

"The question now is how the diplomatic achievements of Rio can be translated into action, and how the United States can improve its eco-diplomacy in the future"

— from Chapter Two

NEGOTIATING SURVIVAL

FOUR PRIORITIES AFTER RIO

RICHARD N. GARDNER

COUNCIL ON FOREIGN RELATIONS PRESS

TO Kate McGinty

12-20-95

original sent
to McGinty w/
Book

cc: Rahur / Cream

THE PRESIDENT HAS SEEN

12-18-98

new ngy
BE

December 15, 1995

Honorable William J. Clinton
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Clinton:

We represent dozens of organizations that have joined together for almost two years to oppose welfare legislation that includes a federal "family cap," a proposal that we believe will harm children. We have worked with a large, diverse coalition of groups who believe that the "family cap" proposal will prove ineffective and will punish this nation's poor children.

Although the Senate overwhelmingly rejected a federally-mandated "family cap" and the House was not permitted to vote on a pure state option, the conference report includes the federal mandate.

While masquerading as a "state option," the conference report requires all states to implement the "family cap" unless their legislatures and governors agree on specific legislation rejecting the federal mandate.

As you know, short state legislative sessions and long agendas plus the peculiar politics of welfare reform could easily delay preventive action in state capitols well beyond the deadline for the federal mandate.

The "family cap" remains an unproven and extremely controversial policy which should not be imposed on states or implemented without a full, open and vigorous debate and vote in each state legislature. The Senate bill, which received overwhelming approval, allowed, but did not require, states to have a family cap.

We urge you to include this issue in your veto message, and to insist in your subsequent negotiations with Congress that the final bill not go beyond the simple state option that was in the Senate welfare bill.

The issue of child exclusions is of the highest priority for our organizations, and for the numerous groups with whom we work. We hope that you will consider our views, and refuse to endorse this measure.

Sincerely,

American Civil Liberties Union
Catholic Charities USA
NOW Legal Defense and Education Fund
Planned Parenthood Federation of America

cc: Bruce Reed

JIM DORSKIND:

Please coordinate
the reply.

Todd
has seen

X
THE PRESIDENT HAS SEEN

12.18.95

~~Ralun / Borep~~

~~Fgt~~

Bc

Burgos, whose son Eli is the city's purchasing agent. Gregorio Burgos had first tried to start a congregation in Brooklyn, but it didn't come together until recently; Paterson claims the first Congregation of Yahweh on the mainland.

"Now, we have congregations springing up all over," Mr. Martinez said. (There are 16 in the United States, with 900 members in all, 24 congregations in Puerto Rico and others in the Dominican Republic, Haiti and South America.)

Soon, the Congregation of Yahweh will be the closest thing to a Jewish temple in Paterson. While the first temple in New Jersey was built here, the last remaining synagogue, Temple Emanuel, is planning to move to suburban Franklin Lakes.

Creating the new Temple Shalom hasn't been easy. The congregation bought its land in the 70's but didn't begin construction until three years ago. (They've been using a converted Laundromat across the street for services.) Money and zoning problems have pushed the opening back at least three times. After nearly \$2 million spent and hundreds of thousands owed, its opening celebration is planned for Feb. 18. If the contractor weren't a member of the congregation, the building wouldn't be anywhere near ready.

It looks big enough (30,000 square feet) to hold a small town. The Congregation of Yahweh, with 120 members, has great plans to expand. And members are planning a food pantry, child care center and religious outreach services. They might start at the Passaic County Jail, a short walk away.

"Sometimes I worry that people will think we're a cult," said Mr. Martinez, who works as a maintenance mechanic. "When people come around asking questions, I want them to know we're ordinary people."

A Jewish couple, he said, stopped by the other day. "They saw our menorah and they wanted to know what it was about." Well, no, he told them, Temple Shalom isn't really Jewish. But yes, he will be lighting a menorah at home to commemorate Hanukkah, which starts at sundown today. And yes, "they are invited to come any time."



THE PRESIDENT HAS SEEN

Sharp Decline In Violent Crime May Be Slowing

By CLIFFORD KRAUSS

After two years of sharp declines in violent crime in New York City, police officials say they concede that the trend has begun to slow and that crime may not go down much more.

While this year's reported rates of murder, robbery, and burglary are expected to fall to their lowest levels since the early 1970's, the declines in the last six months have been much less striking than the decreases in the first half of the year.

In the murder statistics, for instance, the 585 recorded citywide in the first half of the year represented a 31 percent decrease compared with the same period last year. But the 529 murders in the following 23 weeks represented a less imposing 20 percent decline compared with the same period in 1994.

The more gradual decline suggests that there is probably a base to how far crime can go down — and that base may not be far away. Criminologists like to compare crime rates to the fluctuations of the stock market, but with the leveling being seen only now, it is too soon to know if crime could go up again as criminals adjust to new police tactics.

"The Police Department has the street drug dealers on the defensive," said Thomas

Crime Falls, More Slowly

Incidents are down since 1994 ...

	1994*	1995*
MURDER	1,505	1,114
ROBBERY	68,807	56,416

... but the rate of decline is slowing

■ First six months of this year ■ Through Dec. 10

MURDER



ROBBERY



Source: N.Y.P.D.

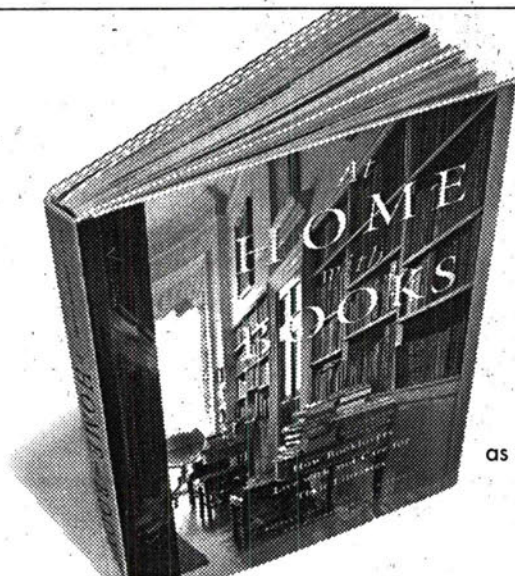
*Through Dec. 10

A. Reppetto, president of the Citizens Crime Commission, a law-enforcement watchdog group. "but the dealers still have their arsenals and a lot of them are now working inside."

Senior police officials say the decline is flattening because the substantial reductions in the second half of last year have been hard to duplicate.

"We're starting to level in robbery, homi-

Continued on Page 62



SAKS FIFTH AVENUE

Meet Estelle Ellis

Monday, December 18 at 12:30 in our Street Floor Atrium in New York as she signs copies of her new book "At Home with Books: How Booklovers Live Care For Their Libraries," published by Clarkson Potter, \$50.

THE GIFT OF STYLE

Decline in Violent Crime Is Easing, Officials Concede

Continued From Page 49

icide and shootings," said John Ma-
ple, the Deputy Police Commissioner
for Operations. "I would be very
pleasantly surprised if the drop next
year is as large as this year."

The 1994 statistics showed a 19
percent drop in murder and a 12
percent decline in all felonies com-
pared with 1993, and most of the
reduction came from April to De-
cember, after Commissioner Wil-
liam J. Bratton's anticrime strat-
egies were put in place, including
daily computerized crime analysis,
redployment of officers to criminal
"hot spots," and a crackdown on
fences and chop shops as well as on
minor offenses like public drinking
and graffiti vandalism.

Some criminologists dispute Mr.
Bratton's contention that his tactics
are the primary cause for the de-
cline. They maintain that many
large cities are experiencing signifi-
cant declines because of a range of

**After two years of
reduction, crime
may not go down
much more.**

actors including not only improved
police tactics but also an aging popu-
lation, declining crack markets and
an expanding prison contingent,
which has reduced the number of
criminals on the streets.

But even the criminologists who
are skeptical about the tactics con-
ceded that they cannot explain the
rapidity of the decline in the second
half of last year.

Senior police officials are predict-
ing a 10 percent drop in total felony

crimes next year, compared with an
expected 18 percent decline in 1995.

"At some point, the crime drop
has to level off," said Lieut. Kevin
Perham, commander of the 75th
Precinct detective squad, which cov-
ers the East New York section of
Brooklyn.

With 1,114 homicides recorded in
the city this year — with three weeks
left to go — he said, "We'll never go
back to the 390 homicides that oc-
curred in 1960."

Whatever the reasons, the de-
clines in reported crime in New York
are beginning to ease in nearly all
categories.

While there were 1,746 shooting
victims between Jan. 1 and June 30,
a 30 percent decline from 1994, there
were 1,796 in the next 23 weeks,
marking only a 20 percent decline.

Reported first-degree rape was
down by 2 percent for the first six
months, but by only 1 percent in the
following 23 weeks. Reported robber-
ies dropped by 22 percent between
Jan. 1 and June 30, but by only 14
percent between June 30 and Dec. 10.

In the decline of its crime rate,
New York City is still well ahead of
the country as a whole, and almost
every major city. And the 1,200 mur-
ders expected this year represents a
precipitous decline from the 2,245
reported in 1990.

The Bronx, long a site of drug
dealing and mayhem, is a notable
story with drops of 29 percent in
murder, 24 percent in auto theft, 17
percent in robbery and 16 percent in
burglary so far this year. The Upper
East Side of Manhattan has had only
one murder so far this year, com-
pared with seven over the same 49
weeks in 1994.

But there are signs that violent
crime can drop only so much in
many neighborhoods where the de-
scend in crime was particularly
sharp last year. In the 70th Precinct,
which covers Flatbush and Kensing-
ton in Brooklyn, there were 44 mur-
ders the first 49 weeks of 1993. That

LEDGER

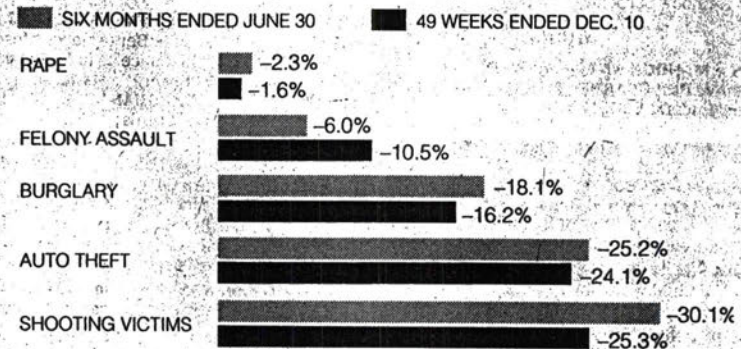
Reported Crimes in New York City

CRIME HAS FALLEN SHARPLY IN 1995 . . .

49 WEEKS ENDED DEC. 10	1995	1994	1993	% CHANGE FROM '94	% CHANGE FROM '93
RAPE	2,217	2,252	2,156	-1.6	+2.8
FELONY ASSAULT	33,924	37,892	39,265	-10.5	-13.6
BURGLARY	71,782	85,652	95,354	-16.2	-24.7
AUTO THEFT	67,981	89,525	105,918	-24.1	-35.8
SHOOTING VICTIMS	3,542	4,739	5,591	-25.3	-36.7

. . . BUT THE DECREASE HAS LEVELED OFF SINCE JUNE

Decrease since 1994 for each period of time.



Source: New York City Police Department

number plummeted to 14 in the same
period of 1994, and while police offi-
cials are proud that most of their
gains in the precinct have been pre-
served, there has been an increase to
16 murders so far this year.

A major expansion of Korean
gang operations in Flushing, Queens,
has contributed to a doubling of the
number of murders in the 109th Pre-
cinct in the last two years, from 11
over the first 49 weeks of 1993 to 22
this year, police officials said. And a
disruption of Cali cartel operations,
because of arrests of six drug king-
pins in recent months in Colombia,
has led to a swell of murders in
Jackson Heights and Corona,
Queens, this year.

A surge in murders in upper Man-
hattan and northern Brooklyn, a rise

in burglaries in Crown Heights,
Gramercy Park and Stuyvesant
Town and a string of car thefts,
burglaries and robberies on the Up-
per West Side are only a few of the
problems that have forced senior
police officials to assemble a series
of urgent crime strategy meetings in
recent weeks.

Police officials say they can con-
tinue to reduce crime at significant
rates only by making an intensive
offensive against drug marketing lo-
cations, beginning in the East Vil-
lage and north-central Brooklyn, in a
strategy they have proposed to May-
or Rudolph W. Giuliani. Mr. Giuliani
shelved a similar plan for Queens
last winter when his relations with
Mr. Bratton soured, but he has sig-
naled his support a year later.

VP/Kelly Guy Fyfe

THE FRONT LINES

BY THOMAS PETZINGER JR.

Freeport-McMoRan Fights Public Opinion With Heavy Artillery

NEW ORLEANS

JIM BOB MOFFETT kills for profit!

It was a Saturday night along St. Charles Avenue. The picketers were noisy, brimming with the outrage of youth, marching outside the home of Jim Bob Moffett, chairman of Freeport-McMoRan.

Freeport operates the world's biggest gold mine (and a major copper mine) in the rain forests of Indonesia. The Jakarta government — Freeport's 10% partner in the mine — is linked to the recent torture and murder of separatists in the area. There's no proof of critics' allegations associating Freeport with the atrocities, but that didn't stop the demonstrators from calling Mr. Moffett a murderer.

Mr. Moffett had another reason to be galled: The protest had been organized on the nearby campus of Loyola University, where Freeport, three years earlier, had donated \$600,000 to endow a chair in "environmental communications." Within two days of the protest, Mr. Moffett publicly demanded the return of the endowment. "It must be recalled," he declared.

His decision was understandable. But was it wise? The answer is not as plain as you may think.

To start with, Jim Bob Moffett grew up in Texas, played football and studied geology at the University of Texas and learned to prospect for oil while wading through the leech-infested swamps of South Louisiana as part of a geophysical crew. Building Freeport-McMoRan into a \$2 billion-a-year mineral empire, he is a man of no small influence, counting such luminaries as Henry Kissinger among his company's directors.

BUT PROCESSING so many bulk minerals puts Freeport near the top of the EPA's list of polluters — not in toxicity but in tonnage — and at the head of the environmental movement's hit list.

Freeport has responded, among other ways, by giving money to universities in hopes of tempering the "emotion" of the environmental debate with "science," as the company explains it. But the endowment to Loyola, awarded in 1992, was viewed ambivalently by many faculty members at the Jesuit institution. As Mr. Moffett points out, the chair in environmental communications has remained unfilled for three years.

In recent weeks, meanwhile, Freeport's critics seemed to be closing in. The Nation weekly tried to link Freeport with human-rights violations in Indonesia (though without any convincing proof). The Clinton administration canceled federal political-risk insurance for the mine, claiming that a breakneck expansion had created environmental concerns. (Freeport is convinced the White House is grandstanding for the environmental vote.) Then, last month, some out-of-town environmentalists joined students and faculty members from Loyola for the protest outside Mr. Moffett's home.

Notwithstanding the personal character of the attack, the demonstration was pretty much a none-

vent. That might have been the end of it. But within two days, Mr. Moffett was standing before a phalanx of cameras, demanding back the endowment. He accused Loyola of allowing students and faculty to run "out of control." He alleged that one of the groups involved in the protest had a record of vandalism (providing no more factual proof, however, than the protesters had offered against him).

That was only the beginning. Freeport's PR agents made a half-



David Smith

hour "infomercial" defending the company's record in Indonesia. Freeport bought time on local stations to broadcast the program.

Why did Mr. Moffett react so forcefully? He declined to be interviewed, but a number of his aides spoke for him. "Imagine yourself at home — your kids, your neighbors," said Thomas Egan, a Freeport senior vice president. "It was a terrible, terrible experience. . . . Being called a murderer — we're not going to accept it."

YET THE MAIN effect of Freeport's fusillade was only to widen public awareness of the allegations of its adversaries. In defending its environmental record overseas, Freeport had to acknowledge that the U.S. government is raising questions about it. In denying its involvement in human-rights abuses at the mine site, Freeport was forced to define its partnership with a government constantly linked to such violations.

So Freeport's problems continue to grow. Broadcast crews have been waving cameras around the Loyola campus, which is fractured over the university's pending decision on whether to return the endowment. A newsletter called Freeport Watch has sprung up here, dedicated to exposing Freeport's purported involvement in "ecological destruction, human-rights abuses and oppression of indigenous people."

The merit of these claims is not an issue here. The point is that Mr. Moffett is now conducting his public relations according to the agenda set by a group of postadolescent protesters. By reacting so aggressively, he has turned a single demonstration into a local page-one story unlikely to go away anytime soon.

What could he have done differently?

He could have simply turned the other cheek and given the matter time to die. If that's expecting too much, then he could have waited a decent interval before requesting his money back, and done so in a letter instead of a news conference.

Wielding a Howitzer against a mosquito is a dangerous strategy. It draws undue attention to the Howitzer. And it usually allows the mosquito to live for another attack.



OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

December 14, 1995

CC 3
L
Jack Quinn
Leon
Marcia A. Hale

The Honorable William J. Clinton
The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

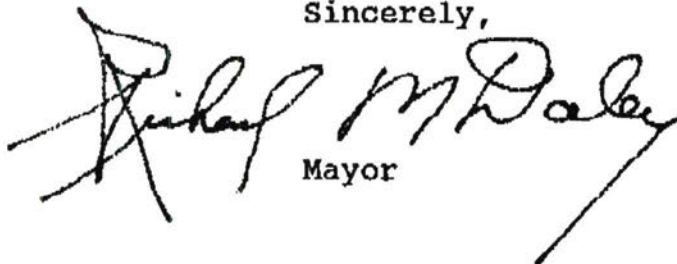
As Mayor of Chicago, I am very concerned about H.R. 1058/S.240, the Securities Litigation Reform Act. Cities such as Chicago, which are both investors of public funds and bond issuers, experience many risks in their financial transactions. Accessing the high pressure financial markets with the goal of maximizing investment returns and minimizing the costs of debt financings can, as in the case of Orange County, put the public sector at risk of being victimized by less than honest individuals and companies.

This legislation restricts the ability of municipalities, which may become victims of securities fraud, to recover from aiders and abettors involved in the transaction. It also protects issuers who make deliberate false predictions, if the predictions are accompanied by cautionary statements that actual results may differ from the projections.

In addition, this legislation effectively restricts access to the legal system for individual investors who become victims of securities fraud.

I urge you to veto H.R. 1058/S.240 so that municipalities and their citizens may enjoy the full protection of the law.

Sincerely,


Mayor



377 J STREET

CRESCENT CITY, CALIFORNIA 95531

Administration/Finance: 707-464-7483

Public Works/Planning: 707-464-9506

Utilities: 707-464-6517

FAX: 707-466-4405

DECEMBER 14, 1995

**THE HONORABLE WILLIAM J. CLINTON
THE WHITE HOUSE
WASHINGTON D.C. 20500**

DEAR MR. PRESIDENT:

PLEASE VETO THE "SECURITIES LITIGATION REFORM ACT (H.R. 1058/S. 240).

SINCERELY,

**STEPHEN R. CASEY, CITY MANAGER
CITY OF CRESCENT CITY**

FAX: 202-456-6220

-1121

-2464



**Arkansas Electric
Cooperative Corporation**

P. O. Box 194208
Little Rock, Arkansas 72219-4208
(501) 570-2200

December 19, 1995

95 DEC 19 P12:43

Jim DL

*Q Sep -
Totus Sign
cc M*

Dear Mr. President,

It is my urgent request that in your budget message to Congress for the fiscal year ending September 30, 1997, you do not recommend anything concerning the sale of any of the power marketing agencies in the Department of Energy.

As you know, this generated a storm of controversy in 1995 when Congress could not reach an agreement on any sale. There was much publicity and controversy about the issue. As a result, the Congress did nothing.

In 1996 some of us may be ready to submit a plan to ... Administration which would provide the



OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

December 14, 1995

CC
L. L. L. L.
Jack Quinn
Leon
Marcia Hale

The Honorable William J. Clinton
The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

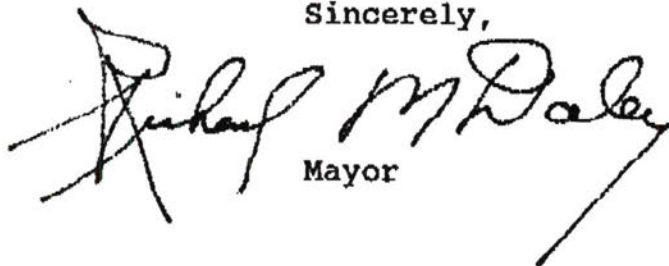
As Mayor of Chicago, I am very concerned about H.R. 1058/S.240, the Securities Litigation Reform Act. Cities such as Chicago, which are both investors of public funds and bond issuers, experience many risks in their financial transactions. Accessing the high pressure financial markets with the goal of maximizing investment returns and minimizing the costs of debt financings can, as in the case of Orange County, put the public sector at risk of being victimized by less than honest individuals and companies.

This legislation restricts the ability of municipalities, which may become victims of securities fraud, to recover from aiders and abettors involved in the transaction. It also protects issuers who make deliberate false predictions, if the predictions are accompanied by cautionary statements that actual results may differ from the projections.

In addition, this legislation effectively restricts access to the legal system for individual investors who become victims of securities fraud.

I urge you to veto H.R. 1058/S.240 so that municipalities and their citizens may enjoy the full protection of the law.

Sincerely,


Mayor

+ copy to
Don Skind w/
note -
+ all to
TODD ABENT



377 J STREET

CRESCENT CITY, CALIFORNIA 95531

Administration/Finance: 707-464-7483

Utilities: 707-464-6517

Public Works/Planning: 707-464-9506

FAX: 707-466-4405

DECEMBER 14, 1995

**THE HONORABLE WILLIAM J. CLINTON
THE WHITE HOUSE
WASHINGTON D.C. 20500**

DEAR MR. PRESIDENT:

PLEASE VETO THE "SECURITIES LITIGATION REFORM ACT (H.R. 1058/S. 240).

SINCERELY,

**STEPHEN R. CASEY, CITY MANAGER
CITY OF CRESCENT CITY**

FAX: 202-456-6220

-1121

-2464



**Arkansas Electric
Cooperative Corporation**

P. O. Box 194208
Little Rock, Arkansas 72219-4208
(501) 570-2200

December 19, 1995

95 DEC 19 P12 : 43

Jim D.

*Q. Sapp -
Totus Sapp
cc M*

Dear Mr. President,

It is my urgent request that in your budget message to Congress for the fiscal year ending September 30, 1997, you do not recommend anything concerning the sale of any of the power marketing agencies in the Department of Energy.

As you know, this generated a storm of controversy in 1995 when Congress could not reach an agreement on any sale. There was much publicity and controversy about the issue. As a result, the Congress did nothing.

In 1996 some of us may be ready to submit a plan
+ Administration will provide the

**Arkansas Electric
Cooperative Corporation**

P. O. Box 194208
Little Rock, Arkansas 72219-4208
(501) 570-2200

December 19, 1995

95 DEC 19 P12:43

Jim D

*Q Sep -
Totus Sgr*

cc M

Dear Mr. President,

It is my urgent request that in your budget message to Congress for the fiscal year ending September 30, 1997, you do not recommend anything concerning the sale of any of the power marketing agencies in the Department of Energy.

As you know, this generated a storm of controversy in 1995 when Congress could not reach an agreement on any sale. There was much publicity and controversy about the issue. As a result, the Congress did nothing.

In 1996 some of us may be ready to submit a plan to your Administration which would provide the government continue to own the facilities of the agencies, provide some degree of privatization, remove the cost of operating these agencies from the budget and continue to provide a revenue stream to the government.

12-19-95

~~MA~~
Send to Jim Dorland for
reply ASAP. *Dorland*

work, make

Yes

W/ NRC &

No

OMB

C

95 DEC 19 AM 10:45

2900 Poplar Dr
Sioux Falls SD 57105
1995 December 19

Dear President Clinton,

Balancing the budget is such a big national project, shouldn't we all work on it together?

I live in an upper-income family. As far as I can tell, my family is not being asked to lift a finger to help! -Not one dollar!

Likewise, the military, which many credible people say is in excess of need, is not being asked to contribute even one dollar!

Virtually the whole burden is laid on those least able to bear it! Poor children are hardest hit. These deficits aren't even their fault!

You have to wonder, what kind of nation would balance its budget this way? May God help us.

Sincerely,

Cathy Brechtelsbauer

12-19-95

Send to RMA?
DERB (kind)
Yes
No
(came in by fax to
Stf Sec Ofc)
C.



THE PRESIDENT HAS SEEN

12-20-95

DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler, *National Chair* • Christopher J. Dodd, *General Chair*

95 DEC 15 P1:56

MEMORANDUM

DATE: December 15, 1995
TO: John Sutton
FROM: Faith Brown
RE: DNC Copy approval

Handwritten notes:
"Ok but
Clinton letter
being about
1/20/96"
"Opponent
w/ing"
"w/ing"

Attached is copy for two letters to be signed by President Clinton. The first letter is the second of two letters we are sending to about 25,000 DNC donors and supporters in Oregon which we are mailing on behalf of the State Party on 12/27/95.

The second letter is to "Clinton/Gore Uniques" -- that is, the 50,000 donors who have made contributions to Clinton/Gore but not to the DNC. This mailing is part of the Joint Fundraising Agreement between the DNC and the Oregon State Party by which 95% of the federal funds raised go to the Oregon State Party. This mailing is also dropping on 12/27/95.

Please have the attached reviewed by the appropriate individuals and submit their comments to me as soon as possible. Please call me directly at (202) 863-7121 with any questions.

___ ok as is]
___ ok with changes]

Ron Klain: ___ Date: ___

___ ok as is]
___ ok with changes]

Bruce Lindsey: ___ Date: ___

___ ok as is]
___ ok with changes]

Cheryl Mills: ___ Date: ___

___ ok as is]
___ ok with changes]

Todd Stern: ___ Date: ___

___ ok as is]
___ ok with changes]

Doug Sosnik: ___ Date: ___

___ ok as is]
___ ok with changes]

George Stephanopoulos: ___
Date: ___

___ ok as is]
___ ok with changes]

Harold Ickes: ___ Date: ___

Name of person returning this document and attached documents to the Democratic National Committee: _____

Date returned: _____

Bill Clinton
c/o Democratic Party of Oregon
711 S.W. Alder Street #306
Portland, OR 97205

Letter to
Oregon Donors

Mr. John Doe
123 Any Street
Smithville, OR 12345

Dear Mr. Doe:

Last month I wrote you concerning the special election taking place in Oregon and the affect its outcome will have across the nation in 1996.

I hope that you have returned your urgently needed contribution to the Democratic State Party of Oregon. But if you have not had a chance to respond, let me tell you why your support today is so important.

The first vote of the historic 1996 Election Year will not be cast on the morning of November 8 -- it will be cast on January 30 during the special election to be held in your state to determine who will replace Senator Bob Packwood.

That special election kicks off an important election year in Oregon and the rest of the nation. With Senator Hatfield's decision to retire, 1996 will be the first time in a generation that both U.S. Senate seats in Oregon will be up for grabs.

The outcome of Oregon's elections is critically important, not only to the people of your state but for the entire country as well.

Victory for our Party's candidates will mean better representation for your state, and will put the Democratic Party that much closer to retaking the majority in Congress. Such an increased advantage can greatly help our Party nationwide in the upcoming Presidential and Congressional elections.

That's why I'm writing to you, on behalf of the Oregon Democratic Party, to ask for your help. Your actions in the coming weeks can make a extraordinary, positive impact on the results of these elections -- and in turn, help lead our Party to a national victory next November.

And a Democratic victory is desperately needed by this nation.

Over the past year, the Republican Congress has sought to

(over, please)

abandon so many of our government's historic commitments to the American people -- commitments to improve education, expand opportunity, protect the health and safety of Americans. This vision caters only to the most extreme elements in our society, and promotes division among our citizens.

By contrast, Democrats offer a better vision for America's future -- a vision that restores the American dream and brings the American people together instead of dividing them. I believe in the future that our Party is offering to America -- helping people to help themselves, increasing our common security and well-being, with a government that is smaller, leaner, but still a full and active partner in our nation's life.

But to steer America toward this future, your support is greatly needed.

That's why I'm asking you to offer your support by immediately sending a contribution to your State Party -- to help us achieve victory in the crucial 1996 elections in Oregon.

With your support, the Oregon Democratic Party will be able to provide valuable assistance through voter registration, voter contact and "get-out-the-vote" programs, and efforts to deliver our message.

Victories in pivotal races like the ones in Oregon are very important to a Democratic victory nationwide.

That's why I'm hoping that you will offer your support now by responding to this appeal for help. If you are also willing to offer your services as a volunteer, or even to just post a sign in your front yard, please let us know in your response.

Please respond right away. The first race will be over in a matter of weeks, and for your contribution to have a maximum impact, you must respond now. I thank you in advance for any support you can offer.

Sincerely,

Bill Clinton

P.S. Make no mistake about it -- the outcome of the 1996 elections is critical for Oregon, and for our country. I hope I can count on your support for our Party's nominees.

EMERGENCY REPLY TO:

Bill Clinton
c/o Democratic Party of Oregon
711 S.W. Alder Street #306
Portland, OR 97205

FROM:

Mr. John Doe
123 Any Street
Smithville, OR 12345

() YES, I want to the Democrats to retake Congress starting with the two open Republican seats in my home state of Oregon. To aid our Party's nominees, and to help us achieve victory in the 1996 elections, I'm sending a contribution to the Oregon Democratic Party in the amount of:

() \$HPC () \$1.5HPC () \$2HPC () Other \$ _____

() I also want to participate in this campaign by doing one of the following activities:

- () Volunteer
- () Post sign in my frontyard

Please make your check payable to the "Democrats of Oregon/Federal Account" and enclose with this form in the envelope provided. Your contribution is not tax deductible for federal income tax purposes.

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: _____ Employer: _____
() Please check here if self-employed.

Phone Number _____

Your federal contribution will be used in connection with federal elections and is subject to federal contribution prohibitions and limitations of the Federal Election Campaign Act and FEC Regulation 11 C.F.R. sec. 102.17(c)(2).

Bill Clinton
Democratic National Headquarters
430 South Capitol Street, S.E.
Washington, D.C. 20003

Mr. John Q. Donor
123 Any Street
Anytown, USA

Letter to
"Clinton/Gore Uniques"
for Joint Fundraiser

As you read this letter, the Republican leadership in Congress is still trying to push through their budget -- which is built on a far-reaching and dangerous agenda. I think you understand what its enactment would mean for America.

The Republicans say they support Medicare and Medicaid ... yet their plan cuts hundreds and hundreds of billions of dollars out of the health care system, and raises costs for senior citizens.

They say they're for tax cuts ... but the congressional Republicans are imposing new taxes and fees directly on working people, while giving huge tax breaks to the rich.

All Americans believe we have a fundamental duty to provide opportunity for our young people, and to protect the world that God gave us. But the GOP budget singles out education and the environment for deep and devastating cuts.

The more the American people see of the Republicans' budget, the less they like it. That's why the Republicans in Congress have resorted to blackmail tactics to try to ram their program through. In an attempt to pressure me into signing off on this budget, the majority leadership in Congress shut our government down to try to force me to accept their extreme and misguided budget priorities.

But, I will not let anyone hold health care, education, or the environment hostage. I will not approve any budget that does not reflect our values, and recognizes our responsibility to our elderly, our children and to working families.

Meanwhile, they ignored my proposed budget -- a responsible plan which secures Medicare's future, that increases our investment in education and technology, that protects the environment, that provides tax cuts for working Americans, that keeps our country the strongest in the world ... and that also balances our budget.

If we want to prevail, we must take two actions. And I need your help to accomplish them.

First, we need to continue to shine the light on the GOP budget. You see, polls show that large majorities of Americans oppose most of the features of the Republican plan. You and I may know

the devastating effects of the Republican initiatives, but most Americans are unaware of how far these Republican proposals would go. If we can rally public opinion behind our positions, I will have a stronger hand and will be better able to secure an agreement that is good for all Americans.

But we all have learned the hard way that we cannot depend on the news media to deliver our message. If we want Americans to know the truth about the Republican plan, we must buy television time to tell them. Over the next few weeks, I am working closely with the Democratic National Committee in an effort to raise significant funds to buy television ads to deliver our message about the real choices facing Americans. Our citizens need to know what these Republican proposals will do to our schools, to our Medicare program and to our environment.

Second, we must ensure victory in 1996. And the first vote of the coming historic election year will not be cast on November 8 -- it will be cast much earlier, in the state elections taking place across the country. Like in Oregon, where in only a matter of weeks, the special election is being held to replace Senator Packwood. Victories by our candidates, in this election and in races across the nation, will put the Democrats that much closer to retaking majority in Congress -- and, will help us continue the momentum that will lead us to victory in November 1996.

I know that you are often asked to give to candidates and causes. But seldom in our lives has any political contest between our Party and the Republicans been so important to our future. We are at a turning point in how we view the role of government in our nation, indeed in how we define our common values and our common destiny.

Your immediate and generous contribution -- which will be put to use in informing the public about the dangers of the Republican agenda, our bids to retake the majority in Congress, and our many other efforts to ensure victory in 1996 -- is a rare opportunity to make a genuine and important difference for our nation.

Your immediate gift of \$250, \$500 or even \$1,000 can make a major difference in the outcome of the 1996 elections. Help me turn the tide for the important values most Americans share by forwarding an emergency contribution to the DNC right away.

Sincerely,

Bill Clinton

REPLY CARD:

To President Clinton:

I want to help turn the tide! To aid the DNC media blitz, efforts to retake majority in Congress, and our Party's many other efforts to win in 1996, I am forwarding my emergency contribution in the amount of:

() \$ 100 () \$250 () \$500 () \$1000 () Other: \$ _____

Mr. John Q. Donor
123 Any Street
Anytown, USA

SOURCE CODE

Please make your check payable to **Democratic Victory '96** and return it with this form in the envelope we have provided. Mail to: DNC, 430 South Capitol Street, SE, Washington, DC 20003.

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.

Please fill out the required federal information below:

OCCUPATION

EMPLOYER

() Check here if self-employed.

HOME PHONE NUMBER

Your contribution to Democratic Victory '96 will be used in connection with federal elections and is subject to the limits and prohibitions of the Federal Election Campaign Act and FEC Regulation 11 C.F.R section 102.17. Your contribution will be divided between the Democratic Party of Oregon (95%) and the Democratic national Committee (5%), both of whom have authorized and paid for this mailing. You have the option of designating your contribution to either participant. Notwithstanding the allocation formula above, your contribution is subject to change if your contribution, when combined with previous contributions, exceeds your contribution limit to either participant. Your contribution is not tax-deductible for federal income tax purposes.

RETURN ENVELOPE ADDRESS:

THE DEMOCRATS OF OREGON
P.O. BOX 12769-84
SALEM, OR 97309-9990

*1 chur / Sooiner - we need to window
whether to do now or
Pier
BC*

Robert Goodman

245 Main Street
Northampton, MA 01060

Tel: (413) 584-0855
FAX: (413) 585-0688

THE PRESIDENT HAS SEEN

12-20-95

November 21, 1995

President Bill Clinton
White House
Washington, D.C.

Dear Mr. President:

I am writing to thank you for supporting H.R.497 and S.704, two bills to create a national commission to study the impacts of gambling expansion in America. At the same time, however, I want to express my concern about the Democratic Party's general response to this issue. As the author of The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion, which was published by the Free Press last month, I've been studying this expansion closely for the past three and a half years and believe it is a crucial issue for the future of our economy. I'm enclosing this book, as well as copies of the testimony I was invited to present before the Senate Committee on Governmental Affairs (November 2, 1995), a recent opinion article I was asked to write for The Washington Post (November 12, 1995), and a review of my book which appeared in the New York Times (November 16, 1995).

Since I believe in the basic ideals of the Democratic Party, especially those concerning the needs of working people and the problems of our cities, I find myself troubled by the position being taken by many Democrats on gambling expansion. The conclusion of my research as director of the United States Gambling Study at the University of Massachusetts at Amherst (funded by the Ford Foundation and the Aspen Institute), is that the aggressive expansion of gambling by state governments is having serious negative impacts on local, as well as the national, economy. While in some cases this expansion can produce short-term economic gains, in the long run it generally harms, rather than helps, working people (both economically and socially) by destroying non-gambling jobs and adding to, rather than alleviating, the economic burdens of local and state governments. I should emphasize that my opposition to gambling expansion is based not on morality, but on these economic and social impacts.

However, my experience so far is that Republican lawmakers have spoken out more visibly on this issue than have Democrats. A few weeks ago, for example, I spoke at the conference of the

the National Coalition Against Legalized Gambling (NCALG) and found that the other speakers included Republicans Pat Buchanan, Senator Richard Lugar and Congressman Frank Wolf, but no prominent Democrats. While NCALG comprises a broad political spectrum -- from members of the Christian Coalition to those of the NAACP, this influential and growing grassroots organization appears to be getting most of its support from Republicans.

At the same time, there is a growing split within the Republican Party itself over gambling expansion. Most recently this surfaced around the issue of accepting campaign contributions from gambling interests -- with some, like Buchanan and Lugar, who maintain a strong "family values" position, being against this, while others, like Bob Dole, are accepting large sums of campaign money from gambling interests. Dole, for example, attended a Las Vegas luncheon hosted by Steve Wynn, the head of the Mirage casino company, where he collected close to \$500,000 in campaign money from casino interests. And the current head of the American Gaming Association, the gambling industry's new national lobbying organization, is Frank Fahrenkopf, the former Republican National Committee chairman. Some Republicans, like Governor William Weld of Massachusetts, are attempting to use a policy of increasing public revenues through state-promoted gambling ventures as a method of delivering on their tax reduction promises.

The gambling issue is a ready-made opportunity for the Democratic Party to reassert its traditional role of support for families and working people. While some Democrats, such as Senator Paul Simon and Congressman John LaFalce, have understood the importance of this issue, my sense is that generally Democrats are, at best, ignoring it, and, at worst, seeing it as a way of creating jobs, reducing taxes, and otherwise improving economic conditions. The fact that many Democratic politicians are seriously proposing gambling ventures for economic development and revenue enhancement will become, I believe, a growing political liability in the future.

As grassroots opposition to gambling expansion grows -- and it has grown enormously just over the past year and a half -- I believe that Republicans will continue to seize the political initiative on this issue and gain considerable political support. The gambling industry's own research indicates that as more casino-style gambling becomes available, there is more opposition to it.

I believe it would be a serious mistake for the Democratic Party to ignore the current and growing popular reaction against gambling expansion in this country. I realize that by supporting H.R.497 and S.704, you have taken an important leadership position on this issue. But I would respectfully suggest that more leadership is needed from the Democratic Party. Democrats now have an excellent opportunity to play a leading role in developing a more rational public policy approach to gambling,

rather than simply reacting to Republican initiatives. This does not, in my opinion, simply mean opposing gambling; it means developing more creative approaches to economic development, as I suggest in my book.

Again, I thank you for your support of a national gambling commission, and I hope my work can be of some help to you and your Administration. I'm taking the liberty of sending a copy of this letter and the materials accompanying it to Secretary Robert Reich, who I expect will be interested in assessing the ways in which gambling expansion impacts his department's efforts to expand long-term job opportunities. If I can be of further help, I would be pleased to do so.

Cordially,

A handwritten signature in black ink, appearing to read 'Robert Goodman', with a long horizontal flourish extending to the right.

Robert Goodman
Lemelson Professor of Environmental Design and Planning,
Hampshire College

Testimony by Robert Goodman

Author of The Luck Business,
Professor of Environmental Design and Planning,
Hampshire College, Amherst, Massachusetts

before the Senate Committee on Governmental Affairs
of the United States Congress

on S.704, The Gambling Study Commission Act

November 2, 1995

Testimony by Robert Goodman
before the Senate Committee on Governmental Affairs,
United States Congress
November 2, 1995

Senator Stevens, and members of the committee, I thank you for your invitation to testify before you this morning. My name is Robert Goodman, and I am Lemelson Professor of Environmental Design and Planning at Hampshire College in Amherst, MA. I was the director of the United States Gambling Study at the University of Massachusetts, Amherst, which was funded by The Aspen Institute and the Ford Foundation, and resulted in the report, "Legalized Gambling as a Strategy for Economic Development," published in 1994. I am also the author of several books on planning and economic development (After the Planners and The Last Entrepreneurs) and of the recently-released, The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion (The Free Press, 1995). I have spoken in numerous states and cities around the country and testified before state legislatures and Congress on the issues of legalized gambling and economic development.

My testimony this morning will cover two main points: why a study of the national impacts of the gambling industry is necessary at this time; and why such a study should appropriately be carried out by a federal commission.

- The simple reason for a national study now is the rapid and unprecedented transformation of legalized gambling, during the last five years, into one of the nation's leading industries. As recently as 1988, casino gambling was legal in only two states: Nevada and New Jersey. Six years later, in 1994, casinos were either authorized or operating in twenty-three states and are currently proposed in many others. From 1988 to 1994, total yearly casino revenues nationally nearly doubled -- from \$8 billion to about \$15 billion. The number of American households visiting casinos also doubled, from 46 million in 1990 to 92 million in 1993.

By 1993, Americans spent nearly \$400 billion a year on all forms of legalized gambling, a figure which had grown at an average annual rate of almost 15 percent a year between 1992 and 1994. During the early 1990's, revenues in the gambling industry were climbing about two and a half times faster than those in the nation's manufacturing industries.

Dozens of states and cities around the country are currently attempting to use, or considering the use of, legalized gambling as a major form of economic development. It is used for revenue, job creation, and a host of other problems - as a remedy for Chicago's overbuilt hotel business; as a substitute for Gary, Indiana's devastated steel factories and Detroit's automotive industry; to counterbalance the effects of declining oil prices

in Louisiana; to replace vanishing jobs in Connecticut's defense industry; and to provide work for idle New England fishermen.

Our modest survey has been described as the first national and comprehensive study of the gambling industry since the mid-1970's. While we were gratified by the public attention paid to our research, I have been the first to say it is hardly comprehensive. It continues to be the case that no comprehensive national study of this phenomenon has taken place.

There are at least 6 reasons why the federal government is the appropriate forum for studying this expansion.

First, while illegal gambling was once a state or local problem which was appropriately controlled by the police power of the states, the new legalized gambling is carried out by major corporate enterprises which operate across state lines in interstate commerce. The control and regulation of interstate commerce is one of the core constitutional responsibilities of the federal government; no state or private organization is in a position to carry out this function. Without a base line study to determine the nature of the industry and how it operates in interstate commerce, it is impossible for any of the branches of the federal government to make intelligent decisions about the interstate commerce implications of the expansion of legalized

gambling;

Secondly, there is increasingly intense competition among states to attract each other's gambling dollars across state lines; expansion has occurred in a copy-cat manner often not because of a genuine desire by the states to expand their gambling industry, but simply to protect local consumer dollars from migrating across state borders. The result appears to be an inadvertent expansion in gambling, which generates increased problem gambling behavior, greater costs to the criminal justice system, and diverts dollars from other business activities in the consumer economy. Only the federal government is in a position disinterestedly to examine this competition among the states and make recommendations for future public policy;

Three, a major element in this most recent wave of legalized gambling expansion has been Indian gambling. This has taken the form not only of rapidly spreading gambling ventures on Indian reservations themselves, under the compacting process authorized by the Indian Gaming Regulatory Act of 1988, but also there have been increasing efforts to locate Indian gambling enterprises on non-reservation land, such as the Wampanoag's proposal to build a casino complex in New Bedford, MA. And, equally important, the argument being heard in states, cities and towns across the country is that legalized gambling should be expanded there in order to compete with Indian gambling.

Examples of this include New Mexico, where previously illegal gambling was permitted in 1994 because New Mexico's tribes had already initiated gambling enterprises, and California and New York State, where the casino industry is arguing for gambling expansion on the grounds that Indian tribes already have initiated gambling. Issues of policy that impact Native American tribes are uniquely the responsibility of the federal government, and only the federal government can set the terms for and adjust the relationships between the tribes and the states;

Four, the fact that legalized gambling revenues are now approximately \$40 billion annually means that financial resources are being diverted both from savings and from other potential investment opportunities, which may have a serious adverse effect on savings rate and sources of private investment capital, with significant consequences for the overall health of the American economy. The expansion of legalized gambling is symptomatic of a troubling national shift away from productive enterprises which strengthen America's position in the global economy. These developments can ultimately threaten national security, and therefore must be of concern to the federal government;

Five, there is currently the potential for enormous future growth of at-home gambling through the media of either television, telephone or Internet connections, which poses a challenge to which only the federal government can respond as the

exclusive regulator of the airwaves. As one gambling industry executive put it, "Where you can see it, you can bet it."

Six, the federal government has an obligation to study the large national and, in some cases, even multi-national, corporations such as Promus, G-Tech, and International Game Technology (IGT) which dominate the legalized gambling industry, to investigate their corporate practices in such areas as securities regulation, anti-trust, corruption, and -- in an industry characterized by frequent large cash transactions -- compliance with the reporting and regulatory requirements which concern cash transactions, in order to combat money laundering activities. Moreover, the recent activities in Louisiana, involving organized crime with sectors of the gambling industry, presents a clear example of the need for a national study of the impacts of gambling expansion.

An additional consideration is the relationship between gambling and sports teams. There is the recent example of ITT, a major corporation involved in the ownership of sports teams, which acquired a major casino gambling venture. Such business activities could create a possible conflict of interest with federal policy against sports betting and against the intersection of sports and gambling.

In conclusion, the competition among the states to expand

their legalized gambling industries has intensified, leading to a situation in which powerful forces may be setting into motion often unanticipated effects on the national economy. It is therefore crucial that the Congress, as the people's representative charged with the constitutional duty to regulate commerce with the Indian tribes and among the states and to ensure the national security, study this situation.

NOVEMBER 16, 1995

BOOKS OF THE TIMES

Reflections on Luck and Lucking Out

By CHRISTOPHER LEHMANN-HAUPT

LUCK

The Brilliant Randomness of Everyday Life

By Nicholas Rescher

237 pages. Farrar, Straus & Giroux. \$19.

Such is the attraction of luck in our lives that a book called "Luck: The Brilliant Randomness of Everyday Life" sounds appealing from its title alone. Yet Nicholas Rescher, a philosophy professor at the University of Pittsburgh, reminds us here that much more is needed for a good book than luck.

With his wordy prosaic style and his meandering organization, he un- luckily succeeds in making the subject of luck dull. Or is it that luck matters so much that little about it remains to be explored? Certainly we already know, as Mr. Rescher reminds us, that "success or failure in situations of competition and conflict often hinges on matters of fortuitous happenstance." Or that "there is enormous scope for luck in warfare."

Eventually, Mr. Rescher does wend his way to the slightly less obvious conclusion that life without luck would be unbearable for humans. "Our psychological and emotional condition is such that we would not want to live in a preprogrammed world, a world where the rest of our fate and future is preordained and indeed prediscernible in the realities of the present," he writes. "Even at the price of falling victim to chance and haphazard, we yearn for novelty and innovation, for a liberation from an inevitability programmed by the settled determination of the past."

Yet such is the power of his prose to snuff out the promise of surprise that one finds it a struggle to remain awake long enough to arrive at this conclusion.



Lionel Delvingne/The Free Press

THE LUCK BUSINESS

The Devastating Consequences and Broken Promises of America's Gambling Explosion

By Robert Goodman

273 pages. Marvin Kessler Books/The Free Press. \$23.

Further pitfalls of luck become evident in Robert Goodman's new book, "The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion." Mr. Goodman, who teaches environmental design and planning at Hampshire College, was director of the United States Gambling Study, and the results of that survey of legalized gambling as a strategy for economic development inform his well-reasoned book.

What he learned is that a decade or so ago Las Vegas's success as a gambling enterprise began to inspire other locales to copy it as a way of reviving economically depressed communities. As a result, between 1988 and 1994 the number of states authorizing casinos to operate rose to 23 from 2, and the total yearly casino revenues went to \$15 billion from \$8 billion.

But what the new gambling locales failed to allow for, he reasons, was that Las Vegas attracted tourists from out of state and that the enterprises their money nourished did not compete with an existing developed economy. Moreover, he adds, "those tourists who either had or would develop pathological gambling problems took their problems — such as losing their jobs, getting involved in criminal activities to pay off debts and a host of other costly consequences — back home with them."

By contrast, Mr. Goodman writes, gamblers who go to Atlantic City, for example, tend to be "day trippers" from other parts of the state, so that "instead of providing a jump start for local economic development," the Atlantic City casinos actually drain resources from enterprises that already exist. Moreover, Mr. Goodman concludes, because these gamblers live in the state, New Jersey has to bear the costs of problem gambling generated by the casinos.

These drawbacks are obvious, he says, but the lesson has failed to sink in. More and more American communities have turned to legalized gambling as a superficial solution for shrinking revenues from a dying industrial base. As Indian communities (like the Mashantucket Pequot tribe in Ledyard, Conn.) have won the right to run high-stakes gambling establishments (like the hugely successful Foxwoods Casino), neighboring locales have competed to protect themselves.

Yet never does the impulse for legalized gambling come from any grass-roots popular movement, Mr. Goodman found. The pressure always comes from above, from the highly organized gambling industry. And once communities succumb, they must begin to behave like bad poker players chasing their losses. "They legalize new games or they get rid of restrictions and betting limits on their old ones," the author writes. "As the chasing process progresses, more hard-core forms of gambling are rapidly legalized in a copycat race by state after state. As each state's gambling menu expands, its gambling policy begins to spin out of control, and governments and state residents soon find themselves with gambling enterprises they never imagined when their process of legalization first began."

Near the end of his compelling study, Mr. Goodman steps back and reasons that the lust for legalized gambling has risen as the prospects of succeeding through hard work have declined in this country. And deplorably enough, in his view, governments, instead of discouraging speculation, are now promoting the fantasy of getting rich on a bet, as witness New York State's advertising slogan: "All you need is a dollar and a dream."

Since he is not opposed to gambling in all forms, Mr. Goodman proposes a lottery in which some of the income is lent to local businesses. Such linking of legalized gambling to a form of industrial policy sounds appealing if only because something would be created, in contrast to present forms of legalized gambling, where, in the author's view, nothing is created and money is taken from the poor.

Further, such a lottery as he proposes would put luck in the proper place that Branch Rickey, the late baseball executive, once assigned it when he made his shrewd observation that luck at its best is "the residue of design." Which comment, when you stop to think about it, pretty well sums up the wisest things that both these books have to say on the subject of luck.

NOVEMBER 12, 1995

Wheel of Misfortune

Is the Casino Craze Really a Political Wager Against America?

By Robert Goodman

ACROSS AMERICA, gambling casinos are being proposed as a magic bullet for a host of economic problems. Promoters promise to bail out Chicago's overbuilt hotel business; substitute for devastated steel factories in Gary, Ind.; counterbalance the effects of declining oil prices in Louisiana; replace vanishing jobs in Connecticut's defense industry; provide work for idle New England fishermen, and reverse more than a century of poverty on Indian reservations throughout the country.

While everyone is generally aware that legalized gambling has expanded, the amount of money and people involved is startling. From 1988 to 1994, total yearly revenues in casinos alone nearly doubled—from \$8 billion to about \$15 billion. Casinos are now operating in 23 states and under consideration in many others. In Maryland a task force headed by former senator Joseph Tydings is expected to recommend rejection of casino gambling this week. Last week New York City officials proposed allowing casino boats to dock at city piers and then cruise into international waters in order to avoid state laws against casino gambling. In Mississippi alone, more gambling space has been constructed in less than two years than was built in Atlantic City in 16 years. Legal gambling in all forms (including casinos, lotteries, parimutuel racing and other government-promoted ventures) now generates about \$40 billion a year.

As a result gambling is rapidly becoming a new national political issue that is dividing both parties. For Republicans, the issue pits major campaign contributors from the gaming industry against the party's "traditional values" activists dismayed by emerging research that links gambling with crime and family break-up. Democrats are similarly split between gambling interests and the party's loyalists in poor neighborhoods, such as black ministers, who fear the effects of gambling on the poor.

Sens. Paul Simon (D-Ill.) and Richard Lugar (R-Ind.) and Rep. Frank Wolf (R-Va.) have recently introduced similar bills with bipartisan support in Congress to create a national commission to study the effects of gambling proliferation. President Clinton has endorsed the idea, noting in a letter to Simon, "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."

A major campaign to defeat this legislation has been launched by the gambling industry's lobbying wing, the American Gaming Association. The association, which has a budget of \$2 million, is headed by Frank Fahrenkopf, the former head of the Republican National Committee.

Before the actual consequences of the gambling boom became widely known, there was little organized oppo-

sition to America's gambling boom. But in spite of increasing amounts of money being spent by the gambling lobby, anti-gambling sentiment is growing. Despite unprecedented lobbying by the gambling industry, a Florida referendum to legalize casinos was defeated by more than 60 percent. And in Rhode Island, four ballot measures for casinos were decisively defeated. This year, a statewide poll in Louisiana showed that nearly two-thirds of its voters were more likely to vote for a candidate who would cut back on gambling than one who supported it. There has not been a single statewide vote in favor of casinos with unlimited gambling losses since New Jersey voters agreed to allow casinos in Atlantic City 18 years ago.

Until recently, the gambling industry was enjoying something of a free ride. As revenues from state lotteries declined in the late 1980s, governments turned to more hard-core gambling ventures, including the creation of mini-casinos, installation of slot machines in bars and convenience stores and promotion of full-scale casinos. Iowa's legalization of riverboat gambling in 1989 became the model for other state lawmakers. Passage by Congress of the Indian Gaming Regulatory Act in 1988 also expanded opportunities for casino gambling in areas with Native American populations.

By focusing its public relations campaign on how much fun it is to play, the gambling industry has been able to avoid discussion of how much people lose, how the rise in gambling opportunities encourages addictive behavior and how it creates enormous costs for the rest of society. And mostly, gambling interests don't talk about how the actual results have not matched the promises.

A few years ago, Phil Satre, president of Harrah's casinos, went so far as to say that more "casino entertainment" would be a positive step for equal opportunity in America, predicting that every man, woman and child in the country would soon live in a state with casinos in which there was "no gender-based, race-based or physical barriers to access."

For the promoters, the word "gambling" doesn't exist. In the language of their gamble-babble, they call it "gaming" and they call those of us who win and lose money in their establishments "players," never gamblers. Put a theme park next to the casino and it becomes a "family entertainment center." According to Paul Dworitz, the former editor of a leading gambling industry trade journal, gambling company surveys show that most people go to casinos simply to be entertained: "They do not go because they have or want to win money."

In order to legalize riverboat casinos, Louisiana lawmakers used the gaming word to get around a prohibition in the state constitution against state-sponsored gambling. New York State politicians argued that their recently introduced electronic keno gambling in bars, restaurants and convenience stores was nothing more than another lottery game—not the creation of mini-casinos.

But the results of America's gambling boom are quite different from the successful Las Vegas tourist model of many politicians' dreams. Most of the country's new gambling is "convenience gambling" at local casinos, riverboats and mini-casinos in bars and convenience stores. It is the kind of gambling that relies on local residents not tourists, for the bulk of its customers. As a result, rather than providing economic stimulation, it cannibalizes the local economy.

In the process of expanding into ever more gambling governments are becoming its leading promoters rather than its regulators. Instead of protecting their citizens, they are now preying upon them.

The public costs of gambling show up in many ways. Consumer spending is diverted into gambling from restaurants, movie theaters, sports venues, bowling alleys, clothing stores and other local businesses while police departments, courts and prison systems find themselves dealing with the criminal activity of addicted gamblers who don't pay their bills and taxes, write bad checks, embezzle money and commit fraud.

A recent Wisconsin Policy Research Institute report concluded that the costs of compulsive gamblers in that state were running at more than \$160 million a year. At Iowa Department of Human Services research report stated that problem gambling had more than tripled there since riverboat casinos were legalized in 1989.

But even more disturbing than the financial costs are the human tragedies. State and local governments are creating a climate in which many ordinary people are being drawn into criminal activities that destroy their lives. Durand F. Jacobs, a professor of psychiatry at California's Loma Linda University, found that most of the people who commit crimes to support their compulsive gambling had no prior criminal records.

Jeffrey Bloomberg, a South Dakota state's attorney last year gave a congressional committee a devastating description of the impact of newly legalized casinos or the town of Deadwood, S.D. "We have seen individuals who, prior to their exposure to gambling, had no criminal history, who were not junkies or alcoholics, many of whom had good jobs, who became hooked on slot machines and, after losing all their assets and running at credit resources to their maximum, began committing some type of crime to support their addiction."

Bloomberg described a rise in child abuse and neglect cases, including children left in cars all night while their parents gambled and families without groceries because they had gambled away their paychecks. He told of a restaurant manager who embezzled \$45,000; of a bookkeeper who committed suicide as the result of mounting gambling debts; and of an Air Force sergeant with an exemplary military career who murdered a casino operator after trying to retrieve bad checks he had written.

These costs are admittedly hard to quantify but they are real. A preliminary report written by Peter Reutter, executive director of the Maryland task force on casino gambling, concluded that there is "no convincing estimate of the average social costs of an individual becoming a pathological gambler," but added that "a reasonable view is that increased pathological and compulsive gambling may well impose annual costs of \$100 million or more on Maryland society."

Citizens' groups have become more organized, vocal and effective. In 1994, voters turned down casinos in every state-wide ballot proposal to legalize new casinos. They were perhaps influenced by the emergence of the recently formed National Coalition Against Legalized Gambling. This unique group, headed by Tom Grey, a former Methodist minister and Vietnam veteran, encompasses a broad grass-roots spectrum of left- and right-wing politics—from those who argue against the morality of gambling to others concerned about the economic impact on workers and owners of non-gambling businesses. Some of the strongest opposition has come from chambers of commerce and statewide restaurant associations, which are worried about how new gambling ventures siphon consumer dollars from other local businesses.

The question that politicians and the rest of us should ask ourselves is: If the gambling industry really believes it is just promoting an innocent form of family entertainment, why is it afraid of a national commission to study the impact of gambling? Could it possibly fear that Congress will see through all the gamble-babble and understand just how risky this bet really is?

Robert Goodman is the author of "The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion." (The Free Press).

12-20-95

DEC 19 1963

95 DEC 19

SUBJECT: DAILY REPORT / 3:30 p.m.

Poll

Their poll, conducted 12/15-12/18 among 1,000 adults, found your job approval rating at 51%, down slightly from 53% one month ago. In a head-to-head matchup against Dole, you would beat him 52% (Clinton) to 43% (Dole). On the budget, the respondents were evenly split on whether GOP proposals would lead the country in the right direction, 44% to 44%. Sixty-two percent, however, felt more negative toward the GOP as a result of the shutdown, and 48% felt more negative toward the Administration. Yet, a plurality (48% Clinton vs. 34% GOP) felt you are more reasonable in the negotiations than the Republicans. When asked who they would vote for in a generic House race, 49 percent would vote Democrat and 42 percent would vote Republican.

Bob Dole

Dole continues to feel heat on the right for his comments this weekend on "Meet the Press." In addition to radical right activists, his opponents joined the fray as well. Phil Gramm said that "when [Dole] sees an advantage in moving away from a ... position, he does it." Pat Buchanan accused Dole of "defection from the right-to-life cause." A clip is attached.

Governor Tom Ridge said today that he would not accept a Vice Presidential bid if offered to him.

Oregon Senate

Senate nominees Gordon Smith (R) and Ron Wyden (D) have each put forward proposals on the number and location of debates to be held before the January 30 general election. So far, no agreement has been reached. Smith has suggested holding five debates in each of the geographical regions of the state. Wyden, meanwhile, has already accepted three invitations to debate before groups in Portland, Eugene, and Bend. Most political observers believe Wyden would have the most to gain in the debates, since they would give him an opportunity to debunk the notion that he is "out of touch", a view that surfaced after Wyden miserably failed a televised "pop quiz".

Arizona

Arizona election officials received approval yesterday from the DOJ to hold the state's presidential primary February 27, just one week after New Hampshire. This will make Arizona the first Western state to hold a primary in the 1996 election season. The Democrats will hold their primary on March 9 because their party rules prohibits them from participating on Feb. 27. Phil Gramm and Bob Dole are expected to register for the Arizona primary on 12/26, and Forbes will register on 12/28. Forbes has been running extensive television ads in the state.

Montana

Montanans remain split over the success of the Republican Revolution in Congress. The Great Falls Tribune released a poll today on feelings regarding the "Contract with America". The poll shows that 39% agree that "...the Republicans have gone too fast in cutting government and taxes", while 36% said "...the GOP Congress has not gone far enough". Another 19% felt the Republicans have done "just enough".

New Mexico

Albuquerque businesswoman Diane Denish (D) announced she will not run for the Democratic nomination to unseat GOP Rep. Steve Schiff. Denish had been considered the strongest candidate to unseat Schiff, who has represented the Democratic-leaning district for four terms.

Ohio

Ross Perot's Reform Party was unsuccessful at qualifying for the Ohio primary ballot in 1996. Ohio Secretary of State, Bob Taft (R) ruled this morning that the Reform Party failed to submit the necessary 33,463 signatures. The Reform Party is, however, working to qualify for the 1996 general election with an August 1996 deadline.

Texas

Fort Worth Mayor Kay Granger announced she will run, as a Republican, for the open congressional seat of retiring incumbent Pete Geren. Granger, whose election to Mayor was in a non-partisan election, had been pressured by both parties to seek the nomination. Former Governor Ann Richards had been among the most prominent Democrat trying to recruit Granger.

Gang of Eight

"Gang of Eight" members former Senator Paul Tsongas (D-MA), former Rep. Tim Penny (D-MN) and former Governor Dick Lamm (D-CO) last night addressed a two-day symposium in Minneapolis called "Locating the New Political Center in America." The three presented a position paper harshly criticizing the inability of Democrats and Republicans to balance the federal budget. Penny said there were three ways Democrats and Republicans could bridge their differences in the budget negotiations: splitting the differences between their budget proposals, agreeing to postpone any tax cuts until after the budget is balanced or ratcheting

down cost-of-living adjustments in entitlement programs such as social security. Both Tsongas and Lamm grudgingly endorsed your candidacy during a symposium focused on the "Gang of Seven's" agenda.

Gingrich addressed the group via satellite. Al From followed Gingrich, criticizing the group's manifesto for failing to address the central concern of the voters, the withering of the American Dream, and the desires of Americans to see solutions to the problems of their everyday lives. Elaine Kamarck participated in a panel on reinventing government.

The group also issued a manifesto of four "points of agreement" listing the balanced budget as the top priority, calling for a postponement of tax cuts until the budget is balanced and for Social Security to be put "on the table." The other three priorities were social inclusion, environmentalism and political reform.

Governor Angus King said he was removing himself from discussions with the "Gang of Eight" because they were consuming too much of his time. King also said that his initial impression was that the group discussions would produce an independent candidate for president, but now he feels they will not. King said he would endorse a presidential candidate in six months.

Senator Bill Bradley (D) is also distancing himself from the group and he did not sign the position paper in Minneapolis over the weekend.

ADDENDUM - NEW HAMPSHIRE

There is an embargoed University of New Hampshire poll coming out tomorrow which has the President's favorability at 78% with Democrats.

And in a head to head with Dole the President wins 42-41%. And the interesting news is that the party registration split is 40-Republican; 30-Democratic; and 30-Independent. This poll has the Independents going with Clinton 54-26%.

Dole Feels Fallout From TV Remarks

Stance on Abortion Amendment Explained; Powell Rejects Overture

By David S. Broder
Washington Post Staff Writer

Senate Majority Leader Robert J. Dole's presidential express hit a couple of bumps yesterday, as he was forced to scramble to explain a seeming shift of position on abortion and he drew a cold shoulder from Colin L. Powell on an overture to a vice presidential bid.

Dole created the problems in a Sunday appearance on NBC's "Meet the Press," where he talked optimistically about enlisting the retired general on his ticket and implied that he no longer supported a constitutional amendment to restrict abortions.

By nightfall yesterday, Powell had reiterated his earlier refusal to run for any office in 1996 and Dole had issued a statement asserting that he still supported a constitutional amendment to overturn the *Roe v. Wade* decision but wanted exceptions for rape, incest and the life of the mother. "There is nothing new in this," he insisted.

Ralph Reed, executive director of the Christian Coalition, who had said he was "profoundly disappointed" by Dole's comments Sunday, said he was generally satisfied with the explanation. "I think this greatly clarifies the matter, and I'm glad he moved swiftly to satisfy pro-life voters that he remains committed to acting by statute and constitutional amendment to protect innocent life."

The Dole campaign contacted both Reed and Gary Bauer of the Family Research Council during the day for advice on how Dole could dig out of the hole his words had created. Reed said

he told the Dole operatives that there is a "deep impression that he no longer supported a pro-life amendment. My advice to his campaign was that he correct this as swiftly as possible."

On Sunday, after telling interviewer Tim Russert that he was "opposed to abortion" and thought "it should be illegal... with the exception of life of the mother, rape or incest," Dole was asked about "a constitutional amendment to ban all abortions." "I supported that at one time," Dole said. "I would not do it again. ... I think there have to be some exceptions. ... My view as a Republican candidate is this shouldn't be a dominant issue in the Republican nomination or the campaign for president in 1996."

The Republican platform since 1980 has included a plank calling for an anti-abortion constitutional amendment with no explicit exceptions. Dole refused earlier this year to sign a pledge opposing any change in the platform language, but insisted at the time that his antiabortion position had been clear and consistent throughout his career.

Yesterday, several antiabortion groups and two of Dole's rivals, Sen. Phil Gramm (R-Tex.) and commentator-columnist Patrick J. Buchanan, assailed the Kansas senator.

Buchanan charged in a statement that Dole "is moving deliberately and rapidly away from unqualified support for the right to life." Gramm said the apparent change was "part of a pattern we have seen with Senator Dole in his whole political career. When he sees an advantage in moving away from a party position or a position he's held, he does

it." Both challengers vowed to fight any change in the platform language.

Several antiabortion groups, including "Iowans for L.I.F.E.," in the state with Feb. 20 caucuses, denounced Dole. Marian Bourek, president of the group, said, "Bob Dole will find himself regretting the pro-abortion rhetoric he spouted forth yesterday when pro-lifers refuse to pull the lever under his name on Election Day."

Rep. Henry J. Hyde (R-Ill.), longtime leader of antiabortion forces in Congress, reiterated his support of Dole but said, "I regret that he appeared to be retrenching from full support of a constitutional amendment reversing *Roe*." Hyde added that while "I don't think the votes are there to pass a constitutional amendment, it still is the shining goal of the pro-life movement."

As for Powell, Dole said on "Meet the Press" that he thought if Powell were offered the No. 2 spot, "I think it's hard to turn down. ... My view is that he would answer the call to duty."

Powell authorized his spokesman, Bill Smullen, to say there had been no discussions of the vice presidency between Dole and Powell and that Powell had made it clear "he was not seeking an elective office in 1996 and that would include the vice presidency."

Staff researcher Barbara J. Saffir contributed to this report.

FOR MORE INFORMATION

To read the text of Powell's decision not to seek the White House, see *Digital Ink*, The Post's on-line service. To learn about *Digital Ink*, call 202-334-4740.

Washington Post

12-19-95

used of setting fatal fire

illy retarded; judge will determine competency

degree arson Monday morning after he told Iowa City police Detective Mike Brotherton that he started the blaze by setting the living room sofa on fire with matches.

The first-degree murder charge was added Monday afternoon.

Sgt. Craig Lihis, an Iowa City police spokesman, said Schrader was not charged with murder initially because Schrader said he did not intend to kill Cook.

"From his confession, his intent was to set a fire," Lihis said before the murder charge was filed. "We haven't seen any intent ... to kill somebody."

Johnson County Attorney J. Patrick White said he recommended the first-degree murder charge because Iowa's felony murder statute applies in this case.

"First degree arson ... is by definition a forcible felony, and once you participate in a forcible felony that results in death, then that makes

it prosecutable as murder in the first degree," White explained.

Because Schrader is mentally retarded, his competence to stand trial will need to be decided by a judge, said White.

"Competence," he said, "is an issue that goes to an individual's ability to know and understand the proceedings and to assist in their defense."

A third person living in the two-story townhouse, Charles Nylm, 32, escaped unharmed from the blaze, which was reported at 11:53 p.m. Sunday.

Able To Live on Their Own

All three men were clients of Systems Unlimited Inc., a private, non-profit corporation that serves more than 400 eastern Iowans with

FIRE Please turn to Page 3M

CONSERVATIVES DISGRUNTLED

Dole's centrist comments raise ire

His statement about a constitutional ban on abortion draws fire from backers of Pat Buchanan and Phil Gramm.

By DAVID YEPSEN
ROCHESTER BRARY WRITER

Sen. Bob Dole's weekend statement that he no longer supports a constitutional ban on abortion touched off a firestorm Monday among Republican social conservatives, who charged he was going soft on the issue.

On NBC-TV's "Meet the Press" program, Dole said that while he once supported a constitutional amendment to ban abortion, "I would not do it again."

"I think there have to be some exceptions," the Kansan said. "I think there are other things we can do as far as parental notification."

"My view, as a Republican candidate, is this shouldn't be a dominant issue in the Republican nomination or the campaign for president in 1996. It's a very important issue to many, many people. They feel very strongly about it. We have people on both sides of the issue who are Republicans who feel strongly about it. I'm not trying to divide the party. I want to multiply Republicans, not divide Republicans."

Softening Rhetoric

The comments were the latest in a series of remarks that suggest Dole is softening some of his conservative rhetoric in favor of more centrist positions. Some political strategists believe Dole has privately concluded he has won the nomination and is now moving to the center for the fight against President Clinton.

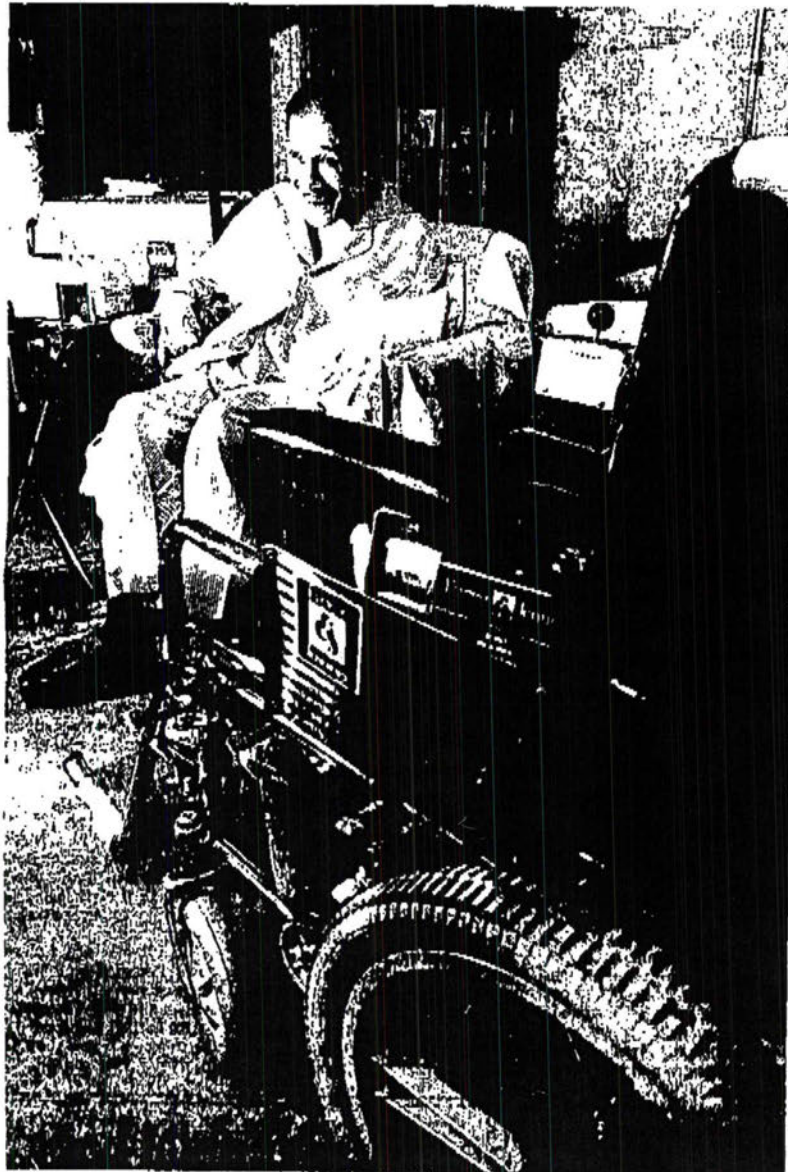
Ralph Reed, the director of the national Christian Coalition, said Dole's remarks "represent an uncharacteristic departure from the winning Reagan position that has sustained the Republican Party ... and helped make it a majority party." He promised to send 22 million "voter guides" to social conservatives outlining Dole's position.

Also Monday, Pat Buchanan issued a statement chastising Dole over the matter, saying Dole had "defected" from the anti-abortion cause.

"Bob Dole may be the current front-runner for the Republican nomination, but I will fight him every inch of the way between here and San Diego" at the national convention "to make sure our party never abandons its unqualified support for the innocent unborn," Buchanan said.

Some of Sen. Phil Gramm's anti-abortion supporters also weighed in against Dole. "Abortion is still every bit as lethal in 1995 as it was in previous elections when Senator Dole supported the human life amendment," said Samons Joy Smith, a lobbyist for the Iowa Right

A NEW SET OF WHEELS



PHOTOGRAPH BY THE REGISTER

a week ago from the porch of his Des Moines home. Easter Seal spokeswoman Connie Galbraith said the wheelchair is Marines' to use

Christmas came a little early for George Marines, who was presented with a new motorized wheelchair Monday by the Easter Seal Society of Iowa to replace the one stolen

Dmk
12/19/95
Des
Moines
Register
12/19/95

Clinton.....	37	32	60	(1939)	-15	(1985)	0.00	37.48	109.0
Council Bluffs	36	32	69	(1976)	-18	(1983)	Trace	27.79	94.4
Creston.....	M	M	62	(1976)	-18	(1985)	M	31.82	92.7
Davenport.....	38	33	65	(1939)	-16	(1985)	0.02	33.93	89.0
Des Moines.....	36	31	64	(1976)	-16	(1985)	Trace	31.52	96.8
Dubuque.....	34	29	60	(1877)	-19	(1985)	0.00	26.32	70.1
Fort Dodge.....	34	29	59	(1962)	-22	(1985)	0.00	31.25	93.4

Omaha.....	36	32	67	(1939)	-15	(1985)	0.07	30.40	90.7
Shenandoah.....	33	31	63	(1976)	-18	(1981)	0.00	25.97	79.2
Sioux City.....	35	29	60	(1976)	-19	(1983)	0.00	24.18	94.7
Spencer.....	32	27	59	(1923)	-22	(1985)	0.00	29.61	105.0
Waterloo.....	38	30	57	(1923)	-23	(1983)	0.00	29.51	89.0

T — Ties record. * — New record. M — Data unavailable.

SOLAR INDEX
1 Here is the expected mid-day level of ultraviolet light in Des Moines, measuring harmful solar rays. The levels are: 0-2, minimal; 3-4, low; 5-6, moderate; 7-9, high; and 10+, very high.

Montreal.....	28	04	Mm	Mexico City.....	73	54
Ottawa.....	24	04	Clear	Monterrey.....	88	57
Regina.....	05	B01	Clear	Nassau.....	81	66
St. John's.....	29	22	Snow	San Juan.....	81	73
Toronto.....	29	19	Cloudy	St. Thomas.....	86	75
Vancouver.....	46	44	Rain	Trinidad.....	86	77
Winnipeg.....	08	B18	Clear	Veracruz.....	86	65

Staunch abortion foes criticize Dole

CAMPAIGNS

Continued from Page 1M

to Life Committee and a Gramm organizer.

Defections, Debate

In other campaign developments Monday:

• Buchanan lost another supporter with deep Iowa ties. Guy Rodgers, 40, who directed the early stages of Buchanan's national campaign, said he is going to work for Gramm as his deputy national field director.

Last week, Marlene Elwell, who ran Buchanan's early effort in Iowa, went to work for Dole.

Rodgers said he left Buchanan's campaign several months ago for personal and business reasons. "There was no falling out," Rodgers said, although he was miffed at Buchanan for criticizing GOP lawmakers who have proposed to slow the growth in Medicare spending.

Rodgers said he is also upset with Dole because "I don't think social conservatives will have a place at

the table" in a Dole administration.

He said Gramm is the social conservative with the best chance of winning. "This wasn't a philosophical decision as much as it was a strategic one," Rodgers said. "It seems to be that Phil Gramm is the best alternative to Bob Dole."

Rodgers was an early organizer of Christian broadcasting executive Pat Robertson's campaign in Iowa in 1987-88, and after that he worked for the Christian Coalition.

Bob Haus, the manager of Gramm's effort in Iowa, said Rodgers' switch to Gramm "is another good sign that conservatives in this state understand that the only conservative who can win the nomination is Phil Gramm."

Greg Mueller, the press secretary for Buchanan, groused that "folks are being bought."

• The debate over caucus dates went another round as GOP leaders debate whether to move up the Feb. 12 date.

Former Tennessee Gov. Lamar Alexander, one of the candidates run-

ning for the nomination, said in Cedar Rapids that the question is one for Iowans to decide and will be a mixed bag for his campaign.

Alexander told reporters if Iowa and New Hampshire move up their dates it would save his campaign money and enable him to have more time to raise money before the start of the Southern regional primaries scheduled after New Hampshire.

But Alexander added that "anything that diminishes Iowa's place as the first in the nation caucus is bad for the presidential primary process. The rules of the game are set. Everyone knows what they are. You don't change the rules of the game 15 seconds before the game starts."

Alexander was the first candidate to promise not to campaign in Louisiana after that state threatened to

move its congressional district caucuses to Feb. 6.

Over the weekend, Iowa state GOP chairman Brian Kennedy and Gov. Terry Branstad, who are normally close allies, split over the issue of moving the date. Kennedy said he would ask the central committee to leave the date at Feb. 12.

Branstad said he wants to move the date if the Justice Department does not force Louisiana to back down and if New Hampshire officials want to move up the date of their primary.

State Democratic Chairman Michael Peterson said his party is ready to move the date, and urged Branstad to go to Louisiana to negotiate a deal. "I fear for the future of the caucuses if you allow Louisiana to go first," Peterson said.

Sesquicentennial book reprinted because of flaws

100,000 copies were found to have problems, including bowed covers, book jackets that were not trimmed, and inadequate binding.

By JONATHAN ROOS
 REGISTER STAFF WRITER

A book published for the Iowa Ses-

quicentennial book that might have been out there," said Craig Maltby, a spokesman for Meredith Corp.

"We're going to make sure that none of those books are going to be in circulation or sold to the public," Maltby said. "All the customers will have the kind of product that they expect."

The production problem prompted a change in printers, from Rand McNally to R.R. Donnelly. Meredith Publishing Services is the contract

What C proper

The Register's Iowa News

What Cheer, Ia., property of the Pa newspaper in What tioned off by the In Service Monday to p but the paper contin

Chuck Dunham, p nearby Brooklyn Ch son. Ray Dunham, b the property. "I'l plan to lose money Dunham said.

Patriot-Chronicle mond Newcomb has computers at Dunh publish the Patriot-C

Just under \$4,000 the sale, IRS spokes said. The business o \$8,400. He said he co the specifics of the some taxes remain u will check into "anyth do to get the governm

Student, 18, ar for making bon

The Register's Iowa News

Eldridge, Ia. — A North Scott High Scho arrested Monday afte making a bomb thre the evacuation of all s the district surround



SEAMLESS STEEL SIDING

We are #1 in the Siding Business

- Custom Fit To Your Home
- No Ugly Seams
- No Gaps
- No Joints
- No Cracks
- Free Estimates
- 100% Financing
- No Money Down
- Low Monthly Payments
- We Work Year Around

Call Today!
 Special Early Winter Prices

We take all credit cards

PUT YOUR CONFIDENCE IN A COMPANY THAT CAN DELIVER

Dole plays dual roles with skill

— at least for now

Boston
Globe

12/19

By Michael Kranish
GLOBE STAFF

WASHINGTON — The defining moment of Sen. Bob Dole's dual role this year as majority leader and presidential candidate may have occurred just after the famous Air Force One trip in which he and House Speaker Newt Gingrich were told to leave the presidential jet by a rear exit.

Gingrich was scorned for being a "crybaby" when he said the supposed insult by the Clinton administration played a role in shutting down the government. But Dole merely laughed it off, saying he was "just looking for an upgrade." Dole made his point and earned appreciative laughter, while Gingrich was blamed for the government shut-down and became the subject of jokes.

Now, as Dole enters negotiations with Clinton over the budget this week, the same strategy appears at work. Dole, criticized by his GOP

challengers as a deal-maker, wants to reach agreement with President Clinton to end the government shut-down. But the key is that he only wants to do so with Gingrich at his

side, presumably helping to shield the Kansan from criticism by conservatives such as challenger Sen. Phil Gramm of Texas.

"It's time for a little adult leadership," Dole said Sunday, in a comment demonstrating both his derision of other pretenders to the presidency and his view that his deal-making experience will work in his favor. Dole said he could work out an agreement in a day if he could sit down with Clinton and Gingrich.

Still, there is risk in Dole's strategy. Some conservatives, believing that the time to end Dole's apparent grip on the GOP nomination is now or never, are ready to jump faster than ever on any deal Dole makes with Clinton. At the same time, Dole's critics are pouncing on anything that seems like a move away from party doctrine. For example, when Dole on Sunday repeated his stance that he doesn't want abortion to be an issue in the presidential campaign, conservatives immediately jumped on Dole's statement.

"Dole is defecting on a major issue," commentator Patrick Buchanan, one of Dole's GOP challengers, said in an interview. "I hope he is not following that Nixon memo about how you go to the right to win the nomination and then go to the center to win the election. The American people are fed up with that."

At issue was Dole's statement Sunday on "Meet the Press," in which he said he opposes a constitutional amendment against abortion. Dole, who once supported the measure, has spent much of the year trying to assure abortion foes that he is with them, but he also has strived to play down the issue.

"My view, as a Republican candidate, is this shouldn't be a dominant issue in the Republican nomination or the campaign for president," Dole said Sunday. "It's a very important issue to many, many people. They feel very strongly about it. We have people on both sides of the issue who are Republicans who feel strongly about it. I'm not trying to divide the

party. I want to multiply Republicans, not divide Republicans."

Dole's maneuvering on everything from abortion to the budget to Bosnia has all the earmarks of a leader trying to take tactical advantage of his powerful leadership post.

So far, at least, Dole has had success in running for president while maintaining his position as a Senate leader, an unusual feat. While some advisers urged Dole to resign as majority leader, Dole has taken advantage of his position because so much of the nation's attention is on the "revolution" in Washington.

If he had resigned as majority leader, Dole might have been perceived as incidental to the massive changes instead of an engineer of them. Now, Dole says with a smile that he is so busy in Washington he doesn't have as much time for campaigning. Gramm, in a recent interview, agreed that Dole has been successful when he has kept the focus on the Senate.

"I believe that if the election is

determined in Washington, Dole will win," Gramm said. "If it is determined in America, I will win... clearly it probably helps Dole that he is seen there with Newt in every confrontation with the president, but it will hurt Dole if he backs down."

As for Dole's role in shepherding the Republican agenda through the Senate, Gramm said "most party activists know that Dole is not a strong backer of the Contract with America."

Indeed, while Dole has won many plaudits for the way he has handled the balancing act so far, he may just be entering his most difficult period, as he asserts his independence on issues such as Bosnia and abortion.

Many Republicans, including Gramm, have criticized Dole for being too supportive of Clinton's deployment of US troops in Bosnia. So far, Gramm's efforts to undercut Dole have not had much impact on GOP primary polls, which typically show Clinton leading.

Lexington Herald-Leader

12/19/95

PATTON: Governor visits Clinton in D.C.

FROM PAGE B1

stances.

"Obviously, there's a lot of factors," he said. "I want to find out what the alternatives are. There may be people with whom you disagree very strongly on one issue, but when you look at the entire spectrum of alternatives ... then you find it's a little bit less black and white."

In August, Clinton proposed FDA regulation of cigarettes and smokeless tobacco as part of an effort to reduce teen-age tobacco consumption.

Patton, in the midst of a governor's race where the votes of tobacco-farming families were important, responded immediately.

According to a copy of his

prepared remarks, Patton said: "If this proposed regulation becomes law, I cannot support the president for re-election."

Clinton has said he would prefer to address teen-age smoking issues through legislation rather than FDA regulation. U.S. Sen. Wendell Ford, D-Ky., and U.S. Rep. Scotty Baesler, D-Lexington, have introduced bills designed to accomplish this end.

Apparently, those bills, at least in their current forms, aren't acceptable to the White House. "At this point, I don't sense common agreement on a particular piece of legislation," Patton said yesterday.

The Republicans, who control Congress, also have shown no inclination to push through any bills addressing teen-age smoking.

Patton, Ford and U.S. Rep. Hal Rogers, R-Somerset, puffed on cigarettes at the beginning of yesterday's meeting with reporters and other members of Kentucky's congressional delegation.

Ford took notice of Patton and

said: "He's smoking, I'm smoking. I want you to know this is a good tobacco day."

On a separate issue, Patton sharply criticized Republican proposals to reduce the rate of growth in Medicaid money that states receive.

"It will either result in dramatic cutbacks in the quality of health care available to a lot of our people or it will just completely consume the state resources," Patton said. He said children might be among the first affected by the budget-balancing measure.

Medicaid is the government program that provides health insurance for the poor and disabled. It also provides long-term care for elderly people who meet certain income and wealth guidelines.

Patton, accompanied by Lt. Gov. Steve Henry and several others from his administration, went to Washington yesterday for meetings with Clinton and human services and transportation officials.

EX-Herald 12/19/95

Patton backs off pledge after meeting president

BY BOB GIEGER

HERALD-LEADER WASHINGTON BUREAU

WASHINGTON — Democratic Gov. Paul Patton yesterday backed off his campaign pledge not to support President Clinton for re-election if the Food and Drug Administration regulates tobacco.

Patton said he discussed the issue with Clinton during an afternoon meeting at the White House.

"If FDA regulation became law, then I would have trouble supporting the president," Patton said. But he no longer would rule out endorsing Clinton under such circumstances.

SEE PATTON, B3

EX-Herald 12/19/95

Come to Rupp, Mr. President

During his meeting with the president, Gov. Paul Patton invited President Clinton to attend the Feb. 11 University of Kentucky basketball game against the University of Kentucky at Rupp Arena in Lexington. There was no word whether Clinton, a Kentucky fan, would attend.

Patton talks tobacco with Clinton, but teen smoking still up in air

By MIKE BROWN
Staff Writer

WASHINGTON — Gov. Paul Patton said President Clinton yesterday reiterated his willingness to consider a legislative solution to the problem of underage smoking.

But Kentucky's new governor, who was in Washington with his wife, Judi, and about 11 aides on a get-acquainted visit, conceded there is no agreement in sight on just what such a law should entail.

Clinton, who has proposed using the Food and Drug Administration to fight teen-age smoking, met with Patton and Lt. Gov. Steve Henry for about 20 minutes yesterday, the governor said afterward. Vice President Al Gore also was present.

In remarks to reporters, Patton said he told Clinton that he supports him for re-election now, but that it would be "a problem" to support him if FDA tobacco regulation goes into effect before the election.

However, Patton, who instead wants Congress to enact a law aimed at reducing underage tobacco use, indicated that he isn't categorically ruling out support for Clinton if the FDA acts. He suggested he would look at "the entire spectrum" of candidates.

A White House spokeswoman said the meeting was private and the president would have no public comment.

Patton and members of his entou-

rage met with various administration officials and members of Congress to establish "points of contact" in Washington, in Patton's words.

Press secretary Melissa Forsythe estimated the trip cost the state \$8,500, although she said that doesn't include the expenses of either Milo Bryant, who made separate travel arrangements, or a trooper who came for security reasons.

Bryant, who has been named an unpaid transportation adviser, met with federal transportation officials yesterday, along with state Transportation Secretary Fred Mudge.

Asked about Bryant's duties, Patton said, "Mr. Mudge will be the secretary of transportation" and Bryant will be "helpful" where he can. He said Bryant knows a top federal highway official.

All of the Kentuckians were to fly home late yesterday except for the Pattons and Henry, who were attending a holiday reception last night at the White House.

The president and first lady are hosting a series of receptions this week, sometimes two a night.

Opening a meeting in the Capitol with Patton and members of the Kentucky congressional delegation, Sen. Wendell Ford noted that he, the governor and Rep. Harold "Hal" Rogers, R-5th District, were all smoking, and declared this "a good tobacco day."



Ron Clark, a fifth-grade teacher at Snowden Elementary School in Aurora, tells members of his class, including Jon Mills and Carmica Brown, that they will be guests at the White House.

THE ASSOCIATED PRESS

Quiz kids to visit Clintons

By BOB WILLIAMS
STAFF WRITER

AURORA — Some enterprising Beaufort County fifth-graders are headed to the White House next week after they took first lady Hillary Rodham Clinton up on an offer to visit.

The 13 members of Ron Clark's fifth-grade class, already excited that the first lady was calling to congratulate them on a class project that appeared in newspapers nationwide, howled with delight when she invited them for a personal visit with her and the president.

"We still can't believe it," said Clark, a teacher at Snowden Elementary School. "We had no idea the project would ever lead to anything like this."

Since September, the class has been creating geography brain-teasers and running them as advertisements in local newspapers.

The ads invited readers to write the class and respond to the puzzles. Clark and the students conceived the idea while studying newspapers and advertising. Students were fascinated that they could pay to put messages in the newspaper.

The class ran the ads in several North Carolina papers, then hit the big time on Dec. 6 when a \$12,000 donation from an anonymous donor who asked to be called "Santa Claus" allowed them to run an ad in USA Today.

Directed to "President Clinton and people around the world," the ad asked what kills more people each year than AIDS, alcohol abuse, car accidents, murders, suicides, illegal drugs and fires combined.

The White House replied, notifying the school that the first lady would phone Friday to answer the puzzle.

Dressed to the nines, with par-

ents and several local folks looking on, the class got Mrs. Clinton's call about noon.

"Everyone was very excited," Clark said.

Mrs. Clinton knew the answer to the puzzle: tobacco kills that many people.

Later on, the first lady asked the students questions about the project and themselves.

Then she issued an invitation to visit the White House.

"Some of the people cheered like crazy and some burst into tears," said Clark. "Everyone was hugging each other."

Alerted on Wednesday that the call was coming, parents and local businesses already had collected about \$4,000 to pay for a trip to Washington.

But a trip to Washington isn't the only payback, Clark said. The ads have elicited 1,500 responses, ranging from simple answers to long letters filled with advice.

END

Raleigh
News
and
Observer
(NC)
12-16-95

Some key national figures with views in the middle of the political spectrum gather in Minneapolis to plot a platform for the "passionate center."

Prominent moderates put parties on notice not to ignore their views

By Dane Smith
Star Tribune Staff Writer

Political moderates, by definition, tend to be less passionate than those on the ideological extremes, but an outspoken band of centrist politicians meeting in Minneapolis Monday delivered a flaming indictment of adversaries on the left and right.

The cadre of prominent moderate Democrats, Republicans and independents demanded that conservative Republicans and liberal Democrats take notice of a "passionate center" that wants practical and humane solutions to the nation's budget crisis and social problems.

Warning that an aging population will burden government programs with "a nation of 50 Floridas early in the next century," former Minnesota Congressman Tim Penny, a leader of the group, issued a manifesto of principles and policy positions from the group that he said are aimed at providing "generational equity."

Republicans, the group said in a joint statement, are "reinforcing the party's worst instincts of societal exclusion, environmental exploitation, and a devil-take-the-hindmost social policy." And

Democrats are "reinforcing the party's worst instincts of fiscal irresponsibility, interest-group politics and incumbent protection."

"The Democrats cannot add, and the Republicans cannot compassionately subtract," the statement said.

Penny was joined by a 1992 presidential candidate, Paul Tsongas, and former Colorado Gov. Richard Lamm, who together delivered a speech to a dinner audience of about 200. It capped two busy days of meetings and panel discussions sponsored by the International Conference Foundation, which is supported by some of Minnesota's largest corporations.

Others who signed the statement, "The Road to Generational Equity," were former Colorado Sen. Gary Hart and former Illinois Rep. John Anderson, both presidential candidates in the 1980s, and Lowell Weicker, a former U.S. senator and Connecticut governor who has run as both a Republican and an independent.

The meeting at the Minneapolis Hilton Hotel, which drew national and local leaders of Ross Perot's 1992 presidential campaign, also attracted the attention of the nation's most powerful politicians and the leading antagonists in Washington, D.C.

House Speaker Newt Gingrich spoke to the group via satellite on a large-screen television and answered questions. Gingrich, although emphatically not a moderate, agreed with several speakers at the symposium that the national political structure is undergoing profound change. He called this situation a "rolling re-

alignment" and predicted that unsettled conditions will continue into the next century.

Also weighing in was the Clinton administration, which was represented by Elaine Kamarck, a senior adviser to Vice President Al Gore.

The moderate dissenters came up far short of forming a third party or endorsing an independent candidate, and Penny acknowledged that the success of "a middle way" may depend on the emergence of a credible independent candidate. An early favorite was Colin Powell, former chairman of the Joint Chiefs of Staff, but he removed himself recently as a potential candidate.

The manifesto included a summation of four "points of agreement" for what has variously been called "the radical center" or "the sensible center":

► **Fiscal conservatism.** The top priority must be a balanced budget, which flows "from the common revulsion people feel about saddling their children and grandchildren with a \$5 trillion albatross of debt." The group called for no tax cuts until the budget is balanced and for putting Social Security, the most sacred entitlement program of all, "on the table."

► **Social inclusion.** "Most Americans are not racist. Most Americans are not sexist." Increasing numbers of Americans are accepting of sexual orientation and of abortion rights, the group argues, and Americans feel this way "very passionately."

► **Environmentalism.** Americans are not so fed up with regulation that they approve of Republican proposals to open wildlife refuges

for oil exploration or rollbacks in the Clean Water and Clean Air acts.

► **Political reform.** The center is "sickened by the never-ending corrosive impact of money and politics." The leaders of both parties are cynically proposing reform but avoiding any real action, the group alleges.

Its statement also calls for more means-testing for entitlements, for innovations such as charter schools and public school choice, and for America to "have a conversation" over end-of-life health care.

The document condemns an illegitimacy rate that now runs at more than 30 percent and a popular culture that promotes "instant gratification and consumptive lifestyles, while calling for a more 'spiritual America.'" It disapproves of having "school prayer of the majority religion crammed down the throats of everyone else," but suggests that "a moment of silence" for prayer or meditation would be OK.

Neither party delivers on all of these principles, the statement said, and the group's mission is to "force, persuade and embarrass the two major parties to move toward this passionate center."

Polling data over the last two decades has shown a major shift to political independence, and 60 percent of the public now supports formation of a third major party, several conference speakers noted.

► CONCORD

The Telegraph 12/19/95

Nashua, NH

Lugar unveils nuclear-threat ads

■ GOP candidate hopes the issue will separate him from rest of Republican field.

By KEVIN LANDRIGAN
Telegraph Staff

CONCORD — Don't be alarmed this week if between television commercials, an unfamiliar news anchor breaks in and reports that nuclear materials have been stolen by a rogue terrorist group.

It's only Republican presidential candidate Dick Lugar trying to make the point that such "loose nukes" are a defining issue separating him from President Bill Clinton and the rest of the GOP primary field.

On Wednesday, Lugar's campaign unveils an emotional, four-part series that creates, in 30-second dramas a scenario of what might happen if a gang of terrorists stole and threatened to detonate three nuclear bombs in America.

After introducing the subject, the second ad advances the story and ends with a young girl asking her mother as she is tucked into bed, "Mommy? Won't the bomb wake everybody up?"

A third ad then concludes with an exasperated aide to an unseen president calling on the chief executive to make a decision.

The fourth ad, a 60-second commercial, concludes with Lugar contending that that terrorism poses a greater nuclear risk than we faced during the Cold War, when the

mutual strength of the U.S. and Soviet Union worked to deter nuclear war.

"Nobody wants to talk about nuclear terrorism. But hiding from it won't make it go away," the Indiana senator says. "I've been on the front lines fighting this battle, and I can tell you that ready or not, the next president will be forced to deal with it. Starting now, the contest for the presidency must change.

"All of us in the race promise to balance the budget, cut taxes, shrink government. And with a Republican Congress, any of us will do this," he says. "But the president never gets to that agenda if America isn't secure. What this is about is electing a president you trust with your life."

Lugar's New Hampshire campaign manager, Jim McKay, defended the airing of the emotional ads during the holiday season.

"This is an issue which makes you think about your family and your future. There are some issues which only a president can be able to handle and this is one," McKay said.

Last summer, Lugar held Senate hearings on the subject and he's also played a role in shaping the upcoming debate on the START II treaty with Russia, which would reduce the number of nuclear mis-

siles in each country's stockpile by two-thirds.

McKay said the idea for this serial advertisement came from the candidate's two campaign directors in Iowa, who run their own media consulting firm.

"The idea of having a developing story actually came from the Taster's Choice (coffee) commercials," McKay said.

The fictional drama is reminiscent of the "War of the Worlds" radio broadcast, which nearly 60 years ago frightened many citizens with a mock news broadcast about an invasion from outer space.

McKay said he was not concerned that some viewers would be fooled by the commercial due to its brevity.

"We aren't buying a 30-minute ad or creating a newscast. It's short enough to give them a taste of what might really have occurred," McKay added.

Trying to recreate the magic of '92

Buchanan hopes to give Dole a Bush-like race

By TOM RAUM
The Associated Press

Pat Buchanan has a knack for wading into trouble — even when discussing Santa Claus.

"What do you think about the whole story about Santa?" he asks a class of Manchester first-graders after reading them *The Night Before Christmas*.

Buchanan quickly abandons the line of questioning when a look of apprehension crosses the teacher's face. They talk reindeer instead.

It is one of Buchanan's few retreats.

Controversial, combative, invariably quotable, the conservative commentator is trying hard to recreate the excitement of four years ago, when his second-place finish in New Hampshire against President Bush turned him into a political meteor.

Buchanan's 37 percent of the New Hampshire vote in 1992 was in large part a protest against Bush. This time, Buchanan claims the race "is winnable" — even if polls show him in the single digits nationally.

"We're not running against a sitting president. We're much closer to Bob Dole than we were to Bush," Buchanan, 57, said in an interview.

He hopes a respectable showing in Iowa and a strong one here can break him out of the GOP pack trailing Dole.

"We've got to come out of New Hampshire in a two, or maybe three-man race," acknowledged Bay Buchanan, the candidate's sister and campaign manager.

In 1992, Buchanan's meteor burned out in the 13-state "Super Tuesday."

This year, Super Tuesday (March 12) is "not the wall we faced last time," Bay Buchanan said. There are fewer races, Buchanan has more cash, "and by the time we get to it, we'll have gained enough momentum."

Most outside the Buchanan camp give him long odds.

"He may be a one-state candidate for the right-wing conservatives," said Georgetown University political scientist Stephen Wayne. "I don't see where he broadens his appeal."

But don't tell that to the "Buchanan Brigades."

Contributions keep flowing. Retired Gen. Colin Powell's six-week flirtation with a run, which froze donations to other campaigns, "didn't affect us at all," said Scott MacKenzie, Buchanan's treasurer.

Current contributions — most by mail or from phone pledges — are running above the \$2.1 million raised in the July-September quarter, MacKenzie said. The campaign has raised and spent more than \$6 million and will qualify for \$4 million in federal matching funds

next month.

That may pale alongside the \$20-million-plus funds of Dole, Sen. Phil Gramm and President Clinton. But it's enough to allow Buchanan to start running TV ads and stay on the road.

"The secret weapon that I've got this time is the Perot voters," Buchanan said. "They're with me all the way."

Buchanan courts Perot backers at every stop. "We've got to have them back," he tells a business breakfast here. "We've got to have a coalition mentality."

But former Perot pollster Frank Luntz suggests Buchanan overstates his case in claiming Perot supporters as natural allies.

"Every time Buchanan starts talking about social issues, he starts turning off the Perot people," said Luntz, who has advised Gramm. While Perot supports abortion rights, Buchanan is outspokenly anti-abortion, Luntz noted.

Even some staunch conservatives are uneasy with Buchanan, suggested Richard Vigueria, a right-wing activist who backed Buchanan in 1992 but not now.

"Most conservatives don't share Pat's views on trade. A lot of us don't on immigra-

tion," said Vigueria, who says he's comfortable with Dole but isn't taking sides.

Buchanan preaches protectionism and more curbs on immigration. He blasts Clinton for sending troops to Bosnia and Dole for supporting the mission.

More than most, Buchanan seems to enjoy the more grueling aspects of campaigning — the endless stops at factories, civic luncheons and town squares.

"I love it," says the former co-host of CNN's *Crossfire* and one-time communications aide to Presidents Nixon and Reagan. "It can be very exhausting. We've been at it 10 months now. I still have spirit and enthusiasm."

At a small family business in Manchester that makes medical catheters, Dunn Industries, the candidate is shown around by founder Chet Dunn.

Dunn, 58, tells a reporter he's not committed to any candidate — but doesn't want Clinton again and is unhappy with Dole's decision on Bosnia.

"Pat was the first to come by. I'm impressed," Dunn said. "He thinks some of the things I think."



Republican presidential candidate Pat Buchanan reads *Twas the Night Before Christmas* to Mrs. St. Hilaire's first-grade class in Manchester last week.

"It can be very exhausting. We've been at it 10 months

Governor quits political group

● Discussions about widening the 1996 national election field became too time-consuming, King says.

Associated Press

AUGUSTA — Gov. Angus King announced Monday he was withdrawing from a discussion group promoting alternatives to the Democratic and Republican parties in the upcoming national election.

He said he is "fully engaged" in state affairs and so cannot participate in the group formed by a handful of prominent political figures.

King, who had taken part in several conference calls with the group, said he told the others Sunday he was dropping out.

The nation's only independent chief executive, who is winding up his first year as governor, said the



Gov. Angus King

No time to "write essays"

talks were "starting to take more time than I could justify."

"It's just not where I am," King told reporters in his State House office. He added that he once

assumed it most likely that the discussions would produce an independent presidential candidate, but now considered that they probably would not.

King said he had regarded New Jersey Sen. Bill Bradley and former Connecticut Gov. Lowell Weicker as the members of the group most likely to enter the 1996 race, but now perceived both to be "backing away."

"There are just enormous logistical and financial obstacles," King said.

Among other participants in the talks have been former Massachusetts Sen. Paul Tsongas, former Colorado Gov. Dick Lamm and former Minnesota Rep. Tim Penny.

King said initial reports in the media of the private talks had changed the nature of the discussions.

"This thing got a more formal life than it ever really had," he said.

King cast his own involvement as almost accidental, saying, "I got into this by answering the phone."

Most recently, King said, the talks had turned toward proposals for developing formal statements and issues papers, and that he concluded he had more pressing duties than to "write essays."

"My job's here," said King, who had come under some editorial criticism for his flirtation with presidential politics.

As Maine's second independent governor in 20 years, King has been outspokenly critical of partisan politics on occasions when his legislative agenda has run into trouble in the Democrat-controlled House of Representatives or Republican-held Senate.

He won election in a four-way race that featured a Green Party candidate as well as a Democrat and Republican. He spent about \$1 million of his own money on the campaign and won 35 percent of the vote.

As proof of his focus on state matters, King said he had recently turned down invitations to appear on several national media shows.

DATE: 12-20

TO:

Leon
George
Gene
Robin

Leah
Don

FROM: Staff Secretary

FYI. I forwarded to
President.

Todd

95 DEC 19 P4:15

MEMORANDUM FOR THE PRESIDENT

From: Robert B. Reich 
Date: December 18, 1995
Subject: Pensions

Pension security should be one of your major themes. It ranks up there with Social Security and Medicare as a concern of working people. In the past three years the administration has accomplished a great deal to make pensions far more secure.

Overview

Approximately half of all working Americans in the private sector have pensions. More than 22 million are in 401(k) tax-deferred plans, in which they contribute from their own paychecks (about 3/4 of these workers have some part of their contribution matched by their employer). There are about 40 million participants and beneficiaries in private "defined benefit" plans, in which employers promise a specified pension when they reach retirement age. 401(k)s are growing quickly; defined benefit plans, provided mostly by large corporations, are declining as the proportion of employment in large firms shrinks.

Security of defined benefit plans

The problem here is that some companies fail to put aside enough money in their plans to fully fund their pension obligations when they come due. When you came to office, the problem of underfunding was growing dramatically. In 1987, underfunding amounted to \$27 billion. By the end of 1993, it was \$71 billion. The Pension Benefit Guarantee Corporation, which takes over the responsibility from underfunded plans, was going deeper into debt (I chair the PBGC). We didn't have a Savings and Loan situation on our hands, but it was heading in that direction.

The Pension Reform Act of 1994. Your Pension Reform Act changed all that. The law now requires that underfunded plans get on track toward full funding. We also put the spotlight of publicity on underfunded plans. Both of these initiatives, coupled with higher interest rates, turned the tide. The latest data show that underfunding has dropped to \$31 billion.

The Republican's current attack. Before 1990, companies with overfunded plans (i.e., more than enough money to pay pension obligations at the time) routinely used the surplus for their own purposes (typically for leveraged buyouts). This practice also threatened the integrity of the plans, because an overfunded plan at one point in time could become underfunded at a later point in time (if asset valuations and interest rates change). In 1990, Congress closed that barn door by imposing a high excise tax on the use of any such surplus.

Now, the Republican budget plan seeks to reopen that barn door. By the Republicans' own estimate, corporations would remove from their plans about \$15-18 billion over the next 5 years. You are opposing this.

Security of 401(k) plans

Over 22 million working people save through 401(k) pension plans (up from around 7 million just ten years ago). There are now more than 150,000 such plans, with more than \$600 billion in assets.

Enforcement crack-down. The vast majority of 401(k) plans are secure. During the last year, however, the Department of Labor has received a number of complaints from employees about employers who allegedly have failed to deposit in the plans employee 401(k) contributions withheld from paychecks. An unusually high percentage of such complaints have resulted in civil and criminal actions. The Department has opened over 400 cases and recovered more than \$3.5 million for 2,800 workers to date. Some cases have been turned over to federal and state prosecutors; several employers have been found guilty and await sentencing.

As a result of the Department's enforcement actions, the issue has received significant coverage in recent weeks, including all network morning and evening news programs, as well as all major print media (see attached sample clips). We have emphasized the importance of employee awareness, while also assuring employees that the vast majority of 401(k) plans are secure.

Additional steps to secure 401(k)s

In addition to our enforcement and public-awareness efforts, we are pursuing three other means of safeguarding 401(k) pensions:

1. Tightening the rules on speedy deposits. Last week (December 11), we announced that you had asked me to propose to reduce the maximum amount of time that employers can hold their employees' 401(k) savings before depositing the money into an employee benefit plan. Under current regulations, employers must

deposit as soon as possible but no later than 90 days from the date of withholding. We have had a number of reports of employers routinely holding the contributions for the full 90 days, treating them as a kind of permanent tax-free loan fund. The proposed rule would require that employers deposit employee 401(k) contributions on the same schedule that payroll taxes must be forwarded to the Internal Revenue Service. After a comment period, we expect a new rule to be in place within 90 days.

2. Requiring accountants to report fraud. Last July, the Administration sent to Congress the "ERISA Enforcement Improvement Act," which would, among other things, require accountants to report immediately to the Labor Department any evidence of serious plan fraud. On December 7, 1995, you wrote to congressional leaders urging swift approval. We expect Senators Jeffords and Simon to introduce the legislation this week. There is considerable bi-partisan support.

3. Amnesty. Finally, we're discussing with Treasury and Justice a possible "amnesty" period during which employers could restore delinquent 401(k) deposits without penalty. This is on track for announcement between Christmas and New Year. The timing of this announcement could be affected by the government shutdown.

Your visibility on pension security

You have had some visibility on various of these pension security issues, but the overall story has not been told. The administration should get more credit. You might consider a place in the State of the Union, or a separate free-standing speech.

Pension security fits nicely within an overall theme emphasizing the importance of ensuring that all Americans enjoy the fruits of their hard work--coupling opportunity and responsibility, linking American work with the American dream.

OK ~~NOT~~
Can see help in
you office? should
not see you in
of all
OK
pm

WHITE HOUSE
WASHINGTON

December 18, 1995

Mr. and Mrs. William E. Coyle
Six Huntington Road
Little Rock, Arkansas 72227

Dear Deb and Bill:

Your Christmas greeting and special holiday wishes meant so much to Hillary and me. We miss you here -- much more than you might think. Hopefully, you are well settled in Little Rock again and things are going great for both of you.

Thank you for your encouraging words and especially your prayerful support. Both strengthen us for the challenges before us each day.

Hillary joins me in wishing for you both a blessed Christmas and a healthy and fulfilling new year.

Sincerely,

Brian

Bill and I have been very
proud of your work all along,
but you've clearly grown into
this job over the last three
years and are looking better
than ever.

We recently wrote Michael
Cardoza. I hope we can be of
more help in the future. Lynn
Cutler wrote me recently and
suggested ways we can help
from Little Rock. She's great.

Bill and I wish you both
and Chelsea a wonderful
holiday season and send
our love and admiration.
Our prayers are with you.
Merry Christmas!

Muller
Jepson

Thinking of you
at Christmas
and wishing you
a bright
and beautiful season.

Spectacularly,
Deb & Bill

John F. Bammel
6 rue Antoine Jans
L-1820 Luxembourg

Fax #: 352-22.12.95 [home]
Fax #: 352-50.18.325 [office]

12/20/95

~~To Agency Liaison?~~

Jenny

✓ Yes McArthur

— No

20 December 1995

President Bill Clinton
The White House
Washington DC

Other _____

I hope that you and your family are going to have an enjoyable Christmas. Mine is held hostage by the American Government.

I am an American expatriate currently living in Luxembourg, Europe. My daughter, Catherine Michelle Bammel, is stationed for the U.S. Army in Germany. My son, Dale, lives in Boston, holds a prepaid and non refundable airline ticket to come and visit us over Christmas in Europe. He has taken one week's unpaid vacation to make this trip but he cannot get a passport from the American Government. He has checked with the Passport Office and was told that they will only issue a passport in the event of a death in the family. In light of the fact that these Civil Servants are still being paid, I have a hard time understanding why nothing can apparently be done to remedy my son's situation. Surely something can be done! Will you please help?

I would appreciate any thoughts and/or comments that could lead to a resolution of our family situation. My home fax # is: 352-22.12.95, my office fax # is: 352-50.18.325. Thank you for your time and consideration with this matter.



John F. Bammel

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Mark Gittenstein

Fax Number: 861-0473

Phone Number:

FROM: Elena Kagan

SUBJECT:

DATE:

NUMBER OF PAGES (including cover sheet):

3

MESSAGE:

If all pages are not received, please call 202/456-2702

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

Veto Message for H.R. 1058

I am returning herewith without my approval H.R. 1058, the Private Securities Litigation Reform Act of 1995. This legislation is designed to reform portions of the federal securities laws to end frivolous lawsuits and to insure that investors receive the best possible information by reducing the litigation risk to companies that make forward-looking statements.

I support those goals. Indeed, I made clear my willingness to support the bill passed by the Senate with appropriate "safe harbor" language, even though it did not include certain provisions that I favor -- such as enhanced provisions with respect to joint and several liability, aider and abettor liability, and statute of limitations.

I am not, however, willing to sign legislation that will have the effect of closing the courthouse door on investors who have legitimate claims. Those who are the victims of fraud should have recourse in our courts. Unfortunately, changes made in this bill during conference could well prevent that.

This country is blessed by strong and vibrant markets and I believe that they function best when corporations can raise capital by providing investors with their best good faith assessment of future prospects, without fear of costly, unwarranted litigation. But I also know that our markets are as strong and effective as they are because they operate -- and are seen to operate -- with integrity. I believe that this bill, as modified in conference, could erode this crucial basis of our markets' strength.

Specifically, I object to the following elements of this bill. First, I believe that the pleading requirements of the Conference Report with regard to a defendant's state of mind impose an unacceptable procedural hurdle to meritorious claims being heard in federal courts. I am prepared to support the high pleading standard of the U.S. Court of Appeals for the Second Circuit -- the highest pleading standard of any federal circuit court. But the conferees make crystal clear in the Statement of Managers their intent to raise the standard even beyond that level. I am not prepared to accept that.

The conferees deleted an amendment offered by Senator Specter and adopted by the Senate that specifically incorporated Second Circuit case law with respect to pleading a claim of fraud. Then they specifically indicated that they were not adopting Second Circuit case law but instead intended to "strengthen" the existing pleading requirements of the Second Circuit. All this shows that the Conferees meant to erect a higher barrier to bringing suit than any now existing -- one so high that even the most aggrieved investors with the most painful

losses may get tossed out of court before they have a chance to prove their case.

Second, while I support the language of the Conference Report providing a "safe harbor" for companies that include meaningful cautionary statements in their projections of earnings, the Statement of Managers -- which will be used by courts as a guide to the intent of Congress with regard to the meaning of the bill -- attempts to weaken the cautionary language that the bill itself requires. Once again, the end result may be that investors find their legitimate claims unfairly dismissed.

Third, the Conference Report's Rule 11 provision lacks balance, treating plaintiffs more harshly than defendants in a manner that comes too close to the "loser pays" standard I oppose.

I want to sign a good bill and I am prepared to do exactly that if the Congress will make the following changes to this legislation: First, adopt the Second Circuit pleading standards and reinsert the Specter amendment into the bill. I will support a bill that submits all plaintiffs to the tough pleading standards of the Second Circuit, but I am not prepared to go beyond that. Second, remove the language in the Statement of Managers that waters down the nature of the cautionary language that must be included to make the safe harbor safe. Third, restore the Rule 11 language to that of the Senate bill.

While it is true that innocent companies are hurt by frivolous lawsuits and that valuable information may be withheld from investors when companies fear the risk of such suits, it is also true that there are innocent investors who are defrauded and who are able to recover their losses only because they can go to court. It is appropriate to change the law to ensure that companies can make reasonable statements and future projections without getting sued every time earnings turn out to be lower than expected or stock prices drop. But it is not appropriate to erect procedural barriers that will keep wrongly injured persons from having their day in court.

I ask the Congress to send me a bill promptly that will put an end to litigation abuses while still protecting the legitimate rights of ordinary investors. I will sign such a bill as soon as it reaches my desk.

861 0473

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 1058, the "Private Securities Litigation Reform Act of 1995." This legislation is designed to reform portions of the Federal securities laws to end frivolous lawsuits and to ensure that investors receive the best possible information by reducing the litigation risk to companies that make forward-looking statements.

I support those goals. Indeed, I made clear my willingness to support the bill passed by the Senate with appropriate "safe harbor" language, even though it did not include certain provisions that I favor -- such as enhanced provisions with respect to joint and several liability, aider and abettor liability, and statute of limitations.

I am not, however, willing to sign legislation that will have the effect of closing the courthouse door on investors who have legitimate claims. Those who are the victims of fraud should have recourse in our courts. Unfortunately, changes made in this bill during conference could well prevent that.

This country is blessed by strong and vibrant markets and I believe that they function best when corporations can raise capital by providing investors with their best good-faith assessment of future prospects, without fear of costly, unwarranted litigation. But I also know that our markets are as strong and effective as they are because they operate -- and are seen to operate -- with integrity. I believe that this bill, as modified in conference, could erode this crucial basis of our markets' strength.

Specifically, I object to the following elements of this bill. First, I believe that the pleading requirements of the Conference Report with regard to a defendant's state of mind impose an unacceptable procedural hurdle to meritorious claims being heard in Federal courts. I am prepared to support the

high pleading standard of the U.S. Court of Appeals for the Second Circuit -- the highest pleading standard of any Federal circuit court. But the conferees make crystal clear in the Statement of Managers their intent to raise the standard even beyond that level. I am not prepared to accept that.

The conferees deleted an amendment offered by Senator Specter and adopted by the Senate that specifically incorporated Second Circuit case law with respect to pleading a claim of fraud. Then they specifically indicated that they were not adopting Second Circuit case law but instead intended to "strengthen" the existing pleading requirements of the Second Circuit. All this shows that the conferees meant to erect a higher barrier to bringing suit than any now existing -- one so high that even the most aggrieved investors with the most painful losses may get tossed out of court before they have a chance to prove their case.

Second, while I support the language of the Conference Report providing a "safe harbor" for companies that include meaningful cautionary statements in their projections of earnings, the Statement of Managers -- which will be used by courts as a guide to the intent of the Congress with regard to the meaning of the bill -- attempts to weaken the cautionary language that the bill itself requires. Once again, the end result may be that investors find their legitimate claims unfairly dismissed.

Third, the Conference Report's Rule 11 provision lacks balance, treating plaintiffs more harshly than defendants in a manner that comes too close to the "loser pays" standard I oppose.

I want to sign a good bill and I am prepared to do exactly that if the Congress will make the following changes to this legislation: first, adopt the Second Circuit pleading standards and reinsert the Specter amendment into the bill. I will support a bill that submits all plaintiffs to the tough pleading

standards of the Second Circuit, but I am not prepared to go beyond that. Second, remove the language in the Statement of Managers that waters down the nature of the cautionary language that must be included to make the safe harbor safe. Third, restore the Rule 11 language to that of the Senate bill.

While it is true that innocent companies are hurt by frivolous lawsuits and that valuable information may be withheld from investors when companies fear the risk of such suits, it is also true that there are innocent investors who are defrauded and who are able to recover their losses only because they can go to court. It is appropriate to change the law to ensure that companies can make reasonable statements and future projections without getting sued every time earnings turn out to be lower than expected or stock prices drop. But it is not appropriate to erect procedural barriers that will keep wrongly injured persons from having their day in court.

I ask the Congress to send me a bill promptly that will put an end to litigation abuses while still protecting the legitimate rights of ordinary investors. I will sign such a bill as soon as it reaches my desk.

William J. Clinton

THE WHITE HOUSE,

December 19, 1995.

THE WHITE HOUSE
WASHINGTON

95 DEC 15 P6:15

December 15, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: RAHM EMANUEL^{Re}

SUBJECT: WEEKLY REPORT

CRIME:

As you know our intention was to leak the Drug testing story for Sunday to the Post. The Kennedy School of Government Professor called the Post reporter and preempted our strategy. Nonetheless, I think the story broke our way, and ABC and CBS are planning pieces for tonight. We are still preparing for the Monday announcement.

Bob Nash and I have met a number of times to discuss the progress of our search for a new drug czar. I cannot stress enough that we should make a recess appointment to avoid a bloody confirmation battle. Regardless of how good an appointment we develop, the Republicans will use the hearings to tear into the President's drug record over the last three years. A recess appointment does not require Senate confirmation.

I have also asked Justice and Dennis Burke in Domestic Policy to prepare five to six activities for the new drug czar to announce upon his/her appointment. I want to develop a first impression strategy to quickly establish the nominee's credibility. This would immediately benefit the President and provide the administration with a new start in the drug war.

HHS, Dr. Brown, and Deputy Secretary Kunin released the annual drug report on teenage drug use. Once again, the report shows use up in the areas of alcohol, tobacco, and drugs. I convened a meeting with press people from the different agencies and stressed using the study to press upon parents to use the Holidays to tell their children how dangerous these substances are.

Justice has finally signed off on our "Enhanced Juvenile Prosecution Legislation". The legislation calls for the prosecutor to decide whether to prosecute a juvenile as an adult or juvenile rather than the judge. This would only pertain to violent offenses with a weapon. The

decision is whether to announce the outline of the legislation on Sunday when the new FBI crime numbers appear.

The FBI six month report will show crime is down except among youth. Violent crimes committed by juveniles has exploded in the last decade (doubled). My preference is for a Sunday release of our legislation so that we play off of the new FBI numbers.

We are also ready to announce the grant awards for 6,000 more police officers whenever we can free up time on the Presidents schedule. I think we should do this sometime after the veto of the Commerce, State, and Justice Appropriations.

WELFARE:

We have prepared a Presidential letter to Congressman Archer and Shaw explaining our objections to the legislation and our intention to veto it. We are holding that letter until the Conference finishes their work. They still have not resolved their differences on school lunch and completed the conference report.

Senator Breaux and Daschle have sent a proposal to Senator Dole outlining the changes they would need to see to support the final product. Their proposal is close to our own objections. What we need to do is make sure they do not support anything we could not sign in the end.

If the Republicans continue to delay action and come to believe in the negotiations with the Senate Democrats, I think it is fair to say they would not seek a stand alone bill between now and the Holidays.

IMMIGRATION:

I met with Doris Meissner and her senior staff to review their operational plans for next month. They will hold a press conference to announce the year end removal numbers. They also intend to announce a new deployment of border patrol agents for the new year. Mid-January they are planning a multi-state sweep in the Northeast among numerous worksites. My goal is to get Jamie Gorelick and Doris Meissner to announce the total indictments. If that receives enough coverage, we should then sign the Executive Order on federal contracts and illegal immigration.

VALUES:

I have been working with the Counsel's office and they think by week's end we will have the President's Directive concerning guidelines for uniforms in schools, locker searches, and drug testing will be completed. Given the recent shooting in Prince George's County, we may want to move up the signing for next week.

LABOR:

We received decent coverage of the 401K announcement earlier in the week. I also convened a meeting of Justice, IRS, and Labor staff to discuss the next step in our campaign. We are planning to announce an amnesty during the holiday week when the news services are looking for stories. I think Labor is doing a great job in this area. After the first of the

year, I want Secretary Reich to travel through the Midwest hitting on this issue.

TRADE:

I am working with USTR on an announcement of a new enforcement office. This new department will emphasize the monitoring and enforcement of existing trade agreements. I think this will be helpful as we proceed into next year.

POLITICS:

In the last year we have correctly positioned ourselves as the moderate voice against the political extreme, exemplified by Newt Gingrich. As we look towards '96, however, I think that our strategic placement needs to be re-figured for a Clinton-Dole stand off. The further refinement of our strategic position should no longer be limited to the center vs. the extreme, but the future versus the past should be developed. That is more fitting for a Clinton-Dole race.



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

THE PRESIDENT HAS SEEN
12-18-95

Kathleen A. McGinty
Chair

December 15, 1995

95 DEC 15 P 9:28

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. MCGINTY *Ratna M. Mahapatra for*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

* As a follow up to your question, we are still in the process of eliminating 16,000 pages of federal regulations. As for the Environmental Protection Agency (EPA), I have talked with Sally Katzen who indicated that EPA so far has eliminated 60% of the 1,450 pages they promised.

BUDGET NEGOTIATIONS

As part of the veto of Budget Reconciliation, we continue to emphasize with great effect the Republican assaults on the environment. Reconciliation contains some especially indefensible special deals for special interests including the Arctic National Wildlife Refuge, Ward Valley, and sham mining reform.

* However, most of the Republican attacks on the environment have occurred in the discretionary appropriations bills for FY 1996 and not in Reconciliation which deals with mandatory spending. Therefore, we will need to show how we will protect future funding for the environment as part of the Administration's 7-year budget plan and contrast this with the Republican's approach. A convincing message on the details of how the Administration will achieve this is under development but is not yet in place.

APPROPRIATIONS

Need discussion of this
This week Congress finally passed the VA-HUD-EPA and the Interior Appropriations bills. Both bills still have a number of unacceptable policy riders. In addition, the EPA needs nearly \$1 billion dollars added back to its budget, while DOE needs about \$100 million for climate change.

As you know, both the Senate and House passed an Interior Appropriations bill. However, substantial opposition to the bill continues to exist. In the House, 187 Members voted to recommit the Tongass rider; in the Senate, 40 Members voted against the entire bill. House and Senate Appropriations Committee and Subcommittee Chairs have sent you a letter stating

that a veto of the bill will result in a year-long continuing resolution, and making the argument that the bill is a fair compromise. Senator Kit Bond (R-MO) has telephoned me with the same message on the VA-HUD Appropriations bill. Despite their arguments, the fact remains that both funding levels and several policy riders are significantly out of line with the Administration's positions.

TIMBER RIDER

We have discussed the general outline of our proposed legislative fix with several Pacific Northwest Members. This morning, I and other White House representatives met with Senator Mark Hatfield (R-OR) and Representative Norm Dicks (D-WA). Senator Hatfield was more open to legislative changes than I had anticipated. However, I believe the prospects are minimal. In the meantime, the press is starting to clamor for an explanation from us as to what kind of legislation you are looking for. We have said nothing since your statement (2 months ago) calling for legislation. I am urging that we go public again soon to explain our position. I fear bad stories, questioning your commitment to change if we don't speak out.

On the judicial front, U.S. District Court Judge Michael Hogan heard more cases dealing with the provision requiring the release of green timber sales. These cases dealt with sales that are under injunction in another court, cases in which the high bidder has already gone out of business, and cases in which the sales were offered prior to time period which we understood to be covered by the bill.

BONNEVILLE POWER ADMINISTRATION

While previously we had a concern about a rate increase for customers in the Pacific Northwest in October 1996, there in fact will be no rate increase. The BPA fish agreement that we reached with Senator Hatfield seems to have succeeded in obviating this possibility. According to BPA, with the changes to the residential exchange program agreed to in the Energy and Water Appropriations bill as part of this deal, the proposed rate modification will result in either a rate decrease or no impact for practically all Pacific Northwest ratepayers in October 1996. We were absolutely right to fight off Senator Hatfield in his proposals that would, once again, have overridden the environmental laws and stick with our course of balancing environmental and economic interests.

ENDANGERED SPECIES ACT

We are beginning discussions with Senate Environment and Public Works subcommittee chairman Dirk Kempthorne (R-ID) and ranking member Harry Reid (D-NV) regarding reauthorization of ESA. Senator Kempthorne has already introduced a bill which, in large measure, we find unacceptable; however, his staff has expressed an interest in negotiating changes. We indicated a willingness to engage in discussions, but only if Senator Reid is represented in those discussions. Senator Reid indicated yesterday on the Senate floor that he plans to introduce an ESA bill in March.

THE WHITE HOUSE
WASHINGTON

DATE: 12/18/95

NOTE FOR: SECRETARY RUBIN

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

Information ☐

Action ☒

See the President's note -

'Why did he quit
What's the deal?

BC'

Thank you.

Staff Secretary
(x6-2702)

cc:

THE WHITE HOUSE

THE PRESIDENT HAS SEEN

December 18, 1995

Mr. President:

A reply is being prepared to
Ronald Noble.

Todd Stern

*Write to deal?
1 need to reply
B*



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

THE PRESIDENT HAS SEEN

12.18.95

UNDER SECRETARY

December 15, 1995

95 DEC 15 P5:02

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

Dear Mr. President:

It has been a great honor to serve you and the American people at the Treasury Department as Assistant Secretary and Under Secretary for Enforcement during your first term. After much soul searching and deliberation, I have decided to resign my appointment as Under Secretary for Enforcement at the Department of the Treasury, effective February 5, 1996, so that I may resume teaching at the New York University School of Law.

When I return to the classroom, I will tell my students that no President has worked harder to fight crime or has done more to support the brave men and women who enforce our laws than you have. I will also tell them that the skill and dedication of Treasury law enforcement officers equal that of any law enforcement agency in the world.

During my tenure at the Department, I have witnessed extraordinary deeds of devotion to duty and courage by Treasury agents and employees as well as unprecedented acts of violence by criminals against them and innocent Americans. Over the last three years, I have attended the funerals and memorial services of 16 Treasury agents and employees killed in the line of duty.

The skill and strength of their colleagues in Treasury's law enforcement bureaus have been displayed time and again in celebrated cases like the World Trade Center bombing, the Unabomber attacks, the threats to White House security, attacks against family planning clinics, and the Oklahoma City bombing, but also in thousands of less renowned but equally dangerous encounters with violent criminals across our country.

Our Department played a leadership role in enactment of the Brady Law, the assault weapons ban, the Youth Handgun Safety Act, and federal firearms licensing reform; in strengthening our borders against smuggling; and in helping you prepare and implement the Summit of the Americas anti-money laundering communique and your Executive Order blocking the assets of international narcotics traffickers. With your support, the Treasury Department has played a significant role in addressing the most significant law enforcement issues facing our country. Through the White House Security Review, the Waco Review, the Tax Refund Fraud Study, and the reorganization of Treasury law enforcement bureaus, we have

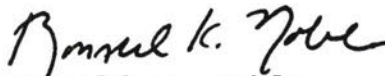
shown the American people that government can critically assess and reinvent itself.

None of this would have been possible without the confidence that you, Secretary Bentsen and Secretary Rubin placed in me, nor could we have achieved so much without the service and support of Treasury's dedicated employees. My experience has taught me that, working together, these employees have made our country safer and its financial institutions more secure. It has been an honor for me to be a part of this effort.

Finally, by entrusting me with oversight responsibility for the safety of you, your family, the Vice President and his family, you have bestowed upon me the greatest honor of all.

I shall miss you and my colleagues.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronald K. Noble". The signature is fluid and cursive, with the first name "Ronald" being more prominent.

Ronald K. Noble
Under Secretary of the Treasury
(Enforcement)

cc: Secretary Rubin

The Honorable Robert Rubin
Secretary of the Treasury

VIA SPECIAL MESSENGER



lodd

12/18

Copy to

who?

I'd say

Bob

Rubin

& CC: Dorskind
to Cook, Reply with
Treasury

PVR

PRINCETON VENTURE RESEARCH, INC.

THE PRESIDENT HAS SEEN

12-18-95

95 DEC 12 P6:39

TELECOPY TRANSMITTAL SHEET

Date: Tuesday, December 12, 1995

Deliver to: Mr. Bruce Lindsey/
The White House Office

FAX No.: 202-456-6279

From: John B. Torkelsen

Re: Securities Legislation

BC
As reviewed
advised to originate
R

Total Number of Pages Transmitted Including This Page: ~~14~~ ¹⁵.

We are transmitting from Facsimile Number: 609/452-0654.

If you need assistance with this transmission,
please call 609/924-3000 - Contact Chris Sweeney

Hard copy to follow via: _____ Overnight Courier

_____ First Class Mail

Five Vaughn Drive, Princeton, New Jersey 08540 • 609-924-3000



PRINCETON VENTURE RESEARCH, INC.

December 12, 1995 DEC 12 P 6 : 39

VIA - FAX - 202-395-4198

President William J. Clinton
THE WHITE HOUSE
Attn: Carolyn Huber
1600 Pennsylvania Avenue, NW
Washington, DC 20500-2000

Dear President Clinton:

I really appreciate your taking the time on Friday to speak with Pam and me on the subject of the securities legislation. As you requested I have put together brief descriptions of several securities frauds where ordinary investors received substantial compensation for their losses which they would not have received if the conference bill, H.R. 1058, was law. As you saw from the letter that I gave to you Friday, the victims of these securities frauds suffer greatly. Furthermore, these are the people that I believe you should protect from fraudulent activity on the part of large corporations, insurance companies, and accounting firms--the people who have sponsored the securities legislation. You should note that Tony Gumbiner, the subject of the Wall Street Journal article that I gave to you, through companies that he controls, has been a substantial contributor to SEASS, the lobbying organization that promoted the bill.

The examples that I have given you include Equitec, the case we discussed Friday night; Lincoln Savings, one I am sure you are familiar with; Melridge, a terrible fraud in Portland Oregon, Koger Properties, a fraud aimed at retired people in Florida; and First Humanics, a classic Ponzi scheme.

With the exception of First Humanics, either I or members of my staff provided economic analyses used to quantify the damages in the trials. I have personally spoken to a number of investors, mostly retired people whose life savings were taken in these frauds. These situations are really terrible.

In order to accurately provide you with information concerning H.R. 1058, I received assistance in preparing these write-ups from the lawyers who tried these cases. I apologize if the information is a bit lengthy.

Speaking as an investment professional, I would summarize all of these write-ups by saying to you that the ordinary investors who received recovery in these cases would not have recovered their money under H.R. 1058 due to:

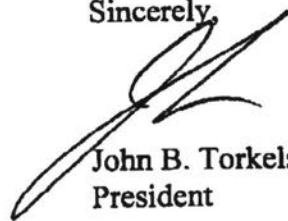
Page 2

December 12, 1995

- ✓ 1. Enhanced pleading requirements that would be virtually impossible to meet in the examples I have given to you.
2. Most of these cases involved bankrupt primary defendants. Therefore, joint and several liability was important for recovery.
3. The "Safe Harbor" for forward looking statements would have barred several of these cases.
4. The shortened statute of limitations would have prevented recovery in several of these cases.
5. Aiding and abetting was important in prosecuting several of these cases against accountants and law firms.
6. The new requirement to identify whistle blowers would have prevented the defrauded investors from finding hidden information in several cases.
7. The foc shifting requirement would have intimidated any of the ordinary investors who lost their savings from filing a suit.

Again, it was good to see you on Friday night. Pam and I appreciate it.

Sincerely,



John B. Torkelsen, CFA
President

JBT/cs

Enclosures

*Not in
Pam's law*

*Not in
Pam's law*

*Was there in
the conference room
the same*

EQUITEC REAL ESTATE LIMITED PARTNERSHIPS

Eight Equitec Limited Partnerships were organized, one per year, as partnerships to invest in commercial real estate. The partnership interests were sold primarily by salesmen throughout the West and Midwest to individuals such as 62 year old Georgine Lesycyiski, who invested \$150,000 in insurance proceeds she received when her husband was killed in a car accident. Most of the investors in these real estate partnerships were saving for retirement. They were people who do not normally invest in the stock market. There were more than 58,000 individuals who invested in these partnerships.

Equitec Financial Group, Inc. packaged the real estate partnerships to invest in commercial real estate. These partnerships, each with approximately \$100 million of initial capital, were designed to be liquidated within ten (10) years.

With the downturn in the real estate market, Equitec found it impossible to sell new partnerships. Therefore, Equitec decided to raise money by selling its General Partner's interest and the management contracts for its existing limited partnerships.

Equitec arranged to sell its interests to Tony Gumbiner, an influential financier, who lives in Monaco. With the assistance of Smith Barney and Dean Witter, Gumbiner arranged to have the limited partners vote to roll-up the partnerships into a non-liquidating limited partnership that he would control. His new partnership, Hallwood Realty Partners, paid annual fees of \$4-5 million to his company, while paying no dividends or distributions to the limited partners.

The two brokerage firms were paid substantial sums of money to facilitate the transaction by writing a "fairness opinion" for the limited partners or for soliciting the limited partners to vote for the roll-up. After the roll-up occurred, the limited partners stopped receiving dividends and distributions of their capital; and the trading price of the Hallwood Realty Limited Partnership sank to a fraction of the value that the limited partners would have had if they had simply allowed their partnerships to be liquidated.

Defendants in this action were Equitec, Hallwood (Tony Gumbiner), Smith Barney, and Dean Witter. In early 1994, after months of trial in the Federal court in San Francisco, there was a settlement of \$35.5 million. Equitec had gone bankrupt and Tony Gumbiner's assets were outside of the United States. The primary settling defendants were Dean Witter and Smith Barney. In addition, Hallwood contributed to the settlement.

Impact of H.R. 1058

1. Enhanced Pleading Requirements.

Under the conference bill it is unlikely that the limited partners would have recovered very much. It would have been almost impossible to sustain a complaint against Smith Barney and Dean Witter. The obligation to state with particularity facts giving rise to a fraudulent intent would never have allowed these two defendants to have been named.

The most important facts establishing their liability were not known prior to discovery. Plaintiffs learned in discovery that one institutional investor, Liquidity Fund, which had a significant position in these limited partnerships, was prepared to fight the roll-up. In order to counteract this threat, Gumbiner arranged for a Swiss bank to buy out Liquidity Fund at a price substantially higher than the limited partners received in the roll-up, by a factor of four. All parties were sworn to secrecy.

Dean Witter knew about the transaction, but it was never revealed in any of the SEC filings, nor was it disclosed to the limited partners whose assets were being handed over to Tony Gumbiner. It was their knowledge of this material transaction that enabled a successful prosecution. It is unlikely that this important information would have ever come out if this case were prosecuted under the conference bill.

2. Joint and Several Liability. In this case, the defendants would have been held jointly and severally liable for either recklessness or their negligent conduct. Under H.R. 1058, joint and several liability is limited to knowing securities fraud. Since Equitec and Hallwood had no significant assets, any meaningful recovery had to come from the investment banks who sold the deal.

12-12-95 : 4:32PM : F:\Princeton\Vent Res\202 400 2002 : # 0/14

LINCOLN SAVINGS & LOAN

Sam and Ethel Rabkin of Granada Hills, Ca. lost \$100,000 in what has become the most notorious securities fraud on record. The Rabkins were among 23,000 people in California and the southwest who purchased American Continental Corporation ("ACC") bonds in the lobbies of their local Lincoln Savings & Loan in the mid to late 1980s. "Lincoln was a family bank with all the tellers knowing you by your first name and they made you feel part of the family," Sam Rabkin said. But when federal regulators seized Lincoln Savings in 1989, it became clear that the bonds were worthless. Lincoln was the largest S&L failure in U.S. history, costing taxpayers \$2.5 billion.

ACC and Lincoln President Charles Keating vigorously denied all liability and denounced the lawsuit. Eventually he was convicted of felonies and is in prison. His 23,000 victims, over half of whom are elderly retired people, had only one possible remedy -- to file a class action lawsuit against Keating and those who helped him hide the financial truth about Lincoln Savings and American Continental from government regulators and the public.

The class action lawsuit resulted in Keating's accountants (Arthur Anderson & Co, Arthur Young & Co [now Ernst & Young], and Touche Ross & Co. [now Deloitte Touche]); his four law firms (Kaye Scholer; Parker, Milliken; Sidley & Austin; and Jones Day); and associated underwriters (including Drexel Burnham Lambert and Michael Milken) paying \$262 million in settlements to Lincoln bondholders. The bondholders have recovered 60% of their losses due to the fraud.

Impact of H.R. 1058:

As Senator Richard Bryan and Congressman John Bryant and others have pointed out, H.R. 1058 would have had a devastating impact on the victims who were trying to recover the losses in the Keating case. In fact, this legislation would have virtually wiped out the \$262 million recovery, leaving under \$20 million for the victims.

1. Enhanced Pleading Requirements. The Keating victims would not have been able to proceed with their case under H.R. 1058 because of the bill's enhanced pleading requirements. Lincoln customers who were sold bonds without a prospectus knew only that they had bought bonds from bank employees, received assurances of their safety, and that the bonds became worthless when ACC went bankrupt. They could allege specific facts about false statements, but could not state with particularity facts giving rise to a strong inference of fraudulent intent. Only through the discovery process did the bondholders uncover specific facts that they had been deliberately targeted for fraud¹ and that Keating's associated professionals acted with scienter.

¹ For instance, discovery produced a memo to bond sales personnel telling them "remember the weak, the meek and the ignorant are always good targets." Under H.R. 1058, plaintiffs never would have discovered this document.

2. Aiding and Abetting Liability. Many of the defendants in the bondholders' case played no direct role in the sale of ACC bonds in the lobbies of Lincoln S&Ls, but these defendants were aiders and abettors in keeping Keating's criminal enterprise afloat and making the bond sales possible. The legislation leaves in place the 1994 Supreme Court decision that said that aiders and abettors cannot be sued in private actions, even if they knowingly assist securities fraud. The liability of Drexel Burnham, Michael Milken, several law firms, certain consultants, and Touche Ross was dependent upon aiding and abetting liability. Without this liability, \$121 million of the recovery would have been erased.

3. Statute of Limitations. The shortened statute of limitations would have barred many of the claims against Keating and his accomplices. The requirement that the suit be brought within one year from the discovery of the fraud would have jeopardized thousands of legitimate claims by retirees because it was argued that there were warnings in print about the way Keating was doing business. With a shortened statute of limitations, Sen. Bryan, Rep. Bryant and others estimate that 20% of the claims would have been time-barred, eliminating another \$28 million in recoveries to victims.

4. Immunity for Predictions. Under H.R. 1058, the investors' case would have been hampered by the bill's broad immunity for company statements predicting future events or results, so-called "forward looking statements." Any forward-looking statements made with reckless disregard for their falsity would have been immunized entirely. Although the bill purports to retain liability for knowingly fraudulent statements, that provision is largely illusory. The Keating victims could not possibly have pleaded that the misleading statements were made or approved with "actual knowledge" of senior ACC officials that they were misleading. Therefore, the victims would have been precluded from basing their case on ACC's false projections and forecasts. A major part of the fraudulent conduct would have been immunized from liability.

5. RICO/Joint and Several Liability. By virtually eliminating RICO in securities cases and capping the liability of reckless wrongdoers for the judgments against their insolvent co-conspirators, H.R. 1058 would have assured lower recoveries for the Lincoln bondholders. Joint and several liability was a linchpin in the bondholders' case, since most of the damages were paid by the accountants, lawyers, and other professionals accused of reckless behavior. Sen. Bryan, Rep. Bryant and others have estimated that the bill's curtailing of joint and several liability would have reduced bondholders' recovery by \$67 million, and the elimination of RICO would have reduced recoveries by another \$30 million.

6. Institutional Control. H.R. 1058's provision requiring that the largest investor control the class action could have led to the dismissal of the Keating case. Among the largest investors in the case were an ACC employment stock ownership plan controlled and influenced by ACC's executives, some of whom were later indicted; an Executive Life Insurance Co. trust controlled by Fred Carr, who, like Keating, had strong ties to Drexel Burnham and Michael Milken; and Offerman & Co, a Minnesota brokerage house controlled by friends of Keating that was later sued in the case. All these large investors had incentives to dismiss the case or settle it quickly for a nominal amount.

7. Discovery Stays and Exposure of Sources. H.R. 1058 throws at least two other major procedural hurdles in front of the bondholders: First, the bill requires a discovery stay whenever a defendant files a motion to dismiss. If discovery had been stopped for motions to dismiss, it would have given defendants more time to destroy documents (in addition to those they did destroy), prolonged the case for many years, and allowed the statute of limitations to run out for many defendants who were added to the case as their involvement became clear.

Second, H.R. 1058's requirement that victims identify all confidential sources of information in the complaint would have delayed or even prevented the case. The bondholders received information from many confidential sources, including the news media and former employees, who would not have come forward if their identities would have been divulged.

8. Bond Requirement/Fee Shifting. Keating and his professional assistants vigorously protested their innocence and maintained that the case against them was without merit. They threatened to seek sanctions. The Rabkins have said that if they had to post a bond and run the risk of paying the legal fees of Keating and his accountants, they would not have stepped forward to challenge the fraud. H.R. 1058's enhanced Rule 11 sanctions would have intimidated many, perhaps all, of the bondholders from filing their lawsuit.

It is clear that many of the provisions of H.R. 1058 alone could have prevented bondholders from recovering their losses in this terrible securities fraud. Even more troubling is that the bill's combination of heightened pleading standards, severe limits on joint and several liability, lack of RICO remedies, lack of aiding and abetting liability, abbreviated statute of limitations, mandatory discovery stays, control by the largest investors, mandatory confidential source disclosure, and the foreboding threat of fee shifting would devastate any future cases similar to the Keating case.

MELRIDGE, INC.

Mr. Peter Baker, a retired chemist, and his daughter, Janet Baker, of Oregon were two of thousands of investors in Oregon and Washington who purchased shares of a highly praised company called Melridge, Inc. in a series of public offerings of stock from 1983 to 1987. Melridge, an Oregon-based company that developed and produced hybrid lily bulbs, sought out individual investors, many of whom were retired people, to buy its shares.

The investors did not know that Melridge was creating the illusion of high profits and rapid growth by booking non-existent sales and profits through phony foreign licenses and corresponding phony receivables. Melridge was also hiding substantial expenses and inflated its balance sheet, by charging these expenses to capitalized growing costs of a non-existent large inventory of hybrid lily bulbs.

The mastermind of the Melridge fraud was its president, George Heublein, but he was assisted in hiding the true worth of Melridge from investors by his underwriters, Boettcher & Co., and his auditors, Price Waterhouse. Between 1983 and 1987, Melridge, with the help of its auditors and underwriters, raised approximately \$47 million in public offerings based on totally false financial statements.

When it was no longer possible to keep the fraud hidden, Melridge's stock collapsed in late 1987, and investors learned that their shares were worthless. A class action lawsuit was filed on behalf of the Bakers and thousands of other investors. Heublein had disappeared and a significant amount of money from the company was also missing.

The investors sued Melridge, its officers, Boettcher, Price Waterhouse, and the other consultants to the company. During the trial, the defendants placed all the blame on the missing man, George Heublein, saying the case against them was "without merit." A Portland jury disagreed, and on May 27, 1993, awarded investors \$88 million from Boettcher & Co., for their role in hiding and assisting the fraud, and from other wrongdoers, including: Heublein, now a fugitive; a Heublein associate, now in jail for fraud; and other bankrupt officers of Melridge. During the trial, Price Waterhouse and the other accounting defendants settled with investors for \$18.2 million with the \$6.8 million in settlement before trial, a total of \$25 million was recovered.

Impact of H.R. 1058

The Melridge fraud victims would have been left virtually without a remedy if H.R. 1058 was the law when they filed their case. Put another way, the underwriters and accountants that assisted the fraud would have benefited greatly from this legislation.

1. **Enhanced Pleading Standards.** The legislation would have made it impossible to file a case against Price Waterhouse and Boettcher & Co., because of the

requirement to state "with particularity" facts giving rise to a fraudulent intent. At the time investors filed, the facts giving rise to intent by these professionals were primarily circumstantial. Even though there was a strong case that these professionals were reckless in their "see no evil, hear no evil" okay's of Heublein's scheme, this likely would not have been enough to satisfy the pleading requirements in H.R. 1058.

Only during the discovery process did information become available that established clear liability for the accountants and underwriters. For example, it became known that Price Waterhouse was told by a large bulb grower that the Melridge receivables were inflated and that Boettcher was told by both the Melridge farm manager and a second bulb grower that the value of the Melridge bulb crop was inflated. That certainly would satisfy the intent standard, but it was hidden at the time investors filed a case.

2. Joint and Several Liability. Since Melridge is totally insolvent and Heublein has fled the country, investors would have recovered very little of their losses without joint and several liability. Under H.R. 1058, Price Waterhouse, Boettcher & Co., and others would have had to pay far less in damages, and the Melridge investors would have been forced to bear the weight of the loss. With joint and several liability, that weight is shifted from the victims to those who made the fraud possible.

3. Enhanced Sanctions/Fee Shifting. While the named plaintiffs lost substantial sums (from \$9,000 up), no person would agree to be a name plaintiff if there was a risk of being subject to attorneys fees and sanctions. Under H.R. 1058, the attorney would have to disclose this risk, which would chill anyone's interest in being a named plaintiff.

4. Measure of Damage. Melridge stock could never have been sold to the public but for the fraud that made the company look profitable. Therefore, under current law, investors were entitled to recover all of their losses when the company went bankrupt. Under H.R. 1058, defendants would be able to reduce these damages by concocting arguments such as that the stock went down due to a general market decline. These kinds of arguments supposedly "mitigate" the damages caused by the fraud. Thus, even though the entire company was a scam from the start, investors would not necessarily recover all of their damages.

KOGER PROPERTIES

Victor Mesaros, an 84 year old retired cruise ship purser from White Oak, Virginia, and his wife invested \$44,000 of their retirement savings in stock of Koger Properties, a Florida real estate company. They began buying shares of Koger in June of 1988 at \$26 a share, but by the time they sold most of their shares in December 1990, the stock had dropped to \$4. The Mesaros lost \$32,000 of their investment. They joined others in filing a class action lawsuit against Koger to try to recover some of their money.

On March 7, 1995, a federal district court jury found Koger Properties' accountants, Deloitte & Touche, liable for securities fraud. The jury awarded investors \$81.3 million. The New York Times reported on March 8 that the jury found that "Deloitte & Touche, by giving false auditing opinions, had caused the stock of Koger to be inflated by \$10.05 a share, before it fell sharply to \$9 a share on Oct. 1, 1990."

Impact of H.R. 1058:

The case against Koger and Deloitte would never have developed if H.R. 1058 had been the law.

1. Forward-Looking Statements. The case began in October 1990 after Koger, contrary to all previous forward-looking statements about future dividend payments and prospects, announced a sharp reduction in its quarterly dividend. At the time that management made these forward-looking statements, they knew that the financial condition of the company was weak. However, senior executives continued to suck millions of dollars out of the company. Under H.R. 1058, Koger's statements would be protected. When coupled with a discovery stay, investors would have found the "safe harbor" insurmountable.

2. Heightened Pleading Requirements. The heightened pleading standards in H.R. 1058 would also have prevented investors from locating evidence of fraud and would have barred the case.

At the time Mesaros and other investors filed their case against Koger, they were able to provide specific facts about false statements, but under H.R. 1058, this is not enough. They would have had to state "with particularity" facts giving rise to a strong inference of fraudulent intent by Koger and its accountants. Before discovery, they did not yet have any facts demonstrating intent, and therefore would not have been able to go forward.

Upon hearing about the case, a former Koger employee contacted Mr. Mesaros' lawyers and told them that Koger had improperly capitalized expenses in its accounting, and that Koger's auditor Deloitte & Touche was aware of an attempt to improperly capitalize expenses.

Based on the information provided by the former Koger employee about Deloitte, investors filed an amended complaint in January 1991 and added Deloitte as a defendant. The case against Deloitte also would have been thrown out of court under the pleading standards of H.R. 1058. The specific charges of reckless conduct against Deloitte were based on Deloitte's being on notice that Koger had attempted to violate proper accounting practices. Deloitte tried to get the charges dismissed, but the court denied the motion. Under H.R. 1058, the allegations against Deloitte would not have been sufficient to demonstrate that Deloitte had an intent to commit fraud, and the case would have been dismissed.

Under H.R. 1058, the plaintiffs at the outset of the case are required to reveal to defendants all sources of documents and evidence used to plead plaintiffs' case, as a way to intimidate whistle-blowers from coming forward. This provision could have kept the former Koger employee silent.

Because the current pleading standards allowed the case to go forward against Koger and Deloitte, the discovery phase of the case revealed documents which provided clear evidence of fraud, including fraudulent intent.

These facts were discovered despite Deloitte's repeated insistence that many of their documents and papers were "irrelevant" to the case and not subject to discovery. The judge ruled otherwise. Under H.R. 1058, the plaintiffs would have never gotten the chance to follow up on the specific facts with which they brought their case, and the fraud would have gone unpunished.

3. Joint and Several Liability. In the trial, the court instructed the jury that "knowing" conduct included recklessness. Thus, Deloitte was found jointly and severally liable and required to pay the \$81 million verdict, since Koger Properties went bankrupt. However, under H.R. 1058 recklessness is not sufficient to find a defendant jointly and severally liable. Thus thousands of cheated Koger investors would not have been able to recover the bulk of their losses from the accountants.

4. Enhanced Sanctions/Fee Shifting. Mr. Mesaros and other investors and their lawyers believed they had a good case at the beginning, but they were far from certain of the outcome. They would not have been willing to gamble paying millions in legal fees -- and to post a bond for this purpose -- in case a judge ruled that their suit was meritless. The Mesaros' already lost \$32,000, so H. R. 1058's mandatory review and sanctions, with a presumption that plaintiffs will pay full legal fees and expenses of defendants if sanctions are applied, would have posed too great of a threat to the Mesaros and their lawyers.

FIRST HUMANICS

In the late 1980s, Russell Ramser of Ohio and Bill Ayers of Virginia were two of about 4,000 people who bought bonds to finance the building and operation of nursing homes across the country. The nursing homes were the brainchild of Lee Sutcliffe, the president of First Humanics Corp., who sold \$80 million worth of bonds to people like Mr. Ramser and Mr. Ayers.

Sutcliffe had retained Touche Ross (now Deloitte Touche) and Price Waterhouse, two of the largest and most respected accounting firms in the world, and prominent attorneys.

It was later discovered that Sutcliffe's accountants and attorneys knew, but did not tell investors, that Sutcliffe had been barred from selling securities in Missouri after he sold fraudulent oil and gas investments; he had been convicted of failing to file tax returns; and he had been caught representing himself as a bond lawyer in Colorado, even though he had never attended law school and did not have a license to practice law.

At First Humanics, Sutcliffe was running a classic Ponzi scheme, using money from one bond issue to prop up the failure of others (there were 21 bond issues in all). The occupants of the nursing homes suffered terribly. First Humanics was a shell corporation formed by Sutcliffe for the purpose of selling bonds, not for fixing up nursing homes. The money from the bond offerings also went to buy Sutcliffe a yacht in South Florida.

When interest payments ceased, bondholders hired lawyers to investigate what they felt could be fraud. Eventually, after a seven week trial against Sutcliffe and Deloitte, the jury found liability. The case settled before damages were assessed, and the bondholders recovered \$45 million, mostly from Sutcliffe's accountants, lawyers, and trustee banks. Investors recovered between 50% and 100% of their losses due to fraud, depending on the bond issue, after attorneys' fees and expenses. Sutcliffe eventually went to jail for mail fraud.

Impact of H.R. 1058:

If Congress had already enacted H.R. 1058 when investors filed their case against First Humanics, here is what would have happened:

1. Aiding and Abetting. Without aiding and abetting liability, there would have been a much reduced recovery. After First Humanics went bankrupt, the bondholders hired lawyers to investigate the role of Sutcliffe's lawyers and accountants, who looked the other way while Sutcliffe committed securities fraud. If the bondholders could not have used aiding and abetting liability to pursue the professionals who helped Sutcliffe,

they would have dropped the case -- because they would have had little chance of recovering losses if they had to pursue the professionals under primary liability theory. In fact, the jury found Deloitte guilty of aiding and abetting liability in seven bond issues and to be primary violators in only five of the twelve bond issues they worked on.

2. Joint and Several Liability. The curtailment of joint and several liability would have meant very little recovery for the investors. Sutcliffe was insolvent, and the accountants and lawyers were held liable for reckless conduct that allowed the fraud to take place. H.R. 1058 undoes this doctrine and would allow reckless wrongdoers like the accountants and lawyers in First Humanics to be relieved of responsibility for fully compensating victims. Thus the investors would have recovered only a small portion of their losses.

3. Statute of Limitations. The First Humanics bondholders would have been time-barred from filing a claim under H.R. 1058 as to most of the bond issues, because Sutcliffe kept his fraud hidden from them for over three years. The legislation lets stand the 1991 Supreme Court ruling that shortened the statute of limitations for filing a securities fraud suit to three years from the time a fraud is committed and one year from the time it is discovered.

This bond case, as in most bond frauds, took many years to uncover. Ponzi schemes are frequently not revealed in three years. Also, if a bondholder smelled fraud earlier on, it would have been impossible to meet the new pleading standards, since the documents that showed intent to defraud were only available after the scheme collapsed and First Humanics went bankrupt. Even then, it was most unusual for the plaintiffs to have internal documents at the time they filed the case, but in First Humanics, the plaintiffs were bondholders on the First Humanics bankruptcy committee, so they had access to all company records.

4. Elimination of RICO Liability. H.R. 1058 would eliminate RICO liability unless a defendant has a prior felony conviction in connection to the alleged fraud. This provision would have taken away an important tool that bondholders used to bring the case against the lawyers and accountants to a settlement.

5. Enhanced Sanctions/Fee-Shifting. The legislation could require that Mr. Ramser and Mr. Ayers put up a bond in order to bring their case. The bond is supposed to guarantee that they could pay the legal fees of Deloitte Touche, Price Waterhouse, several defendant law firms, trustee banks, auditing firms and Sutcliffe, if a judge thought their case was without merit. At the time they filed, they have said they smelled fraud, but were not entirely sure of the outcome. They would not have taken the risk of paying the legal fees of a Big Six accounting firm, since they already had lost their savings.

THE WHITE HOUSE
THE PRESIDENT HAS SEEN
12-18-95
December 18, 1995

Mr. President:

A reply is being prepared to
Ronald Noble.

Todd Stern

*Write Stern Deal?
Why did he quit
New York
BZ*



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

THE PRESIDENT HAS SEEN

12.18.95

UNDER SECRETARY

December 15, 1995

95 DEC 15 P5:02

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

Dear Mr. President:

It has been a great honor to serve you and the American people at the Treasury Department as Assistant Secretary and Under Secretary for Enforcement during your first term. After much soul searching and deliberation, I have decided to resign my appointment as Under Secretary for Enforcement at the Department of the Treasury, effective February 5, 1996, so that I may resume teaching at the New York University School of Law.

When I return to the classroom, I will tell my students that no President has worked harder to fight crime or has done more to support the brave men and women who enforce our laws than you have. I will also tell them that the skill and dedication of Treasury law enforcement officers equal that of any law enforcement agency in the world.

During my tenure at the Department, I have witnessed extraordinary deeds of devotion to duty and courage by Treasury agents and employees as well as unprecedented acts of violence by criminals against them and innocent Americans. Over the last three years, I have attended the funerals and memorial services of 16 Treasury agents and employees killed in the line of duty.

The skill and strength of their colleagues in Treasury's law enforcement bureaus have been displayed time and again in celebrated cases like the World Trade Center bombing, the Unabomber attacks, the threats to White House security, attacks against family planning clinics, and the Oklahoma City bombing, but also in thousands of less renowned but equally dangerous encounters with violent criminals across our country.

Our Department played a leadership role in enactment of the Brady Law, the assault weapons ban, the Youth Handgun Safety Act, and federal firearms licensing reform; in strengthening our borders against smuggling; and in helping you prepare and implement the Summit of the Americas anti-money laundering communique and your Executive Order blocking the assets of international narcotics traffickers. With your support, the Treasury Department has played a significant role in addressing the most significant law enforcement issues facing our country. Through the White House Security Review, the Waco Review, the Tax Refund Fraud Study, and the reorganization of Treasury law enforcement bureaus, we have

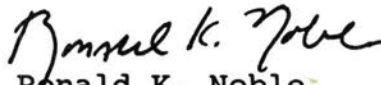
shown the American people that government can critically assess and reinvent itself.

None of this would have been possible without the confidence that you, Secretary Bentsen and Secretary Rubin placed in me, nor could we have achieved so much without the service and support of Treasury's dedicated employees. My experience has taught me that, working together, these employees have made our country safer and its financial institutions more secure. It has been an honor for me to be a part of this effort.

Finally, by entrusting me with oversight responsibility for the safety of you, your family, the Vice President and his family, you have bestowed upon me the greatest honor of all.

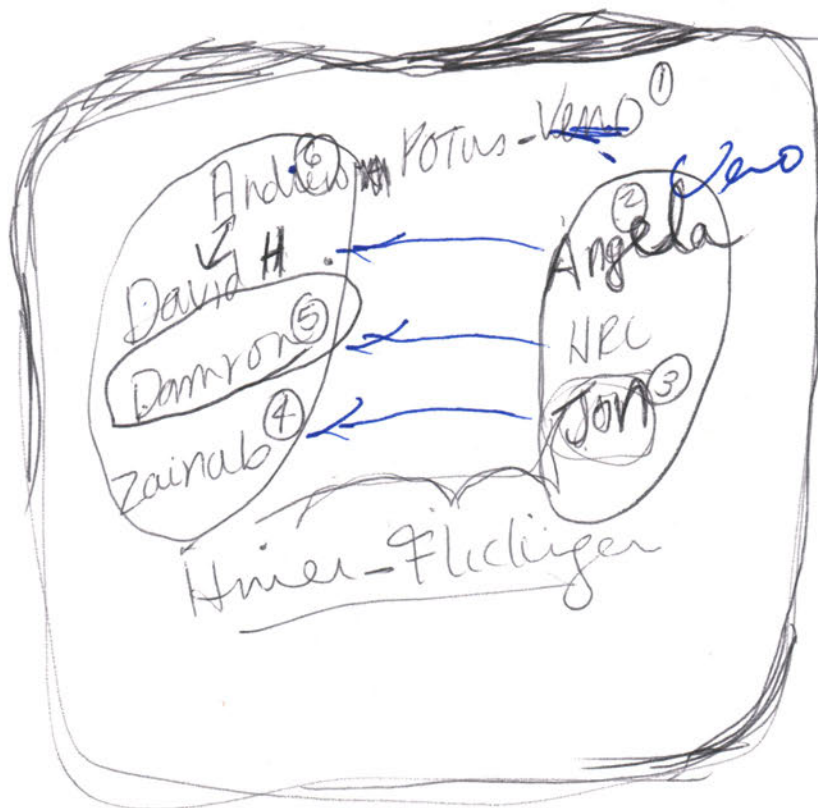
I shall miss you and my colleagues.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronald K. Noble". The signature is fluid and cursive, with the first name "Ronald" being more prominent.

Ronald K. Noble
Under Secretary of the Treasury
(Enforcement)

cc: Secretary Rubin



*now
Ellers*



December 11, 1995

P.O. Box 9733

Dear President Clinton,

Alexandria, VA

22304

(703) 519-1230

FOUNDER AND
PRESIDENT:
Zainab Salbi

ADVISORY BOARD:
Sen. Barbara Boxer
D-Calif.

Rep. Susan Molinari
R-N.Y.

Ann F. Lewis
Chair
Commission on
Women's Equality
American Jewish Congress

Jodi Longo
Director
Amnesty International
Mid-Atlantic region

Alma Musanovic
Advisor
Embassy of
Bosnia-Herzegovina
to the United States

Louis Crews
National Canvass Director
Greenpeace

Grace Halsell
Author

Cherito Kruvant
President and CEO
Creative Associates
International

Women for Women in Bosnia, an American humanitarian group aiding women survivors in Bosnia-Herzegovina and Croatia, fully supports your efforts to promote the recent peace agreement.

Your efforts will put an end to ethnic cleansing, an end to the unprecedented abuse of women, particularly as a result of Serb-run rape camps, and an end to the mass execution of civilians that has marked this war.

We look forward to helping women return to their homes and rebuild a multi-ethnic and Democratic Bosnia Herzegovina. We know that in addition to your efforts, a lasting peace will require that those who committed war crimes, who ran the concentration camps, who ordered that women be raped and who forcibly expelled people from their homes, be brought to justice through the International War Crimes Tribunal.

Women for Women in Bosnia shows that Americans of all backgrounds do care about the tragedy, and with your help, plan to continue our efforts to help women resettle in their homes, rebuild their lives and heal from the tremendous wounds inflicted by this war.

Sincerely,


Zainab Salbi,

President
Women for Women in Bosnia

12-12-95

From Oval

Send to RM?

~~NO~~

Yes

Should be
answered

Doaskin NSL

Steve Braustad
Farmer Mac
Federal Agricultural Mortgage Corporation
919 18th Street, N.W.
Washington, D.C. 20006

El Brooks
Look like
he's right on
This - check it
out - with him now?

PK

Hon. William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

send reply

need to 12/18

Send to
original

Doriskind

(from Todd's and
Box)

Farmer Mac

Federal Agricultural Mortgage Corporation
919 18th Street, N.W., Suite 200
Washington, D.C. 20006
(202) 872-7700
FAX: (202) 872-7713

THE PRESIDENT HAS SEEN
12/14/95

December 13, 1995

Hon. William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: "Farmer Mac" -- The Federal Agricultural Mortgage Corporation

Dear Mr. President:

I have learned many things that will be of interest to you since the day, several months ago, when you nominated me to be chairman of "Farmer Mac" (the Federal Agricultural Mortgage Corporation), the federally chartered secondary market for competitively priced, long-term fixed rate mortgage loans to farmers, ranchers and rural homeowners. While Farmer Mac's proponents hoped it would become another "Fannie Mae" for those borrowers, it has not. This was the result of statutory operating constraints placed on Farmer Mac in contradistinction to Fannie Mae and the other GSEs. (This concern was discussed by agricultural leaders who attended the mid-west economics conference you sponsored in Columbus, Ohio in October of this year. Among others, Frank Sollars, a successful Ohio farmer and banker and cousin to our mutual friend, Marion Berry of Arkansas, stressed the importance of Farmer Mac reforms.)

Incredibly, on January 6, 1988, when then-President Ronald Reagan signed the Agricultural Credit Act of 1987 into law, granting Farmer Mac its charter, he urged Congress to repeal that charter as soon as possible. In so doing, he missed an opportunity to support a major benefit to the farmers and ranchers of this country at no budgetary expense to the federal government. Today, the Farmer Mac reform legislation was unanimously recommended for passage by the House Agriculture Committee. If, as I sincerely hope, bi-partisan support continues and Congress passes the Farmer Mac Reform Act of 1995, you should not only sign that act into law, but place great public emphasis on its importance to Rural America. We at Farmer Mac are confident that it can reduce rates to borrowers by one-half to one percent on at least \$50 billion of agricultural mortgages -- an interest cost saving to our farmers of \$250 million per year, forever. This administration should proudly step up and take credit for the reversal of Farmer Mac's plight as part of its broader mission to improve the progress of agriculture and rural development in this country.

I hope you will support this reform legislation and express your endorsement of Farmer Mac at the time of your signing of the act. You can be sure the message would be well received in rural communities throughout the Nation.

Sincerely,



C. Eugene Branstool
Chairman of the Board of Directors

12-18-95

From Oval -

Send to Rm?

Yes ☒

EC: No ☒

Tamper
Klein per C.

December 16, 1995

Dear Mr. President:

The undersigned organizations write to support the concept of a per capita cap as a positive alternative to current Congressional proposals to block grant the Medicaid program. The Medicaid program provides basic health and long term-care services to approximately 36 million American men, women, and children. The block granting of Medicaid would jeopardize coverage for families -- especially seniors, children and persons with disabilities -- at a time when fewer Americans are receiving employer-paid health coverage and the number of uninsured persons continues to rise.

By linking federal funds to the number of people eligible for Medicaid services, a per capita cap would allow states the flexibility to respond to changing economic and demographic conditions. Most importantly, a per capita cap -- unlike a block grant -- creates a disincentive for states to remove people from their Medicaid program. We appreciate your commitment to the per capita cap as an important safeguard for the health of America's most vulnerable populations.

Sincerely,

AIDS Action Council
Alzheimer's Association
American Academy of Pediatrics
American Civil Liberties Union
Bazelon Center for Mental Health Law
Catholic Charities USA
Catholic Health Association of the United States
Center on Disability and Health
Child Welfare League of America
Children's Defense Fund
Families USA
Family Service America
Generations United
InterHealth/Protestant Health Alliance
Legal Action Center
March of Dimes
National Association of Child Advocates
National Association of Children's Hospitals
National Association of Counties

National Association of People with AIDS
National Association of Public Hospitals
National Association of Social Workers
National Association of State Ombudsman Programs
National Citizens' Coalition for Nursing Home Reform
National Community Mental Healthcare Council
National Council of Senior Citizens
National Mental Health Association
National Women's Law Center
Older Women's League
San Francisco AIDS Foundation
Service Employees International Union
TB AIDS Citizen Action Project
The Arc
Women's Legal Defense Fund
Worker Options Resource Center

Copy team chron
original to

Scheduling

—

done



Department of Bioscience
and Biotechnology
College of Arts and Sciences
32nd and Chestnut Streets
Philadelphia, Pennsylvania 19104
TEL 215 895-2624
FAX 215 895-1273

December 16, 1995
215-895-2627

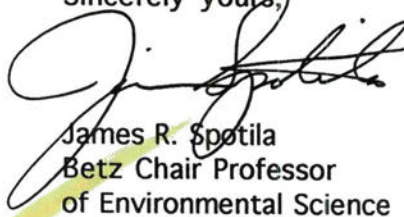
Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

Dear Mr. President:

I have the honor of presenting to you an invitation from Minister of Natural Resources René Castro and President Jose Maria Figueres of Costa Rica to come to Costa Rica for a two day meeting of the Presidents of the Americas to establish a Convention to pledge each nation to preserve our marine resources. President Figueres asked me in July how we might try and preserve marine resources and I suggested that a meeting of the Presidents of the Americas at his invitation and under your leadership would be a good start. President Figueres would also like you to visit and dedicate the new national park for the leatherbacks, Las Baulas de Guanacaste.

An official invitation is coming through diplomatic channels, but I promised President Figueres that I would present an invitation directly to you. This is a wonderful opportunity to improve protection of our fishes and other marine resources and to keep the environment on center stage as a national priority. I urge you to attend and of course to visit your leatherback park.

Sincerely yours,



James R. Spotila
Betz Chair Professor
of Environmental Science

12/18

Todd

I will give to
Scheduling

OR

<



REPUBLICA DE COSTA RICA

Ministerio de Recursos Naturales

Energía y Minas

Despacho del Ministro

November 21, 1995
DM-483

Honorable William J. Clinton
PRESIDENT OF THE UNITED STATES
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

Dear Mr. President:

Please accept our invitation to come to Costa Rica to dedicate our new national park, Las Baulas de Guanacaste and to participate in a Presidential Conference to sign an Inter-American Convention on Marine Biodiversity. We are very happy to see that you have been so interested in the fate of the leatherback turtles at Las Baulas de Guanacaste National Park here in Costa Rica. Due to the exceptional efforts of the staff of the Ministry of Natural Resources, Energy and Mines, of our conservationists, such as Dr. James Spotila and Dr. Frank Paladino, we have been able to save this, the third most important nesting beach in the world for the leatherback turtle. We would be delighted if you come to visit Las Baulas during this nesting season (November to March) to see the turtles and meet the people of the park. It is international cooperation between citizens of Costa Rica and of the United States that has made this park possible. You should come to see how well peaceful efforts can succeed in changing the world and in saving species.

This effort at Las Baulas has focussed attention in Costa Rica on the great importance of preservation of our marine biodiversity. The world's ocean resources are quickly disappearing and it is essential that all of the Presidents of the Americas meet to determine what can be done to preserve our fish, marine mammals, sea turtles, and invertebrates.





REPUBLICA DE COSTA RICA

Ministerio de Recursos Naturales

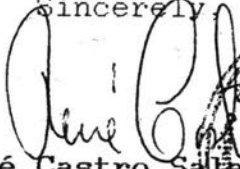
Energía y Minas

Despacho del Ministro

Honorable William J. Clinton
President of the United States
Page -2-

I am inviting all the Presidents to come to Costa Rica to meet for two days to discuss this problem and to sign a Convention to pledge the best efforts of each nation to preserve our marine resources. This can lead to a more specific treaty within statements of purpose from each President, and a special opportunity for you to present a keynote speech to define the United States position on this issue. Full participation by you will help to build improved relation with all of our neighbors in the Americas. This also provide a wonderful opportunity for you to visit Las Baulas National Park and to see the leatherbacks.

Sincerely,


René Castro Salazar
MINISTER



MPS/sal*



December 15, 1995

Honorable William J. Clinton
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

new ngy
BC

Dear President Clinton:

We represent dozens of organizations that have joined together for almost two years to oppose welfare legislation that includes a federal "family cap," a proposal that we believe will harm children. We have worked with a large, diverse coalition of groups who believe that the "family cap" proposal will prove ineffective and will punish this nation's poor children.

Although the Senate overwhelmingly rejected a federally-mandated "family cap" and the House was not permitted to vote on a pure state option, the conference report includes the federal mandate.

While masquerading as a "state option," the conference report requires all states to implement the "family cap" unless their legislatures and governors agree on specific legislation rejecting the federal mandate.

As you know, short state legislative sessions and long agendas plus the peculiar politics of welfare reform could easily delay preventive action in state capitols well beyond the deadline for the federal mandate.

The "family cap" remains an unproven and extremely controversial policy which should not be imposed on states or implemented without a full, open and vigorous debate and vote in each state legislature. The Senate bill, which received overwhelming approval, allowed, but did not require, states to have a family cap.

We urge you to include this issue in your veto message, and to insist in your subsequent negotiations with Congress that the final bill not go beyond the simple state option that was in the Senate welfare bill.

The issue of child exclusions is of the highest priority for our organizations, and for the numerous groups with whom we work. We hope that you will consider our views, and refuse to endorse this measure.

Sincerely,

American Civil Liberties Union
Catholic Charities USA
NOW Legal Defense and Education Fund
Planned Parenthood Federation of America

JIM DORSKIND:

Please coordinate
the reply.

cc: Bruce Reed

THE PRESIDENT HAS SEEN

12-18-95

14 December 1995 95 DEC 14 P5:26

MEMORANDUM TO THE PRESIDENT

From: Harold Ickes (WB)

Re: Mark Gearan

Attached is a letter to you from Mark Gearan which he gave me during the Ireland trip and which he asked me to deliver. Unfortunately I misplaced it, thus the delay.

[Handwritten notes and signature]
✓
Sum
re: this
B



The Berkeley Court

One of

"The Leading Hotels of the World"

Lansdowne Road, Dublin 4, Ireland. Tel: 660 1711 Fax: 661 7238 - Administration
Fax: 6602542 - Banqueting/Sales Fax: 6602365 - Reservations

1 December 1995

Mr President —

You have honored my family in mentioning my heritage in your speech today and I am exceedingly grateful.

For my four grandparents who came to America from this island, my heart is filled with gratitude. I am proud to be on this trip and humbled by your kindness to me.



Doyle Hotel Group

Mark Gecran

12-18-95

THE WHITE HOUSE
WASHINGTON

95 DEC 15 P 6 : 50

December 15, 1995

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT & ANNE WALLEY

THROUGH: ERSKINE BOWLES

SUBJECT: SCHEDULING DECISIONS

Accept:

Date of Event:Location of Event:

12/18/95

Meeting With Kentucky Governor
Paul Patton

12/18/95

Sign Presidential Directive on Drug
Testing

12/18/95 - 12/19/95

Photo-Op Wit Departing Japanese
Ambassador (during regularly
scheduled NSC time)

12/18/95 - 12/22/95

White House National Radio
Correspondents Roundtable
(year end accomplishments)

12/20/95

Women's Leadership Meeting

1/5/96

DNC Lunch, Off Complex
(Media Fund)

1/10/96

Video For Political Ads
(2 hours of "film stock")

Regret:

Date of Event:

12/10/95 - 12/20/95

12/14/95 - 3/30/95

1/1/96 - 3/30/96

Location of Event:

Youth Violence Event

Host/Attend Ceremony For
Presidential Rank Awards

Address the 25th Anniversary of
Delancy Street (an organization that
rehabilitates former convicts)

Pending:

Date of Event:

12/15/95 - 12/20/95

1/1/96 - 1/30/96

1/2/96 - 3/12/96

2/7/96

Location of Event:

Meeting With President of National
Congress of American Indians

Speech to US Attorneys on Gangs

Keynote Address at Academy of TV
Arts & Sciences Conference
(Pasadena, Calif.)

Address the National Association of
Independent Colleges and Universities
(Washington, DC)

NOTE: You have received invitations to the following staff Christmas Parties. Per your request, they are as follows:

12/18/95
Monday

Correspondence Department Staff Party
Indian Treaty Room
(12:00 pm - 2:00 pm)

12/20/95
Wednesday

NSC Holiday Staff Party
Indian Treaty Room
(3:00 pm - 5:30 pm)

Under Stress, Immune Cells Rush To Skin to Repel Microbe Invaders

Lost cells are discovered on sentry duty, at least in rats.

By SANDRA BLAKESLEE

SAN DIEGO

EVERYONE knows stress is bad for you. It weakens the immune system. It increases your susceptibility to infections and diseases like cancer. Drugs that exert their effects on the body's natural stress hormones are medicinal sledgehammers: they may help your arthritis, but they make you feel like Wile E. Coyote after a bad day with the Roadrunner.

But it now turns out that stress has been handed a bum rap, mostly by scientists who study diseases, death genes and other aspects of biological doom. As with most complex systems, there is another side to the story. Under certain conditions, say two neuroscientists from Rockefeller University in New York, a stressful experience can marshal immune cells to travel to distant parts of the body, ready to do battle with any foreign agent trying to breach the defenses.

The researchers are Firdaus S. Dhabhar, a doctoral candidate in neuroscience, and Dr. Bruce McEwen, a leading authority on stress hormones and the brain. Some of their research was published earlier this year in *The Journal of Immunology*, and some of it was presented for the first time here last week at the annual meeting of the Society for Neuroscience, a gathering of nearly 23,000 brain specialists from around the world.

Earlier experiments showed that a mildly stressful experience produces dramatic changes in the distribution of the body's immune cells, Mr. Dhabhar said. The number of T cells, B cells, natural killer cells and monocytes — all involved in protecting the body from injury and disease — plummets by 50 to 80 percent within a couple of hours after a stressful experience. In the popular view, he said, stress makes the immune system crash.

But after three hours, the immune cells return to normal levels, Mr. Dhabhar said. And that does not compute. The body could not destroy its leukocytes and refabricate them in just three hours, he said. "Something else must be happening."

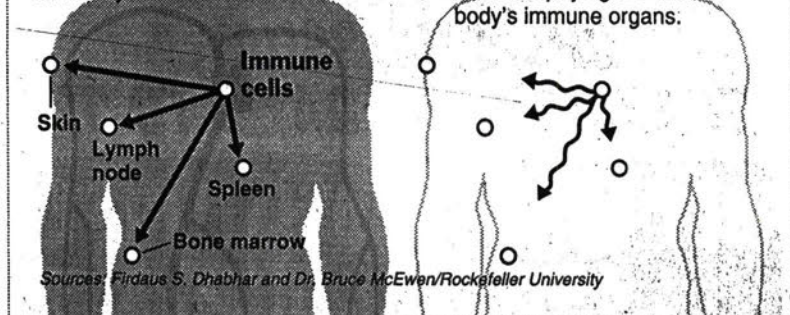
To study the mystery, Mr. Dhabhar is examining the effects of psychological stress on immune reactions in the skin. The skin, he said, is the body's largest organ and the major barrier protecting an organism from the environment. It is a place where immune cells congregate, especially when there is contact with poison ivy, poison oak or certain dyes and cosmetics.

The experiments use two groups of rats. Both get a dab of a chemical (4-dinitro-fluorobenzene, or DNFB) on their ears. This procedure initiates a moderate inflammatory reaction and is similar to the skin tests used by dermatologists to determine if a

Stress and Immunity: A New Theory

Based on rat studies, researchers suspect that mild stress calls up immune cells from the bloodstream and deploys them at battle stations throughout the body, enhancing immunity.

In chronic or severe stress, however, high levels of stress hormones may suppress the immune response by destroying white blood cells, suppressing their activity, or even atrophying the human body's immune organs.



The New York Times

patient is allergic to certain substances or to test for exposure to diseases like tuberculosis, Mr. Dhabhar said. Such delayed type hypersensitivity is involved in resistance to certain bacterial and viral infections.

Over the next six days, all the rats develop an immunological memory, akin to a vaccination, for DNFB. Should they encounter the chemical again, their immune systems are primed to begin a response, including the swelling and inflammation that result when immune cells rush to the scene.

Next Mr. Dhabhar puts half the rats into a psychologically stressful situation. (It would probably upset

under stress, immune cells do not disappear. They are redistributed throughout the body. They leave the blood stream and go to the bone marrow, spleen, lymph nodes and skin, ready to "do battle," Mr. Dhabhar said. In the stressed rats, they go straight to the ear — the spot primed by the DNFB — park themselves and stand ready to deal with that noxious chemical.

The new research may help explain a familiar human experience, Mr. Dhabhar said. When you are coming down with a nasty bug but have something important to do — be in a wedding, meet a deadline, close a business deal or cope with some other stressful situation — you do not get sick, he said. You stave off the infection until the big event has passed. Only then do you succumb to the bug.

But the stress response is a double-edged sword, the scientists said. As with alcohol, a moderate amount may prove beneficial, but too much is clearly bad. "We don't know when stress turns harmful," Dr. McEwen said. "But we do know that chronic stress can suppress immune cells."

In future experiments, Mr. Dhabhar plans to stress animals more and more, to see at what point their immune systems fail to protect them.

In the meantime, the work may help expand on longstanding observation about how some steroids, drugs that are similar to the body's own stress hormones, kill immune cells. Natural stress hormones are bound to tissues in the body, Dr. McEwen said. Plus there are other buffering agents to protect the body from these substances. But the drugs circulate freely in the body and thus do more harm, he said.

The work also has implications for the practice of medicine, Dr. McEwen said. It may be better to give vaccines in the morning when the body's natural stress hormones are highest, given their circadian rhythm. That would make the vaccines more effective, he said.

And for those who are not ill, or taking steroids, or being vaccinated, Dr. McEwen offered this advice: "Everyone worries too much about stress. They don't give their bodies enough credit in coping with stress. So just relax."

Why you can hold off a cold during a crisis: stress primes the immune system.

humans, too.) He stuffs them into a transparent glass tube. "They hate it," he said. It does not squeeze them or harm them in any way, but sure enough, their immune cell count plummets. Their natural stress hormones (cortisol, epinephrine and norepinephrine) squirt into their bodies.

The other rats are not placed under stress, Mr. Dhabhar said. Both groups are dabbed for a second time with the same noxious chemical, DNFB.

The results are dramatic, Mr. Dhabhar said. The stressed animals show an inflammatory response that is three times larger than that seen in the unstressed animals. In the stressed animals, the immune reaction occurs at a faster rate and is significantly higher for up to six days.

To see what accounts for the difference, Mr. Dhabhar examined the ears of both groups of animals at different times. The stressed animals had thicker ears, containing many more immune cells in the skin, than did the unstressed animals.

The researchers concluded that

12/18
sent to Bruce Reed per Phil
CAP low
to redo this.

THE WHITE HOUSE

WASHINGTON

December 13, 1995

Dear Representative Shaw:

Thank you for your recent letter about your current conference report on welfare reform.

I am determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped in it. But the welfare bill you are trying to report out of conference along narrow, partisan lines is not real reform. If Congress sends me that conference report, with or without child nutrition provisions, I will veto it, and insist that you do better.

Real welfare reform should be tough on work and tough on responsibility, not tough on children or tough on parents who are responsible and who want to work. The current conference report does too little to move people from welfare to work, and is burdened with deep budget cuts that are tough on children and undermine real reform. Americans know we have to reform the broken welfare system, but they also know that cutting child care that helps mothers move from welfare to work, cutting help for abused and disabled children, and cutting nutrition programs and school lunch is not welfare reform.

My Administration has and will continue to set forth in full detail our goals for reform and our objections to your current legislation. We remain ready at any moment to sit down in good faith with Republicans and Democrats in Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by budget politics. As I have said throughout this debate, there is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it:

- **Work and Child Care:** Welfare reform is first and foremost about work. An overwhelming majority of Senators in both parties agreed on measures that are vital to welfare reform's success in moving people from welfare to work: providing more resources for child care, requiring states to maintain their stake in the success of reform, rewarding states for placing people in jobs, and providing states adequate resources to

continue to promote work in economic downturns. The current conference report weakens all these important work provisions. It makes no sense to cut child care and strand thousands of mothers on welfare when they ought to be going to work. For the same reason, it makes no sense to scale back health coverage for low-income families or the Earned Income Tax Credit, powerful work incentives that are critical to welfare reform. The final welfare reform legislation should provide more child care, not less, and restore the bipartisan work-based reforms that are the heart and soul of real welfare reform.

- **Work Incentives:** In addition to child care, it is essential that single parents with children have additional incentives to move from welfare to work. In particular, it is crucial to maintain our current investment in the Earned Income Tax Credit, as well as the guarantee of Medicaid coverage for poor women and children. Removing the guarantee of health insurance coverage, as the welfare reform conference report does, runs counter to our goals, because many poor women now choose welfare over work simply because they or their children need health care.
- **Protecting Children:** The conference report makes deep budget cuts that would fall hardest on children. Making deep cuts in foster care and adoption, child nutrition, food stamps, help for disabled children, and health coverage is not welfare reform. Instead of making unacceptably deep cuts in these and other areas, the final welfare reform legislation should reflect the national consensus that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.
- **Budget Cuts:** The conference report was designed to meet an arbitrary budget target rather than to achieve serious reform, and, overall, includes deep cuts that would undermine states' ability to move people from welfare to work, protect children, and carry out real reform. We should work together to balance the budget and reform welfare, but Congress shouldn't use the words "welfare reform" as just another cover to violate our values. The final welfare reform legislation needs to reduce the magnitude of budget cuts in low-income programs, especially those that have little connection to the central goal of work-based reform, such as childhood disability, child protection, nutrition, and benefits for legal immigrants.

I will not let Congress squander this historic moment by putting budget politics ahead of real and lasting reform. If Congress sends me the current conference report, I will veto it. But I am deeply committed to working with Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses the Administration's concerns including those I have set forth in this letter. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

Sincerely,

The Honorable E. Clay Shaw, Jr.
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

December 13, 1995

Dear Mr. Chairman:

Thank you for your recent letter about your current conference report on welfare reform.

I am determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped in it. But the welfare bill you are trying to report out of conference along narrow, partisan lines is not real reform. If Congress sends me that conference report, with or without child nutrition provisions, I will veto it, and insist that you do better.

Real welfare reform should be tough on work and tough on responsibility, not tough on children or tough on parents who are responsible and who want to work. The current conference report does too little to move people from welfare to work, and is burdened with deep budget cuts that are tough on children and undermine real reform. Americans know we have to reform the broken welfare system, but they also know that cutting child care that helps mothers move from welfare to work, cutting help for abused and disabled children, and cutting nutrition programs and school lunch is not welfare reform.

My Administration has and will continue to set forth in full detail our goals for reform and our objections to your current legislation. We remain ready at any moment to sit down in good faith with Republicans and Democrats in Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by budget politics. As I have said throughout this debate, there is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it:

- **Work and Child Care:** Welfare reform is first and foremost about work. An overwhelming majority of Senators in both parties agreed on measures that are vital to welfare reform's success in moving people from welfare to work: providing more resources for child care, requiring states to maintain their stake in the success of reform, rewarding states for placing people in jobs, and providing states adequate resources to

continue to promote work in economic downturns. The current conference report weakens all these important work provisions. It makes no sense to cut child care and strand thousands of mothers on welfare when they ought to be going to work. For the same reason, it makes no sense to scale back health coverage for low-income families or the Earned Income Tax Credit, powerful work incentives that are critical to welfare reform. The final welfare reform legislation should provide more child care, not less, and restore the bipartisan work-based reforms that are the heart and soul of real welfare reform.

- **Work Incentives:** In addition to child care, it is essential that single parents with children have additional incentives to move from welfare to work. In particular, it is crucial to maintain our current investment in the Earned Income Tax Credit, as well as the guarantee of Medicaid coverage for poor women and children. Removing the guarantee of health insurance coverage, as the welfare reform conference report does, runs counter to our goals, because many poor women now choose welfare over work simply because they or their children need health care.
- **Protecting Children:** The conference report makes deep budget cuts that would fall hardest on children. Making deep cuts in foster care and adoption, child nutrition, food stamps, help for disabled children, and health coverage is not welfare reform. Instead of making unacceptably deep cuts in these and other areas, the final welfare reform legislation should reflect the national consensus that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.
- **Budget Cuts:** The conference report was designed to meet an arbitrary budget target rather than to achieve serious reform, and, overall, includes deep cuts that would undermine states' ability to move people from welfare to work, protect children, and carry out real reform. We should work together to balance the budget and reform welfare, but Congress shouldn't use the words "welfare reform" as just another cover to violate our values. The final welfare reform legislation needs to reduce the magnitude of budget cuts in low-income programs, especially those that have little connection to the central goal of work-based reform, such as childhood disability, child protection, nutrition, and benefits for legal immigrants.

I will not let Congress squander this historic moment by putting budget politics ahead of real and lasting reform. If Congress sends me the current conference report, I will veto it. But I am deeply committed to working with Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses the Administration's concerns including those I have set forth in this letter. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

Sincerely,

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

THE PRESIDENT HAS SEEN

12-15-95

Cc: Bae

Amber

GS

Amber

Laan

faxed
✓

This is wonderful piece - Use
Money given to Laan
circulation - to religious
city, talk show host, the
singer for this campaign, save
important - let's get it out - By

THE PRESIDENT HAS SEEN

12-15-95

Cc: HRC

Rm

12-18-95

faxed to Linda

Lader

12-18-95

— C. Clutch

THE SECRETARY OF EDUCATION

WASHINGTON

THE PRESIDENT HAS SEEN

12/8/95

Mr. President -

This was a great Op Ed
in the Dallas Morning News. We
are starting to get our message
across.

Sincerely,

Wick

asked for records that included the race of the perpetrator of a crime as well as the race of the crime's victim. The police didn't have these tabulations but gave the ex-mayor a bundle of computer sheets he then turned over to a specialist to parse.

The findings anticipated by several months the dismaying report of The Sentencing Project of Washington, D.C. That think tank's ongoing study of penology told us that almost one-third of black men aged 20 to 29 are under "criminal justice supervision." That means they either: (1) are in jail; or (2) are on probation; or (3) are being prosecuted.

The Sentencing Project data clearly suggest that there is a racist bias in penology. According to the report, African-Americans constitute 13 percent of

prison, on probation or parole, awaiting trial or sentencing, or being sought on arrest warrants. In Washington, D.C., with similar demographics, the figure is 42 percent."

Whatever the bias, what to do? Back in 1983, which was not so very long ago, drug offenders in prison were 57,975. In 1993 that figure had risen by 518 percent, to 353,564.

One way to reduce the number of people sent to jail for possessing drugs is to stop prosecuting people for possessing drugs. And transforming the vast expense and energy being used to put them in jail to devising some way to help or cure the addict.

Ed Koch doesn't go along with legalization. But he is eagerly promoting an idea derived from a

comes away from prison. He doesn't have a job, and he is burdened with the stigma of a felony conviction. For him is proposed a program that combines job training with drug education. A year of this, followed by three years on probation during which drug testing would regularly be done.

The incentive? A full pardon at the term's end, leaving the ex-inmate with an apparently spotless record, exposure to drug abuse training and an opportunity to learn a profession. If such were to yield satisfactory results, the sometime convict would be ready to marry, leaving permanently behind him his addiction and his conviction.

Mr. Koch also recommends a quite general program available to all 17-year-olds, not just males. It is

Koch. How many of the young blacks who go to jail do so merely for possession of a drug — as distinguished from going to jail for the mayhem done to get money with which to buy drugs?

If drugs were licensed for sale, given that the pharmaceutical cost of producing them is about 1 percent of the street cost, how much relief would be had by the community otherwise plundered to raise the money? And might we be better off with a lot more drug users, even if out of prison, than with hundreds of thousands of drug users in prison?

William F. Buckley Jr.'s column is distributed by the Universal Press Syndicate.

Religious freedom finally has a friend in White House



OLIVER THOMAS

Psst! Want to know a secret?

The Clinton administration is friendly to religion. Better yet, it is the most friendly administration that religion has had in years.

Hard to believe? Look at the facts:

The Clinton administration recently sent a directive urging every public school district in America to take religion seriously. The directive — based on the input of several dozen religious and civil liberties groups — urges schools to allow students to pray, read Scripture, form religious clubs and express religious viewpoints as long as the students aren't disruptive and don't infringe upon the rights of others. No other president has taken such a step.

President Clinton, along with Sen. Orrin Hatch, R-Utah, and Edward Kennedy, D-Mass., also took the lead in passing the most important civil rights bill for religion in history. The Religious Freedom Restoration Act guarantees a robust role for religion in the life of the

republic.

No longer can government censor, encroach upon, discourage or regulate religion unless it is absolutely necessary to accomplish a "compelling government interest" such as health or safety. Even then, the government must pursue its interest in the manner least burdensome to religion.

As a result, Christians can teach their children at home or run their own schools; Orthodox Jews can refuse autopsies and wear their yarmulkes in government buildings; the Amish can drive their horse-drawn carriages on public streets (with silver reflector tape rather than the garish red triangles proscribed by their faith), and countless other religious people can practice their faith without fear of government reprisal.

The Religious Freedom Restoration Act is being taken seriously by the courts. In the District of Columbia, zoning officials have been told that churches may operate soup kitchens even in residential neighborhoods. And in California, school bureaucrats have been forced to admit Sikh boys and allow



Margaret Scott

them to wear their ceremonial kirpans (i.e., daggers) to school as long as the boys are willing to sew the knives into their sheaths so they may not be used as weapons. A little messy? Yes, but the point remains — it is good for religion, and Mr. Clinton made us do it.

That isn't all. In a recent court case, the Clinton administration reversed

prior Justice Department policy and stepped in to ensure that a trustee in bankruptcy couldn't force churches and synagogues to disgorge past tithes and offerings to satisfy a debtor's creditors. The administration has since created a special task force — with at least one lawyer in each federal agency — to ensure that religious rights are taken seriously.

Even the Equal Employment Opportunity Commission under Mr. Clinton has filed its first-ever class-action lawsuit based on religion. The case, filed against Dillard Department Stores for its alleged "no excuses" Saturday/Sunday work policy, has been settled favorably to the claimants and to the churches and synagogues that were prepared to join the government's case as "friends of the court."

Many of the problems corrected by Mr. Clinton stem from a 1990 U.S. Supreme Court case in which the court held that traditional First Amendment protections no longer applied to religion. It was Reagan appointee Antonin Scalia who wrote the opinion in that case, which religious leaders still refer to as

the "Dred Scott" of church-state law. And when dozens of religious groups appealed to the Bush administration for help, it refused.

Mr. Clinton has been different. His administration, with the help of Congress, has changed all that. Now, religion is protected as it once was. Despite angering some religious conservatives by refusing to criminalize abortion and by supporting equal justice for all Americans — including gays — this president has proved himself a friend to religion.

Even Steve McFarland of the conservative Christian Legal Society recently was quoted as saying, "The president clearly has indicated he has a personal interest in religious rights."

As a result of Mr. Clinton, the free exercise of religion is more secure than ever. This president has guaranteed that all religions, including that of his strongest opponents, are welcome in the public square.

And that is the best-kept secret in America.

Oliver Thomas, a minister and lawyer, chairs the Coalition for the Free Exercise of Religion, which drafted and provided the grass-roots support for the Religious Freedom Restoration Act.

MESSAGE CONFIRMATION

DEC-18-95 11:16

FAX NUMBER : 2024562215

NAME :

FAX NUMBER : 96384141

PAGE : 04

ELAPSED TIME : 02'36"

MODE : G3 STD

RESULTS : O.K

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Linda Lader

Fax Number: 638-1999

Phone Number: 638-4141

FROM: Todd Stern

SUBJECT: Presidential Note

DATE: December 18, 1995

NUMBER OF PAGES (including cover sheet): 4

MESSAGE:

If all pages are not received, please call 202/456-2702

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

THE PRESIDENT HAS SEEN

12-18-95

THE WHITE HOUSE

WASHINGTON

December 15, 1995

95 DEC 15 28:16

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
JACK QUINN

SUBJECT: ARMSCOR

You asked on the attached memorandum (Tab A) concerning ARMSCOR whether we could argue that the difference in government is so great that the defendant is no longer the government.

The problem with this argument is that while the Government of South Africa has undergone fundamental change, it is not the defendant. The defendant is ARMSCOR, a parastatal corporation. ARMSCOR as a corporation has undergone some significant structural and personnel changes, but it remains the same legal entity and an arms procurement and marketing agent. Some of ARMSCOR's senior management have been removed, including many of its board of directors. However, several have been replaced by managers from within.

The Justice Department is not persuaded that the changes in ARMSCOR have been sufficient to justify a conclusion that it is no longer the same defendant. Justice would also be very concerned about the precedential impact of such a conclusion, since it frequently pursues restructured companies for the criminal activities of their predecessors. (Moreover, the record is complicated by Secretary Christopher's assertion to AG Reno, in his letter concerning ARMSCOR, that we cannot be certain that ARMSCOR has stopped its illegal activity in the United States. The contrary is also true -- we are aware of no evidence that illegal activity is continuing.)

As you authorized, we met with the Attorney General on this case. She agreed we could indicate to the South Africans flexibility on all issues in the plea negotiations provided (1) there is a criminal disposition in the case, meaning a plea by ARMSCOR and (2) South Africa fulfills its prior commitments to cooperate in

cc: Vice President
Chief of Staff

on-going prosecutions of Americans. This message was conveyed to VP Mbeki by Tony Lake and reinforced during the VP's recent visit to South Africans. South African Government officials characterized the message as helpful; however, it remains to be seen whether this will translate into good faith re-engagement by ARMSCOR's lawyers in plea negotiations with the Department of Justice.

Attachment

Tab A ARMSCOR Memorandum dated November 22, 1995

THE PRESIDENT HAS SEEN
12/15/95

8087

THE WHITE HOUSE

WASHINGTON

November 22, 1995

95 NOV 22 49:41

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
JACK QUINN *jm4*

SUBJECT: Armscor

Salmon
12/2

You asked for an update on Armscor, the pending criminal case that Nelson Mandela raised with you. The case involves violations of U.S. arms export control laws, prior to 1991, by Armscor, a parastatal South African munitions company. We need to balance our law enforcement interests, our nonproliferation interest and our interest in relations with South Africa. Our negotiations with Armscor to date have contemplated both a criminal penalty on the company (pursued by the Justice Department) and a mechanism to discourage future violations (pursued by the State Department pursuant to the civil enforcement provisions of the Arms Export Control Act).

Our ongoing review indicates two important factors:

- From a law enforcement perspective, Justice and State proposed a reasonable settlement consistent with past practice. From a law enforcement perspective, South African concerns with the settlement are unfounded or exaggerated. From a political perspective, they are largely understandable.
- South Africa is not likely to agree to the proposed settlement, or minor adjustments to it. Rather, South Africa resists any guilty plea. The proposed settlement has become a major political issue in South Africa. The issue is increasingly a serious domestic problem for Mandela and Mbeki and a significant irritant in our bilateral relations. Left to run its course, the case could soon enter protracted litigation.

The initial issue is whether these foreign policy considerations should cause a shift in Justice's approach to the criminal case. In theory, it is clear that the Secretary of State can request, or you can direct, a change in approach to a criminal case for foreign policy reasons. In practice, this is extremely rare. In fact, we are unable to identify any case in the last twenty years in which the Justice Department has changed its disposition of an

cc: Vice President
Chief of Staff

indicted case because of foreign policy concerns. Although the South African case is arguably unique and presents serious foreign policy concerns, any foreign policy intrusion into the disposition of the criminal case may draw strong criticism as an unprecedented "interference" in criminal law enforcement.

Can we argue that the DOJ is not the best place to handle this? The Department of Justice is the best place to handle this.

The follow-up issue would be how much of a change to seek in the DOJ approach to the criminal case for foreign policy reasons. One option would be for DOJ to drop the criminal case altogether (and provide some reassurance against future prosecutions for past acts). We would instead concentrate on putting in place a mechanism to ensure against future violations of our export control laws. We would argue it is not essential to punish the new South African government for the crimes of its predecessor through criminal conviction and that our interest is in preventing recurrence, helping Mandela and getting this issue behind us. However, dismissal may encourage other countries to seek foreign policy intervention in criminal cases, is likely to be strongly opposed by the Attorney General and could provoke substantial public or Congressional criticism.

An alternative would be to moderate substantially our current negotiating positions, without requesting complete dismissal of the criminal case. For example, we could insist Armscor plead guilty to its past actions but limit or drop the roughly \$15 million fine Justice/State have been seeking. We might also offer some form of assurances concerning future prosecutions for past actions and amend our proposed future compliance regime to accommodate South Africa's sovereignty concerns. This option would draw less resistance from Justice and may be easier to defend publicly. However, it is not clear this alternative would satisfy South Africa, which has objected strenuously to accepting a guilty plea. If not, we may enter protracted litigation.

For

Properly, the Justice Department will not change its current course without a formal communication of foreign policy concern from Secretary Christopher or direction from you. We think it preferable, if possible, to resolve this in collaboration with the Justice Department without your involvement.

Secretary Christopher has decided to send a letter to the Attorney General concerning the foreign policy implications of DOJ and Armscor's inability to reach a settlement of the case. The letter should provide a basis for Justice, State and NSC officials to meet and discuss what approach best promotes our law enforcement, nonproliferation and South Africa policy interests.

Haiti's Only Hope Is More Hope

By Michel-Rolph Trouillot

The Prime Minister in President Jean-Bertrand Aristide's first Government, René Prével, is expected to win the presidential election in Haiti tomorrow. But whoever inherits the formidable challenge of that office, Mr. Prével or a rival candidate, one thing is certain: Mr. Aristide is passing on a country in much worse shape than when he first came to power in 1991. The military coup of September 1991, which toppled the first Aristide Government, halted Haiti's experiment with democracy. Though Mr. Aristide was reinstated in September 1994, with the backing of the American military, he has never regained firm control of the country. The visceral opposition of the Haitian elites and the machinations of loyalists of the old Duvalier regime

Michel-Rolph Trouillot, a Haitian anthropologist, is the author of "Silencing the Past: Power and the Production of History."

certainly have not helped, nor has the inability of United Nations peace-keeping troops to disarm the loyalists' thuggish followers.

Mr. Aristide, of course, is not solely responsible for Haiti's worsening condition, and it would be unfair to judge his presidency on the basis of 21 months of rule interrupted by three years of exile. Still, Haiti's malaise today reveals weaknesses within his Lavalas movement.

The movement grew out of the grass-roots opposition to Jean-Claude Duvalier's dictatorship and to the regimes that succeeded it after 1986. Its confrontational methods, effective as they were in oppositional politics, have proved less practical in the National Palace and in the Parliament. Neither Mr. Aristide nor his followers have been able to use his extraordinary popularity to build durable institutions. Today, Lavalas remains a loose amalgam of factions united around Mr. Aristide but unable to mature into a viable political party.

Even if Mr. Aristide lends his support to the new government, the next president will face a long list of strenuous tasks. His first priority will be to guarantee the security of

the government and of the civilian population — a daunting job if the multinational force withdraws in February as scheduled. Thus, his first step should be to negotiate an extension of the United Nations mission.

The next president will also need to build support among all Haitians, not just a faction of fervent supporters. His legitimacy will depend on his willingness to include people of all classes in a debate on the country's most important problems. This de-

After Aristide, power has to be decentralized.

bate could have followed the end of the Duvalier dictatorship in 1986, but most political factions, Lavalas included, found it more convenient to avoid such a discussion.

In recent months, Mr. Aristide's Government has likewise skillfully

avoided public debate on his economic program — though its proposed privatization of a number of state-run enterprises and its policies disregarding the needs of the peasants would be better explained to the public than foisted on them.

Many of the issues postponed may come back to haunt the new government, and the next president would do well to use his office to address them promptly, no matter how overwhelming this might be. First is the need to create a more responsive government at the local level. The provincial towns and rural villages, where a majority of Haitians live, depend on the whims of politicians and bureaucrats based in the capital, Port-au-Prince. The weakness of the provinces contributes to the exodus of Haitian peasants to the United States.

The Constitution of 1987, under which Mr. Aristide was elected, called for such a decentralization of government, but it never happened. The next president could help villages and provincial towns reverse Port-au-Prince's dominance — a reversal that is ultimately Haiti's best hope of political stability. □

THE PRESIDENT HAS SEEN

12-18-95

Boy / Sudy

What do you think of this?



THE PRESIDENT HAS SEEN 12-18-95 Legislative

ALERT

1731 King Street • Suite 200 • Alexandria, Virginia 22314
Phone: (703) 549-1390 • (703) 549-1656

December 15, 1995

PLEASE TELL THE PRESIDENT AND YOUR MEMBERS OF CONGRESS THAT YOU SUPPORT:

- ✓ **THE PRESIDENT'S COMMITMENT TO CONTINUE THE FEDERAL GUARANTEE OF MEDICAID HEALTH INSURANCE FOR THE POOR.**

The congressional budget plan, which was vetoed by the president, abolishes the Medicaid program by cutting \$163 billion over the next seven years and block granting the program to the states. The congressional block grant proposal repeals the national eligibility and benefit standards. This proposal jeopardizes eligibility and services for over 36 million low-income children and families, elders and disabled persons who depend on Medicaid for health care.

Medicaid currently covers over 18 million children; one out of every five children in the nation. Changes in the Medicaid program will have a major impact on low-income children's access to health coverage. We have a responsibility to ensure that pregnant women and children receive appropriate quality care.

The president introduced a per capita cap as an alternative approach to the Republican block grant plan in his December 7 budget proposal. A per capita cap links federal funds to the number of eligible Medicaid beneficiaries and thus provides states with the flexibility to respond to changing economic and demographic conditions, while creating a disincentive for states to remove people from their Medicaid program.

Most importantly, the president's plan continues the federal-state partnership which maintains the federal guarantees of eligibility and benefits. However, the president is out on a limb and receiving a lot of pressure from members of congress and governors to support a straight block grant. It is essential that we generate support for these provisions as soon as possible.

The president is right! Balancing the federal budget should not be done by eliminating the federal guarantee of health care for the most vulnerable citizens in our country. Budget negotiations are going on now and an agreement may be reached as early as next week. The Medicaid federal entitlement could be wiped out if we do not act.

Please call your Representative(s), both Senators and the President as soon as possible!



1731 King Street • Suite 200 • Alexandria, Virginia 22314
Phone: (703) 549-1390 • (703) 549-1656

Legislative



- Toll-free numbers have been set up to connect you to the U.S. Capitol switchboard. Ask for one of your members' offices. Call Congress at 1-800-972-3524 or 1-800-962-3524. If you are unable to get through try (202) 224-3121. Call the President at (202) 456-1414.
- Ask to speak to the legislative assistant (LA) in your member's office who handles Medicaid.
- If the LA is not available, as for their "voice mail."
- Make sure that you explain that you are calling not just as a constituent, but as the director/staffer of a Catholic church affiliated program in the member's state. Tell them how many people your program serves and how long you have been in operation.
- Tell the LA to watch for a faxed letter from you that will reiterate your key points.

For more information, contact Lisa Smith, Health Policy Advocate, at (703) 549-1390, ext. 60.

SPECIAL ANALYSIS

Philanthropy and Deficit Reduction: Will States and Private Donations Provide a Social Safety Net?

The size of reductions in Federal spending on Medicaid, welfare, and other social safety net programs has become one of the most contentious issues in the current budget battle. Some advocates of reductions in such programs assert that cuts in Federal spending would be offset by increased private donations to charities as well as increased state and local government spending. Thus, they argue, Federal spending can be dramatically reduced with little adverse impact on the poor and disabled.

Private donations. Roughly three-quarters of American households contribute to charities (including religious charities), with an average annual contribution of about \$900. Economists have studied how such private donations respond to changes in government spending on social programs. The studies generally suggest that for every dollar reduction in government spending, private donations increase by between zero and 35 cents. In other words, increases in private expenditure are not likely to significantly offset cuts in government expenditure. *

State and local offsets. Reduced Federal spending on social programs could possibly be offset by higher state and local spending, so that overall government spending would not change. But the historical evidence suggests otherwise. Econometric studies generally find that state and local governments do not fully offset the behavior of the Federal Government.

Block grants. Turning AFDC and Medicare into block grants will make it even less likely that states will offset Federal spending cuts. These programs currently are funded through matching grants, which reduce the states' marginal cost of providing benefits. This is especially true for low-income states that receive more generous Federal matching. A move to block grants would therefore raise the marginal cost to state governments of providing the benefits. For example, an extra dollar in combined Food Stamps and AFDC benefits currently costs a low-income state only \$0.35. But if AFDC is shifted to a block grant system, the net cost rises to \$1.43, because Food Stamp benefits are reduced when AFDC payments are increased. The literature suggests that states cut benefits by 1 to 3 percent for every 10 percent increase in net cost. *

Tax effects. Current tax rules make donations of appreciated assets particularly attractive: such donations are not subject to capital gains tax and are deductible at their appreciated value. The higher the capital gains tax rate, the more valuable the exemption from the capital gains tax and therefore the more attractive this option. Reductions in the capital gains tax rate would thus raise the net cost of donating appreciated assets. *

Summary. The available evidence strongly suggests that private donations and state and local government spending are unlikely to offset reductions in Federal spending on the social safety net. Cuts in tax rates (including a capital gains tax cut) and a shift to block grants would strengthen—rather than attenuate—this conclusion.

THE PRESIDENT HAS SEEN

12-18-93

Leon / 9B / Laura
we need to get him
out! BC

1000

Summer 1995

Bo

THE PRESIDENT HAS SEEN

12-18-95



young artist

Yang

September 13, 1995

Dear Mr. Clinton,

I hope you had a great time on your vacation. There is some beautiful country in Wyoming. (I think they also have the best license plate in the country)

I've been thinking about your campaign and I'd really like to work as a photographer on it. I know I could do a good job and think it would be very exciting to be part of your re-election.

Take care,
Mary F. Calvert