears to be at least initial consensus that the President's Forest Plan will be highly vulnerable to legal challenge because the environmental baseline is changing. Judge Dwyer, in the opinion upholding the Plan, stated that if any further timber sales were released or any other significant changes were made that would affect the ecology of the areas under review, he would have to revisit the Plan's viability. While the Rescissions bill purports to shield individual sales from judicial review, the Plan as a whole is not shielded.**

Further possible impacts on Administration initiatives include:

- the proposed rule providing relief from the Endangered Species Act (ESA) to private landowners for the northern spotted owl may be put on hold (the "4-D rule) and other agreements with states and private landowners in Washington, Oregon and Northern California will have to be reexamined (Habitat Conservation

Plans) (this is the heart of our reinventing of ESA and we had been receiving very positive marks on these initiatives);

o because of the impacts on bull trout, the agreements reached not to list the bull trout under ESA may be challenged. If successful, this could result in injunctions shutting down activities on national forests in Montana and neighboring states;

o because of changes in the environmental baseline on a variety of fish, our PACFISH initiative and other actions in the Columbia River Basin ecosystem are more likely to be challenged. It was only because of PACFISH that we got a court to lift a massive injunction against any activities (logging, mining, grazing) in Idaho Without PACFISH, these injunctions are likely to be reinstated.

Recommendations:

While we should continue vigorously to pursue remaining legal issues through the courts (principally, the "known to be nesting" case), there is no doubt that Wednesday night's decision is a blow to our overall Pacific Northwest strategy that cannot be remedied at this point through the judicial system. Thus, I have the following suggestions:

1) That the President issue a statement explaining that the court's decision does not comport with our understanding of the bill when we signed it; criticizing the Republican-led effort to savage our natural resources, and calling on the timber companies to act responsibly and voluntarily modify these sales to avoid environmental damage. We have sent you a draft of such a statement.

2) That major timber company CEOs be called to the White House for a meeting [with the Chief of Staff?] and be asked to support the Administration in fixing this problem so that the President's efforts to provide stability, certainity and regulatory flexibility along with enviornmental protection - efforts from which they are benefitting enormously and that they strongly support - can proceed. FYI: Many of these CEOs met confidentially this week with Gingrich to express their grave concern and to get him to call off the radical Rs off.

3) That the President meet with Senator Hatfield, recalling Senator Hatfield's clear statements during the negotiations on the Rescission Act that this rider would not make us move a single stick of timber in an environmentally unsatisfactory way;

4) That the President insist that the reconciliation bill (or some other vehicle) contain an emergency provision repealing the entire timber rider.

ISSUES FOR WESTERN STRATEGIES GROUP

Governor John A. Kitzhaber
Oregon
October, 1995

1. Process The Administration should continue to emphasize how Congress is subverting the process by bypassing key federal environmental laws. The Administration must stand firm against the use of sufficiency language. Special interest exemptions are used for those who would exploit public resources for their own gain, while the rest of us abide by existing laws. It is a divisive process and will eventually subvert our long term goals for resource protection and utilization

2. Northwest Forest Plan: The Administration needs to give support and assistance to the USFS and BLM to implement the NW Forest Plan, including timber harvest and watershed restoration. These agencies have within their existing authorities the ability to make the plan work.

3. Columbia Basin Project: Clearly industry special interest groups are pushing Congress not to allow completion of the plan. The Administration should insist that information gathered in the biological assessment be released because millions of dollars have been expended to gather that information.

The Administration should not accept Congressional selection of the alternative in the EIS, which would illustrate blatant disregard for the public process and would override the interests of good stewardship.

4. Endangered Species Act: Oregon adamantly opposes cuts in funds for prelisting activities, and the moratorium on further listings. We support the WGA proposal that doesn't overturn the *Sweet Home* decision, and instead makes reasonable improvements in the Act.

5. Research: Oregon strongly opposes cuts in forest research, especially in the USFS research station. This is a critical time to gain understanding of Northwest forests and make wise policy on forest health.

6. Columbia River Salmon Oregon gives provisional support for salmon cap, but opposes use of sufficiency and questions how BPA accounts for foregone power revenues as a means for calculating cost of salmon.

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The Register-Guard

EUGENE, OREGON • WEDNESDAY, SEPTEMBER 20, 1995

Governor blasts anti-environmental bills

Congress: Kitzhaber says special interest concessions threaten Oregon's quality of life.



John Kitzhaber
"Raise a hue and cry"

By LANCE ROBERTSON
The Register-Guard

SALEM — Gov. John Kitzhaber lashed out at Congress on Tuesday, saying a host of anti-environmental bills on the brink of passage pose a "grave threat" to Oregon's quality of life and economic well-being.

Kitzhaber railed against legislation that would slash funding to protect the air, water, salmon and other at-risk wildlife. However, he saved most of his criticism for several bills overriding existing federal environmental laws to allow logging, grazing, oil drilling and hydroelectric power generation. SEP 2 0 1995

"Congress has set up a virtual environmental exemption bazaar, granting special interest after special interest exemption from the very environmental regulations that were established to protect the public interest," Kitzhaber said at a Capitol news conference.

Congress recently passed a budget-cutting bill that also included language exempting most federal logging from environmental laws. Kitzhaber called these so-called "sufficiency" riders "back-door tools to aid special interests."

It was perhaps Kitzhaber's strongest statement on environmental issues since becoming governor last January and was a departure from his usual nonconfrontational style of working more quietly behind the scenes.

"Certainly, this is the most vocal he's been on national (environmental) issues," said Louise Bilheimer of the Pacific Rivers Council in Eugene. "It's good to see the governor stand up and say this is not what we need for this state."

Timber industry leaders said Kitzhaber's comments are off the mark, however.

Chris West, spokesman for the Northwest Forestry Association, said the exemptions are needed because the overlapping and conflicting nature of environmental laws "just don't work."

The exemptions enable loggers, ranchers and others to continue making a living while Congress considers changing laws such as the Endangered Species Act, he added.

Nevertheless, Kitzhaber urged Oregonians to "raise a hue and cry" against anti-environmental bills pending in Congress. He was joined in his ceremonial office Tuesday by a handful of business and environmental leaders.

Kitzhaber also praised environmental protesters in the Warner Creek area near Oakridge and the Sugarloaf timber sale in Southern Oregon — two initial flash points of the recent logging bill passed by Congress.

"They deserve credit for raising the issue," he said. Kitzhaber said protesters' actions so far, which include civil disobedience resulting in more than two dozen arrests, "are well within the parameters of what we will accept in this country."

He is trying to enlist the help of other Western governors and will make a trip to Washington, D.C., next month to urge the Oregon delegation, particularly Republican Sen. Mark Hatfield, to restore funding to natural resource agencies and to kill attempts to override environmental laws.

Hatfield is chairman of the powerful Senate Appropriations Committee, through which most of the legislation must pass.

The law-exemption riders have proven to be effective in the past because they usually are attached to an overall spending bill, making a presidential veto unlikely.

Since the mid-1980s, Congress has approved riders exempting federal logging from environmental laws to circumvent legal challenges to old growth forest logging.

The most recent rider exempts most federal logging in the Northwest from environmental laws, although the Clinton administration has pledged to continue following those laws.

But Kitzhaber said Tuesday that Congress is extending other law-exemption riders to a host of "special interests." One sets a "cap" on the amount the Bonneville Power Administration would be required to spend on salmon recovery efforts, declaring the cap would comply with the Endangered Species Act.

The cap is opposed by numerous conservationists, fishing groups and utilities.

"You don't get salmon protection by declaration," said Rick Applegate, western regional director for Trout Unlimited.

Other legislation would cut off funding for agencies charged with protecting salmon or other wildlife species. One bill eliminates funding for the listing of fish under the species act. SEP 2 0 1995

Several budget-cutting bills would hamper the state's ability to protect the air and water, clean up hazardous waste sites and fund parks, the governor said. Six fish hatcheries would be closed.

He said the legislation not only would be bad for Oregon's environment but could ruin one of the driving forces behind the state's robust economy: the lure of its clean environment and quality of life.

Oregon business leaders at the news conference echoed that theme.

"It really is our quality of life that attracts people to Oregon," said Richard Reiten, president of Portland General Electric Co.

"This special place is being threatened by the change in environmental laws that is proposed," added Harold Pollin, the owner of several hotels in the Portland area.

THE PRESIDENT HAS SEEN
10-30-95

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Survey Sheds Light on Corporate Job Creation. A study just released by the American Management Association shows that many firms that eliminate jobs also create other ones at the same time. More than half of all surveyed firms added jobs between July 1994 and June 1995, while exactly half eliminated jobs during the same period. However, the share that eliminated more jobs than were added was just 27.3 percent, down from the previous 2 years. The survey found that salaried workers in general, and middle managers in particular, bear the brunt of corporate reductions, at least relative to their shares of the corporate workforce. Unions seem to protect their members: while union members hold 39.5 percent of all jobs in surveyed companies with union shops, only 15.5 percent of eliminated jobs in these companies were union-held. Companies that increased training after downsizing were much more likely than those that did not report increased profits and productivity after 1 year.

Good News on Earnings. Reversing an 8-year trend of decreases, median weekly earnings for full-time male workers rose by 2 percent, according to the Bureau of Labor Statistics. However, median weekly earnings for full-time female workers declined 1.2 percent, causing the female-to-male earnings ratio to fall from 77.9 percent in the third quarter of last year to 75.6 percent in the same quarter this year. Overall, median real weekly earnings of full-time wage and salary workers (age 16 and over) rose to $479, an increase of 1 percent on a quarter-to-quarter basis. Real weekly earnings rose at the bottom of the wage distribution and were essentially unchanged at the top of the wage distribution. On average, the BLS report indicates some better news on the wage front, but the Department of Labor notes that a single quarter's trends should not be given too much weight.

Should follow this closely it's a real growth industry

T-1 Sam Panetta Sperling done 10/31/95 S

Two Chip Firms Combine to Compete with Intel. In a merger of two leading makers of microprocessors, NexGen, Inc. of Milpitas, CA., has agreed to be acquired by Advanced Micro Devices (AMD) of Sunnyvale, CA. In 1991, AMD introduced a competitor to Intel's 386 chip. While it is difficult to determine the direct impact of competition, the price of 386 chips dropped quickly thereafter. Since then, Intel has introduced the newer and more powerful 486 and 586 (Pentium) chips, and the company is expected to ship its sixth generation chip (the Pentium Pro) next month. In developing ever newer chip generations, Intel has employed a strategy of having multiple production teams simultaneously working on a chip and its successor, while other, smaller firms have been unable to do so. Officials at AMD and NexGen expect their merger to allow them to take this multiple-stage approach, suggesting that the microprocessor industry may be in for greater competition in the years to come.

THE PRESIDENT HAS SEEN
10/30/95

THE WHITE HOUSE

WASHINGTON

October 26, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN
PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Minarik memo on changes in CPI.** Via Laura. Six alternative scenarios laid out in table form. Note that 0.2% slower CPI growth starting in 1996 or 1997 with 0.5% starting in 1998 would save between $52.7 and $63.8 billion over seven years. Joe points out distinction between (i) a change in methodology which results in a lower CPI calculation under an unchanged COLA statutes; and (ii) a reduction in COLA statutes where the measured CPI has not changed. A methodology change takes longer to implement and probably couldn't take effect until 1997.

(B) **Les Samuels memo on Senate Finance Committee tax bill.** Bill contains gross tax cuts of $245 billion over seven years; Committee previously agreed to reduce EITC by $43.5 billion over that time. These combined actions raise taxes on families with incomes under $30,000 -- 40% of the population. In addition, 48% of the tax changes benefit taxpayers with incomes over $100,000. Bill also contains $21 billion in new revenue, but it differs from House bill by *not* repealing the low-income housing credit or the ethanol incentive and by not taxing Indian gaming. The pensions reversion provision (allowing companies to spend pension assets on other purposes) is similar to the House bill. An attachment explains the bill in more depth.

(C) **Stiglitz memo on fringe benefits.** Recent *Washington Times* editorial argued that fluctuations in tax rates explain increases in the portion of compensation taken in the form of fringe benefits. Joe disagrees. While preferential tax treatment has encouraged the growth of fringe benefits over time, trends in (i) rising employer expenditures on health insurance and (ii) declining employer contributions to pension funds explain the pattern of increase in fringe benefits as a percent of compensation.

(D) **Update on fast track authority.** Kantor memo forwarded by Tony and Laura. USTR has made progress in narrowing the gap between Administration/House Democrats' position and House Republicans, but a question remains over whether Republicans will accept a bill that allows labor and environmental provisions --

THE PRESIDENT HAS SEEN
10-30-95

THE WHITE HOUSE

WASHINGTON

95 OCT 20 P7:34

October 20, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA D'ANDREA TYSON

RE: BUDGETARY SAVINGS OF ALTERNATIVE CPI SCENARIOS

I have attached a copy of a memo prepared by Joe Minarik at my request on the budgetary savings of alternative CPI scenarios.

As you can see, the effects are quite large, especially when they reflect changes in the COLA statute rather than changes in BLS methodology. As Joe implies, however, the former are likely to be more politically controversial than the latter.

October 17, 1995

To: Laura Tyson

Copy: Alice Rivlin

From: Joe Minarik

Subject: Budget Effects of Reduced CPI Growth

This is in response to the President's question of you, regarding the budgetary effects of reduced CPI growth. The attached table shows six alternative scenarios. The two in which the President expressed particular interest -- 0.2 percent slower CPI growth starting in either 1996 or 1997, with 0.5 percent slower growth starting in 1998 -- save from $52.7 billion to $63.8 billion over seven years.

Here are a few important points to interpret these results:

- There is an important distinction between methodology changes (in which the Bureau of Labor Statistics improves its techniques, and the measured CPI changes, but the law does not change) and COLA statute changes (in which the measured CPI does not change, but COLAs and tax bracket indexation are reduced by some fixed percentage amount by law). A methodology change takes up to one year to enter into the statutory indexation formulas, and its effect is known only approximately. A COLA statute change can take effect sooner, and its effect is known precisely. Another distinction, however, is that methodology improvements can be said to provide indexation according to the best measure of inflation available, whereas COLA statute changes are at least to some extent independent of our best measure of inflation.

- It is probably too late for any change to take effect at the beginning of 1996. The Bureau of Labor Statistics could not impose a new methodology by that date; and the Internal Revenue Service and the Social Security Administration could not change tax and withholding forms and benefit amounts at this late hour. Thus, absent a firm national consensus and a willingness to accept awkward administrative changes partway through the year, any effect would have to wait for the beginning of 1997.

Savings From Slower CPI Growth, OMB Scoring
Billions of dollars, combined revenues and outlays

Methodology Changes	1996	1997	1998	1999	2000	2001	2002	1996-02
0.5 Percent, Effective 1/97	0.0	0.0	1.9	6.4	12.7	19.7	27.9	68.7
0.5 Percent, Effective 1/96	0.0	1.5	5.7	11.5	18.5	26.1	35.0	98.4
0.2 Percent 1/97, 0.5 Percent 1/98	0.0	0.0	0.9	4.0	9.0	15.5	23.3	52.7
0.2 Percent 1/96, 0.5 Percent 1/98	0.0	0.5	2.2	5.6	11.3	18.1	26.1	63.8

COLA Statute Changes	1996	1997	1998	1999	2000	2001	2002	1996-02
0.5 Percent, Effective 1/97	0.0	2.8	8.1	14.2	21.5	29.4	38.6	114.6
0.5 Percent, Effective 1/96	2.6	7.7	13.4	20.1	28.1	36.6	46.6	155.1

THE PRESIDENT HAS SEEN
10/30/95

THE WHITE HOUSE

WASHINGTON

October 26, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN
PHIL CAPLAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Minarik memo on changes in CPI.** Via Laura. Six alternative scenarios laid out in table form. Note that 0.2% slower CPI growth starting in 1996 or 1997 with 0.5% starting in 1998 would save between $52.7 and $63.8 billion over seven years. Joe points out distinction between (i) a change in methodology which results in a lower CPI calculation under an unchanged COLA statutes; and (ii) a reduction in COLA statutes where the measured CPI has not changed. A methodology change takes longer to implement and probably couldn't take effect until 1997.

(B) **Les Samuels memo on Senate Finance Committee tax bill.** Bill contains gross tax cuts of $245 billion over seven years; Committee previously agreed to reduce EITC by $43.5 billion over that time. These combined actions raise taxes on families with incomes under $30,000 -- 40% of the population. In addition, 48% of the tax changes benefit taxpayers with incomes over $100,000. Bill also contains $21 billion in new revenue, but it differs from House bill by *not* repealing the low-income housing credit or the ethanol incentive and by not taxing Indian gaming. The pensions reversion provision (allowing companies to spend pension assets on other purposes) is similar to the House bill. An attachment explains the bill in more depth.

(C) **Stiglitz memo on fringe benefits.** Recent *Washington Times* editorial argued that fluctuations in tax rates explain increases in the portion of compensation taken in the form of fringe benefits. Joe disagrees. While preferential tax treatment has encouraged the growth of fringe benefits over time, trends in (i) rising employer expenditures on health insurance and (ii) declining employer contributions to pension funds explain the pattern of increase in fringe benefits as a percent of compensation.

(D) **Update on fast track authority.** Kantor memo forwarded by Tony and Laura. USTR has made progress in narrowing the gap between Administration/House Democrats' position and House Republicans, but a question remains over whether Republicans will accept a bill that allows labor and environmental provisions --

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10-30-95

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

95 OCT 23 P3:52

October 23, 1995

MEMORANDUM FOR PRESIDENT CLINTON

FROM: **Leslie B. Samuels** LBS

THROUGH: **Secretary Robert E. Rubin** RER

SUBJECT: **Senate Finance Committee Tax Bill**

On October 19, 1995, the Senate Finance Committee adopted, by party-line vote, a tax package to be included in budget reconciliation. This package contains gross tax cuts of about $245 billion over seven years, with the net amount cut at $224 billion. Many of these items -- such as the $500 per-child tax credit -- are similar to the "Contract with America" items contained in the larger tax bill that passed the House in March. In addition, the Finance Committee previously has agreed to reduce the earned income tax credit (EITC) of about 17 million taxpayers by $43.5 billion over seven years.

The analyses of both the Treasury Department and the Joint Committee on Taxation agree that the Finance Committee package (including the previously adopted changes to the EITC) will, on average, raise taxes on families with incomes under $30,000 -- a category which represents about 40 percent of the population. Moreover, 48 percent of the tax changes in the Senate bill will benefit taxpayers with incomes over $100,000 (12 percent of taxpayers).

The Finance Committee package also contains measures estimated to raise about $21 billion. These revenue-raisers are similar to those contained in the recent Ways and Means package, except that certain important revenue-raising items have been omitted, including repeal of the low-income housing credit, repeal of the ethanol tax incentives, and the taxation of Indian gaming.

One of the revenue-raisers that is similar to a House provision relates to pension reversions. It would permit companies that sponsor pension plans for their employees to remove plan assets equal in amount to their annual spending on retirement, health and other employee benefits, provided that a minimum asset "cushion" is retained in the pension plan. Given the fungibility of money, companies could effectively remove assets from retirement plans and use these funds for any corporate purpose. The proposal's minimum "cushion" may prove inadequate, in part because employers have significant flexibility in calculating the cushion.

These and other changes in the Finance Committee package are described in the attachment.

Attachment

cc: Laura Tyson

ATTACHMENT

MAJOR PROVISIONS IN FINANCE COMMITTEE TAX PACKAGE
(as approved October 19, 1995)

FAMILY TAX RELIEF

- **$500 Child Tax Credit.** The Senate bill would provide a $500 per child nonrefundable tax credit for each dependent child under age 18. It would be phased out for individuals with adjusted gross income (AGI) over $75,000 and married couples with AGI over $110,000. (The revenue loss is estimated at $141 billion over seven years.) This provision is moving closer to the Administration's child-credit phase-out, which begins at AGI of $60,000 for married couples.

- **Marriage Penalty Relief.** The standard deduction for joint returns would be gradually increased through 2005, in an effort to eliminate the marriage penalty for couples who do not itemize their deductions. Couples who itemize deductions would receive no relief. (The revenue loss is estimated at $12.3 billion over seven years.) Treasury is considering alternatives for marriage-penalty relief that involve lower revenue losses.

- **Credit for Student Loan Interest.** The bill would provide a nonrefundable credit of 20 percent of interest paid on a qualified student loan during a taxable year, capped at $500 per year per borrower, and phased out for married couples with AGI of $60,000 to $75,000 ($40,000 to $55,000 for singles). (The revenue loss is estimated at $1 billion over seven years.)

SAVINGS AND INVESTMENT INCENTIVES

- **Individual Retirement Accounts (IRAs).** The bill generally is similar to the Administration proposal. It would expand the income limits for deductible IRA contributions somewhat further (but phased in more gradually) than the Administration. Unlike the Administration proposal, the bill gives nonworking spouses a separate $2,000 deductible IRA. Like the Administration proposal, the bill would allow "backloaded IRAs" (funded with nondeductible contributions on which earnings accumulate and are distributed tax-free), but the bill would not subject them to any income limits.

- **Pension Simplification**. The Senate bill, like the House bill, incorporates numerous items from the Administration's pension simplification proposal that built on simplification legislation passed by the House in 1994 and that President Clinton

announced on June 12, 1995. The bill also includes additional items, a few of which raise policy concerns. The bill proposes a simple, new retirement savings plan for small business (the "SIMPLE"), which is similar in many ways to the Administration's "NEST" proposal. While the SIMPLE constitutes a constructive step in the right direction, it does not do enough to encourage retirement savings by middle- and lower-wage workers or to protect their interests.

- **Capital Gains**

  -- **Individuals.** Like the House bill, the Senate bill would provide a 50 percent deduction for capital gains on property owned at least one year (providing a maximum rate of 19.8 percent). Unlike the House bill, there would be no indexing for inflation. The reduction is effective for gains realized after October 13, 1995. (The revenue loss is estimated at $33.5 billion over seven years.)

  -- **Small Business Stock.** The bill would expand the preference that was initiated by the Administration and enacted in OBRA 1993 for qualified small business stock. The bill would increase the exclusion for individuals from 50 to 75 percent (resulting in a maximum effective rate of approximately 10 percent), and give corporations a favorable 21 percent rate, in addition to other changes.

  -- **Corporations.** The bill would decrease the maximum capital gains rate for corporations from 35 percent to 28 percent. The House bill would provide a 25 percent capital gains rate for corporations. (The revenue loss of the Senate provision is estimated at $6.8 billion over seven years.)

- **Alternative Minimum Tax (AMT).** The bill would liberalize depreciation allowances for AMT purposes. It also would allow for enhanced use of AMT credits relating to investments previously made. This relief is more generous than what the Administration proposed in 1993 (which was enacted in part). The enhanced use of AMT credits is unlikely to contribute to increased investments. (The revenue loss is estimated at $9.2 billion over seven years.)

HEALTH-CARE RELATED PROPOSALS

- **Long-Term Care Insurance**. The bill would tax long-term care insurance and expenses generally in the same manner as medical insurance and expenses. Employer-provided insurance would be deductible by the employer and excluded from the employee's income. Payments to a policyholder would be taxable only to the extent they exceeded $150 per day per insurer. (The revenue loss is estimated at

$9.9 billion over seven years.) This proposal is more generous than the Administration's proposal in the Health Security Act.

- **Permit Medical Savings Accounts (MSAs).** The bill would create a new IRA-type account called a Medical Savings Account (MSA) that could be used to pay for health care if an individual is covered by catastrophic insurance. Employees could exclude from income employer contributions to an MSA of up to $2,000 ($4,000 for a family). Individuals (including the self-employed) would be subject to the current law limitations on deductions for health care. Earnings within the MSA would accumulate tax-free. MSA distributions would be nontaxable only if used to pay for medical care. (The revenue loss is estimated at $1.3 billion over seven years.) The proposal raises a number of concerns: it would divide the population based on medical risk, create a complex new tax shelter for healthy individuals, and may not significantly contain health-care costs.

ESTATE TAX REFORM

- **Family-Owned Businesses.** The bill exempts from estate tax the first $1.5 million and 50% of the next $3.5 million of "qualified family owned business interests." The House bill contains no such provision. This proposal would give an estate tax reduction in excess of $1,750,000 to any decedent who owned a family business worth more than $5,000,000. (The revenue loss is estimated at $5.5 billion over seven years.) The Treasury Department is working on a proposal to provide more targeted relief for family-owned small businesses and farms.

EXPIRING PROVISIONS

- **Provisions Extended Through February 28, 1997.** The aggregate cost of these temporary extensions is estimated at $5.4 billion over seven years. These temporary extensions include:

  -- **The Targeted Jobs Tax Credit.** As in the House bill, it would be renamed the Work Opportunity Tax Credit, and modified, including a reduction in the credit rate from 40 percent to 35 percent.

  -- **Employer-Provided Educational Assistance.** The provision would extend the $5,250 exclusion for employer-provided educational assistance, which expired after December 31, 1994.

  -- **Research and Development (R&D) Tax Credit**

-- **Reinstate Tax-Free Treatment of Employer-Provided Group Legal Services.** The Administration rejected extending this provision in the budget it proposed in 1993.

-- **Orphan Drug Tax Credit**

-- **Commercial Aviation Fuel.** The effective date of the 4.3-cents-per-gallon tax on commercial aviation fuel would be delayed from October 1, 1995, through February 28, 1997.

REVENUE RAISERS

- **Pension Asset Reversions.** The Senate bill would permit employers to transfer -- without any excise tax -- pension assets in excess of 125 percent of a pension plan's "current liability" to pay the annual cost of the employer's retirement, health and other employee benefits. In effect, this would allow companies, during a six-year window, to use pension assets to free up other corporate funds for any purpose. Currently, an employer generally cannot use pension assets for nonpension purposes without terminating the plan and paying a substantial excise tax (of up to 50 percent) that recaptures the benefit of the tax-free accumulation of pension earnings. The Administration strongly opposes this proposal.

- **Expatriation Proposal.** The Senate bill taxes expatriates on their accumulated gains when the expatriate ceases to be a U.S. taxpayer. The provision generally follows Senator Moynihan's proposal, which was based on a proposal contained in the Administration's budget.

- **Repeal Tax Credit for Contributions to Community Development Corporations.** Like the House bill, the Senate bill would repeal this credit, which was enacted as part of OBRA 1993 with the objective of providing economic opportunities for low-income individuals.

- **Corporate-Owned Life Insurance.** As under the House bill, deductions for interest attributable to the purchase of so-called corporate owned life insurance (COLI) policies would be denied. The Administration does not oppose this proposal.

- **Phase Out Preferential Tax Deferral for Certain Large Family Corporations Required to Use Accrual Accounting.** The Revenue Act of 1987 required certain closely held farming corporations (with gross receipts over $25 million) to change from the cash to the accrual method of accounting. However, these taxpayers were allowed a potentially indefinite deferral of the one-time tax liability that otherwise would have been incurred as the result of the change. Like the House bill, the Senate bill would eliminate this deferral and generally recover it over a 20-year period.

- **Phase Out Puerto Rico and Possession Tax Credit (Section 936).** Section 936 would be repealed with respect to new investment as of the end of 1995, and phased out with respect to existing beneficiaries of the credit. The phase-out rules favor taxpayers using the economic-activity branch of the credit, which was enacted in 1993 in response to Administration efforts to reformulate the credit to better promote job-creating investment. However, the bill eliminates the incentive for any new investment in Puerto Rico and the possessions. The Administration indicated that a credit based on economic activity is appropriate, and that if section 936 is repealed, another similar incentive is needed to encourage economic activity in Puerto Rico.

- **Include in Income all Punitive Damages and Damage Recoveries for Non-Physical Injuries.** As under the House bill, no exclusion would apply to damages on account of solely nonphysical injury (such as those related to discrimination or emotional distress) or to any punitive damages received. The Administration opposed this proposal.

- **Reform Foreign Trust Rules.** The proposal contains a package of information reporting and anti-abuse rules directed at sophisticated tax-planning techniques involving foreign trusts. The bill generally follows Senator Moynihan's proposal, which was based on a provision contained in the Administration's budget.

- **Repeal of the Interest Exclusion for ESOPs.** The bill would repeal the special exclusion for interest on employee stock ownership plan (ESOP) loans. In general, current law permits commercial lenders to exclude 50 percent of the interest on loans used to purchase employer stock for ESOPs that own a majority of the employer after the acquisition. The Administration does not support this proposal.

- **Coal Industry Retiree Health Equity.** Under the 1992 Coal Act, liability for financing coal industry retiree health benefits was spread broadly among companies that had signed collective bargaining agreements. The bill would reduce premiums of certain companies for two years, thereby increasing the financial risk to the retiree health benefit fund. Senator Rockefeller strongly opposes this provision. The Administration previously has testified that the 1992 Coal Act should not be amended.

SPECIAL-INTEREST PROVISIONS

The Senate bill contains a number of special-interest provisions. Among them are:

- Special treatment for a 401(k) plan sponsored by the American Football Coaches Association.

- Favorable depreciation treatment for convenience stores that market petroleum products.

- Tax-exempt status for a private foundation's common investment fund.
- Favorable treatment for real-estate losses of life insurance companies.
- Targeted relief for one category of private activity bonds.

The Senate Finance Committee Democrats raised the issue of special-interest provisions in the course of the mark-up debate.

THE PRESIDENT HAS SEEN
10-30-95

enforced by trade sanctions -- to be considered under fast track rules. Fast track will be addressed in context of the overall reconciliation negotiations.

(E) **Gov. Caperton letter on technology in education.** Forwarded by Erskine. Caperton, based on West Virginia' success in putting technology in classrooms, recommends that you create a trust fund to build the information superhighway through education like the one that built the interstate highway system. He suggests that you appoint a blue ribbon commission to study how federal matching funds could drive a national program. Commission would include corporate and congressional leaders, educators and governors. Caperton believes that by doing this you would go down in history as making a revolutionary change in public education.

(F) **Higgins/Baer memo on message meetings with Cabinet.** Kitty and Don, with the help of Frank Greer, Ann Lewis and Mark Penn, have been conducting briefings and preparing materials for your "political Cabinet" (Riley, Reich, Cisneros, Ron Brown, Babbitt, Shalala, Pena, Kantor, Lader, Browner, Rubin and Glickman) to get them fully up to speed on your values message. Kitty and Sosnik will hold similar message meetings with the sub-Cabinet and senior political appointees.

(G) **Memo from Victor Palmieri on race commission.** Palmeiri, former staff director of the Kerner Commission, urges you to appoint a new commission. Though some may criticize this as a substitute for action, he argues that "dialogue and debate" is what's needed to overcome polarization. The point isn't to produce an expert report, but to put in motion a process of convening groups across the country under the aegis of a commission to engage in a substantive dialogue with broad participation. He sees this overall process taking six months and suggests February-July.

(H) **Cisneros memo on "Campus of Learners."** Goal of this new public/private initiative is to transform selected public housing developments from dead-end projects to "campuses" where every resident "contracts" to enroll in an education program as a condition of living on campus. Initiative would incorporate education, technology and job training opportunities. Several cities, including Atlanta, Hartford, South Bend, New Haven and East St. Louis have secured private sector funding to leverage against HUD resources to implement the program. Other partners include universities and TCI (the cable company). HUD hopes to use $500 million in the FY 96 Senate appropriations bill allocated to demolish and redevelop public housing projects.

(I) **AmeriCorps update from Rick Allen.** House Oversight Hearing - Rep. Hoekstra held a six-hour oversight hearing October 17. Although he threatened a "rough" hearing, Harris and Eli did very well and hearing went fine. Republican Support in states - 39 states held swearing-in ceremonies in October, with Governors Weld, Racicot (MT) and Geringer (WY) participating. Weld and Racicot were extremely supportive in their remarks. Press: Coverage has been overwhelmingly favorable, though any focus on cost, such as by Grassley, is unhelpful, and there is increased receptivity to criticism by press trying to show "balance". Broadening base - Harris is focussing on increasing the number of unpaid volunteers.

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10-30-95

95 OCT 16 A11 : 53

POTUS
FYI

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

October 16, 1995

GASTON CAPERTON
GOVERNOR

cc: VP, Lewis

Mr. Erskine Bowles
Deputy Chief of Staff
Office of the President
The White House
1600 Pennsylvania Avenue, NW
Washington, D. C. 20500

Dear Erskine:

This is a follow up to our conversation on Friday about technology in education.

As you know, West Virginia is the recognized leader in the country in using technology in public education. Our use of technology in education has taken West Virginia from one of the worst school systems in the country to one that is nationally competitive. We began using computers in kindergarten and are now through the fifth grade. One way of measuring the success of the program is in the national fourth grade reading test, the only test given nationwide, where West Virginia ranks nineteenth in the country and second in the south. We also, in partnership with Bell Atlantic, will have Internet in every junior high and high school in the next year. What we have learned from this experience is how much more there is to do. I would like to recommend to the President that there be created a trust fund much like the trust fund that built the interstate highway system to build the information highway system through education.

The President would, I believe, through this one commitment of technology in education, go down in history as the president who has done more than any other, to transform and make America competitive. To successfully do this, I would recommend that he put together a Blue Ribbon Commission to study how federal matching funds in a trust could be developed driving a national program. Such a Blue Ribbon Commission should include the corporate leaders of leading companies of both hardware and software, congressional leaders of both parties, educators, and governors. It would be my recommendation that the results of this Commission be made public after the November election in 1996 so as to avoid the political discussion on funding should it include a recommendation for additional taxes.

OFFICE OF THE GOVERNOR

I have seen in a very short period of time what technology has done for public education in West Virginia. I am convinced if the President chooses to aggressively pursue a national technology program with national funding, that he will go down in history as the President who made the revolutionary change in public education that put America first in education in the world.

I would be honored to help the President on this very important project.

Sincerely,

Gaston Caperton
Governor

GC/jh

THE PRESIDENT HAS SEEN
10-30-95

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THE PRESIDENT HAS SEEN
10-30-95

THE WHITE HOUSE

WASHINGTON

95 OCT 19 P6:52

October 19, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS
DON BAER

SUBJECT: Message Meetings with Cabinet Members

We wanted to make you aware of a series of briefings we are conducting with the "political Cabinet" (list attached), and their press secretaries and speechwriters. We are sharing with them your values message and asking them to incorporate these themes in their own speeches and interviews.

Frank Greer, Ann Lewis, and Mark Penn are working with us to make sure the Cabinet has the benefit of the focus groups and polling research. Don has prepared a sample speech, Ann is working on a kit for the Cabinet to use in discussing your accomplishments, and Frank has offered to conduct media training for Cabinet Members to help them tailor the values message to their own Departments and the audiences they address.

We began with a brief presentation two weeks ago to the full Cabinet. We then led a detailed briefing for Chiefs of Staff and Communications Directors, followed by two sessions with three to four Cabinet Members and staff. Two more are planned. The response has been positive, with a number of constructive suggestions coming from the Cabinet.

In addition to briefing the Cabinet, Don, Doug Sosnik and I are scheduling a series of meetings with the sub-Cabinet and senior political appointees to discuss the values message and the political targets for their travel and media.

Attachments

cc: Leon Panetta
Harold Ickes
Erskine Bowles
Doug Sosnik

LEADERSHIP * FAMILY * OPPORTUNITY * COMMON GROUND
President Clinton's vision for America

* **Leadership**: Presidential leadership that makes a difference

Standing up for America: fighting to open overseas markets to American goods; standing up for American values overseas

Doing what's right -- not because it is easy, but because it should be done
President Clinton took on the NRA to win the ban on assault weapons; he took on the tobacco companies to make it harder to hook kids on smoking.

* **Families: Working to preserve and strengthen families**

President Clinton is working to giving parents the tools they need: from the Family and Medical Leave Act to the v-chip in television sets. He is fighting to be sure our families will have clean drinking water and clear air, and to preserve the heritage of our national parks.

The President is determined to make our schools and communities safe: More police on the street, fewer guns, and safer schools, and a commitment to ending violence against women.

* **Opportunity: Providing opportunities for all Americans**

President Clinton believes the American Dream is for every family, and every child. His economic policies emphasize jobs, education and trade: creating more high wage, private sector jobs, and - because education is the key to higher income -- making computer literacy and college education available to every student.

Opportunity must be accompanied by responsibility: President Clinton believes that as we support policies that reward work and expand opportunity, every American must take more responsibility for ourselves, our families, and our communities.

* **Common ground**:

There may be no more important test of leadership than President Clinton's commitment to **common ground**: leadership and action based on our highest values. By finding common ground, we can get beyond divisive rhetoric and take real action on the issues that are before us.

At a time when too many politicians use language that divides, President Clinton is working to find the **common ground**. He reminds us that we are all in this together -- and together, we have the strength and the wisdom to do what is right.

PRESIDENT CLINTON

Giving parents the tools they need:

* Signed the Family and Medical Leave Act
* Tax relief for working families; expanded the Earned Income Tax Credit
* Increased support for Head Start and Child Immunization
* Increased child support collections
* Fought to protect regulations for clean water and clean air
* Preserved the National Parks System
* Working for the v-chip in television sets and more children's educational programming

Making our schools and communities safe:

* 100,000 more police officers for our communities
* 25,000 officers already on the job
* Took on the National Rifle Association to win a ban on assault weapons and a waiting period to purchase handguns
* Safe and Drug Free School Act supports security and anti-drug programs in our schools
* Committed to ending Violence Against Women, with protection against rape and domestic violence

PRESIDENT CLINTON

Opportunities for all Americans

* 7.3 million new jobs in the first 31 months - more new jobs in the first two years alone than all four years before

* Deficit reduction: three consecutive years of lower deficits

* Low unemployment and low inflation: the lowest combined rate in 27 years

* Aggressive trade policies have opened new markets for American goods

* High wage jobs through education: Direct Student lending, the School to Work Act and new opportunities to upgrade technological skills

* Balanced Budget in less than ten years while maintaining investments in education

Opportunity with Responsibility

* Make work pay through the Earned Income Tax Credit, bringing tax relief to working families

* End welfare as we know it with legislation emphasizing responsibility, work and family

* Increased child support enforcement so parents take responsibility for their children

* Responsibility and accountability for government with customer service standards, and streamlined purchasing; eliminated tax deduction for lobbying

President Clinton

Standing Up for America

* Expanding markets for American made goods by insisting on fair trade with Japan, Korea, China and other countries

* Working with American companies to increase exports and win contracts overseas

* No more nuclear arms aimed at the U.S. from the former Soviet Union

Standing up for American values

* Peace agreements in Northern Irealand, the mid-east and Bosnia; democratic government in Haiti

* Hillary Rodham Clinton spoke up for American values at the UN Conference in Beijing - and made us proud

Doing What's Right

* President Clinton stood up to the NRA and banned assault weapons

* Signed the Brady bill which has already stopped 450,000 felons and fugitives from buying handguns

* Stood up to the tobacco companies by calling for rules to prevent marketing to young people

PRESIDENT WILLIAM JEFFERSON CLINTON
VALUES SPEECH
FALL 1995

We find ourselves in a moment of great change. We must make great decisions -- decisions that will shape the lives of our children and our children's children. Our challenge is to deal with the changes we face in a way that preserves our vision for the future.

We want a future of high opportunity, where the middle class is growing and the underclass is shrinking; where people have the opportunity to live up to their own God-given abilities; and where families and communities have the ability to solve their own problems. The way to get there is to hold on to the values that have always made this country great: Freedom and responsibility; work and family; and opportunity for all.

We have to embrace new ideas rooted in those old-fashioned values. We have to work with Democrats and Republicans to find common ground based on those values. We have to keep our eyes on the future and do what's right for the next generation, even if it's politically unpopular. And we have to remember that we are a community, not a crowd.

That's what this budget debate is really all about in Washington -- whether the America of the 21st century will be a community, as we want it to be, or a crowd, as so many in the Republican majority in Congress want it to be. We need to stop looking for ways to be divided, and start looking for ways to reach common ground and higher ground. We must be forward-thinking enough to stand up for the future, even if it's not popular in the present. But we must be sensible enough to hold on to those core values which have made this country what it is.

We must balance the budget. We must lift the burden of debt off our children, and we want to free up money that will help strengthen our economy today. But I believe we must balance the budget in a way that is consistent with our basic values. We've got to give people a chance to make the most of their own lives. We've got to strengthen our families, and help them stick together. We've got to protect our children. And we have to honor our parents and our grandparents.

These are the values that ought to guide the decisions we make to balance the budget. I believe the congressional budgets offered by the Republican majority violate these values.

If we want to honor the people who built this country, do we really want a budget that will deny 300,000 elderly people the right to be in the nursing homes they are in today? Do we really want to eliminate quality standards for nursing homes? Do we really want to say to a woman whose husband has to go to a nursing home that in order for your husband to qualify for any government assistance, you have to sell your car, your house, you have to spend all your life savings, you have to be totally impoverished?

If we want to reward work, and help families stick together, do we really want to raise taxes on 17 million working families -- increasing taxes on them to the point that many of them will be forced into poverty, even though they're working?

If we want our children to breathe clean air, drink clean water, and eat safe food, do we really want to stop enforcing the Clean Air Act, or turn back the clock on the rules that keep

dangerous bacteria out of our water and away from our food?

If we want to give every child in America the opportunity to succeed, why would we want to make it harder for young children to get off to a good start in school? Why would we want to make it harder for schools to have smaller classes and buy computers? Why would we want to make it cost more for young people to get college loans?

Those are the choices. If you insist on balancing the budget in seven years, with the Republican tax cut and their assumptions, those are the things we have to do. But there is another way. I have offered Congress a plan that balances the budget in ten years without destroying education, without undermining our commitment to the environment, and without violating our obligations to working families, the elderly and our children.

The budget debate forces us to answer a simple question -- do we want a government that upholds our values as a community and stands on the side of working people who are struggling to build better lives for themselves? I think the answer is yes. And that is exactly what I have been working to do.

Two and a half years ago, you sent me to Washington to generate jobs, increase incomes, shrink the underclass, grow the middle class, and give America a better, stronger future. Since I started my job, our American economy has created more than 7 million new jobs, 2.5 million new homeowners, 2 million new small businesses. Unemployment is down 20 percent. We're cutting the deficit. It was $290 billion when we started, and it's down to $160 billion now. That's a 40 percent cut.

First, the tobacco companies knew that cigarettes were addictive and dangerous, but marketed towards children anyway. And second, 3,000 kids start smoking every day, and 1,000 are going to die because of it. If it saves 1,000 kids a day, who cares what the political consequences are?

The 21st century can be America's greatest time. Our children and our grandchildren can enjoy more freedom, more opportunity if we do what is right. But we can't let the people in Washington who are trying to do it, turn back the clock. We have to keep America moving forward -- strong, proud and united. Let's stay that way and march into the 21st century victorious for the values of ordinary Americans.

Nearly 50 years ago, when I was born, the per capita income in Arkansas was barely half the national average. I was raised by my grandparents until I was four. My grandfather had a sixth-grade education. And I became President of the United States -- not because of my goodness or ability or hard work -- there are people like me all over this world. I became President because of America, because this country stood for something and had the right values, and gave people like me a chance to be our best.

If we do the right things now, the best days of this country are before us. The best <u>is</u> yet to come.

God bless you all, and thank you very much.

The Palmieri Company

THE PRESIDENT HAS SEEN
10/30/95

95 OCT 23 P4:26

M E M O R A N D U M

DATE: October 20, 1995

TO: President Clinton

FROM: Victor H. Palmieri VHP
Former Staff Director
National Advisory Commission on
Civil Disorders
(The Kerner Commission)

SUBJECT: Appointment of a National Advisory Commission on "Race in America"

cc: Alexis
GS
Bruce
We need to discuss

The mounting turmoil in the attitudes of Americans toward racial issues -- seen most ominously in the polarization of black/white views on the O.J. Simpson verdict -- calls for Presidential response going beyond your forceful speech in Houston.

Although there are always cynics who see "blue-ribbon" non-partisan national commissions as "substitutes for action," it is useful to recall that the Kerner Commission's 1968 report was one of the most widely publicized documents of the century and continues to resonate in the public debate to this day.

In fact, dialogue and debate are precisely the type of "action" required to overcome polarization and racial fear, particularly in a time of growing minority concern over the direction of national policy affecting the poorest elements of our society.

There will be those who will caution you -- and rightly -- against the political risks involved in taking this initiative with the Presidential election campaign just getting under way.

I would argue that the likely rewards far outweigh the risks. The evident hunger in the land for leadership in bringing people together -- witness the positive reaction to the "Million Man March" -- creates an historic opportunity for the country and for your Presidency.

The opportunity is not to produce a commission report based on expert testimony, but rather to put in motion a process of convening groups across the country under the aegis of the Commission to discuss and debate the crucial issues of race relations as a way of informing the Commission's deliberations while providing a wide sense of participation to all sectors of the

American public.

I see this process as taking six months -- say from February through July of next year -- giving your staff three months to structure the Commission and its staff (ample time for careful planning), and giving the Commission ample time to issue its report prior to the election, which should be its mandate.

Mr. President, the time is right to confront "the American dilemma" through the democratic process of dialogue and debate. This powerful resource is uniquely one that you can mobilize on your own initiative as President. I trust you will give this proposal your careful consideration.

THE PRESIDENT HAS SEEN
10-30-95

enforced by trade sanctions -- to be considered under fast track rules. Fast track will be addressed in context of the overall reconciliation negotiations.

(E) **Gov. Caperton letter on technology in education.** Forwarded by Erskine. Caperton, based on West Virginia' success in putting technology in classrooms, recommends that you create a trust fund to build the information superhighway through education like the one that built the interstate highway system. He suggests that you appoint a blue ribbon commission to study how federal matching funds could drive a national program. Commission would include corporate and congressional leaders, educators and governors. Caperton believes that by doing this you would go down in history as making a revolutionary change in public education.

(F) **Higgins/Baer memo on message meetings with Cabinet.** Kitty and Don, with the help of Frank Greer, Ann Lewis and Mark Penn, have been conducting briefings and preparing materials for your "political Cabinet" (Riley, Reich, Cisneros, Ron Brown, Babbitt, Shalala, Pena, Kantor, Lader, Browner, Rubin and Glickman) to get them fully up to speed on your values message. Kitty and Sosnik will hold similar message meetings with the sub-Cabinet and senior political appointees.

(G) **Memo from Victor Palmieri on race commission.** Palmeiri, former staff director of the Kerner Commission, urges you to appoint a new commission. Though some may criticize this as a substitute for action, he argues that "dialogue and debate" is what's needed to overcome polarization. The point isn't to produce an expert report, but to put in motion a process of convening groups across the country under the aegis of a commission to engage in a substantive dialogue with broad participation. He sees this overall process taking six months and suggests February-July.

(H) **Cisneros memo on "Campus of Learners."** Goal of this new public/private initiative is to transform selected public housing developments from dead-end projects to "campuses" where every resident "contracts" to enroll in an education program as a condition of living on campus. Initiative would incorporate education, technology and job training opportunities. Several cities, including Atlanta, Hartford, South Bend, New Haven and East St. Louis have secured private sector funding to leverage against HUD resources to implement the program. Other partners include universities and TCI (the cable company). HUD hopes to use $500 million in the FY 96 Senate appropriations bill allocated to demolish and redevelop public housing projects.

(I) **AmeriCorps update from Rick Allen.** House Oversight Hearing - Rep. Hoekstra held a six-hour oversight hearing October 17. Although he threatened a "rough" hearing, Harris and Eli did very well and hearing went fine. Republican Support in states - 39 states held swearing-in ceremonies in October, with Governors Weld, Racicot (MT) and Geringer (WY) participating. Weld and Racicot were extremely supportive in their remarks. Press: Coverage has been overwhelmingly favorable, though any focus on cost, such as by Grassley, is unhelpful, and there is increased receptivity to criticism by press trying to show "balance". Broadening base - Harris is focussing on increasing the number of unpaid volunteers.

THE PRESIDENT HAS SEEN
10-30-95

95 OCT 23 P1:48

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

October 23, 1995

TO: **President William Clinton**
Vice President Al Gore

FROM: **Henry G. Cisneros** Henry Cisneros

SUBJ: **Creating Economic Lift in Public Housing through Technology and Education Partnerships**

I am pleased to share with you an exciting new initiative we have named, "Campus of Learners", being developed by the Department of Housing and Urban Development. The goal of the new initiative is to transform selected public housing developments in cities across the nation from dead end projects to campuses where every resident is pursuing educational opportunities. This initiative recognizes the importance of an education-oriented "contract" between residents and each campus, whereby residents agree to enroll in an education program as a condition of living on campus.

The Campus of Learners initiative combines private and public sector resources by incorporating education, technology and job training opportunities in public housing developments. Through creative partnerships with school districts, universities, community colleges, and corporations, the Campus of Learners initiative will transform public housing developments from places that are often physically, socially and economically separated from mainstream society into electronic and education campuses for the 21st century.

In addition to the Department's allocation of resources, cities such as Atlanta, Hartford, Denver, South Bend, New Haven, and East St. Louis have secured commitments from the private sector, local school districts and universities to implement the Campus of Learners initiative within eighteen months.

Funding for this initiative is coming from a number of existing HUD resources. Public housing agencies, for example, are using capital funds for rehabilitation and redevelopment to construct Campuses of Learners. I am hoping to expand existing efforts markedly in FY 1996. The Senate FY 1996 appropriations bill contains $500 million for a major initiative designed to demolish and redevelop some of the nation's worst public housing projects. If appropriated, the Department will use these resources to implement the Campus of Learners initiative. The Department has identified the Senate initiative as one of our highest priorities for the upcoming VA/HUD appropriations conference.

On October 24th, representatives from the aforementioned cities, TeleCommunications Inc. (TCI), universities, and several housing authorities will meet in Washington, D.C. to

exchange information about the campuses under development in their communities. On October 30th, the Campus of Learning initiative will be discussed at the Domestic Policy Council's bi-monthly meeting coordinated by Carol Rasco. On November 1st, Secretaries Reich, Riley, Brown, Shalala and I will explore ways to bring additional federal resources to the initiative.

The "Campus of Learners" initiative advances important goals of your domestic agenda:

- to establish centers of education where residents are admitted to a Campus of Learners based on their willingness to participate in an education program of some kind.

- to replace the isolation that fosters permanent dependence with connections that encourage self-sufficiency.

- to inject an education ethic into inner city communities.

- to equip residents with the education and computer skills necessary to compete for new jobs.

- to change the perception of public housing as a dead-end to a platform, or launching pad, for an independent life.

Key elements of the Campus of Learners initiative include the following:

- *Build Physical Campuses for Learning and Living:*
  Create new human scale safe living environments that integrate schools, parks, community colleges and universities. Use architecture, landscaping, fencing, and access points to build livable human scale developments and replace the traditional street system. In short to build identifiable campuses where there are now only "projects."

- *Integrate Area Schools into Campuses of Learners:*
  Schools will be physically incorporated into the campus plan to ensure access and security. Public Housing Authorities will work with local school districts in development in curriculum development, parent-teacher relationships, after-school activities, and adult education classes.

- *Partner with Universities:*
  Harness the resources of universities, vocational, technical institutes and colleges through specialized education and technology classes, share computer hook-ups, mentoring programs, and student-supported housing in the development. Some faculty members will be invited to live "on-campus" and act as academic advisors.

- *Provide Access to Technology:*
  Wire every unit in the Campus of Learners site. Computer lab sites on campus will be available for computer classes, language skills, life skills training, and GED classes to accommodate the schedules of working mothers, children and the elderly.

- *Encourage Private Sector Sponsorship:*
  Encourage corporate sponsorship of the local Campus of Learners sites, including job training and employment opportunities, mentoring for children and adults, telecommunications resources, and youth sports programs.

- *Provide Education and Learning for Residents of all Ages:*
  Enrolling in an education program of some kind will be a requirement to live on campus. All residents, children, adults, and senior citizens, will have access to education in nearby schools and campus education centers.

- *Foster Employment Opportunities:*
  Partner with local businesses for job placement and opportunity for residents who complete adult education training, computer programs, or other programs.

- *Create Safe Communities:*
  Design apartments and living centers with an emphasis on safety and limited access. Extend "boundaries" of public housing to nearby schools, community colleges and universities.

- *Change the psychology of public housing as a permanent residence:*
  Emphasize the importance of inner-city education and job training as critical rungs in the ladder of economic opportunity. Churches, businesses and volunteer organizations will establish strong mentoring/leadership networks.

Examples:

The North Lincoln Homes Campus of Learners
Denver, CO

A unique public/private partnership between the Denver Housing Authority, TeleCommunications, Inc.(TCI), the Community College of Denver, Denver University, and the Denver School District will provide a network of educational resources, streamlined access to family services, and viable employment and training programs to transition North Lincoln's public housing residents off public assistance and into self-sufficiency. All 206 apartments in North Lincoln Homes will be designed and constructed with computer wiring bringing technology into the homes of lower income Americans. In coordination with TCI, access to high technology computer learning services will be provided at an on-site Family Learning Center at North Lincoln Homes.

The Charter Oak Campus of Learners
Hartford, CT

The Charter Oak public housing site is transforming a place of partially vacant apartment complexes to a comprehensive learning and living center. Mayor Michael Peters is working with the Hartford School District, Trinity College, and others to wire all of the units in Charter Oak, to expand the traditional boundaries of the development to include nearby elementary and technical schools, and to offer adult education opportunities to residents.

"Housing University"
South Bend's Campus of Learners

The South Bend Housing Authority is establishing a "Housing University" for all public housing in South Bend designed to assist residents to empower themselves through self-sufficiency. The Housing University will network with area schools, community centers, service agencies and churches. Families will develop an individually tailored education and training program called a "Family Empowerment Plan." South Bend has developed technology partnership with the Community Learning and Information Network, and the Technology Lab 2000 to provide technology access for all residents. In addition, nearby schools and on-site computer centers will provide a technology-enriched curriculum for all residents with classes in K-12 for children, and child care, life skills, employment skills for adults, as well as, teenage pregnancy counseling and conflict resolution for youths.

THE PRESIDENT HAS SEEN
10-30-95

(J) **Letter to Eli from Benjamin Barber on AmeriCorps.** Forwarded by Don Baer. Three key points: Politicization - the program's identification as your "pet" project makes it a target. Your rhetoric needs to say that "this is not my program, it is America's program". Bipartisan. Emphasizing Peace Corps as a worthy model and acknowledging the debt to Points of Light and Reagan. Bureaucratization - at the grassroots, Corporation is perceived as too bureaucratic. This is no doubt an outgrowth of well-intended desire to guarantee national standards, fairness, etc., but it needs to be addressed. Outcomes bias - the focus on short-term outcomes (meals served, homeless housed, etc.), while intended to please a skeptical, cost-conscious Congress, is damaging. AmeriCorps can never be as efficient in these areas as unmediated local programs. This focus misses larger, moral value of service, such as community building, character development, combatting cynicism.

(K) **Peace Corps update from Gearan.** First Lady: Her meeting with 200 Peace Corps volunteers in Paraguay was a huge success. Transcript of her speech will be sent to 6,500 volunteers world wide. Haiti: Re-entry into Haiti is a high priority. Mark has hired a Country Director and hopes to have volunteers on the ground by March 1996. South Africa: We are awaiting approval by South African government on agreement to place volunteers there. If approved, Vice President may participate in signing ceremony on his trip there later this year. Crisis Corps: Mark's plan is for up to 100 experienced volunteers to offer their skills in responding to natural disasters around the world. He has met with James Lee Witt and Nan Borton of Office of Foreign Disaster Assistance. Health Care: Last month, Peace Corps changed current delivery system and hopes to save $600,000 - $800,000 per year. 35th anniversary: Mark hopes you and Mrs. Clinton can participate in March 1 celebration.

(L) **National Journal Column entitled "Where Are Those Gray Flannel Suits".** Via Erskine. Describes some estrangement since 1992 in your relationship with big business. John Young, declines to comment on whether he will back you in '96. He thinks our health care effort was biggest cause of CEO estrangement: "It was so unlike the way a CEO would have approached a problem. Most CEOs want to try something out and see if it works instead of inventing some blot-out-the-sun whole new system." Article also notes CEOs are cautious and won't bet against you as long as it looks like you will win reelection.

(M) **Polls from *The Polling Report*.** Via Harold. 1) July 27-31 poll conducted for R.J. Reynolds on presidential match-ups in five southern states; 2) August 16-20 AP poll on opinions on proposed limitations on tobacco advertising; and 3) five different presidential preference polls from July-August.

(N) **Catholic Roundtable clips.** From McCurry. Sample of articles from Catholic weeklies and wires after your roundtable.

(O) **Travel Clips.** From Sosnik. 1) Austin-Dallas-San Antonio-Houston trip; 2) Des Moines-Cedar Rapids trip.

THE PRESIDENT HAS SEEN
10-30-95

THE WHITE HOUSE

WASHINGTON

95 OCT 19 P6:25

OCTOBER 19, 1995

MEMORANDUM TO THE PRESIDENT

FROM: DON BAER DB
SUBJECT: Letter from Benjamin Barber regarding AmeriCorps

I thought you would be interested in reading the attached. I have already distributed a copy to the speechwriters.

THE STATE UNIVERSITY OF NEW JERSEY
RUTGERS

Department of Political Science
Hickman Hall • Douglass Campus
New Brunswick • New Jersey 08903
(908) 932-6861, Fax: (908) 932-1922

Walt Whitman Center for the Culture and Politics of Democracy

Director:
Benjamin R. Barber
Whitman Professor of Political Science

October 4, 1995

Mr. Don Baer
Department of Communications
The White House
Washington, DC 20500

Dear Don:

I sent the enclosed letter to Eli to raise some concerns I have about the Corporation. I wanted you also to have a copy. It hits on some of the themes we've talked about. Feel free to share it with the President or anyone else.

Best wishes,

Benjamin R. Barber BR

Benjamin R. Barber
Director

BRB:bjf

Enc.: copy of letter to Eli Segal

THE STATE UNIVERSITY OF NEW JERSEY
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Director:
Benjamin R. Barber
Whitman Professor of Political Science

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: NN **DATE:** 9/10/11

2019-0779-S

October 4, 1995

Mr. Eli Segal
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525

CONFIDENTIAL & PERSONAL

PLEASE FORWARD

Dear Eli:

Congratulations on your year of extraordinary service to the Corporation. As you depart, and as Harris Wofford prepares to take over -- and on the heels of the Congressional zeroing out of the Corporation and in the expectation that the matter will be rethought during the reauthorization debate next year, I wanted to share some of the issues that have been raised with me as I speak to service groups around the country. As you know, I speak several times a week to large audiences of people engaged in service, service learning and community organization, and I have found certain common threads in their complaints that mirror some of my own concerns.

These complaints and concerns fall into three domains which I believe need to be addressed prior to reauthorization debate.(or veto override debate):

1) the politicization of national service,

2) the bureaucratization of service, and

3) the overemphasis on results.

1) Politicization: the President has faced a dilemma from the start because national service has been one of his most cherished programs; yet his very dedication to it has permitted opponents to see it as "his" pet project and thus turn it into an obvious political target, irrespective of its substantive virtues -- which, after all, are to a large degree bipartisan. The President can rightly ask why he should back off in claiming credit for a program of which he is so justifiably proud and which symbolizes the spirit of his Administration. Yet can he continue to speak passionately for the program without himself helping to make it a political football?

I would propose a compromise rhetoric that says in effect:

> "this is not my program, it is America's program. It began with President Reagan and President Bush's Points of Light program and it should continue long after I have left the White House. The Peace Corps is a worthy model: enduring through four Democratic and four Republican Administrations, it has become an American institution. The National Service program is not a Democratic or Republican program it is a citizenship program that belongs to the women and men in service, young and old, as well as to the communities they serve. I appeal to my fellow citizens in both parties not to disappoint the young volunteers who, through the program, have become active in their local communities and have taken the first step towards life-long citizenship. Ours is a national program rooted in decentralized community work. Let's not take away America's service program."

In other words, the President has to give back his program to the country -- allow both Parties as representatives of the nation to take credit for it; explain its local character and its dependence on 50 state commissions and local programs throughout the country.

2) Bureaucratization: local service organizations and grantees working with the Corporation are clearly concerned about the kind of bureaucratic procedures imposed on them by the Corporation. I know many of the paper requirements are there precisely to insure accountability to Congress, but these requirements are experienced by local grantees as further examples of an arrogant federal bureaucracy asking irrelevant questions and placing undue constraints on local programs. Some once avid grantees of the Corporation have said to me in the last week, "Good riddance! Better we run our own programs without them!"

As has happened with so many other government bureaucracies trying in a good-willed fashion to guarantee national standards, fairness and efficiency, the Corporation has sometimes come across as a paper-obsessed and small-minded bureaucracy more concerned with its rules and procedures than with getting things done in the community. Some of this probably has to do with the youth and inexperience of some good-willed Washington hands and some of it is just griping of a kind that always attends funded programming. But I sense also a valid concern with a seeming discontinuity between the sorts of issues raised by the Corporation as a funding agency and the sorts of realities faced by idealistic and hard-working grantees, and this really needs to be addressed.

3) Outcomes Bias: finally, again I am aware that the emphasis on results was in part a consequence of trying to accommodate Congress's obsession with the cost effectiveness of dollars expended, and the expectation that only short-term measures of outcomes were likely to be politically relevant. But for many local programs this emphasis has distorted the more balanced picture of what service is really about (community building, character

and civic development as well as short-term results) and has made the appeal to higher moral and civic values difficult. Despite the fact that the Corporation has emphasized many different dimensions of service, the single-minded focus on outcomes has seemed heavy-handed and misleading to some grantees.

Moreover, in the end the strategy has failed politically -- because by hitching its fate to outcomes evaluation, the Corporation has tried to meet an impossible standard. Indeed, the standard was, I believe, cynically designed by opponents in Congress to assure failure. With outcomes in "meals served" or "homeless housed" or "illiterates taught" as the primary standard for evaluating the efficiency of the Corporation, it will always lose out to unmediated local programs; for it will always be cheaper to rely on local volunteer programs than to support a national program whose cost per volunteer will necessarily be higher.

The long term "value" of service is in the training of life-long responsible citizens and viable self-governing communities over the long haul; as well as in combatting cynicism and selfishness among the young and in overcoming the defeatist belief that individuals don't count and can't make a difference. These goals require national leadership and standards for volunteer and service programs that go beyond outcomes. The real question to ask is how much the preservation of liberty is worth to Congress? What will we pay to insure that the young serve their country and communities instead of ignoring them or preying on them? Isn't national service a better and cheaper form of socialization and civic education than incarceration in an ever-expanding and endlessly costly prison system?

In sum, while in the short run talking about outcomes and results may seem to respond to Congressional critics, in the long run they can only be silenced or perhaps even won over by shifting the debate to a firmer turf: to a moral and civic vision of service as a school of democracy for servers and the served alike.

I know that these three concerns are already present in the debates and discussions of the Corporation and indeed are in many ways are reflected in how it conducts its affairs. You would certainly have a right to say, "Yes, good, but we're already doing what you suggest." But I'd reply, "Of course you are, but it's still not enough; the balance isn't yet right." Even at this late hour there is an opportunity to move Congress and the nation to see in national service not just the President's program but an American program, to see in the Corporation not just another national bureaucracy that somehow saps rather than encourages local service, but a modest house of moral leadership and national direction for decentralized and state-commission-led local service programs, to conceive of the Corporation's programs as aiming not just at short-term social outcomes that, in the face of our large problems, will always be relatively modest and probably not cost effective on a volunteer per dollar basis, but aiming rather at a larger civic vision of an American democracy revitalized.

These shifts are merely shifts in emphasis -- moving over towards a point of view that can already be found in the Corporation and its work. I think what the Corporation has actually achieved in America is really beyond political debate. Everyone who knows anything about the local grantees and the activites and attitudes of Americorps volunteers has to admire it whether they are on the right or left. But how the Corporation and its programs are described -- how it presents itself to the nation -- remains far more contentious and is the source of much of its political liability. It is to this challenge that my remarks are addressed.

I didn't want to send this directly to Harris Wofford since I don't know him very well, but if you think it appropriate please do send it to him. I've also sent a copy to Don Baer with the thought you or he might want to share it with the President.

Sincerely,



Benjamin R. Barber
Director

BRB:bjf

THE PRESIDENT HAS SEEN
10-30-95

We have also received the following information items.

HHS memo on South Carolina cocaine babies program. Forwarded by Erskine at your request. South Carolina AG accused HHS of shutting down state program designed to help unborn children of cocaine-addicted women. Article distorted HHS's role. Under the program, pregnant women fitting a certain profile were tested for substance abuse. Those who tested positive had to attend counseling and were jailed if they failed to do so. HHS investigated program under Title VI because it heard that nearly all the jailed women were black. Medical University of South Carolina, sponsor of program, voluntary terminated practice of jailing pregnant women after being notified of the HHS investigation, but before formal investigation started. HHS accepted voluntary agreement only after consulting with Public Health Service to ensure that no other aspect of the drug treatment program would be affected.

Thank you note from Liz Carpenter. Thanks you for coming to Austin and"lifting our spirits and conscience." Says Austin fell in love with you and that papers were full of praise and pictures. Guero's Restaurant named your "high-caloried Tex-Mex order 'El Presidente' and doubled its clientele." She says people are telling her you will carry Texas; Liz and Jake Pickle are putting together a Clinton-Gore Democratic Revival Tour with the organ you signed and campaign choir.

Congressional Correspondence. 1) Rep. Martin Meehan (D-MA): Says that you did a great job on tobacco, has been great to work with your Administration and looks forward to another four years. Wished you well on your weekend trip to Martha's Vineyard. 2) Rep. Pat Schroeder (D-CO): Sends you and the First Lady belated anniversary greetings. Says "we all belong in a marriage hall-of-fame for longevity."

Thank you note from Tim Boggs. Tim thanks you for your endorsement of ENDA calling it a "proud and historic step...it is also a brave and serious policy statement that will always be part of the Clinton record."

Note from Oscar Wyatt. Via Mack. Urges you to "never make excuses" about your Houston speech because it was "well received" and "stimulated a lot of marginal Democrats to start thinking." Says "it was a hell of a speech....[y]ou admitted you might have made some mistakes, but your results were excellent, the delivery was excellent". Note that the *National Journal* article forwarded at Tab L describes Wyatt as being on the Texas presidential campaign steering committee for Bob Dole.

135895

THE PRESIDENT HAS SEEN
10-30-95
Chief of Staff

DEPARTMENT OF HEALTH & HUMAN SERVICES

95 OCT 23 P6:47 Washington, D.C. 20201

Pams
cm FL on Regs

FACSIMILE

DATE OCT 23 1995

TO: (NAME, ORGANIZATION, CITY/STATE AND PHONE NUMBER):

Erskine Bowles
Asst. to the President/Adm. Deputy
Chief of Staff for Operations
The White House

ATTN: Pam

PHONE: 456-1960

FROM: (NAME, ORGANIZATION, CITY/STATE AND PHONE NUMBER):

Kevin Thurm
Chief of Staff
DHHS

PHONE: 690-6133

RECIPIENT'S FAX NUMBER: ( ) 456-6703

NUMBER OF PAGES TO SEND (INCLUDING COVER SHEET): 25

COMMENTS:

DEPARTMENT OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Chief of Staff

October 23, 1995

NOTE TO ERSKINE BOWLES

Concerning the article in Policy Review, the attached materials were forwarded last week.

Kevin Thurm

Attachments

DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C. 20201

OCT 19 1995

NOTE TO CAROL RASCO

On Monday, October 16, we sent your office a response to the South Carolina Attorney General Charles Condon article on cocaine babies that appeared in the journal *Policy Review*, which accused this Department of shutting down a program designed to help the unborn children of cocaine-addicted pregnant women. The article distorted the role of HHS in ending a policy of referring these women for arrest and prosecution if they refused treatment, and I would like to take this opportunity to highlight our main criticisms of the article.

- **The Department is required by law to investigate promptly any complaint of a failure to comply with Title VI of the Civil Rights Act of 1964.** The Department did not go in to help pregnant women "escape the consequences of their actions," as the article implies. Rather, after receiving information, through the Center for Reproductive Law and Policy (CRLP) and an article in the *New York Times*, indicating that all or virtually all of the women subjected to arrest and prosecution were African-American, the Department conducted a preliminary review.

- **The Medical University of South Carolina's (MUSC) decision to terminate its practice of referring patients for arrest and prosecution was a voluntary agreement offered by the hospital, and did not follow any threats by the Department to cut off federal funding.** HHS, as required upon any complaint of discrimination, conducted a fact finding review and gathered preliminary information that indicated a possible violation of Title VI. The Department notified MUSC that we would be initiating a formal investigation to determine whether the policy was administered in a non-discriminatory way. The hospital then offered voluntarily to end the referral process. **This offer came prior to further investigation or any final findings.**

  While an ultimate finding of a violation of Title VI could have led to a termination of federal funding to the hospital, at the time MUSC made its voluntary offer, a long process of findings and steps would still lie ahead before any such decision could be made.

- **It is not true, as the article claims, that the Department was "unconcerned" with the health of the pregnant women and their fetuses.** In fact, the Department accepted the hospital's voluntary agreement only after consulting with the Public Health Service to ensure that the agreement would not inadvertently restrict or foreclose other aspects of any future drug abuse treatment program. The Department also offered to provide technical assistance in the implementation of MUSC's program to ensure that they were in compliance with Civil Rights laws.

Please do not hesitate to call me if I can be of further assistance.

Kevin Thurm

RESPONSE TO CHARLES CONDON ARTICLE ON COCAINE BABIES

BACKGROUND

This memorandum is in response to your inquiry regarding Charles Molony Condon's article entitled "Clinton's Cocaine Babies", Policy Review 12 (Spring 1995). Mr. Condon's article is a complete distortion of the role that the Department of Health and Human Services' (HHS) took in examining the Medical University of South Carolina (MUSC) Interagency Policy.

On January 21 1994, the New York Times carried a story on a controversial prenatal substance abuse program established by MUSC. Under the MUSC Interagency Policy on Cocaine Abuse During Pregnancy, women who entered the hospital for prenatal care and allegedly fit a certain profile were tested for substance abuse. Women who test positive were referred for drug counseling, and those who failed to attend those sessions, or who subsequently tested positive for drugs were referred for arrest and prosecution. Allegations were raised that the program was discriminatory in its adoption and implementation, that it was violating human subjects research requirements, and that the confidentiality of patients was being violated. In response to these allegations, the Secretary asked the Inspector General to coordinate an HHS inquiry. A three-part investigation was conducted by the Office of Inspector General (IG), the Office for Civil Rights (OCR) and the National Institute of Health's (NIH) Office for Protection from Research Risks (OPRR). This memorandum focuses on the OCR investigation which resulted in an agreement whereby the MUSC discontinued the portion of its policy referring women for arrest and prosecution. For further discussion of the OPRR and IG investigations regarding the Interagency Policy and for a summary of the Center for Law and Reproductive Policy's private suit, please see attachment A.

OCR INVESTIGATION OF MUSC

OCR's investigation was one part of a three-part examination of the MUSC Interagency Policy. As stated above, the policy provided that MUSC staff would identify from among patients presenting at the hospital for prenatal and obstetrical services those suspected of engaging in illegal drug use. Those patients who tested positive for drug use were referred for drug treatment. Those who failed to complete treatment or who subsequently tested positive for drugs were referred to law enforcement officials for arrest and prosecution.

In early 1994, OCR received information indicating that the implementation of the MUSC Interagency Policy had resulted in a situation in which all or virtually all of the women subjected to arrest and prosecution were African American. The information included allegations in a suit filed by the Center for Reproductive Law and Policy in October 1993, which challenged the Interagency Policy on a variety of grounds, including a claim that its adoption

and implementation were racially discriminatory in violation of the 14th Amendment's Equal Protection Clause.

The HHS regulations implementing Title VI of the Civil Rights Act of 1964 (Title VI) provide that OCR will make a prompt investigation whenever a compliance review, report, complaint or any other information indicates a possible failure to comply with these regulations.

In February 1994, OCR conducted a fact finding review to gather information regarding the Interagency Policy to determine if it violated Title VI. By letter dated April 7, 1994, OCR notified MUSC that the preliminary information gathered indicated a possible violation of Title VI and that OCR was initiating a formal investigation to determine if the policy was administered in a nondiscriminatory manner, particularly with respect to the referral of patients to law enforcement officials for arrest and prosecution.

MUSC responded to OCR's April 7 letter by offering to refrain voluntarily from referring patients for arrest and prosecution. It is important to note that at this time, OCR had not completed its investigation, nor had it made any final findings. However, the policy underlying Title VI emphasizes that voluntary compliance is to be preferred to termination of federal funds, and informal resolution is to be preferred to formal enforcement. Consistent with this policy and to conserve its own resources and those of recipients of federal funds, OCR routinely enters into agreements to resolve investigations informally on the basis of offers by recipients to change policies in a way that will obviate the need for further investigation.

MUSC as an agency of the government of South Carolina had legal representation, and attorneys for the state were involved throughout OCR's investigation. There was no basis for OCR to believe that MUSC's offer was anything other than a voluntary good faith offer to resolve the matter informally. Accordingly, after consulting with the Public Health Service to ensure that the agreement would not inadvertently restrict or foreclose other aspects of any future drug abuse treatment program, OCR accepted MUSC's offer. Effective September 8, 1994, OCR and MUSC entered into an agreement, whereby OCR ended its investigation based on MUSC's agreement to discontinue the referral for arrest and prosecution portion of the policy. OCR reserved the right to investigate at a later date any Title VI issues left unresolved by the private litigation. The litigation is still pending at this time.

At no time did OCR seek to preclude MUSC from proceeding with their efforts to refer patients for drug treatment. In fact, OCR offered to provide technical assistance in the implementation of their program to ensure that MUSC was in compliance with Title VI. OCR's

sole concern was that the program be operated in a nondiscriminatory manner.

MUSC and Attorney General Charles Molony Condon have subsequently indicated that the imminent threat of termination of federal funds forced MUSC's decision to drop the referral for arrest and prosecution portion of the Interagency Policy. This hardly seems credible. Termination of federal funds could not have taken place until: MUSC had been advised of an actual failure to comply with Title VI, and it had been determined that voluntary compliance was not possible; there had been a finding on the record after opportunity for administrative hearing of a failure to comply; and, there had been appropriate notice to the relevant committees of the Congress. MUSC could also appeal findings to the courts, and it would have the option of coming into voluntary compliance at any time during any of these proceedings. All these requirements are stated in Title VI and its implementing regulations and were presumably known to MUSC at the time it made its offer to OCR. Since its establishment as a separate Department in 1980, HHS has never been required to terminate funds to a recipient on the basis of Title VI.

MUSC, however, may have had other reasons for dropping the most controversial aspect of the Interagency Policy. These reasons may include the following:

- certain activities conducted under the Interagency Policy were subsequently determined by the National Institute of Health's (NIH) Office for Protection from Research Risks (OPRR) to have constituted human subject research (see attachment A). The research failed to comply with HHS regulations regarding experimentation on human subjects.

- The use of the coercive power of the criminal laws to address drug related issues of maternal and child health has been opposed by leading public health groups, including the American Medical Association, the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, the American public Health Association, the Southern Regional Project on Infant Mortality (an initiative of the Southern Governors' Association and the Southern Legislative Conference), the American Society on addiction Medicine, the March of Dimes, the National Association for Perinatal Addiction Research and Education, the National Council on Alcoholism and Drug Dependence, the Association of Maternal and Child Health Programs, Coalition on Alcohol and Drug Dependent Women and their Children, and the staff of the Center for the Future of Children. Thus, MUSC may have been anticipating major criticism of this aspect of its policy.

- MUSC may also have been concerned about alleged gaps between its stated policy and its actual practices. The

Center for Reproductive Law and Policy has alleged that MUSC's practices were more coercive in practice than the Interagency Policy would formally suggest.

- MUSC may have been concerned about the quality of its research design, the adequacy of informed consent, and the availability of suitable drug treatment programs. These were issues that surfaced as a result of examination and criticism of its program.

- MUSC may have been concerned that the OCR investigation would have determined that the policy in its implementation was discriminatory.

In any event, OCR did not concern itself with any of these points except the last. OCR's investigation was not premised on any policy position regarding the validity of testing pregnant women, but only as to whether the procedures were carried out in a nondiscriminatory manner. At no point did OCR seek to intimidate MUSC by threatening to terminate funds into relinquishing its rights to have OCR make a determination whether its actions were discriminatory and to contest that determination if it went against them. Indeed, given the safeguards built into Title VI, MUSC could not have reasonably concluded that any such attempt would be successful. Instead, OCR accepted what it understood to be the voluntary good faith offer of MUSC to resolve the matter informally and agreed not to take further action.

As indicated previously, OCR did not concern itself with matters that were not strictly relevant to its inquiry regarding possible discrimination in the MUSC program. However, this memorandum would not be complete without noting that the Charles Condon article that gave rise to concerns about the HHS and OCR role in the matter not only distorts the HHS role but presents, at best, a very one-sided account of a variety of issues related to the MUSC policy. Accordingly, we have provided as attachment B a copy of the response of the Center for Reproductive Law and Policy to Mr. Condon's article. While we do not necessarily agree with every aspect of this response, we believe it provides important information about other sides of the issues raised by this controversy.

Attachment A

The Office for Protection from Research Risks

The National Institute of Health's (NIH) Office for Protection for Research Risks (OPRR) reviewed MUSC's Interagency Policy for adherence to Federal rules pertaining to experimentation with human subjects. In accordance with their compliance oversight procedures, OPRR requested and received from MUSC its response to charges that the University violated Federal human subjects protections. The University argued that its prenatal substance abuse policy is not research at all, but simply a treatment program, and as such, is not subject to the NIH rules. OPRR enlisted the aid of expert consultants to determine whether the Interagency Policy is subject to and in compliance with the human subjects rules.

OPRR issued a finding on September 30, 1994. OPRR determined that certain activities related to the Interagency Policy constituted human subject research under HHS regulations at 45 CFR 46.102(d), (f).

In particular, OPRR found that the report authored by MUSC personnel and published in The Journal of the South Carolina Medical Association (Horger, Brown, & Condon, 1990, 527-531) at a minimum, reflected retrospective human subjects research. It was OPRR's determination that this research should have been submitted to the MUSC Institutional Review Board for prior review and approval.

The authors characterized the above referenced report as "preliminary" and announced their intention to report further "after 12 months' data collection" (Horger et al, 1990, page 531). OPRR found that, from the time at which the authors formed this intention, the activity constituted prospective human subjects research.

OPRR found that the failure by MUSC personnel to submit these activities for prior IRB review and approval constituted serious failure to comply with the requirements of HHS regulations and the MUSC assurance of compliance with the regulations.

OPRR placed a restriction on MUSC under which corrective actions are required to ensure adequate protections for human subjects in MUSC research.

The Office of Inspector General

Confidentiality of Substance Abuse Records

Federally-assisted substance abuse treatment centers are prohibited from disclosing patient treatment records unless the patient consents or the statute or implementing regulations otherwise provide for the disclosure (42 U.S.C. § 290dd-2; 42 CFR Part 2). Patient consent must be in writing, and contain various elements, including the identity of the organization or individual to whom the disclosure is made, the purpose of the disclosure, and a description of the information to be released. When appropriate, information may be disclosed to officials within the criminal justice system who have made participation in the substance abuse treatment program a condition of the disposition of criminal proceedings against the patient. In this regard, the HHS regulations specify that appropriate disclosure might be made to "a prosecuting attorney who is withholding charges against the patient." (42 CFR § 2.35 (a) (1)). Again, however, such disclosures require written consent of the patient.

The Office of Investigations within the Office of Inspector General contacted the three substance abuse treatment centers to which patients were referred under MUSC's Interagency Policy, and requested that the centers to verify that any disclosures of patient records to law enforcement authorities under the program were consistent with the above confidentiality rules. The Inspector General's office's review of the centers' responses indicated that the treatment centers were mindful of applicable confidentiality rules, and that they were abiding by them. Accordingly, no investigation of this matter was opened.

MEMORANDUM

TO: All Interested Parties

FROM: Lynn M. Paltrow

DATE: May 5, 1995

RE: CRLP Draft Response to Charles Molony Condon's "Clinton's Cocaine Babies", Policy Review 12 (Spring 1995)

MISINFORMATION ABOUT THE SOUTH CAROLINA POLICY

Over a five-year period, we presented all pregnant mothers who tested positive for cocaine use with a choice: Either seek drug treatment or face arrest and jail time.

Under the Policy as initially conceived and implemented, women who tested positive for cocaine while pregnant were arrested and taken to jail. These women were not given the option of seeking drug treatment. Instead, they were arrested and jailed while they were still pregnant even though no prenatal care or drug treatment was available in jail. When they went into labor, they were brought to the hospital in shackles. One of our clients was handcuffed to her bed during the entire time she was in labor. After giving birth, she was returned to jail without her newborn. Other women were taken out of their hospital beds days or even hours after delivery, arrested, handcuffed and taken to filthy jail cells where they awaited disposition of their cases. One woman in jail was told to sit on a towel because she was still bleeding after giving birth.

As one woman explained:

> Not too long after Hurricane Hugo, in late September or early October 1989, I began experiencing premature labor pains. At that time I was about seven or eight months along in my pregnancy. I went to Medical University, where I was admitted. I was given drugs to control the premature labor pains, and was told I would have to stay overnight. The next day, Nurse Shirley Brown came into my room.
>
> I had never met her before. She told me that I was going home soon. Then she began asking me various questions like most social workers. When she asked about any problems I might have, I confided in her that I had a problem with drug use. She told me to get dressed, and left the room.

The next time the door opened, it was a couple of police officers, in uniform, telling me that I was under arrest, and reading me my rights. I was totally shocked, and didn't understand why I was being arrested.
The officers put handcuffs on me, and had me sit in a wheelchair. One officer put his jacket over my hands to hide the handcuffs, but then I was wheeled out through the hospital with several officers in uniform. Everyone we passed was staring at me -- this pregnant woman being escorted out of the hospital by all these officers. I wasn't allowed to make any phone calls, and didn't know what I was being arrested for. I was taken to the county jail and kept in a holding cell until my bond hearing later that day.

At my bond hearing, I finally found out that I was arrested for distributing drugs to a minor. Even though it was my first arrest ever, the judge refused to release me on my own recognizance and set bail for $150,000. Because I could not make such a high bail, I was returned to the county jail, issued a jail uniform, and placed in a cell.

Each week, I was transported from the jail in handcuffs and leg shackles to Medical for my prenatal care appointments. It was very embarrassing to be seen in public this way. I learned later that news of my arrest had been on the front page of our local newspaper. I was totally embarrassed. Once, when I was at the clinic for my appointment, a nurse asked the jail officer if my shackles could be removed, but otherwise I was always in handcuffs and shackles even at the doctor's.

Almost three weeks after I was first arrested, I went into labor. I was again transported in handcuffs and leg shackles to Medical. I went through all my labor and delivery handcuffed to the bed. For the two days I was in labor, I couldn't get up and walk around, or change positions, or really do anything to make it easier on me. After two days, the doctors performed a cesarian section. My little girl was born healthy and has remained so. She is now five and a half years old, and is doing well in school.

At some point, the Policy was revised so that some women were told that they would not be arrested if they did what they were told. It appears that in practice they were arrested if they did not comply with the wishes of one particular nurse, Shirley Brown. Nurse Brown has no specialized training in addiction medicine, but was empowered by the Policy to give an ultimatum: either stop using drugs immediately and go to the treatment program she arbitrarily selected or go to jail. Some women were arrested despite the fact that they were making every effort to comply with all of the Nurse Brown's demands.

Until 1994, there was not a single drug treatment program in the state of South Carolina designed to meet the needs of pregnant and parenting women. In fact, a 1991 Federal General Accounting Office Report found that the State of South Carolina, "did not

have any specific or unique treatment services for pregnant women and mothers with young children.[1] The South Carolina State Council on Maternal, Infant and Child Health ("MICH Council")[2] also concluded that "specific resources designed to meet the needs of women of childbearing age, especially pregnant women, are not widely available." MICH Report Vol. II at 2.[3]

And the program worked. Scores of women agreed to enter rehabilitation and stayed off drugs for the remainder of their pregnancies. Before the sanctions took effect, 24 pregnant mothers a month tested positive for cocaine. Virtually none of them was willing to seek help voluntarily. Then, beginning in 1989, when we launched a tough amnesty program, the number testing positive for cocaine dropped to five or six a month. Prenatal visits as well as live births at the hospital stayed the same.

There is no evidence that the Policy worked. As the American Academy of Pediatrics has concluded, "[p]unitive measures taken toward pregnant women, such as criminal prosecution and incarceration, have no proven benefits for infant health." American Academy of Pediatrics, Committee on Substance Abuse, Drug-Exposed Infants, 86 Pediatrics 639, 641 (1990). See also U.S. Department of Health and Human Services, Center for Substance Abuse Treatment, Pregnant, Substance-Using Women, Treatment Improvement Protocol, Series No. 2 (1993) ("TIP") ("there is no evidence that punitive approaches work").

State, federal and private researchers have all concluded that punitive approaches frighten women away from needed treatment. This undermines both maternal and fetal health. For example, two reports from the Federal General Accounting Office have concluded that women are deterred from drug treatment and prenatal care by threats of

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[1] United States General Accounting Office Report to the Chairman, Subcommittee on Health and the Environment, Committee on Energy and Commerce, House of Representatives ADMS Block Grant, Women's Set-Aside Does Not Assure Drug Treatment for Pregnant Women, GAO/HRD-91-80, at 12, 15 (May 1991) [hereinafter "GAO II"] (Emphasis added). Moreover, state officials reported that Federal funds to encourage states to use a 10% women's set-aside for substance abuse treatment of pregnant women and women with dependent children were not used for this purpose but rather for treating women in general. Id.

[2] "The MICH Council was created in 1986 by the South Carolina General Assembly to improve the planning and coordination of maternal, infant and child health services. The MICH Council, as a collaborative effort of the public and private sectors, includes the commissioners for state health, human services, and education agencies; representatives of medical schools; schools of public health; health care providers; voluntary organizations; and gubernatorial appointees. The MICH Council is staffed by and located in the Governor's Office." State Council on Maternal, Infant and Child Health Office of the Governor, 1991 South Carolina Study of Drug Use Among Women Giving Birth, Volume II, Prevention and Treatment Services (Feb. 1992) at 1 (Hereinafter "MICH Report").

[3] According to the MICH Report, "[b]arriers to treatment for women include the use of male-oriented therapies in most programs, lack of adequate child care, inadequate financial resources and limited transportation." MICH Report Vol.II at 2. These barriers prevent women from obtaining appropriate treatment. Id. at Appendix, "Alcohol and Drug Treatment Services Available for Pregnant Women."

prosecution: "The threat of prosecution poses yet another barrier to treatment for pregnant women and mothers with young children. These women are reluctant to seek treatment if there is the possibility of punishment, which may include incarceration." GAO II at ___.[4] The MICH Report similarly observed that "for pregnant women in particular, the fear of criminal prosecution may prevent them from seeking appropriate treatment and health care services." MICH Report Vol. II at 10.

Mr. Condon's only "evidence" that "the program worked" is an article he co-authored, Edgar O. Hooper, III, Shirley Brown, and Charles Maloney Condon, Cocaine in Pregnancy: Confronting the Problem, 86 J.S.C. Med. Ass'n. 530 (Oct. 1990) (hereinafter "Cocaine in Pregnancy") As Dr. John Jeanpes, Chairman, Institutional Review Board for Human Subjects Research, University of Mississippi, explains:

> The published article is a classical example of the worst kind of research conducted by individuals who have not had sufficient, if any, training in research design and methodology and who are not qualified or competent to conduct legitimate research. Had this article been submitted to a peer-reviewed journal it would have been rejected on several bases, including but not limited to: 1) sloppy and inadequate methodology; 2) inadequate control of possible confounding factors that could dramatically affect the results; 3) inadequate description of the data analysis; 4) inappropriate conclusions based on the data analysis; and, most importantly, 5) the lack of informed consent and the unconscionable and unethical coercive nature of the study, which invalidates the data.

The article in fact purports to show only two things: 1) that the number of positive drug tests for cocaine decreased during the first several months of the Policy[5] and that the raw number of births at the hospital was comparable to the number of births there during the previous years. The quality of the research is so poor that even these claims are, in fact, without support. In addition, there is no data of any sort that we know of that even purports to support the claims that 1) infant health was improved, 2) that money was saved, 3) that

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[4] See also United State General Accounting Office Report to the Chairman, Committee on Finance, U.S. Senate, Drug-Exposed Infants: A Generation at Risk, GAO/HRD-90-138 (June 1990) at 39 [hereinafter "GAO I"] ("some women are now delivering their infants at home in order to prevent the state from discovering their drug use.").

[5] See William Miller, et. al, Urine Drug Screen for Drug Abuse in Pregnancy: Problems and Pitfalls, 4 WHI 152, 153-54 (1994) (citing Cocaine In Pregnancy and concluding that "[t]here is no evidence that the incidence of drug use among the pregnant population decreases with any type of legal coercion, only that the incidence of positive drug screens may decrease. The decrease in positive urine drug screens can be achieved easily by not using substances within the known time frame to obtain positive results, substituting urine samples, or increasing oral fluid intake just before the test thereby diluting the urine. All of these can result in a negative test result.")

women went into treatment and stopped their drug use, or 4) that women were not deterred from getting prenatal care.

We do know from our clients that many were deterred from getting prenatal care and from seeking help.

Now, once again, the babies cry out in agony. And once again, hospital staff with no legal recourse must watch pregnant women knowingly cause neurological damage to their unborn children.

1) Several weeks ago we asked an MUSC staff pediatrician if she had heard of any increase in so called "crack babies" since the end the Policy was stopped by MUSC and she said no.

2) In fact, it appears that the majority of women affected by the Policy were not identified while pregnant, but after they gave birth. there are a number of legal options available to health care providers including civil commitment proceedings and civil child abuse reports.

3) As discussed below, there is no evidence at this time that prenatal exposure to cocaine causes neurological damage.

At first, the hospital tried to educate the women about the damage they were causing to themselves and to their unborn babies. Sadly, hospital workers could not convince many of the expectant drug-addicted women to enter a drug treatment program.

At that time there were no drug treatment programs set up to address the needs of pregnant and parenting women. MUSC was aware of the lack of services in the community and within their own hospital.

Those who argued most fortefully for the cocaine-baby program were people who dealt with drug addiction every day: the rehabilitation specialists.

It is our understanding that no one with any training in treatment of addicted women participated in the development of the Policy. Moreover, despite the existence of a well developed body of research on programs that do work for pregnant women,[6] no one involved with the Policy appears to have bothered to obtain any of this information nor did any of their so-called educational activities reflect any of this knowledge or experience.

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[6] See, e.g., George Beschner & Peggy Thompson, "Women and Drug Abuse Treatment: Needs and Services," NIDA Services Research Series, DHHS Publication No. (ADM) 81-1057 (1981); Sallist et al., "Pregnant Addicts in a Comprehensive Care Program: Results of a Follow-up Survey," 51 Am. J. Orthopsychiatry 297 (1981); Ruth G. Reed, "Developing Women-Sensitive Drug Dependence Treatment Services: Why so Difficult?" 19 Journal of Psychoactive Drugs 151 (1987).

The only remedy they offer to the horribly damaged children who result form this madness is to increase the flow of Medicaid dollars, provided by taxpayers, to pay a price so large that it is literally impossible to calculate. And the greatest frustration of all is knowing that this increasingly expensive tragedy can be prevented.

1) None of our clients have horribly damage children.

2) It is unclear what "remedy" Mr. Condon is referring to. There is significant evidence that providing appropriate prenatal care and drug treatment for pregnant and parenting women is much less expensive than jailing women and treating children in neonatal intensive care.

Second, all of the women knew about the penalty program -- there were public-service announcements about it, the women voluntarily came to the only hospital in the state that sponsored it, they were counseled about the consequences of testing positive, and they all signed consent forms before being screened.

1) The public service announcements did not air until sometime after the program had been started and many women in fact did not know about the Policy before they went to the only hospital they could go to. Indeed, it is hard to imagine that those who did see the 30-second television announcement could possibly have understood the Policy and that by seeking medical care they risked losing their privacy and going to jail.

2) In order to be admitted to the MUSC all patients must sign a general consent form that permits drug testing and HIV testing. These general forms do not explain the Policy or the consequences of a positive drug test result.

3) MUSC was the only program in the city that took high risk indigent pregnant women. All pregnant women with drug problems were referred there.

4) Any counseling that did, in fact, occur was done by people without specialized training in substance abuse.

Other states were looking at our cocaine-baby program as a model.

Despite Mr. Condon's extensive efforts to promote the Policy nationwide, to our knowledge, from 1989 until the present not a single state or locality outside of South Carolina has adopted the Policy. Indeed, the South Carolina legislature has repeatedly rejected proposals to make the Policy statewide law and every locality in the state except for Greenville has also refused to adopt the Policy as a model.

MEDICAL MISINFORMATION

Nothing could be more heart-breaking than the sight of a baby born with an addiction to cocaine.

"[A]t this time it is inaccurate to describe a cocaine-exposed newborn as crack-addicted."

Barry, Zuckerman, M.D., Chief of the Division of Developmental and Behavioral Pediatrics at Boston City Hospital, Drug Exposed Infants Understanding the Medical Risk, 1 the Center for the Future of Children 28 (1991).

Nationwide, one in 10 children has been exposed to cocaine in the womb. This condition affects 350,000.

The number cited by Mr. Condon were originally presented by Dr. Ira Chasnoff as 375,000 infants exposed prenatally to all illegal substances not just cocaine. More-importantly exposure does not mean harm and does not constitute a "condition."

While cocaine use in pregnancy raises legitimate public health issues, it is wrong to suggest that every child prenatally exposed to cocaine will be injured. Indeed:

> Expectations of universal and permanent damage to children prenatally exposed to cocaine rest not on scientific findings but on media "hype" fueled by selective anecdotes. For example, the early reports of adverse effects of prenatal exposure to cocaine, including neurobehavioral dysfunction, a remarkably high rate of SIDS [Sudden Infant Death Syndrome], and birth defects, were initial observations that constitute the legitimate first step in the scientific process. However, these unreplicated findings were uncritically accepted by scientists and lay media alike, not as preliminary and possibly unrepresentative case reports, but as "proven" facts . . . .

Deborah A. Frank, et. al., Children Exposed to Cocaine Prenatally: Pieces of the Puzzle, 15 Neurotoxicology and Teratology 298, 299 (1993) (citations omitted).[7]

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[7] Typically, prenatally-exposed newborns are full term (38-42 weeks gestation) but have a lower-than-expected birth weight...[However,] [n]ot all impaired growth among cocaine-exposed newborns is due solely to cocaine. [A study By Dr. Zuckerman found that when confounding variables, such as other substances or risk factors associated with prenatal cocaine exposure, such as the effects of cigarettes and marijuana, other substances, poor nutrition, and other potential risks were considered by multivariate analysis, cocaine use accounted for less than a quarter of the low birth weight.] Thus, we can conclude that it is the cumulative effect of multiple substances and other risk factors that has the most significant adverse effect on the newborn. Barry, Zuckerman, M.D., Chief of the Division of Developmental and Behavioral Pediatrics at Boston City Hospital, Drug Exposed Infants Understanding the Medical Risk, 1 the Center for the Future of Children 30 (1991). The potential harm caused by low birth weight is remediable, unlike the permanent brain damage caused by fetal alcohol syndrome.

It is possible that a child exposed prenatally to cocaine will suffer no ill effects.[8] The effect of substances on fetal development depend on dose, timing and duration of exposure, genetic or other biological factors as well as other influences.[9] Indeed, the

> available evidence from the newborn period is far too slim and fragmented to allow any clear predictions about the effects of intrauterine exposure to cocaine on the course and outcome of child growth and development.

Linda Mayes et al., The Problem of Prenatal Cocaine Exposure: A Rush to Judgment, 267 JAMA 406 (1992). See also In re Tanya P., No. 530069-93 (N.Y. Sup. Ct., Feb. 24, 1995) Slip op. at 34 ("[r]eview of all these materials compels the conclusion that, at least at this time, there is insufficient evidence relating crack or cocaine use to fetal endangerment or perinatal death to justify involuntary retention, even in the absence of the legal rights based arguments already discussed.")

It is also wrong to suggest that any harm suffered by a child whose mother used drugs during pregnancy is causally connected to the prenatal drug exposure. Current research,

> does not shed much light on the subject of which particular substances contribute to later disability. Polydrug exposure, impoverished home life, and chaotic communities make it impossible to attribute developmental effects to one particular drug. The research has not controlled for other important variables, such as the role of the father, the mother's personality, her health, and her access to social supports.

Diana Kronstadt, Complex Developmental Issues of Prenatal Drug Exposure, 1 The Center for the Future of Children 36, 46 (1991). As a result, "[i]dentifying a mother's cocaine use as the single most important variable in poor infant outcome at this time is both scientifically impossible and medically irresponsible."[10] Steven Kandall et al., Illicit Drugs in America: History, Impact on Women and Infants, and Treatment Strategies for Women, 43 Hastings L. Rev. 615, 638 (1992).

While reports in the scientific literature provide ample grounds for concern about

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[8] See e.g., Ira Chasnoff, Drugs, Alcohol, Pregnancy and the Neonate, 266 JAMA 1567 (1991) ("[a]n important issue to keep in mind . . . is that not all drug-exposed newborns demonstrated effects of intrauterine cocaine exposure. . . .").

[9] See Barry Zuckerman, Drug-Exposed Infants: Understanding the Medical Risk, 1 The Future of Children 26, 26-28 (1991).

[10] See also Barry Zuckerman et al., "Crack Kids": Not Broken, 89 Pediatrics, 337, 338 (1992); ("[W]hether substance-exposed or not, children living in poverty are more likely than their more advantaged peers to suffer from low birthweight, prematurity, malnutrition, anemia, pre- and postnatal lead poisoning, and congenital infections.").

potential health effects, and form an appropriate basis for additional research — they do not provide a basis for criminal penalties.

Cocaine addicts need a strong motive to mend their ways. And most drug and law-enforcement officials also agree. A federally funded research survey showed that about 30 percent of those who enter public drug-treatment programs do so only because of direct or indirect legal pressure. The Office of National Drug Control Policy noted in a 1992 report that "the criminal justice system can steer offenders toward drug treatment as a condition for deferred prosecution.

Very little research on coercive treatment for women especially pregnant women has been done. An analysis of the studies in this area concluded that:

> There is a lack of rigorous data to substantiate the effectiveness of compulsory treatment in general . . . The general failure to define outcome parameters by which to assess mandatory treatment is even more obvious in the case of pregnancy because of the conceptual fuzziness characterizing the whole venture. . . . Indeed, in the current context of the scarcity and poor quality of drug treatment programs for women/mothers, a debate over mandatory treatment is symbolic at best and is meaningless in practical terms.

Wendy Chavkin, Mandatory Treatment for Drug Use During Pregnancy, 266 JAMA 1556, 1560 (1991).

LEGAL MISINFORMATION

Illegal drugs during pregnancy constitutes nothing less than blatant child abuse.

This is wrong as a matter of law. Every appellate court and numerous trial courts in the country have held that a pregnant woman's use of illegal drugs does not constitute child abuse or any other crime. Indeed, the lower courts in South Carolina have repeatedly rejected application of the child abuse statute to pregnant addicts.[11]

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[11] As the court in Whitner v. State, 93-CP-39-567, slip op. at 3 (S.C. Ct. C.P. Nov. 22, 1993) cert. granted (June 30, 1994), observed, "[n]o appellate court in our nation has interpreted its child abuse laws to apply to a woman who takes illegal drugs during pregnancy." See also Richman v. Pratt, 94-CP-04-138, slip op. (S.C. Anderson, Sept. 9, 1994) (granting habeas corpus relief to reverse conviction for child abuse because "[n]o the legislature choose [sic] to use the word 'child' in the current statute, this court must interpret the statute to exclude its application to a fetus"); State v. Crawley, 93-GS-04-756, slip op. (S.C., Anderson Nov. 29, 1993) (quashing indictment for child abuse of woman who allegedly used drugs while pregnant, finding that the plain and ordinary meaning generally given to the word "child" does not include "fetus"); Lester v. State, 93-CP-23-2924 (S.C. Greenville, Nov. 22, 1993) (granting post-conviction relief on same grounds as the Whitner case); Tolliver v. State, No. 93-CP-23-5178, slip op (S.C. Greenville Aug. 10, 1992) cert. denied (S.C. Mar. 10, 1993) (granting post-conviction relief for a woman who pled guilty to child neglect finding that application of statute to a woman who used drugs while pregnant violated statute's plain meaning and legislative

We had solid legal grounds to act in this manner, especially in the third trimester of pregnancy. During the final trimester, the fetus is regarded as viable, that is, capable of sustaining life on its own, and is therefore granted significant protections under both federal and state law. Indeed, the viable fetus is a person under the law.

The U. S. Supreme Court in Roe v. Wade, 410 U.S. 113 (1973) held that a fetus is not a person under the law.

South Carolina courts have interpreted "person" to include a viable fetus.

In three cases, two involving wrongful death and one involving a man who caused the death of a viable fetus by severely beating a pregnant woman, State v. Horne, 282 S.C. 444, 319 S.E.2d 703 (1984); Hall v. Murphy, 236 S.C. 257, 113 S.E.2d 790 (1960); and Fowler v. Woodward, 244 S.C. 608, 138 S.E.2d 42 (1964) the South Carolina Supreme court held that a viable fetus could be covered by the respective statutes. No court in South Carolina, however, has interpreted these cases to mean that a viable fetus is a person for purposes of South Carolina law in general. Indeed, in addition to numerous lower court decisions, both the state Department of Social Services and the Governor's Maternal Infant and Child Health Council have concluded that a viable fetus is not a person for purposes of South Carolina and federal law.

The New York-based center, an offshoot of the ACLU, asked a federal just to issue an injunction against the hospital to suspend the drug-testing program. The judge declined, finding no basis for the discrimination charge.

On February 12, 1994 the Federal District Court denied Plaintiffs' motion for a preliminary injunction. The court made no specific finding on the discrimination claim nor any other. Rather the court seemed most influenced by the Defendants' claim that an injunction was unnecessary because the women had a choice to go to other hospitals in town. The Court relied on this argument despite testimony from Dr. Birgit Pols who testified that MUSC was the only hospital that would take drug addicted pregnant woman on medicaid and despite the defendants repeated admissions that "The Medical University Hospital remains the only facility within at least a 50 mile radius which offers obstetric care for indigent medicaid sponsored patients." Horger et al., Cocaine in Pregnancy at 530.

Opponents of our cocaine baby program confusingly failed to understand that prosecutorial action, like a threat, can be constantly adjusted. Charges can be dropped at any time. We can add conditions.

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instead.) Sullivan v. State, No. 93-CP-23-2223, slip op. (S.C., Greenville, Dec. 19, 1994) (granting post-conviction relief to a woman who pled guilty to child abuse for her prenatal conduct); Crowley v. Ernst, No. 94-CP-04-1280, slip op. (S.C., Anderson, Oct. 17, 1994) (granting a habeas corpus petition for a woman who pled guilty to child abuse after her newborn tested positive for cocaine)

First, prosecutors may not threaten prosecution simply because they think it will lead to good public health policy. It is the legislature not individual prosecutors that decide what behavior shall be punishable as a crime. Once a prosecution is before the court the prosecutors do not have control. In Greenville, South Carolina prosecutors implemented a policy similar to Charleston's. Like Charleston's this policy purports to be designed to get women into treatment not jail. However, women have been sentenced to as long as eight years in jail.

For example, on April 20, 1992, based on the advice given her by court-appointed counsel, Ms. Cornelia Whitner entered a guilty plea to the charges of child abuse based on a single positive drug test at the time she gave birth. Ms. Whitner had gotten into an out-patient treatment program. State v. Whitner, 92-GS-39-670 Transcript of Record (S.C. Cr. Gen. Sess. Pickens County Apr. 20, 1992). At the sentence hearing, Ms. Whitner said, "I need some help, your honor." Her attorney explained that the defendant had "an addiction problem," that she has been receiving drug counseling, that she had been off drugs since February, and that her child was currently in good health. Both the attorney and Ms. Whitner reiterated that Ms. Whitner needed and wanted in-patient treatment. Id. The judge responded, "I think I'll just let her go to jail." Ms. Whitner was sentenced to the State Board of Corrections for a period of eight years. The Whitner case will be argued before the State Supreme Court on May 31, 1995.

RACE DISCRIMINATION

They alleged that the program was discriminatory toward blacks. Marie Christian, a regional manger in the Office of Civil Rights, claimed in a letter to the hospital that its substance-abuse policy "may result in an adverse disproportionate impact on African-American women."

It is true that most of the women treated were black. The hospital serves a primarily indigent population, and most of the patient population is black. The South Carolina Drug Prevalence Study showed blacks were more likely to use cocaine than whites.

Mr. Condon suggests that the fact that the Policy was applied almost exclusively to African-American women is an innocent byproduct of demographic factors over which they had no control. This is obviously untrue. First, although Mr. Condon claims that South Carolina law requires the reporting and arrest of all pregnant women who threaten harm to their fetuses, the Interagency Policy was implemented and enforced at only one place in the entire city of Charleston--MUSC, the institution that serves a predominantly African-American community. Second, despite the well-established harmful effects of heroin, alcohol, cigarettes, and other drugs on fetal development the Policy singled out cocaine, a drug used disproportionately by African-American women. Third, it appears that almost all of the women who were actually arrested and taken to jail pursuant to the Policy were African-American. This case provides perhaps the closest parallel to Yick Wo v. Hopkins, 118 U.S. 356 (1886) in recent history. Fourth, applying the Arlington Heights v. Metropolitan Housing Dev. Corp., 429 U.S. 252 (1977) standards, the Policy departed from

normal hospital procedures and normal admissions criteria.

THE MEDICAL COMMUNITY'S POSITION

Politically correct resolutions by the American Medical Association and the American Pediatrics Association denounce the policy as punitive and unwise.

Every leading public health group opposes the use of the criminal laws as dangerous to both maternal and child health. See, e.g., State v. Luster, 419 S.E.2d 32, 35 (Ga. App. 1992), cert. denied, S92C1020 (June 4, 1992) (viewing addiction during pregnancy as a disease and addressing the problem through treatment rather than prosecution is the approach "overwhelmingly in accord with the opinions of local and national medical experts"). Fearing the effects of such policies on the public health, virtually every leading public health organization has published a policy or recommendation opposing the prosecution of pregnant women who use drugs, including the American Medical Association,[13] the American Academy of Pediatrics,[14] the American College of Obstetricians and Gynecologists,[15] the American Public Health Association,[16] the Southern Regional Project on Infant Mortality (an initiative of the Southern Governors' Association and the Southern Legislative

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[13] "Pregnant women will be likely to avoid seeking prenatal or open medical care for fear that their physician's knowledge of substance abuse or other potentially harmful behavior could result in a jail sentence rather than proper medical treatment." American Medical Association Board of Trustees Report, American Medical Association Board of Trustees, Legal Interventions During Pregnancy, 264 JAMA 2663, 267 (1990). See also American Medical Association, Treatment Versus Criminalization: Physician Role in Drug Addiction During Pregnancy, Resolution 131 (1990) ("therefore be it . . . resolved that the AMA oppose legislation which criminalizes maternal drug addiction").

[14] "The [Academy] is concerned that [arresting drug addicted women who become pregnant] may discourage mothers and their infants from receiving the very medical care and social support systems that are crucial to their treatment." American Academy of Pediatrics, Committee on Substance Abuse, Drug Exposed Infants, 86 Pediatrics 639, 641 (1990).

[15] "Actions of coercion to obtain consent or force a course of action limit maternal freedom of choice, threaten the doctor/patient relationship, and violate the principles underlying the informed consent process." American College of Obstetricians and Gynecologists Committee Opinion No. 55, Patient Choice: Maternal-Fetal Conflict (1987).

[16] "Recognizing that pregnant drug-dependent women have been the object of criminal prosecution in several states, and that women who might want medical care for themselves and their babies may not feel free to seek treatment because of fear of criminal prosecution related to illicit drug use . . . [the Association] recommends that no punitive measures be taken against pregnant women who are users of illicit drugs when no other illegal acts, including drug-related offenses, have been committed." American Public Health Association Policy Statement No. 9020, Illicit Drug Use by Pregnant Women, 8 Am. J. Pub. Health 240 (1990).

Conference),[16] the American Society on Addiction Medicine,[17] the March of Dimes,[18] the National Association for Perinatal Addiction Research and Education,[19] the National Council on Alcoholism and Drug Dependence,[20] the Association of Maternal and Child Health Programs,[21] Coalition on Alcohol and Drug Dependent Women and Their Children,[22] and the staff of the Center for the Future of Children.[23]

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[16] "[S]tates should adopt, as preferred methods, prevention, intervention, and treatment alternatives rather than punitive actions to ameliorate the problems related to perinatal exposure to drugs and alcohol." Southern Legislative Summit on Healthy Infants and Families, Policy Statement 5 (Oct. 1990).

[17] "Criminal prosecution of chemically dependent women will have the overall result of deterring such women from seeking both prenatal care and chemical dependency treatment, thereby increasing, rather than preventing, harm to children and to society as a whole." American Society of Addiction Medicine, Policy Statement on Chemically Dependent Women and Pregnancy, A.S.A.M., Sept. 1989 at 49.

[18] "Punitive approaches to drug addiction may be harmful to pregnant women because they interfere with access to appropriate health care. Fear of punishment may cause women most in need of prenatal services to avoid health care professionals." March of Dimes, Statement on Maternal Drug Abuse 1 (1990).

[19] "From a health-care perspective, it appears likely that criminalization of prenatal drug use will be counterproductive. It will deter women who use drugs during pregnancy from seeking the prenatal care which is important for the delivery of a healthy baby . . . . The threat of criminal prosecution alone will not deter women in most instances from using drugs during pregnancy. These women are addicts who become pregnant, not pregnant women who decide to use drugs and become addicts." National Association for Perinatal Addiction Research and Education, Criminalization of Prenatal Drug Use: Punitive Measures Will Be Counterproductive (1990).

[20] "[A] punitive approach is fundamentally unfair to women suffering from addictive diseases and serves to drive them away from seeking both prenatal care and treatment for their alcoholism and other drug addictions. It thus works against the best interests of infants and children by involving the machinery of the criminal law in the case of a health and medical problem." National Council on Alcoholism and Drug Dependence Policy Statement, Women, Alcohol, Other Drugs and Pregnancy (1990).

[21] "The threat of criminal prosecution prevents many women from seeking prenatal care and early intervention for their alcohol or drug dependence, undermines the relationship between health and social service workers and their clients, and dissuades women from providing accurate and essential information to health care providers. The consequence is increased risk to the health and development of their children and themselves." Association of Maternal and Child Health Programs Law and Policy Committee, Statement Submitted to the Senate Finance Committee Concerning Victims of Drug Abuse: Resolution on Prosecution (1990).

[22] "The criminal prosecution of addicted women solely because they are pregnant is both inappropriate and counterproductive. There is no evidence that a policy of criminal prosecution will either prevent prenatal drug exposure or improve children's health. Rather, prosecution of alcoholic and drug dependent women will very likely deter them from seeking both prenatal care and treatment for their addiction, resulting in increased risks to the health and well-being of women and their children." Coalition on Alcohol and Drug Dependent Women and their Children, Statement Opposing Prosecution (1990).

[23] "A woman who uses illegal drugs during pregnancy should not be subject to special criminal prosecution on the basis of allegations that her illegal drug use harms the fetus." Center for the Future of Children, 1 The Future of Children at 16 (1991) ("[w]e believe that requiring health providers to report pregnant women to law

THE LITIGATION

In the spring of 1993, the Center for Reproductive Law and Policy was asked by a local public defender to help represent two women being prosecuted pursuant to the Policy. Crystal Ferguson and Theresa Joseph were arrested for delivery of drugs to a minor. After a motion to dismiss the charges against the women was filed and an American Public Health Association amicus brief in support of the defendants was submitted to the court, the solicitor's office voluntarily withdrew the charges.

Both publicly and in their own documents the solicitor's office stated that they were dropping the charges because they expected the trial court to hold that the drug delivery statute did not apply to a pregnant woman's addiction to drugs. By dropping the charges the solicitor's office prevented the defendants from obtaining a ruling that the drug delivery statute was being misused under the Policy. In addition, the Solicitor could avoid a precedent setting ruling against it but continue to arrest and threaten prosecution under a statute they knew did not apply.

Foreclosed from this avenue of redress the two women who were prosecuted decided to go ahead with a civil suit – the only way they could now seek justice for what had happened to them. In October of 1993 therefore, the Center filed on their behalf a federal civil rights suit for injunctive relief and damages to try to get the Policy stopped. The complaint alleged that by obtaining and disclosing plaintiffs' confidential medical information, threatening plaintiffs with criminal charges that are not authorized by statute, using that intimidating threat to force women to accept inappropriate and possibly harmful treatment, carrying through on the threats and jailing pregnant and post partum women, and applying the Policy almost exclusively to African-American women, defendants violated plaintiffs' constitutionally protected freedoms including the right to privacy in medical information, the right to refuse treatment, the right to due process under law, the right to procreate and the right to equal protection under the law.

If the defendants real goal had been to get women to go to treatment there were other alternatives. It is well established that women will go if appropriate treatment is available. Even if they thought some women would have to be forced to go there were mechanisms including civil commitment proceedings and family court orders as a condition of retaining child custody that they could have used.

During preparation of the civil law suit an expert in the filed of informed consent reviewed the material available on the Policy and said that it appeared to him that the Policy also constituted illegal research on human subjects. After several months of thorough research on this question a related complaint was filed with the Office for Protection from

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enforcement for prosecution will reduce the likelihood that these women will seek medical care during pregnancy"). See also Recommendations 8-9 (1991).

Research Risks at the National Institutes of Health (NIH), arguing that the Policy constituted research on human subjects in violation of federal law. It argued that MUSC staff, without patient consent, collected the data on the women and then published their results in a medical journal without prior Institutional Review Board review or approval. See Horger, et al., Cocaine in Pregnancy: Confronting the Problem, 86 Journal of South Carolina Medical Association 527 (Oct. 1990). MUSC used these women, without their consent, to test the hypothesis that threatening and arresting pregnant addicts will get them to stop using drugs.

Following both the lawsuit and our related complaint to NIH, the Department of Health and Human Services' Office for Civil Rights (OCR) independently began an investigation of MUSC for violating Title VI: the law that prohibits race discrimination by programs receiving federal funds. Apparently to avoid a full scale investigation, on September 8, 1994, MUSC signed an agreement with OCR in which it agreed to discontinue most of the Policy.

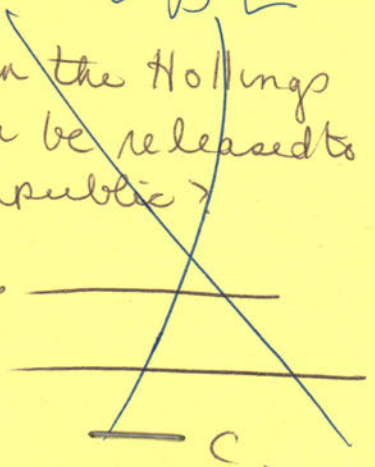
Indeed, among the articles Amici cite is Committee on Obstetrics: Maternal and fetal Medicine, Cocaine in Pregnancy, ACOG Committee Opinion No. 114 at 2-3 (Sept. 1992) which conclude that:

> Some public officials believe that imposing criminal sanctions will deter substance abuse b pregnant women. However, the Committee on Obstetrics: Maternal and Fetal Medicine believes that the problem is addressed more effectively as a health issue than as a legal problem.

10-30-95

Todd - OBE

Can the Hollings letter be released to the public?



THE WHITE HOUSE

WASHINGTON

October 26, 1995

Dear Fritz:

I enjoyed our telephone conversation today regarding the upcoming conference on the telecommunications reform bill and would like to follow-up on your request regarding the specific issues of concern to me in the proposed legislation.

As I said in our discussion, I am committed to promoting competition in every aspect of the telecommunications and information industries. I believe that the legislation should protect and promote diversity of ownership and opinions in the mass media, should protect consumers from unjustified rate increases for cable and telephone services, and, in particular, should include a test specifically designed to ensure that the Bell companies entering into long distance markets will not impede competition.

Earlier this year, my Administration provided comments on S. 652 and H.R. 1555 as passed. I remain concerned that neither bill provides a meaningful role for the Department of Justice in safeguarding competition before local telephone companies enter new markets. I continue to be concerned that the bills allow too much concentration within the mass media and in individual markets, which could reduce the diversity of news and information available to the public. I also believe that the provisions allowing mergers of cable and telephone companies are overly broad. In addition, I oppose deregulating cable programming services and equipment rates before cable operators face real competition. I remain committed, as well, to the other concerns contained in those earlier statements on the two bills.

I applaud the Senate and the House for including provisions requiring all new televisions to contain technology that will allow parents to block out programs with violent or objectionable content. I strongly support retention in the final bill of the Snowe-Rockefeller provision that will ensure that schools, libraries and hospitals have access to advanced telecommunications services.

I look forward to working with you and your colleagues during the conference to produce legislation that effectively addresses these concerns.

Sincerely,

Bill Clinton

The Honorable Ernest F. Hollings
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate
Washington, D.C. 20510

COPY from ORM

OFFICE OF THE VICE PRESIDENT
WASHINGTON

October 26, 1995

RECOMMENDED PHONE CALL

TO: Senator Ernest ("Fritz") Hollings

DATE: October 26, 1995

RECOMMENDED BY: The Vice President

PURPOSE: To seek his cooperation with us during the conference on the telecommunications bill.

BACKGROUND:

Sen. Hollings has made it known that he wants to get a bill this year. He also has told Sen. Pressler in no uncertain terms that he will not accept a bill that is written in the dark of night and presented to him as a *fait accompli.* Hollings has expressed his willingness to work with the White House to reach a joint position but is still skeptical of the your personal commitment to veto the bill if necessary.

Staff from DOJ, NTIA, OVP and White House Legislative Affairs have met regularly over the past two weeks with Hollings' staff to discuss detailed provisions of importance to the Administration.

Your phone call should be followed by sending the attached letter to Senator Hollings.

TOPICS OF DISCUSSION:

- Senator, I very much would like to sign a telecommunications reform bill this year. But in order to get the changes I think we both support, we need to join forces and strengthen our bargaining position.

- We would like to work with you to reach mutually acceptable positions and then synchronize our strategy for negotiating those positions in conference.

- I appreciate the fact that you worked very hard with Sen.Pressler to pass the Senate bill. We would like to work equally hard with you to get the maximum movement in the conference toward the Senate bill and to get some changes we need in order to support the final bill.

- I know our staffs are already working together toward these ends. I hope we can work together shoulder to shoulder throughout the conference along with Sen. Daschle to get the best bill possible. If we are united I think we can get more than was possible at the beginning stages of the process.

PRINTED ON RECYCLED PAPER

- My goal is to promote competition across the board in cable, mass media and telephone services. I am sending you a letter that will make it clear that competition in the telephone industry is as important to me as competition in these other areas. I appreciate all you can do to promote a competition test at the FCC in which the FCC gives deference to the Justice Department's opinion on the matter before letting the Bells get into the long distance business.

CONTACT PERSON AND TELEPHONE NUMBER(S): Mary Winton 224-6121

DATE OF SUBMISSION: October 26, 1995

ACTION: _____
_____
_____

October 26, 1995

The Honorable Ernest F. Hollings
United States Senate
Washington, D.C. 20510

Dear Fritz:

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Earlier this year, my Administration provided comments on S. 652 and H.R. 1555 as passed. I remain concerned that neither bill provides a meaningful role for the Department of Justice in safeguarding competition before local telephone companies enter new markets. I continue to be concerned that the bills allow too much concentration within the mass media, which could reduce the diversity of news and information available to the public. I also believe that the provisions allowing mergers of cable and telephone companies are overly broad. In addition, I oppose deregulating cable programming services and equipment rates before cable operators face real competition. I remain committed, as well, to the other concerns contained in those earlier statements on the two bills.

I applaud the Senate and the House for including provisions requiring all new televisions to contain technology that will allow parents to block out programs with violent or objectionable

content. I strongly support retention in the final bill of the Snowe-Rockefeller provision that will ensure that schools, libraries, and hospitals have access to advanced telecommunications services.

I look forward to working with you and your colleagues during the conference to produce legislation that effectively addresses these concerns.

Sincerely,

BC/TS/pw (Corres. #2535932)

cc: Senator Larry Pressler,
Representative Thomas Bliley
Representative John Dingell
Representative Jack Fields
Representative Edward Markey
Representative Henry Hyde
Representative John Conyers

Xeroxed copy of personally signed original to NH through Todd Stern

CLEAR THRU TODD STERN

PRESIDENT TO SIGN

TO: Phil Caplan

FROM: Kristin Schneeman 95 OCT 26 All : 33

SUBJECT: Letter from POTUS to Sen. Hollings

DATE: October 26, 1995

The Vice President has signed off on the attached proposed letter from the President to Senator Hollings. The letter is the product of a meeting this morning between the VP, Greg Simon, Erskine Bowles, Steve Ricchetti, Joe Stiglitz, Bo Cutter, Bob Litan, Sally Katzen, Skip Johns, Jonathan Sallet (DOC), Larry Irving (NTIA), and Ann Bingaman (DOJ).

The VP will recommend to the President this morning that he call Senator Hollings and follow up the call with this letter. It's important that we get this letter out as quickly as possible. Thank you!

PLEASE DELIVER AS SOON AS POSSIBLE!

October 26, 1995

The Honorable Ernest F. Hollings
United States Senate
Washington, D.C. 20510

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BC

25-35932

cc: Senator Larry Pressler
Representative Thomas Bliley
Representative John Dingell
Representative Jack Fields
Representative Edward Markey
Representative Henry Hyde
Representative John Conyers

T Once I hear from Patty that POTUS made call, we should have passed.

PJ

THE WHITE HOUSE

WASHINGTON

October 26, 1995

The Honorable Ernest F. Hollings
United States Senate
Washington, D.C. 20510

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Sincerely,

October 26, 1995

DRAFT

The Honorable Ernest F. Hollings
United States Senate
Washington, D.C. 20510

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Representative Edward Markey
Representative Henry Hyde
Representative John Conyers

THE WHITE HOUSE
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE
THURSDAY, June 15, 1995

CONTACT: 202-456-2580
202-456-7035

ADMINISTRATION STATEMENT ON SENATE PASSAGE OF S. 652

Although the Administration still has serious concerns that need to be addressed, important improvements were made in S.652 on the Senate floor. The Administration commends the hard work of the Senate and its leadership and looks forward to working with both houses of Congress to produce pro-competitive and pro-consumer final legislation that will bring greater choice and lower prices in communications for all Americans.

Important improvements made to the committee-reported version include:

- a prohibition on mergers between cable companies and telephone companies in places with more than 50,000 residents and in all urban areas. Preventing mergers between cable and telephone companies in urban and suburban communities is fundamental to promoting broad competition in both these industries.

- some restraint on rate increases for cable programming received by most consumers. Cable companies will have some limits on their ability to continuously raise their rates.

- further opening our markets to investments in U.S. telecommunications firms by foreign corporations while providing for the President to reject certain applications based on national security concerns.

- requiring all new televisions to contain technology that will allow parents to block out programs with violent or objectionable content.

- a strong reaffirmation of the bill's provision to ensure that schools, hospitals and libraries have access to new, emerging telecommunications technologies.

Despite this progress, it is very important that the legislation be improved further. For instance, the provisions allowing waiver of the cable-telco buyout provision are overly broad and the rural exemption is too high, thereby precluding competition in some rural areas where competition could be expected to develop. In addition, the Administration opposes deregulating cable rates on the date of enactment in those markets where competition has not yet arrived and supports meaningful protections for consumers served by monopoly systems. The foreign ownership provision does not provide authority to grant most-favored nation status for telecommunications, which is crucial to our success in multilateral negotiations.

There are other important areas where no improvements at all were made by the Senate. The Administration continues to have the following serious concerns that need to be addressed:

- S. 652 does not continue any meaningful role for the Justice Department in safeguarding competition before local telephone companies are allowed to enter new markets. If monopolies are unleashed under the wrong circumstances, competition will be harmed.

- S. 652 allows dramatic concentration within the broadcast industry which could reduce the diversity of news and information available to the public.

Many steps remain in the process before the telecommunications legislation can become law. Although we are encouraged that some progress has been made, more needs to be done to improve the legislation so that it will truly promote competition, benefit consumers and protect universal service. The Administration will continue to take every opportunity to work with Congress to make such improvements. The Administration's position on the final legislation will depend on the extent to which the Administration's concerns have been addressed satisfactorily during the course of the entire legislative process.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 1, 1995

STATEMENT BY THE PRESIDENT ON H.R. 1555

My Administration is committed to enactment of a telecommunications reform bill in this Congress. Such legislation is needed to stimulate investment, promote competition, provide open access to information networks, strengthen and improve universal service and provide for flexible regulations for this important industry. Consumers should receive the benefits of lower prices, better quality and greater choices in their telephone and cable services, and they should continue to benefit from a diversity of voices and viewpoints in radio, television and the print media.

Unfortunately, H.R. 1555, as reported by the Commerce Committee and amended by the managers' amendment, does not reach any of these goals. Instead of promoting investment and competition, it promotes mergers and concentration of power. Instead of promoting open access and diversity of content and viewpoints, it would allow fewer people to control greater numbers of television, radio and newspaper outlets in every community.

H.R. 1555 with the managers' amendment would:

- allow a single owner to acquire television stations that can reach 50% of the nation;
- allow the acquisition of an unlimited number of radio stations in every community and across the nation;
- repeal the newspaper/broadcast and broadcast/cable cross ownership bans that currently exist;
- permit the Bell Operating Companies to offer long distance service before there is real competition in local service, with less-than-minimum structural safeguards and without requiring a determination by the Department of Justice that entry will not impede competition;
- allow an excessive number of in-region buyouts between telephone companies and cable operators, substituting consolidation for competition and leaving consumers in rural areas and small towns with no rate protection in most cases and no foreseeable expectation of competition;

-more-

- deregulate cable programming services and equipment rates before cable operators face real competition and without providing any consumer protection provision after deregulation;

- preempt the states from implementing certain rate regulation schemes and opening their local phone markets to certain types of competition as they choose; and

- not include the V-chip proposal the Senate adopted.

The cumulative effect of these provisions would be to harm competition and to weaken the benefits to the public. If H.R. 1555 with the managers' amendment is sent to me without deletion or revision of a significant number of these provisions I will be compelled to veto it in the best interests of the public and our national economic well-being.

-30-30-30-

COPY
from ORM

THE PRESIDENT HAS SEEN
10/27/95

THE WHITE HOUSE

WASHINGTON

95 OCT 19 P1:02

TO: President Clinton

FROM: Erskine Bowles

SUBJECT: Conversation with Felix Rohatyn on Race Commission

DATE: October 18, 1995

Felix is going to send you a letter, and perhaps write an op-ed thereafter, that deals with the subject of establishing a commission to discuss race relations. Felix strongly believes that we already know that race relations are bad, what we need is a commission to look at the problems of our cities and then do something about these problems and their effects on urban residents.

He believes that you cannot help African-Americans in this country unless:

- our cities are made to function properly;
- we increase business activity within the cities;
- we stop the white flight from the cities;
- we do something about the problems of our inner city schools; and
- we do something about crime within the cities.

He said these issues are worth putting together a real commission to study these problems and make recommendations.

I told Felix that you had put together an NEC group to study the problems of our cities and to make recommendations as to what we could do about them, and that this committee is scheduled to meet with you in the very near future. I told him that I believe that you would find his argument interesting and that I looked forward to receiving it from him and passing it along to you.

My opinion is that Felix is only half right because he ignores the moral and/or religious elements you stressed so clearly in your race speech in Texas. The half he is right on is that we do have significant problems in the inner cities that have a tremendous impact on African-Americans and race relations. Where I think Felix falls short in his solution is on the type of commission that might make sense. We don't need another commission to try to ascertain

cc: George Dove 10/31

what the problems are. We know what the problem are and so do the Republicans. Just read Henry's urban memo, Rubin's tax credit memo, or the reports of what the Kemp Commission will recommend.

What we need is a truly bi-partisan commission (appointed by you and Gingrich) to choose from these options and make recommendations to the Congress by January of 1997. Like the BRAC Commission, these recommendations would have to be voted up or down. A legislatively appointed commission with power similar to the BRAC Commission might actually get the money and the support to do something. Wouldn't that be nice for a change. Just think of it -- a commission that actually got something done.

cc: Leon Panetta
Harold Ickes
George Stephanopoulos

10-31-95

Todd -

Nancy would like a response prepared. Should I send to Dorskind to Coordinate with Rahm Emanuel.

Yes ✓

No _____

Carol

FAX

From: Rev. Bill Adkins, Memphis, TN
To: President Bill Clinton
RE: Crack Cocaine Drug Bill

Office: (901) 274-6711
Fax: (901) 274-6310

Three pages, including this one.

c/o Ben Johnson

To: Nancy H.

From: Ben Johnson,

Staff says the Pres. has not seen it will sign already?

10/30 Todd

Do we need to answer Nancy H.'s question? C- you can tell NN bill is signed. S. (yesterday) Thanks

Rev. Bill Atkins
Greater Imani Church and Christian Center
1000 South Cooper Street
Memphis, TN 38104
(901) 274-6711 Office (901) 274-6310 Fax

October 27, 1995

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

Dear President Clinton:

I read with dismay this morning that you intend to sign into law, a bill that maintains unusually stiff prison sentences for those people, who are caught with small amounts of crack cocaine. As a supporter and campaign worker allow me to take issue with your decision.

Many of us in the African American community believe this law to be oppressive and unjust. It strikes at the fiber of "what's wrong in America." As a minister of the gospel I abhor the usage of drugs and the culture that accompanies it. I realize that the majority of crimes committed in our communities are drug related. However, by signing this bill you are somehow saying that poor, inner-city drug users and pushers deserve more punishment than suburban drug users and pushers. You have separated a poor man's drug from a rich man's drug and determined that a high poor man is more of a problem than a high rich man. Then again we see the "race line" drawn. A poor black man caught with 5 grams of crack, a derivative of cocaine, deserves more time than an affluent white man caught with 499 grams of pure cocaine. Will there ever be justice in America?

Why not put the poor black man and the affluent white man in the same cell for the same amount of time? ***The same crime deserves the same time.*** This bill slaps at what's fair and just. Prisoners erupted in violence because they clearly understand who's getting off the hook, and why. Virtually all those prosecuted for crack are black or Latino, and all those prosecuted for powered cocaine are white. Can you deny the racial implications?

Mr. President, there must be a better solution. All drugs take a great toll on American Society. Crime flourishes everywhere, not just the inner-city. No other mandatory sentences are imposed on heroin, opium or LSD users. This bill targets black youth. It appears that our youth comprise the new commodity for private and public prisons.

I understand that recently the Sentencing Commission, made up of federal judges and legal experts, voted to equalize penalties for the two types of cocaine. By way of this approach, first time crack offenders would get probation or just a few months in prison if convicted of having a few grams of the substance, so long as they did not have a weapon or engage in violence. This is grace. Why make hardened criminals out of misguided, non-violent first time offenders? Many of our men can't get jobs because of prison records. Some of us believe this is a plan, not a condition.

Please reconsider.

Sincerely,

Bill Adkins, Pastor

THE WHITE HOUSE

WASHINGTON
October 31, 1995

MEMORANDUM FOR: ANN FLEISCHMAN

FROM: CAROL CLEVELAND Carol

SUBJECT: Distribution of Memo on Reminder on Paper Flow

Please forwarded the attached memo from Leon Panetta to all Special Assistants and above who have their offices in the OEOB and NEOB. We have already sent copies to those individuals, Special Assistants and above, who are located in the West Wing and East Wing of the White House.

Thank you.

Attachment
Panetta Memo

THE WHITE HOUSE

WASHINGTON

October 23, 1995

MEMORANDUM FOR SENIOR STAFF

FROM: LEON E. PANETTA
Chief of Staff

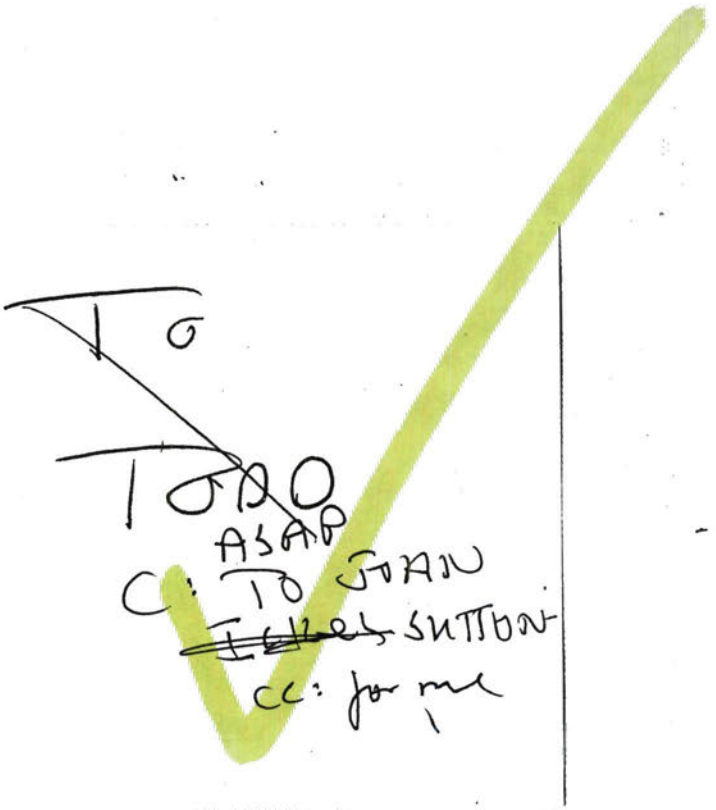
SUBJECT: Reminder on Paper Flow

This is a reminder that all paper intended for the President, whether for his information or for action, is to be routed through the Staff Secretary's office. There are two important reasons for this system.

First, with respect to action items (decision memos, correspondence, executive orders, speeches, etc.), it protects both the President and the senior staff by allowing for comment before they go to the President. The President is thus assured both of receiving items that have been properly vetted and of being informed about relevant staff views; and senior staff with an interest in a particular item are given an opportunity to convey their views before the matter goes to the President. Passing action items directly to the President doesn't serve him.

Second, unless all paper (including information items, articles, etc.) is routed through the Staff Secretary, he cannot effectively do the job of regulating the flow of paper to the President in a manageable way that gives priority to time sensitive items and keeps the President from getting overloaded.

Please make sure that you and everyone in your departments follow this procedure.


TO
TODO
ASAP
TO JOAN
SUTTON
cc: for me

10-31-95
Original to John Sutton
m.

Clinton/Gore '96 Primary Committee
MEMORANDUM

95 OCT 26 P5:19

TO: John Sutton

FROM: Kim Cubine, Director of Marketing and Direct Mail

DATE: October 25, 1995

RE: "10 More for Clinton Gore"

Please have the attached direct mail copy reviewed by the appropriate individuals. Comments/Edits/Approval should be submitted to Kim Cubine by Monday, November 6, 1995. Kim can be reached directly at (202) 496-4804.

Each person should initial his/her name to indicate authorization.

____ ok as is } Jack Quinn
____ ok w/changes } ~~Ron Klain~~: _____ Date: _____

____ ok as is } Bruce Lindsey: _____ Date: _____
____ ok w/changes }

____ ok as is } WH Counsel: _____ Date: _____
____ ok w/changes }

____ ok as is } Doug Sosnik: _____ Date: _____
____ ok w/changes }

____ ok as is } G. Stephanopolous: _____ Date: _____
____ ok w/changes }

____ ok as is } Harold Ickes: _____ Date: _____
____ ok w/changes }

Person returning this sign-off sheet and attached documents to Clinton-Gore '96:

Name: _____ Date Returned: _____

{ __ ok as is
__ ok w/changes
__ ok as is
__ ok w/changes

Todd Stern OK (see Questions) Date: 10-31

Lynn Utrecht _____ Date: _____

MEMORANDUM:

TO: Harold Ickes, Deputy Chief of Staff

FROM: Kim Cubine, Director of Marketing & Direct Mail

DATE: October 18, 1995

RE: November "Poll Package"

CC: Laura Hartigan, National Finance Director

Attached is the draft copy for the "10 More for Clinton/Gore" Campaign. This package has Legal, Operations and Political (Craig Smith) sign-off. Final Art and Budget plan will be submitted to Craig for approval.

Concept: The "Ten More" program is an excellent way to expand the grassroots base and provide campaign literature to all supporters willing to take on an activist role. Although this is a political project, the Marketing Department will use its resources to assist in the production and backend processing.

All of the people recruited through the "10 More" program will be tracked by state and logged into the People Base system for future political use. All recruits who make a contribution to the campaign, as well as sign up as activist, will be placed on the FEC database and the People Base systems.

Target Audience: Direct Mail/Telemarketing Donors who said yes to Team Capt. C/G Headquarters, State Offices, Constituent Service Office (CSO)

Quantity: 70,000 - 100,000

Mail Date: Mid - December

Edit/Approval Date: Monday, November 6, 1995

Signature Request: President Bill Clinton

If you have any questions, I can be reached directly (202) 496-4804 or via fax at (202) 496-4848.

"10 More for Clinton/Gore" Fulfillment Package
A:\10MORE.WPD
October 18, 1995

9 x 12 whitewove OSE
Prints 3/0; Black + blue + red

Clinton/Gore '96 Primary Committee
P.O. Box 57277
Washington, D.C. 20037

Metered

Mr. John J. Donor
123 Anystreet
Anytown, USA 12345-6789

8 1/2 x 11 letter on white offset, Prints 3/0; one page, one sheet

Clinton/Gore '96

Dear Friend:

Thank you for becoming a part of "10 More for Clinton/Gore." I am excited about the "10 More for Clinton/Gore" program because it relies on the community spirit that I've tried so hard to renew in this country.

Here's what I'd like you to do. Simply go out and talk to people you know -- friends, neighbors, family members -- and recruit 10 people to support the Clinton/Gore campaign. Tell them that I need their help to win again in 1996 in order to continue the progress we've made to grow the economy, to help working families and make America a better, safer place for our children.

Your job of getting "10 More for Clinton/Gore" should be easy, because since Vice President Gore and I took office, we've made government work for the American people in so many ways.

During the first half of our administration, we've created more than 7 million new jobs. That's triple the number created during the *entire* Bush administration. My economic plan has cut the deficit by more than $600 billion -- the first deficit decline since the Truman years. To make government more efficient for ordinary Americans, we've cut the federal payroll to its smallest size since the Kennedy Administration and saved $63 billion by eliminating unnecessary or wasteful programs.

We've passed a crime bill to put 100,000 more police officers on the street and ban deadly assault weapons. We've protected the jobs of American families who need time off to care for a new child or ailing relative. We've added nearly 200,000 new children to the Head Start program this year. We've set new education standards to improve our schools and made more student loan money available to help more young people enter college.

Today, we are counting on you to help get our message out to the people who need to hear it. A special Action Kit is enclosed to help you get started signing up "10 More for Clinton/Gore."

Thank you for your important role on this critical project. It's dedicated people like you who will guide us to victory again in 1996.

Sincerely,

Bill Clinton

Prints 3/0 Black + red + blue

Clinton/Gore '96
"10 More for Clinton/Gore" Action Kit

Instructions:

1. **Over the next several days, sign up at least 10 Clinton/Gore supporters from among your friends, neighbors, and family.** Point to the many accomplishments on the Clinton/Gore record so far. Emphasize that the 1996 presidential election will be a turning point for America, and that we cannot afford a return to the divisiveness and discord that has plagued our nation in the past. *Carry this Action Kit with you to help organize all the information you'll need to return to the campaign.*

2. **Important: Note the names of each new member on the enclosed Contact Sheet.** Please obtain as much of the requested information as possible from everyone, including e-mail addresses, phone and fax numbers to ensure that we can deliver our message to our supporters in the months ahead.

3. **Each time you sign up one more for Clinton/Gore, ask for a voluntary contribution** to help offset the cost of the "10 More for Clinton Gore" program. Any amount -- $10, $20, up to a maximum of $1,000 -- will help. Contributions to the committee are not tax-deductible. The committee cannot accept corporate, union or political action committee checks.

4. **Give each person you sign up a Membership Card and envelope to complete and return to the campaign.** When a recruit wishes to make a contribution, please do not collect the check yourself. Have each individual recruit fill out the contribution card and forward their contribution directly to the campaign in the enclosed self-addressed envelope. No postage is necessary for the reply envelope. Checks should be made payable to the Clinton/Gore '96 Primary Committee, Inc.

5. **When you have finished, place the Contact Sheet in the enclosed yellow envelope and mail it back** to us at P.O. Box 57277, Washington, D.C. 20037. No postage is necessary. We will tally your information and contact you later with details on the results of "10 More for Clinton/Gore."

Thank you for your leadership in "10 More for Clinton/Gore"

logo
Clinton/Gore '96 Primary Committee
P.O. Box 57277, Washington, D.C. 20037

"10 More for Clinton/Gore" Contact Sheet

To: President Clinton and Vice President Gore

From: Mr. John J. Donor
123 Anystreet
Anytown, USA 12345-6789

Here are the names I've gathered to deliver "10 More for Clinton/Gore" in 1996:
Please print the information below for each person and return it in the envelope provided to "10 More for Clinton/Gore '96, P.O. Box 57277, Washington, D.C. 20037.

1.
Name | Address | Occupation

Phone # | Fax # | E-Mail address

Amount of Contribution $

2.
Name | Address | Occupation

Phone # | Fax # | E-Mail address

Amount of Contribution $

3.
Name | Address | Occupation

Phone # | Fax # | E-Mail address

Amount of Contribution $

4.
Name | Address | Occupation

Phone # | Fax # | E-Mail address

Amount of Contribution $

5.
Name | Address | Occupation

Phone # | Fax # | E-Mail address

Amount of Contribution $

(Please turn over)

6.
Name Address Occupation

Phone # Fax # E-Mail address

Amount of Contribution $

7.
Name Address Occupation

Phone # Fax # E-Mail address

Amount of Contribution $

8.
Name Address Occupation

Phone # Fax # E-Mail address

Amount of Contribution $

9.
Name Address Occupation

Phone # Fax # E-Mail address

Amount of Contribution $

10.
Name Address Occupation

Phone # Fax # E-Mail address

Amount of Contribution $

8 1/2 x 3 1/2 Response Cards on 70# white offset
Prints 3/2 Black + blue + red-
Vertical perf
Front:
10 More for Clinton Gore

Name _____
Address _____
City_____ State _____ ZIP_____
Fax #: ( ) _____ Phone # ( ) _____
E-mail address _____ Amount of contribution

❑ I'm interested in becoming a team captain in the "10 More for Clinton/Gore" project. Please send me more information.

Please return this card, along with your contribution payable to Clinton/Gore '96 Primary Committee Inc., in the postage-paid envelope provided by your team captain, to: *"10 More for Clinton/Gore '96, P.O. Box 57277, Washington, D.C. 20037.*Thank you for your help!

Your contribution is not tax-deductible as a charitable contribution for Federal income tax purposes.
Paid for by Clinton/Gore '96 Primary Committee Inc.

Membership card: "10 More for Clinton/Gore Logo
Name_____

Back:

Please be sure to fill out the required information below.
Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate in excess of $200 in a calendar year.

Occupation _____ Name of Employer _____
❑ Check if self-employed.
Contributions to Clinton/Gore '96 Primary Committee Inc., are for use in connection with the Democratic Presidential Primary and are subject to the limitations and prohibitions of the Federal Election Campaign Act.

The Clinton/Gore'96 Primary Committee may be eligible to receive federal matching funds of up to $250 for contributions from an individual, personal account. Contributions from spouses drawn on a joint account may be matched up to $500 if both spouses sign the check or the response card. The campaign ~~cannot~~ does not accept PAC, corporate or union contributions. The maximum contribution level in a presidential campaign is $1000 per individual.

and ~~can~~ may not accept

Perf area, back:

Accomplishments of Clinton/Gore Administration

- Created 7.3 million jobs
- Cut Federal spending by $255 billion
- Signed Crime Bill and is putting 100,000 more police on the streets
- On track for three consecutive years of deficit reduction -- the first time since Harry Truman
- Signed Brady Bill
- Increased funding for Head Start and aid for education
- Signed Assault Weapons Ban
- Lowest combined rate of unemployment and inflation in 25 years
- Signed the Family and Medical Leave Act

#9 BRE for new members:
RUSH

"10 More for Clinton/Gore"
Clinton/Gore '96 Primary Committee, Inc
P.O. Box 57277, Washington, D.C. 20037

#9 BRE, canary, for team captain to return:

RUSH DELIVERY

Team Captains, please use this envelope only for your Contact Sheet

"10 More for Clinton/Gore"
Clinton/Gore '96 Primary Committee, Inc.
P.O. Box 57277, Washington, D.C. 20037

THE PRESIDENT HAS SEEN
10-31-95

what I hope to have encompassed in this legislation. Of course, there will be amendments and changes, and extensions and deletions. But I think that our message will go to the Congress Monday. Perhaps the bill will accompany it. If not, it will go there very shortly.

We will not only expect the Congress to give fair and just consideration to the administration bill, which they have been asking for for several days now, but to give consideration to any one suggestion, as they always do.

So if you will be back at 9 o'clock Monday, we will have a briefing on the details of the message.

We thank you for enduring us this afternoon.

Merriman Smith, United Press International: Thank you, Mr. President.

NOTE: President Johnson's thirty-eighth news conference was held in the Rose Garden at the White House at 3:45 p.m. on Saturday, March 13, 1965.

107 Special Message to the Congress: The American Promise. *March* 15, 1965

[As delivered in person before a joint session at 9:02 p.m.]

Mr. Speaker, Mr. President, Members of the Congress:

I speak tonight for the dignity of man and the destiny of democracy.

I urge every member of both parties, Americans of all religions and of all colors, from every section of this country, to join me in that cause.

At times history and fate meet at a single time in a single place to shape a turning point in man's unending search for freedom. So it was at Lexington and Concord. So it was a century ago at Appomattox. So it was last week in Selma, Alabama.

There, long-suffering men and women peacefully protested the denial of their rights as Americans. Many were brutally assaulted. One good man, a man of God, was killed.

There is no cause for pride in what has happened in Selma. There is no cause for self-satisfaction in the long denial of equal rights of millions of Americans. But there is cause for hope and for faith in our democracy in what is happening here tonight.

For the cries of pain and the hymns and protests of oppressed people have summoned into convocation all the majesty of this great Government—the Government of the greatest Nation on earth.

Our mission is at once the oldest and the most basic of this country: to right wrong, to do justice, to serve man.

In our time we have come to live with moments of great crisis. Our lives have been marked with debate about great issues; issues of war and peace, issues of prosperity and depression. But rarely in any time does an issue lay bare the secret heart of America itself. Rarely are we met with a challenge, not to our growth or abundance, our welfare or our security, but rather to the values and the purposes and the meaning of our beloved Nation.

The issue of equal rights for American Negroes is such an issue. And should we defeat every enemy, should we double our wealth and conquer the stars, and still be unequal to this issue, then we will have failed as a people and as a nation.

For with a country as with a person, "What is a man profited, if he shall gain the whole world, and lose his own soul?"

There is no Negro problem. There is no Southern problem. There is no Northern problem. There is only an American problem. And we are met here tonight as Americans—not as Democrats or Republicans—we are met here as Americans to solve that problem.

This was the first nation in the history of the world to be founded with a purpose. The great phrases of that purpose still sound in every American heart, North and South: "All men are created equal"—"government by consent of the governed"—"give me liberty or give me death." Well, those are not just clever words, or those are not just empty theories. In their name Americans have fought and died for two centuries, and tonight around the world they stand there as guardians of our liberty, risking their lives.

Those words are a promise to every citizen that he shall share in the dignity of man. This dignity cannot be found in a man's possessions; it cannot be found in his power, or in his position. It really rests on his right to be treated as a man equal in opportunity to all others. It says that he shall share in freedom, he shall choose his leaders, educate his children, and provide for his family according to his ability and his merits as a human being.

To apply any other test—to deny a man his hopes because of his color or race, his religion or the place of his birth—is not only to do injustice, it is to deny America and to dishonor the dead who gave their lives for American freedom.

THE RIGHT TO VOTE

Our fathers believed that if this noble view of the rights of man was to flourish, it must be rooted in democracy. The most basic right of all was the right to choose your own leaders. The history of this country, in large measure, is the history of the expansion of that right to all of our people.

Many of the issues of civil rights are very complex and most difficult. But about this there can and should be no argument. Every American citizen must have an equal right to vote. There is no reason which can excuse the denial of that right. There is no duty which weighs more heavily on us than the duty we have to ensure that right.

Yet the harsh fact is that in many places in this country men and women are kept from voting simply because they are Negroes.

Every device of which human ingenuity is capable has been used to deny this right. The Negro citizen may go to register only to be told that the day is wrong, or the hour is late, or the official in charge is absent. And if he persists, and if he manages to present himself to the registrar, he may be disqualified because he did not spell out his middle name or because he abbreviated a word on the application.

And if he manages to fill out an application he is given a test. The registrar is the sole judge of whether he passes this test. He may be asked to recite the entire Constitution, or explain the most complex provisions of State law. And even a college degree cannot be used to prove that he can read and write.

For the fact is that the only way to pass these barriers is to show a white skin.

Experience has clearly shown that the existing process of law cannot overcome systematic and ingenious discrimination. No law that we now have on the books—and I have helped to put three of them there—can ensure the right to vote when local officials are determined to deny it.

And we ought not and we cannot and we must not wait another 8 months before we get a bill. We have already waited a hundred years and more, and the time for waiting is gone.

So I ask you to join me in working long hours—nights and weekends, if necessary—to pass this bill. And I don't make that request lightly. For from the window where I sit with the problems of our country I recognize that outside this chamber is the outraged conscience of a nation, the grave concern of many nations, and the harsh judgment of history on our acts.

WE SHALL OVERCOME

But even if we pass this bill, the battle will not be over. What happened in Selma is part of a far larger movement which reaches into every section and State of America. It is the effort of American Negroes to secure for themselves the full blessings of American life.

Their cause must be our cause too. Because it is not just Negroes, but really it is all of us, who must overcome the crippling legacy of bigotry and injustice.

And we shall overcome.

As a man whose roots go deeply into Southern soil I know how agonizing racial feelings are. I know how difficult it is to reshape the attitudes and the structure of our society.

But a century has passed, more than a hundred years, since the Negro was freed. And he is not fully free tonight.

It was more than a hundred years ago that Abraham Lincoln, a great President of another party, signed the Emancipation Proclamation, but emancipation is a proclamation and not a fact.

A century has passed, more than a hundred years, since equality was promised. And yet the Negro is not equal.

A century has passed since the day of promise. And the promise is unkept.

The time of justice has now come. I tell you that I believe sincerely that no force can hold it back. It is right in the eyes of man and God that it should come. And when it does, I think that day will brighten the lives of every American.

For Negroes are not the only victims. How many white children have gone uneducated, how many white families have lived in stark poverty, how many white lives have been scarred by fear, because we have wasted our energy and our substance to maintain the barriers of hatred and terror?

So I say to all of you here, and to all in the Nation tonight, that those who appeal to you to hold on to the past do so at the cost of denying you your future.

This great, rich, restless country can offer opportunity and education and hope to all: black and white, North and South, sharecropper and city dweller. These are the enemies: poverty, ignorance, disease. They are the enemies and not our fellow man, not our neighbor. And these enemies too, poverty, disease and ignorance, we shall overcome.

AN AMERICAN PROBLEM

Now let none of us in any sections look with prideful righteousness on the troubles in another section, or on the problems of our neighbors. There is really no part of America where the promise of equality has been fully kept. In Buffalo as well as in Birmingham, in Philadelphia as well as in Selma, Americans are struggling for the fruits of freedom.

This is one Nation. What happens in Selma or in Cincinnati is a matter of legitimate concern to every American. But let each of us look within our own hearts and

our own communities, and let each of us put our shoulder to the wheel to root out injustice wherever it exists.

As we meet here in this peaceful, historic chamber tonight, men from the South, some of whom were at Iwo Jima, men from the North who have carried Old Glory to far corners of the world and brought it back without a stain on it, men from the East and from the West, are all fighting together without regard to religion, or color, or region, in Viet-Nam. Men from every region fought for us across the world 20 years ago.

And in these common dangers and these common sacrifices the South made its contribution of honor and gallantry no less than any other region of the great Republic—and in some instances, a great many of them, more.

And I have not the slightest doubt that good men from everywhere in this country, from the Great Lakes to the Gulf of Mexico, from the Golden Gate to the harbors along the Atlantic, will rally together now in this cause to vindicate the freedom of all Americans. For all of us owe this duty; and I believe that all of us will respond to it.

Your President makes that request of every American.

PROGRESS THROUGH THE DEMOCRATIC PROCESS

The real hero of this struggle is the American Negro. His actions and protests, his courage to risk safety and even to risk his life, have awakened the conscience of this Nation. His demonstrations have been designed to call attention to injustice, designed to provoke change, designed to stir reform.

He has called upon us to make good the promise of America. And who among us can say that we would have made the same progress were it not for his persistent bravery, and his faith in American democracy.

For at the real heart of battle for equality is a deep-seated belief in the democratic process. Equality depends not on the force of arms or tear gas but upon the force of moral right; not on recourse to violence but on respect for law and order.

There have been many pressures upon your President and there will be others as the days come and go. But I pledge you tonight that we intend to fight this battle where it should be fought: in the courts, and in the Congress, and in the hearts of men.

We must preserve the right of free speech and the right of free assembly. But the right of free speech does not carry with it, as has been said, the right to holler fire in a crowded theater. We must preserve the right to free assembly, but free assembly does not carry with it the right to block public thoroughfares to traffic.

We do have a right to protest, and a right to march under conditions that do not infringe the constitutional rights of our neighbors. And I intend to protect all those rights as long as I am permitted to serve in this office.

We will guard against violence, knowing it strikes from our hands the very weapons which we seek—progress, obedience to law, and belief in American values.

In Selma as elsewhere we seek and pray for peace. We seek order. We seek unity. But we will not accept the peace of stifled rights, or the order imposed by fear, or the unity that stifles protest. For peace cannot be purchased at the cost of liberty.

In Selma tonight, as in every—and we had a good day there—as in every city, we are working for just and peaceful settlement. We must all remember that after this speech I am making tonight, after the police and the FBI and the Marshals have all gone, and after you have promptly passed this bill, the

people of Selma and the other cities of the Nation must still live and work together. And when the attention of the Nation has gone elsewhere they must try to heal the wounds and to build a new community.

This cannot be easily done on a battleground of violence, as the history of the South itself shows. It is in recognition of this that men of both races have shown such an outstandingly impressive responsibility in recent days—last Tuesday, again today.

RIGHTS MUST BE OPPORTUNITIES

The bill that I am presenting to you will be known as a civil rights bill. But, in a larger sense, most of the program I am recommending is a civil rights program. Its object is to open the city of hope to all people of all races.

Because all Americans just must have the right to vote. And we are going to give them that right.

All Americans must have the privileges of citizenship regardless of race. And they are going to have those privileges of citizenship regardless of race.

But I would like to caution you and remind you that to exercise these privileges takes much more than just legal right. It requires a trained mind and a healthy body. It requires a decent home, and the chance to find a job, and the opportunity to escape from the clutches of poverty.

Of course, people cannot contribute to the Nation if they are never taught to read or write, if their bodies are stunted from hunger, if their sickness goes untended, if their life is spent in hopeless poverty just drawing a welfare check.

So we want to open the gates to opportunity. But we are also going to give all our people, black and white, the help that they need to walk through those gates.

THE PURPOSE OF THIS GOVERNMENT

My first job after college was as a teacher in Cotulla, Tex., in a small Mexican-American school. Few of them could speak English, and I couldn't speak much Spanish. My students were poor and they often came to class without breakfast, hungry. They knew even in their youth the pain of prejudice. They never seemed to know why people disliked them. But they knew it was so, because I saw it in their eyes. I often walked home late in the afternoon, after the classes were finished, wishing there was more that I could do. But all I knew was to teach them the little that I knew, hoping that it might help them against the hardships that lay ahead.

Somehow you never forget what poverty and hatred can do when you see its scars on the hopeful face of a young child.

I never thought then, in 1928, that I would be standing here in 1965. It never even occurred to me in my fondest dreams that I might have the chance to help the sons and daughters of those students and to help people like them all over this country.

But now I do have that chance—and I'll let you in on a secret—I mean to use it. And I hope that you will use it with me.

This is the richest and most powerful country which ever occupied the globe. The might of past empires is little compared to ours. But I do not want to be the President who built empires, or sought grandeur, or extended dominion.

I want to be the President who educated young children to the wonders of their world. I want to be the President who helped to feed the hungry and to prepare them to be taxpayers instead of taxeaters.

I want to be the President who helped the poor to find their own way and who protected the right of every citizen to vote in

every election.

I want to be the President who helped to end hatred among his fellow men and who promoted love among the people of all races and all regions and all parties.

I want to be the President who helped to end war among the brothers of this earth.

And so at the request of your beloved Speaker and the Senator from Montana; the majority leader, the Senator from Illinois; the minority leader, Mr. McCulloch, and other Members of both parties, I came here tonight—not as President Roosevelt came down one time in person to veto a bonus bill, not as President Truman came down one time to urge the passage of a railroad bill—but I came down here to ask you to share this task with me and to share it with the people that we both work for. I want this to be the Congress, Republicans and Democrats alike, which did all these things for all these people.

Beyond this great chamber, out yonder in 50 States, are the people that we serve. Who can tell what deep and unspoken hopes are in their hearts tonight as they sit there and listen. We all can guess, from our own lives, how difficult they often find their own pursuit of happiness, how many problems each little family has. They look most of all to themselves for their futures. But I think that they also look to each of us.

Above the pyramid on the great seal of the United States it says—in Latin—"God has favored our undertaking."

God will not favor everything that we do. It is rather our duty to divine His will. But I cannot help believing that He truly understands and that He really favors the undertaking that we begin here tonight.

NOTE: The address was broadcast nationally.

See also Items 108, 109, 409.

108 Special Message to the Congress on the Right To Vote. *March* 15, 1965

To the Congress of the United States:

In this same month ninety-five years ago—on March 30, 1870—the Constitution of the United States was amended for the fifteenth time to guarantee that no citizen of our land should be denied the right to vote because of race or color.

The command of the Fifteenth Amendment is unequivocal and its equal force upon State Governments and the Federal Government is unarguable.

Section 1 of this Amendment provides: The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.

By the oath I have taken "to preserve, protect and defend the Constitution of the United States," duty directs—and strong personal conviction impels—that I advise the Congress that action is necessary, and necessary now, if the Constitution is to be upheld and the rights of all citizens are not to be mocked, abused and denied.

I must regretfully report to the Congress the following facts:

1. That the Fifteenth Amendment of our Constitution is today being systematically and willfully circumvented in certain State and local jurisdictions of our Nation.

2. That representatives of such State and local governments acting "under the color of law," are denying American citizens the



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JENNIFER QUINN
President

cc:

October 18, 1995

THE PRESIDENT HAS SEEN
10-31-95

MEMORANDUM

To: The President

From: Nancy Hernreich NH
Rebecca Cameron

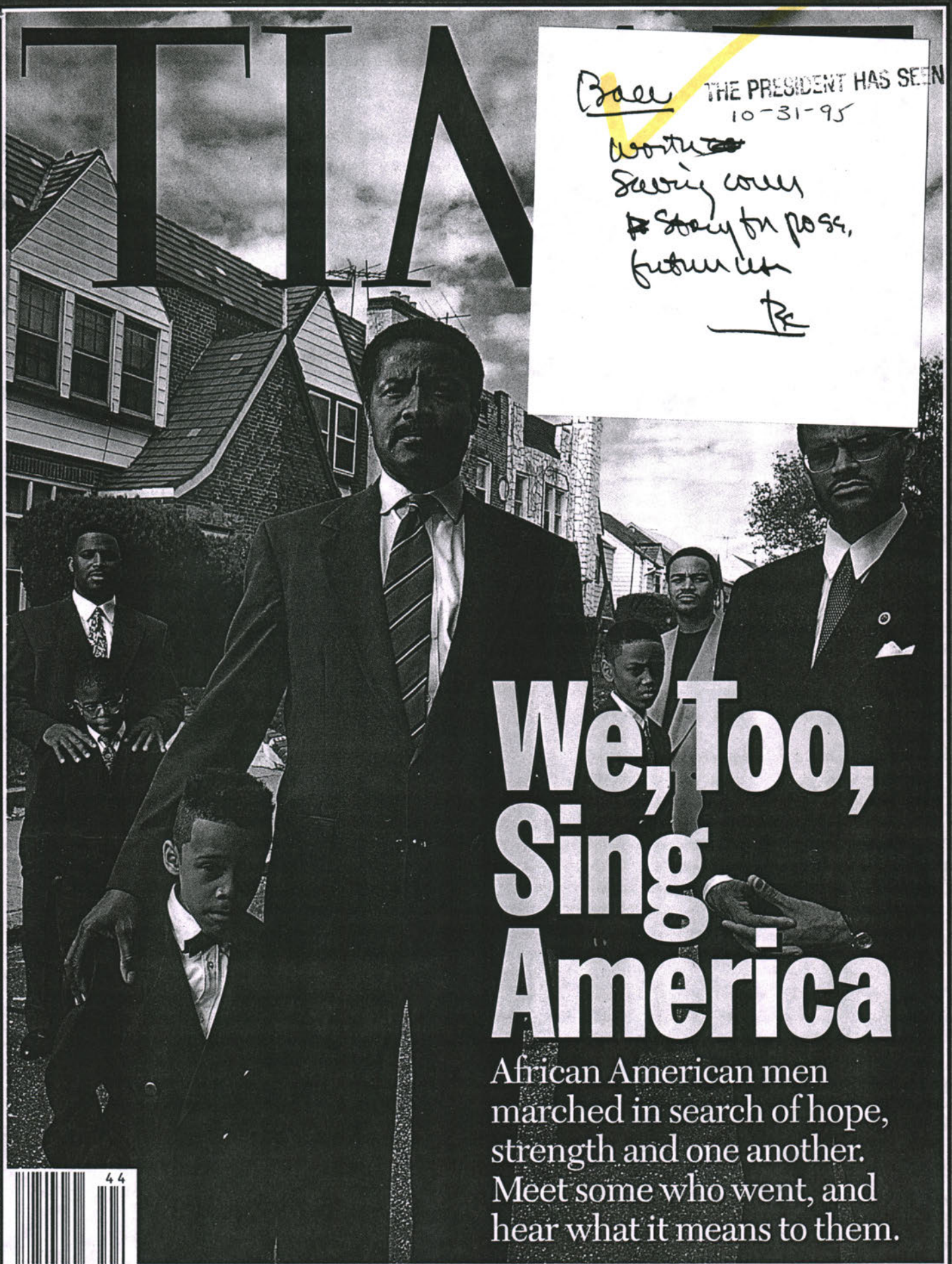
Re: World-Wide White Flag Day

Rev. Stewart suggests that you proclaim a "World-Wide White Flag Day" declaring no killing on that day. He suggested issuing a Proclamation but you could probably do more than that.

GS/Kevin
!??
- is a good idea! No press
- [redacted]
good non-media focus
up to Nancy
- what do you think

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TIME



THE PRESIDENT HAS SEEN
10-31-95

Bob
Working copy
Story for pg 44,
future use

We, Too, Sing America

African American men marched in search of hope, strength and one another. Meet some who went, and hear what it means to them.

44

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MARCHING HOME

By JILL SMOLOWE



SWEPT UP BY MULTITUDES, THE ONCE HOMELESS MAN from Chicago found himself pressed against the transfiguration in Washington: the spectacle of strangers suddenly united as friends. "Like, yes, we're free at last. It was something I kept having dreams about in the days before the march," says Earl Prince, 30, who helped get several dozen homeless Chicagoans on buses to Washington. In the crowd, he agreed to correspond with other black men from Virginia, from Detroit, from San Francisco. "I had no idea it would be as magnificent as it was," says Lieut. Colonel Michael Nelson of Virginia. Trained to recognize chains of command, Nelson nevertheless felt the stirrings of rebellion: "I was out there for white Americans also. If I am the object of some people's scorn, then they need to see me in my physical being." Physical being countless times over, countless times empowered. "The brothers came home, and we're rejuvenated," says Rodney Dailey, the head of a violence-prevention program in Boston. Here are five stories of those who returned:

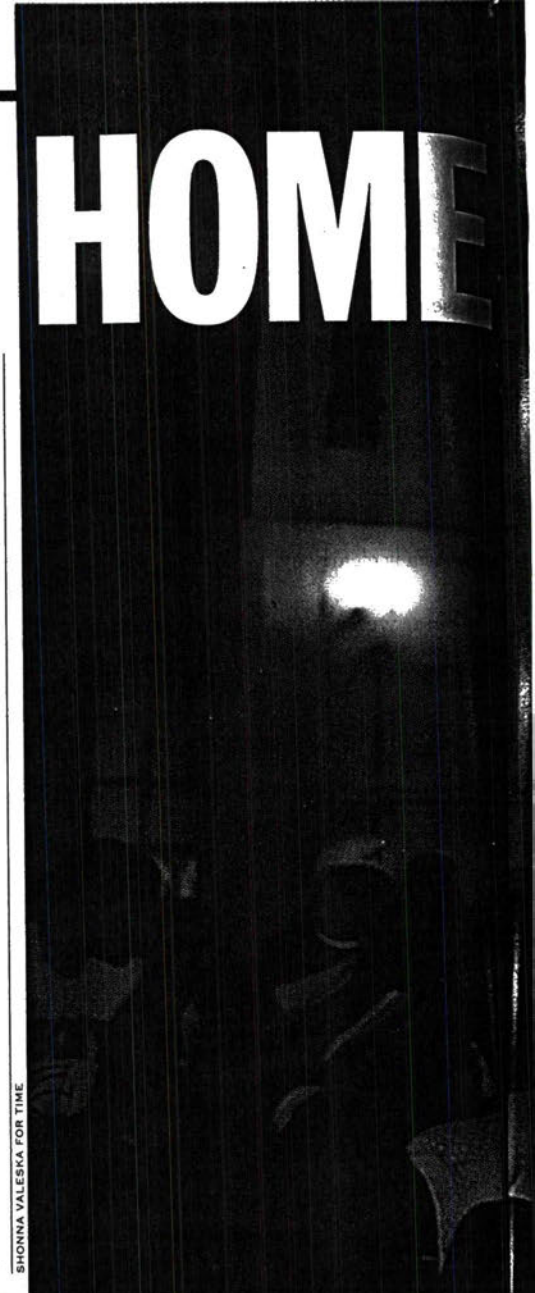
DWAYNE MARSHALL

Emory University senior, Atlanta

"I WAS NOT A CHILD OF CHOICE BUT A child of circumstance," says Marshall. His mother, he says, dropped out of college to have her baby because his father "decided to leave instead of dealing with it as a man. My mother had huge dreams and aspirations, and I put limits on her." At 21 he bears the weight of those aspirations. In less than two semesters, he will become the first in his family, and the first among his childhood friends in Savannah, Georgia, to graduate from college. "It's like I made it for all of us," he says. "That's what really pains me. I feel like I am the only one who had the opportunity to succeed." Active in student government and the N.A.A.C.P., Marshall wears a suit to class every day, always anticipating an impromptu meeting with a school administrator. A mentor to fellow black students and local inner-city youth, he shepherded 50 Emory students to Washington last week.

His mother Evelyn's struggle has been the epic of his life. Determined to avoid welfare, she housed her son with her mother and moved in with friends while holding down two full-time jobs as a waitress. Eventually Evelyn made enough money to rent an apartment, but when she lost her job, she and Marshall had to move to a public-housing project, where they shared an apartment with three other people. With money so scarce, Marshall often joined the long lines for free meals served in Savannah's public parks.

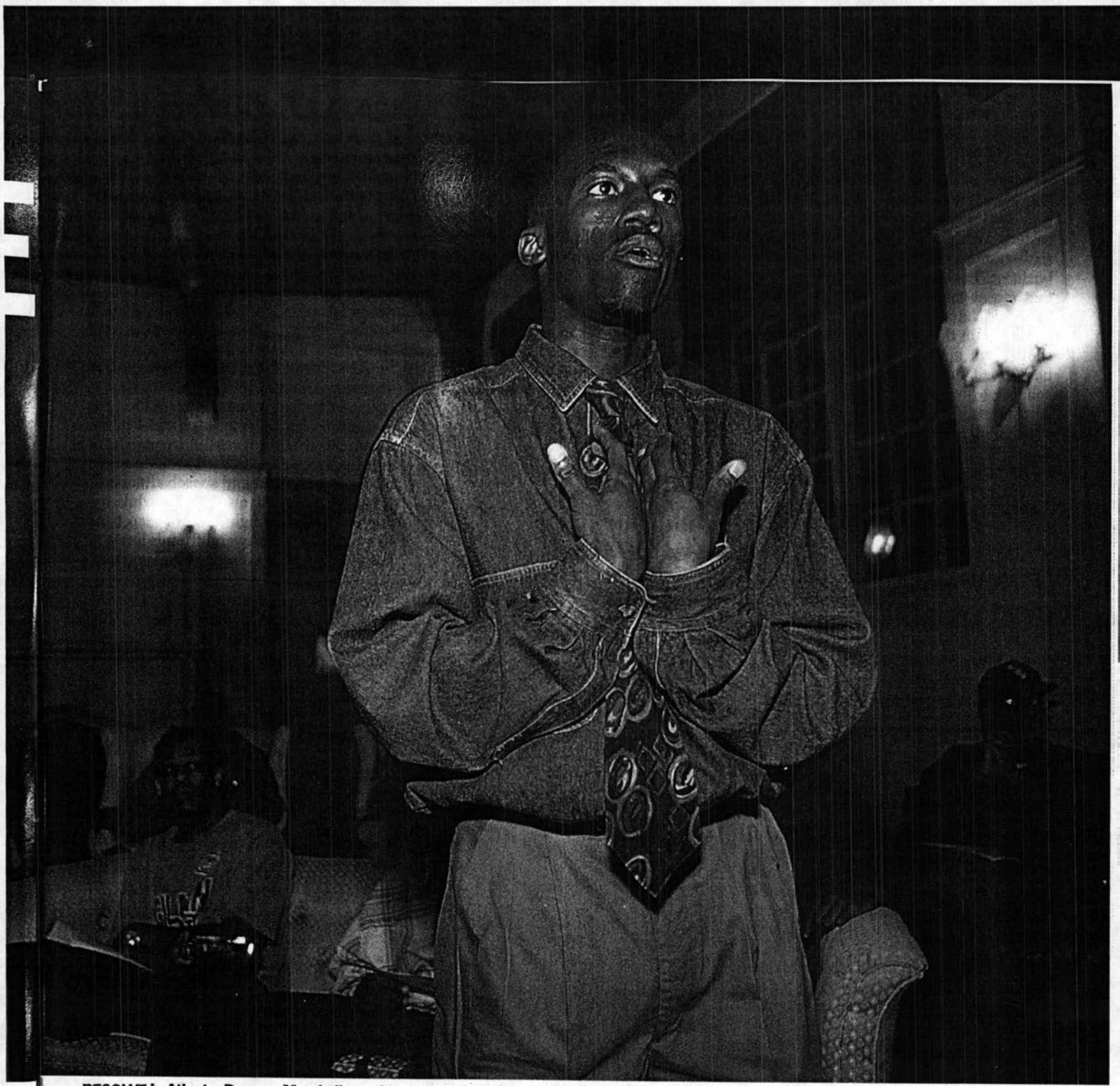
That arrangement was disrupted when he was 14 and two men from the project staged a shoot-out in front of the bedroom Marshall shared with his mother. Fascinated, "like any dumb kid would be," says Marshall, he dashed outside to see the action and narrowly escaped a bullet. His mother, Marshall recalls, was "very, very upset. It was the idea she couldn't keep us safe." For the next two years, Marshall lived with his grandfather, a proud, hardworking janitor for 40 years, who, Marshall says, "taught me more about being a man than any other man I have ever known."



SHONNA VALESKA FOR TIME

"It's like I made it for all of us. That's what really pains me. I feel like I am the only one who had the opportunity to succeed."

At 13 Marshall began hustling at a nearby pool hall, where men would bet on his games, then give him part of the winnings. Sometimes Marshall would place bets as well. "It's not something I am proud of, but it's not something I regret," he says. "I'd take that money home to my mother, and that's how we'd eat that night." While other boys in the project turned to drugs and crime, Marshall pursued better jobs: delivering newspapers, washing dishes, cooking in a local restaurant. All the while he maintained a 3.8 average in Savannah's newly desegregated schools, eventually earning the scholarships that would take him to Emory. There were triumphs—and put-downs. One year Marshall's middle-school Quiz Bowl team won a contest focusing on drugs and alcohol. Says he: "After we won—and believe me, it was sort of amazing we won—some city-council member made a snide remark that we should have won because we knew more about



RESOLVE In Atlanta, Dwayne Marshall speaks at a meeting of the Brotherhood of Afrocentric Men attended by fellow marchers

drugs than anyone. It was an attempt to belittle our accomplishment just because we were black."

After Emory, Marshall wants to go home to the coastal slums of Savannah to try to improve the lives of the city's foundering African Americans. He has no delusions that he can wipe out the hunger and poverty that haunted his own youth; his attempt last summer to initiate a modest on-the-job-training program for inner-city youths died in the local Chamber of Commerce. He feels scorn for blacks who flee poverty only to forget those they left behind. "[Supreme Court Justice] Clarence Thomas talks about being from Pinpoint, a really rundown area of Savannah, but to my knowledge he has never been back," says Marshall. "Why doesn't he come back and help make things better?"

Nevertheless, Marshall also foresees attending law school—say, Harvard or Yale—then entering politics. And Marshall entertains one other vision after that—"living in a big, white house on Pennsylvania Avenue." Mother would be proud.

MICHAEL NELSON

Army lieutenant colonel, Burke, Virginia

AS AN ACTIVE-DUTY LIEUTENANT COLONEL who served with the Army in Korea and Germany and side by side with Colin Powell in the first squadron of the 10th U.S. Cavalry, Michael Nelson, 47, is accustomed to being surrounded by men. But the power of standing in the company of only black men moved him deeply. "I went there to support the event, but then I found I was part of the event," he says. "I was taken in, heart and mind and soul." Ever the military man, he was struck by the flags waving in the Mall: the American flag, the black-and-green African-American flag, the Nation of Islam flag. "And all these battlements were just waving and blowing in the wind as the men stood there, ready to do battle within their communities, ready to take back their sons and daughters from the ravages of drugs and alcohol, ready to act to save their women from being battered. And as far as the eye could see—these were black men."

Nelson was already a battle-line war-

rior before the march. Three years ago, he began tutoring students in his spare time at Tyler Elementary School in southeastern Washington, where he instructs sixth-graders on how to own and operate a business. "If capitalism is the great engine that moves this country, then business is the fuel," he says. "If I show them goals they thought they could never attain, then show them how to get there, then I will have done my small part to help them achieve a better life." But the march has convinced Nelson that he needs to do more. By the end of the school year, he intends to start a program designed to help inner-city children cope with urban pressures.

The lieutenant colonel also leads by quiet example. While many of the march participants had cause to chastise themselves for abandoning their families, Nelson is a single dad. When he and his wife divorced nine years ago, he secured custody of his two sons and two daughters. "I loved the children enough that I thought I was more emotionally and financially able to care for them than my ex-wife," he says. Today his three eldest children have homes of their own, and 13-year-old Morgan still lives with her father. Other Army families and friends have helped out during Army deployments, and occasionally Morgan seeks outside counsel on such matters as hairstyles. "But up to this point," Nelson says with a smile, "I've been able to handle everything."

While Nelson's sense of mission is clear today, it was not always that way. As a child in Lorraine County, Ohio, he was popular and fun loving, more inclined to hit the party scene than the books. While studying engineering at Ohio State University, he was drafted into the Army. Already a husband and father by then, he had to work two additional jobs to support his family. It was only when a white senior commander suggested Nelson attend the Infantry Officers' Candidate School in Fort Benning, Georgia, that Nelson began thinking about a military career. In the years that have followed, Nelson says, he has brushed up against racism in the integrated Army. While he thinks overt racism should be challenged, he is often inclined to see more ignorance more malice behind bigotry. "The mental gap between races in America is so great that at times white people are unaware they are discriminating."

Even so, Nelson is convinced America's black citizens are their own worst enemy. "There is nothing much lower our community could get into," he says, then ticks off the problems: drive-by shootings, children killing children, people poisoning themselves on drugs. "I don't think we in the community have come to grips with this," he says. Yet Nelson is an optimist. He believes in his fellow African Americans. "I know how great we can be." He adds, "This is a great nation, but this could be a greater nation if we could only live up to the charter of the U.S. Constitution—that all men are created equal."

"All these battlements were just waving and blowing as the men stood there, ready to do battle within their communities..."



STEPHEN JAFFE—JB PICTURES FOR TIME

SURPRISE Lieut. Colonel Michael Nelson at home with his daughter Morgan

MAURICE GRAY
Boxer, Fordsville, Maryland

"I DON'T HANG AROUND ANYMORE. I JUST train," says Maurice Gray, 28, who dreams of becoming heavyweight boxing champion of the world. "This keeps me out of trouble. I have gotten more hurt in the street than in the ring."

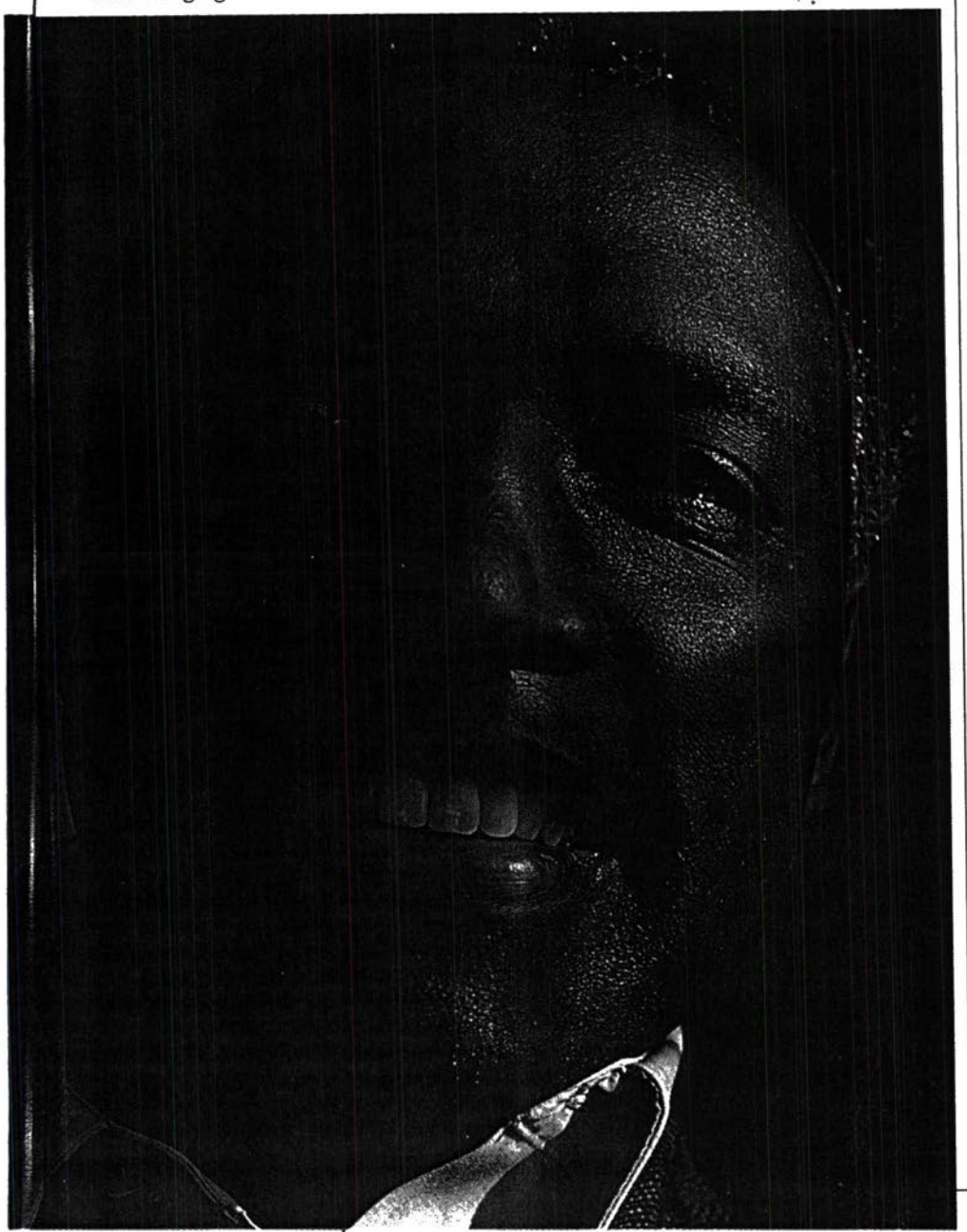
That is not hyperbole; it is an understatement. Gray's 217-lb. body bears five bullet wounds. His psyche bears the scars of multiple murders: his brother Greg was shot dead when he was 19, five of Gray's cousins were killed in their teens, another cousin lost his sight and speech after being hit in the head with an iron club while trying to break up a fight, and the rap band Gray formed with several friends last year has disbanded because three of its mem-

bers are dead and the lead rapper is in jail. On each of Gray's birthdays, his mother prays her son will live to see another year. "My mother told me God must have a real purpose for me because I'm still living," says Gray. "I have been blessed."

It is an unusual blessing by any yardstick. Gray grew up in Landover, Maryland, with three siblings in a home headed by his mother—and deliberately avoided by his father. "My father ain't no good," says Gray. "When I was 18 or 19, he started trying to get to know me, but it was too late then." Gray slacked off in school. Though he eventually finished high school, he was twice expelled for fighting, and he graduated with only the most rudimentary reading and writing skills.

During those years, Gray got a different kind of education by spending most of his time hanging around the crime-infested streets of southeastern Washington. One prom night when Gray had no suit to wear, some older friends miraculously provided him with not only new threads and shoes but also the loan of a Cadillac to squire his date. Impressed by the ease with which his pals could procure what they wanted, Gray started dealing drugs: first PCP and marijuana, then crack and cocaine. "The money just started flowing in," he says. On his best day he pocketed $9,000. In one drug deal he traded PCP water for an M-16 Army rifle. Gray says he never killed anybody but he did shoot one man in the arm.

Over time, Gray spent a total of three years in prison for assorted drug offenses. Though he never got heavily involved in drug use himself, he says, he was in prison when he first used drugs, occasionally doing cocaine. He says he has been clean since he was last released in 1992. He also says the only time he ever cried was when his mother sent him a picture of herself for his cell. On the back of the photograph were the words "I love you."



Gray rallied 10 of his friends to attend the march last week. His eyes still sparkle as he reels off the list of rap stars he spotted at the Mall, including Ice-T and Ice-Cube. But for Gray, the high point of the day was Louis Farrakhan's speech. "He's right. We need to respect our sisters, quit calling them the 'B' word, stop using drugs, take care of our families. Do right!" he says. He echoed the Nation of Islam leader's preachings about racial inequities. "He speaks the truth," says Gray. When the collection basket came around, Gray tossed in $20.

After the march broke up, he says, "I went running that night, and I ain't never run so fast before." That energy buzz has yet to wear off. At the local barbershop, Gray berates an older man for not attending the march. At the gym, he extends a conciliatory hug to a former enemy. He has begun talking to younger boys in the 'hood about the perils of drugs. "I'm telling them, 'Go out and play basketball—do anything but that. It's not worth it.'"

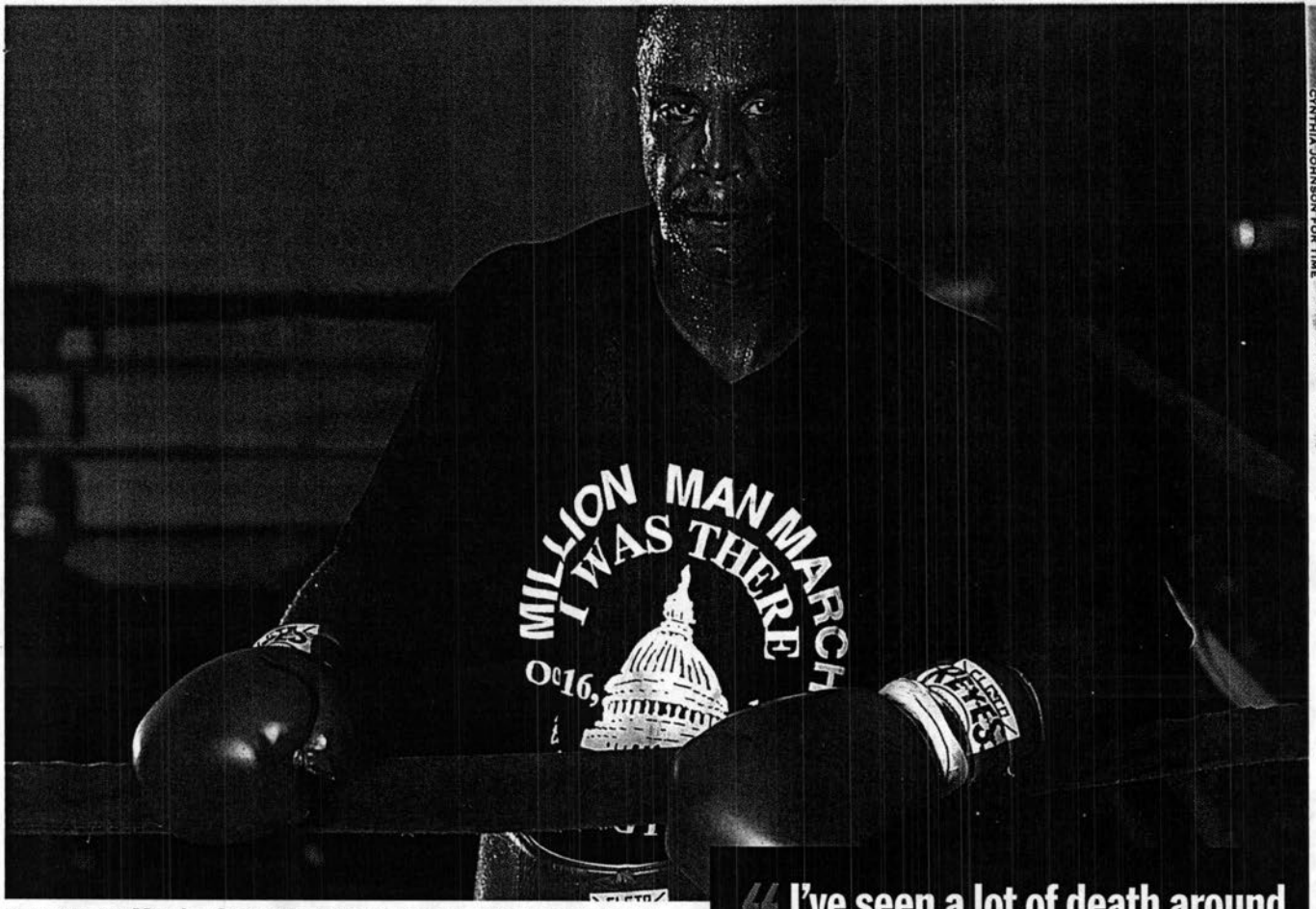
For a moment, Gray's enthusiasm quiets, and he shakes his head, almost in disbelief. "I've seen a lot of death around me," he says. "The fighting has to stop. It's time for the killing to stop." He cannot articulate his thoughts as eloquently as he wishes, but he is determined to change. He dreams of victories in the boxing ring and a sound home for his girlfriend and their two-year-old son. There have been moments when he was tempted to return to his old ways—"You know, when the bills pile up." But from here on, Gray says, he is determined to keep his fighting in the ring. "They call me the peacemaker now. And I'm proud to be a black man."

DAVID PUGH

Auto-assembly worker, Wayne, Michigan

"MUSIC, THAT WAS MY DREAM," SAYS PUGH, "to be a musician." The past tense is both instructive and poignant. In the '60s Pugh was the trombone player of the Citronelle High School band in Alabama. Then, at one rehearsal, he forgot to bring his sheet music. It didn't faze him—he knew the tune by heart. But the band director and the drum major, both white, were certain he couldn't play without the score and humiliated Pugh, who stood alone, undefended, in front of the rest of the band. "The way they jumped on me, it was insulting," he says quietly. The band director, he adds, "made a mark of me so I just gave up music altogether. I just donated my horn to the music department, and I haven't blew a horn since."

In spite of the trials of being bused to the white high school in Citronelle, Pugh

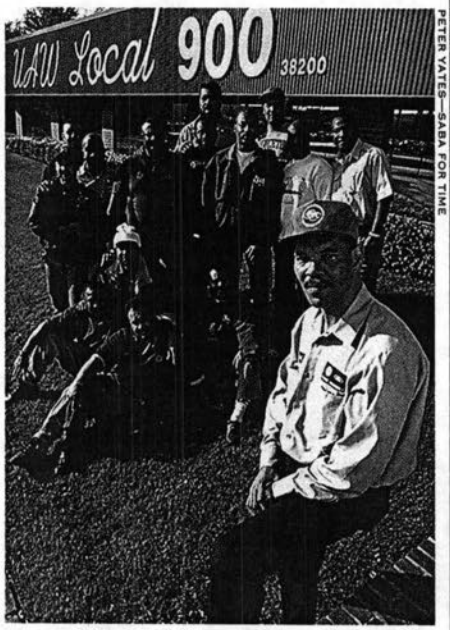


CYNTHIA JOHNSON FOR TIME

CONTENTION Maurice Gray at the Sugar Ray Leonard Gym in Maryland

"I've seen a lot of death around me. The fighting has to stop. It's time for the killing to stop."

isn't willing to admit to having suffered from racism. "I didn't have any real bad experience with the opposite race," he says. "You had to deal with whites all the time in the South," recalls Pugh, now 43. He coped by learning from the poise of his father, a heavy-equipment operator, in such situations. "It was just students that had things instilled in them about what blacks were or what they weren't. You had those that were the die-hard racists. That was just a few. But most of us just got along." After graduating and moving to Michigan to find a job, he was drafted. "You find the same thing in the military. Some people are just die-hard racists, and some people are just people." After his Army service, Pugh went to work for Ford, where he'd had a brief stint before being drafted. He's been there for 24 years. "Almost 24½ years," he points out proudly.



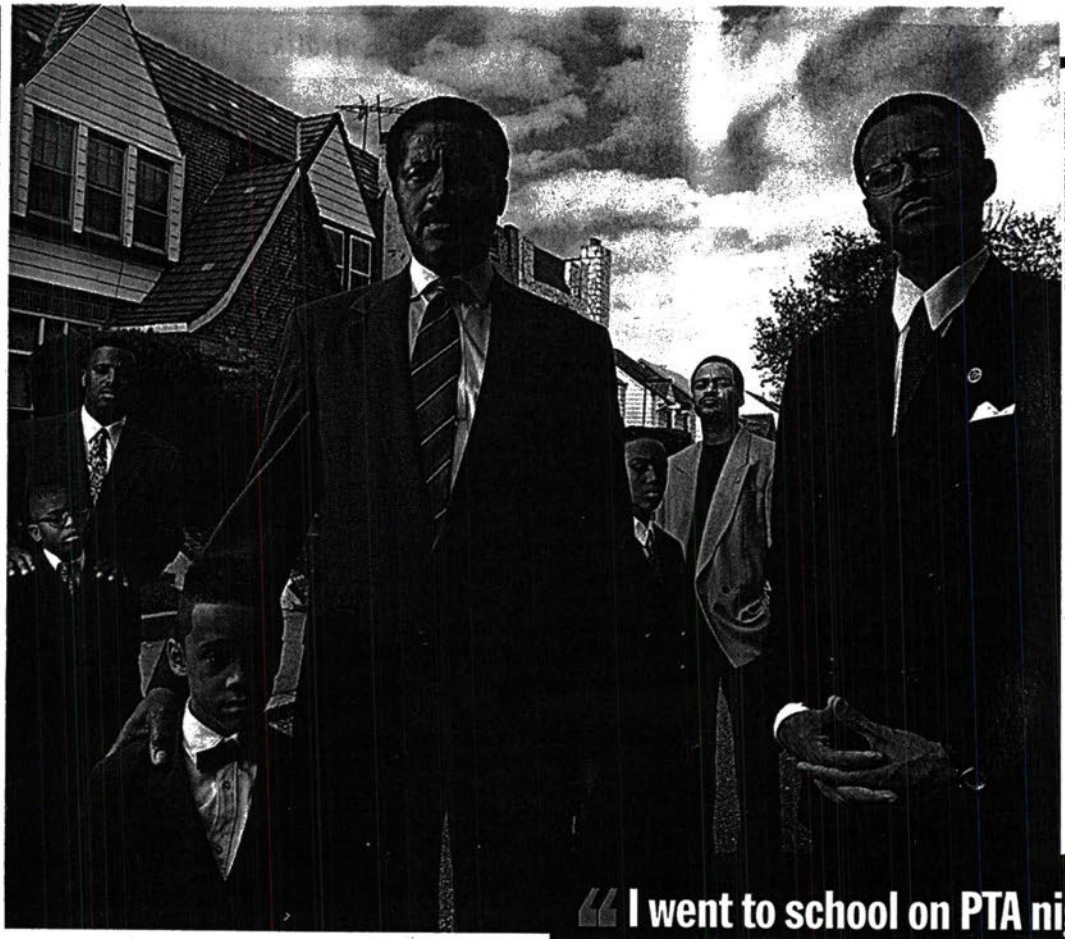
PETER YATES—SABA FOR TIME

REVIVAL Pugh and fellow union members

One of eight children, Pugh always wanted lots of kids of his own, but, he says, "God didn't mean for me to have them." He has been married twice. He left his first wife after 14 years together—for many reasons but one in particular. His stepson had become involved with a gang, and the boy's mother refused to acknowledge the problem. One night "gangstas" broke into Pugh's home, pistol-whipped his wife and shot him through both thighs. Soon after, the marriage dissolved. At the end of 1994, Pugh married his second wife Gwen, a training coordinator at Ford. They separated after four months. Marrying was a mistake, Gwen says. But they remain friends and often talk on the phone.

Pugh called Gwen the day after the march. "I told her that I was representing her as well as myself, us." But he told her too that he "wanted to make a stand for the black man. It took a lot for a man to trust that another 999,999 men were going to be there. That's what the whole concept is about. Black men standing up for black men. Learn to love ourself so that we can love our brother. It works back and forth." The march was virtually the culmination of Pugh's own spiritual rebirth. He admits to battling alcohol for the past 10 to 15 years, and now attends weekly Alcoholics Anonymous meetings. He is also a born-again Christian. "Black people have always been spiritual people, and that's our backbone, our spirituality. We've got to take it into our homes, take it into our workplaces, into all affairs that we do, even down at the gas station, anywhere." He feels so energized that he has talked to the United Auto Workers' president about taking a more active role in the union. The same kind of spirit possessed fellow marchers on Pugh's bus ride home. Says the former soldier: "One of the young fellows said he had never been in the military but he was coming back as a soldier. Soldiers go out and capture, and we're gonna capture each brother."

That is a new dream. As for the old one,



ANDREW WILLIAMS FOR TIME

TRADITIONS Philip Banks Jr., center (with grandson Ali), with his three sons, from left, Philip III (with his son Philip), Terence and David (his son David stands in front of Terence)

Pugh says he is considering going back to school to study music. As for the high school incident: "You can't change what happened. I was very young and immature, and now that I have matured and grown up, I understand that I should have took that route, because that was my love. So now, here I am."

PHILIP BANKS JR.
Retired police lieutenant, New York City

PHILIP BANKS DEVELOPED HIS BELIEF IN the "long arm of supervision" while growing up in Harlem and Brooklyn. Even when his father, a truck driver, was away on a trip and his mother was off cleaning other people's homes, neighbors would come over to supervise, scold and soothe. "You always felt like someone was watching," recalls Banks, 53. When he became a father of three boys, he kept close watch and joined the neighborhood block association to help others. His strategy for keeping his children out of trouble: Stick close. "I went to school on PTA night. If there was no homework, I'd get on the phone to the teacher and ask why," he says. "If discipline was necessary, then I disciplined."

"He was pretty tough on us," says his eldest son David. "And thank God he was." While other neighborhood boys in the Crown Heights section of Brooklyn saw their futures disintegrate in a haze of drugs, crime and broken homes, the three Banks boys thrived. Today David, 33, is a lawyer who switched careers and became an assistant elementary-school principal; Philip III, 32, has followed his dad into the police force; and Terence, 30, has started a pest-control company. Banks' three sons all live in Queens, not far from their parents' three-bedroom English Tudor home. All four Banks men attended last Monday's march, and all four came away committed to launching a local, house-to-house voter-registration drive. Yet different life experiences led each of the Banks men to Washington.

"I went to school on PTA night. If there was no homework, I'd get on the phone and ask why."

The eldest Banks says he sympathizes with the economic fears of many black men. Especially during his child-raising years, he felt that his own comfort could evaporate in a moment. "When you're trying to support a home, a car and children, if you miss two paychecks, then where are you?" he says. David, who gave up law when he saw that New York City's schools needed more black male role models, wanted school kids to see a sea of support in Washington. He observes that nearly every troubled boy in his school does not have a father who lives at home. "When you ask, 'Do you miss your father?,' they say, 'Yes,'" explains David, who has three sons and a daughter. "If you say, 'Would you act like this if your father was here?,' they say, 'No.' It breaks your heart." Middle-son Philip, father of a boy and a girl, has a "general fear of being pulled over by the police," despite nine years with the N.Y.P.D. He still bridles when he recalls being stopped by four cops, who ransacked his car and threatened to plant a bag of marijuana on him until Philip showed his badge.

Finally, there is Terence, who feels passionately about set-aside programs for minority entrepreneurs. "For years we've not been privy to some contracts," he says. "[White contractors] don't even understand we've been cheated from the playing field." Terence admits to having smoked marijuana and drunk malt liquor as a teenager; he remembers his father's strong words on the matter. "He found stuff on me and sat me down and explained to me what it could do." He concedes that his father was right. Next month Terence has a court date with Olympia Hester, a woman who claims he is the father of her 10-year-old daughter and says a blood test backs that contention. "If [the child] is mine, I'm not going to contest it," says Terence. "By no means will I run away from my responsibility, but I won't step forward until I know."

All four Banks men have fixed on voter registration because they believe every person can make a difference. "People are looking for another Malcolm or Martin, and they shouldn't," says David, who aspires to become New York City's schools chancellor. "The problem is within us." "We have to become part of the system," Terence says. "I know quite a few brothers who aren't registered, but until you try to do something, you can't keep complaining."

Like many African-American women, Janice Banks encouraged her husband and three sons to attend the march. She packed Philip's lunch for the bus trip and says she wouldn't have allowed him to miss that day. "Most times," she says, "you can call women together. If it's just coming together to iron out differences, women don't have a problem doing that. But men usually hold back. This was a man thing." In Janice Banks' view, the meaning of the march was simple: "Brothers need to stand together." —***Reported by Sharon E. Epperson/New York, Elisabeth Kauffman/Nashville, Wendy King and Ann Simmons/Washington***

Sylvester Monroe

The Mirage of Farrakhan



PERHAPS LOUIS FARRAKHAN PUT IT BEST last week when he said he was "a nightmare" to some but "a dream come true" to others. That phrase perfectly captured the polarized emotions he engenders between—and within—the races. But the image was apt for another reason as well, for Farrakhan seems somehow to attach to our unconscious. He is a powerful, mysterious figure, elusive and changeable. As blacks and whites spoke of Farrakhan and his role in the Million Man March, they often seemed to be talking about someone they saw not in person or on CNN but in a vision at night.

"The thing that came from this march is fear," says Adele Klate, a middle-aged Jew who owns a travel agency in Hollywood. "We're afraid." She was minding the store last Wednesday when a regular customer, a black TV actor in his 30s, came in to pick up a plane ticket to Washington. "Aren't you late for the march?" Klate asked. "I was working," he answered. "Well, Mr. Farrakhan sure has caused enough trouble," said Klate. "Oh, I don't think so," the actor replied. "He said he wants to iron things out, didn't he?" Klate, however, did not see much use in a dialogue between Farrakhan and the Jews. "Would I change your mind about the insults you've heard Farrakhan say about the Jewish people?" she asked. "Well, no," the actor admitted, "but I like you personally, and you're Jewish, and I come here and buy my airline tickets." The conversation trailed off. Klate and the actor were like two people in the same desert seeing a different mirage.

The Rev. Jesse Jackson, who joined the march only after a deal was struck to broaden its organizational base and make it more ecumenical, had a very powerful vision of the day. "What you saw was a great display of pain, dignity and discipline," he says. "I addressed the march based upon need. In a society, we simply cannot be guilty or innocent by association. We must have the right of free association. To ignore Jewish sensibilities would be a mistake, but to have stayed away would also have been a mistake."

That sounds compelling, but so do the views of Alvin Poussaint, a professor of psychiatry at Harvard Medical School, who is black. "If you have a movement to fight racism, there has to be moral authority and moral consistency," he says. "That's what the moral dilemma is. At some point, we're going to have to face it, and Farrakhan is going to have to face it. He can't be talking out of both sides of his mouth on the racism issue and not recognize and have no concern about how his own remarks are interpreted." Coretta Scott King says "it is vitally important that we endorse zero tolerance for anti-Semitism and bigotry."

Which of these descriptions apply to Louis Farrakhan?

	WHITE	BLACK
A bigot and a racist		
Applies	48%	36%
Does not apply	12%	48%
Speaks the truth		
Applies	12%	59%
Does not apply	43%	26%
A good role model for black youth		
Applies	12%	59%
Does not apply	52%	30%

Has Farrakhan been a positive or negative force in the black community?

Black respondents	Oct. 5-6	Oct. 17-18
Positive	33%	50%
Negative	16%	17%

From a telephone poll of 502 white Americans, and 500 African Americans, taken for TIME/CNN on Oct. 18-19, 1995, by Yankelovich Partners Inc. Sampling error is ±4.5% for each group. Not sures omitted.

When dreams and nightmares collide, strange things happen. Paradoxically, white denunciation of Farrakhan helped make the march so successful and broadened his support among blacks outside the Nation of Islam. Some blacks joined for the very reason whites and black conservatives said they should stay away: Farrakhan. These black men resented being told what to think and whom to follow. At first Earl Vaughn Jr., 41, a manager for the transportation system in New York City, wasn't sure he would attend. Then he read a newspaper report in which black conservative Congressman Gary Franks, a Republican from Connecticut, compared the march to a Ku Klux Klan rally. It made Vaughn so angry, he jumped into his Lexus Sunday night and drove to Washington. Terry Bankston, director of fund development for the National Black MBA Association in Chicago, shares Vaughn's attitude about the pressure to repudiate Farrakhan. "Denouncing people is not the best way to get past things that have happened."

Of course, if blacks react to whites' reaction to Farrakhan, whites react to blacks' reaction to Farrakahn. It is not unusual to hear whites saying, in effect, "Now that it's clear they hate us, it's O.K. for us to hate them." Glenn Loury, a conservative black thinker and Boston University professor, says, "Farrakhan makes it more respectable for white racism to flourish." That is a cop-out both blacks and whites must work to resist. "The threat to American democracy is not black racism," Loury says. "It's white racism."

Then there are those who try to make Farrakhan real, to see him calmly with eyes open. While Farrakhan has undoubtedly gained stature from his organization of the Washington march, they say, he is not nearly as threatening as his rhetoric makes him seem. "I abhor his racist and bigoted statements," says Laura Washington, the black editor and publisher of the Chicago *Reporter*, a newsletter on race relations and poverty issues. "They are counterproductive and unfair. But it's important for whites not to put too much stock in what he says." Loury says Farrakhan is "the leader of a black fascist sect. His people are disciplined, orderly, militant, reminiscent of the Brownshirts. But they are not Hitler Youth taking over society. He may be a hysterical preacher of hate, but he is not about to take control of anything. He is not about to march into your neighborhood."

Unfortunately, it is difficult to hold steadily to such a circumspect view. Farrakhan can enter our dreams, good and bad. Of course, there was another leader of a march on Washington who once spoke of a dream he had. If it had come true, Farrakhan would not be a concern to anyone. —***With reporting by Sam Allis/Boston, Jordan Bonfante/Los Angeles, Wendy Cole/Chicago and Sharon E. Epperson/New York***

THE WHITE HOUSE
WASHINGTON

October 18, 1995

Mr. President:

These are proposed letters in support of the gambling legislation sponsored by Senators Simon and Lugar and Representative Wolf. You asked to see the letters before they go out.

Todd Stern

(1) We need to discuss how to get this out

(2) Have you seen our taps on? — Yes, Martin Anderson.

cc: Elena Kagan
Todd Stern (for George Stephanopoulos)

THE WHITE HOUSE

WASHINGTON

Dear Senator Simon:

I deeply appreciate your efforts to draw attention to the growth of the gambling industry and its consequences. Too often, public officials view gambling as a quick and easy way to raise revenues, without focusing on gambling's hidden social, economic, and political costs. I have long shared your view about the need to consider carefully all of the effects of gambling, and I support the establishment of a commission for this purpose.

My Administration is eager to work with you in designing such a commission and ensuring that its work is completed in a timely and effective manner. Your and Senator Lugar's bill, S. 704, and Congressman Wolf's bill, H.R. 497, provide a very sound basis for this process, which I hope will include further discussion of the exact composition of the commission and the exact scope of its duties and powers.

Again, I applaud your efforts to place this important matter on the nation's agenda.

Sincerely,

Bill Clinton

The Honorable Paul Simon
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

I deeply appreciate your efforts to draw attention to the growth of the gambling industry and its consequences. Too often, public officials view gambling as a quick and easy way to raise revenues, without focusing on gambling's hidden social, economic, and political costs. I have long shared your view about the need to consider carefully all of the effects of gambling, and I support the establishment of a commission for this purpose.

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Sincerely,

Bill Clinton

The Honorable Richard G. Lugar
Chairman
Committee on Agriculture
United States Senate
Washington, D.C. 20510

(From Oval) 10-30-95

Todd -

Send to Dorskind for reply?

Yes ✓

No

Coordinate w/ Counsel, Todd C

10/30/95

JIM DORSKIND,

Please coordinate response with the Counsel's office.

Thanks.



Pikesville Volunteer Fire Co., Inc.
40 E. Sudbrook Lane
Pikesville, Maryland 21208

Organized
February 4th, 1897
Business Phone: (410) 486-9834

Member
Baltimore County Volunteer Firemen's Assn.
Baltimore County Volunteer Ambulance Assn.
Maryland State Firemen's Assn.
Maryland State Ambulance and Rescue Assn.

95 OCT 30 PM 1:42

October 18, 1995

Honorable Bill Clinton
PRESIDENT, UNITED STATES OF AMERICA
White House
Washington, D.C.

Dear President Clinton,

Welcome, to our community! We are proud that you have selected the Pikesville area to visit, and delighted that we have been requested, by your staff, to participate in the preparations and logistical overview.

We're in the midst of a very serious situation, with regard to which we ask your help.

The Internal Revenue Service ("IRS") has embarked on a series of audits of non-profit corporations in Baltimore County, and perhaps elsewhere, apparently selecting those which are Bingo licensees primarily. A fairly significant number of the 33 volunteer fire companies, and the two fire- service companies, in Baltimore County have already been targeted. Each of these entities depends, in varying degrees, on the Bingo income for a portion of its operating expenses.

From verbal communications from the IRS agent to those with whom she has met, it appears that she is concentrating on two areas of the concept known as "unrelated business income" ("UBI"): (a) Instant Bingo (a tear-off ticket), and (b) the Bingo programs

which are conducted by a paid manager and staff (for the benefit of the licensee), instead of by the volunteer members of the organization itself. No Bingo can be conducted in Baltimore County unless it is licensed to a non-profit corporation, and reports are submitted to Baltimore County Government regularly, by all licensees (or managers on behalf of those with whom they contract), signed, in each case by a representative of the licensee, showing gross income, fees to managers and other expenses, and net receipts, all of which is paid to the licensee for the event in question.

The ultimate effect of construing all Instant Bingo income, and all Bingo income from managed programs, as UBI is twofold: (a) all UBI is income-taxable (requiring, of course, funds from the non-profit entity to pay the tax), even to non-profit corporations, and (b) if the UBI income of a non-profit entity exceeds a certain percentage of its total income, that entity will lose its non-profit status.

The effect on our volunteer fire companies can be critical and even, in some cases, terminal to that company's ability to function. We are told that the IRS agent who has conducted all of the local audits to date has informed, verbally, two non-profits of her intent to impose large assessments (in six figures each), and we have also been advised that she has threatened to assess the amounts personally against the officers of those organizations as well. Officers are scared, and have even begun to explore ways to divest themselves of assets, etc (not an adviseable course of

action, but reported here simply to reflect the severity of the situation in which these officers believe themselves to have been placed).

Most of the companies have been audited once, or several times, over the last fifteen or twenty years, some as recently as for the tax years just preceding those now being audited. As a matter of fact, in at least one case the IRS agent conducting the current audits is the same agent who signed the "closing letter" for the fire company, showing no change with regard to its return, for the two years immediately before those now under examination, and that letter was signed less than one year ago.

Whether or not the IRS is correct in its legal conclusions, regarding the UBI issues, is important, and must obviously be resolved. However, the manner in which the problem is approached by the IRS is of great concern. If the IRS wants to put the volunteer fire companies out of business, it obviously can do so. We suggest, however, that the proper course of action for the IRS, keeping in mind the invaluable services performed by the companies, and the fact that virtually all of its service is volunteer, then a more prudent approach may be to: meet (IRS and fire company and/or Baltimore County Volunteer Firemen's Association representatives) to discuss and evaluate the legal issues, and ultimately, with the assistance of lawyers/accountants/other tax practitioners, as each company shall determine, reach consensus on those issues; abate the taxes, interest and penalties that might otherwise be assessed for all years through 1995; agree upon

eliminating, or otherwise modifying, all activities, as of January 1, 1996 so that no income tax will be generated.

We, sir, have been providing fire suppression service to our community since 1897; rescue and emergency medical services were added later, and we have been "full service" since the early 1930's. Last year we responded to emergencies more than 3,000 times. We are more than one hundred strong; there are thirty-two other companies, like us, in Baltimore County, with about twenty-five hundred providers, **and we are all volunteers - no pay - only the reward of the satisfaction we get from helping others.** Yes, volunteerism is alive and well in the fire, rescue and emergency medical services in America. There are many dozens or hundreds of thousands like us across the United States, and all of us may be jeapardized by the actions of the IRS described above.

Can you help us?

Very truly yours,

LEE N. SACHS
President

bcvfa.ir2

THE WHITE HOUSE

WASHINGTON

October 27, 1995

95 OCT 27 P6:45

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: RAHM EMANUEL

SUBJECT: WEEKLY REPORT

CRIME:

The Department of Education did a good job at their press conference concerning zero tolerance. The NYT covered the event and ABC news sent a crew. The Times ran a good story on Friday and I expect to see a story on ABC news in the coming week.

I have been in touch with Hand-Gun control this week to see if there are any new issues we could address. My thought is that we will never get a repeal of the assault weapon ban to veto and the more we tick up gun control the more difficult it becomes for Colin Powell in the GOP primary. Lately we have been identifying ourselves in opposition to Republicans, we need to bring a starker contrast between our policies and special interests. We need to continue to put pressure on the NRA to force the confrontation.

The Justice Department is coming back with their changes in the drug testing directive this week. My goal is to have this ready for signing at the CADCA event. I would expect coverage of this directive. However, given the uproar over sentencing guidelines, the CADCA event on Nov. 2 may not be the time or the place to make this announcement. In addition, we will not release a presidential statement when the President signs the crack cocaine sentencing bill.

On November 19, the FBI is releasing its final crime statistics for this year. The President is scheduled to be out of town that day. Unless the date for the release changes, the best media plan is to have the President meet with the Attorney General, Director Freeh, and Director Joe Brann to discuss the report prior to its release. This will allow them to publicly discuss the President's reaction to the report in their press availabilities regarding the report when it is released.

What will it say

WELFARE:

The Department of Agriculture is holding a press conference on their continued crackdown on fraud and abuse in the food stamp program. Today Secretary Glickman will announce that they are shutting down 720 ineligible stores that were distributing food stamps. Their last announcement received good coverage and I would expect to see even more today. I worked with them on their statement and I am confident the President will receive credit for this effort.

This week we worked on a story in the NYT suggesting that the GOP is ready and willing to compromise in the area of welfare. However, we have begun to receive bad stories about the suppression of a HHS study on welfare and the impact of this bill on children. We have stated that we are going to do a study on child poverty per Cong. Gibbons and Sen. Moynihan's request.

We hope to generate a couple of stories on today's letters from Senate Republican moderates. They wrote letters on child nutrition, WIC, food stamps, and other matters.

Next week HHS will be ready to release the Annual Report on Child Support Enforcement. This report will record what we collected, how the system is working, etc. I think the President should be part of its release.

IMMIGRATION:

This week INS released their deportation numbers which were picked up by USA Today. Also, Operation Jobs received a Ford Foundation award for innovation.

I have been working with INS and the White House Counsel's office to prepare an executive order banning companies that have been fined for hiring illegal aliens from doing Federal Government business.

Next week INS will announce the new computer system check with two hundred companies in Southern California. The announcement will take place in the city of Santa Ana at a bicycle factory. Commissioner Doris Meissner will be out there for the unveiling.

On Tuesday, I will give you a status report on immigration policy in both the House and the Senate which INS is preparing.