

1/8/96

THE WHITE HOUSE
WASHINGTON

96 JAN 5 8:00

January 5, 1996

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: RAHM EMANUEL *R.E.*

SUBJECT: WEEKLY REPORT

IMMIGRATION:

So far So good. We received good press coverage on our annual Asylum numbers. This report builds on our success last week with the deportation numbers that ran in the Times and the Post and on all the Networks. (see clips attached.)

Good I am now trying to get INS to announce next week a new redeployment of border agents boosting the amount in San Diego by 200. What would be innovative and new is the use of local police and a small contingent of the national guard. INS in its typical fashion is taking it slow.

Good - can we push

CRIME:

As you know, we are trying to close the loop on the Drug Czar. We are having some success and some failures. My concern now is that we will not have a nominee fully researched by the time of Director Brown's departure. I do believe we are on the right track with a military figure.

Let's I think we should expect a series of articles analyzing why crime is dropping. Time Magazine's cover next week is on this very subject. I also believe that the two new movies "Eye for an Eye" and "Dead Man Walking" will only raise the issue of crime in the public domain. We have submitted a crime and drug memo outlining next year's agenda. I think the issue of crime needs to re-emerge on the President's schedule for this year.

Good The Executive Order on Missing Children is ready anytime for a Presidential event.

WELFARE:

Bruce and I have been working with House and Senate Democrats and HHS on the welfare

paper. We have also been working on the welfare veto message in accordance with the President's commitment to Senator Dole.

TRADE:

I worked with Mickey on his interview with the New York Times for today's story on trade enforcement. I am also working on the Times follow up piece on the politics of trade. (see attached).

THE PRESIDENT HAS SEEN

1/9/96

THE WHITE HOUSE

WASHINGTON

December 28, 1995

96 JAN 3 P2:08

MEMORANDUM FOR THE PRESIDENT

FROM:

LAURA TYSON
JACK QUINN

Laura P. Tyson
Jack

SUBJECT:

Letter to the SEC concerning new securities litigation bill

Passage of the securities litigation bill does not lessen the need to have the SEC do any of the things we discussed earlier in considering whether you should sign the bill: monitor its implementation, enhance enforcement, and perhaps undertake rulemakings. Attached is a proposed letter we recommend you send to Chairman Levitt some time in the next several weeks requesting that he pursue these activities. A slight delay will let passions cool; we suggest the letter be sent without fanfare, although it obviously will be a public document.

The letter is designed to encourage the SEC in these activities without making it appear that you are asking the Commission to undermine the bill. It is also respectful of the Commission's status as an independent agency.

THE WHITE HOUSE

WASHINGTON

January 5, 1996

The Honorable Arthur Levitt, Jr.
Chair
Securities and Exchange Commission
Washington, D.C. 20549

Dear Mr. Levitt:

The enactment into law of H.R. 1058, the securities litigation reform act, creates both opportunities and potential pitfalls for United States securities markets. While some of the act's provisions are likely to increase the amount of information available to investors, and thus enhance market efficiency, a number of other sections may reduce the ability of investors to seek redress for damages resulting from arguably fraudulent activities.

I believe it is important that the Securities and Exchange Commission, as the government agency directly charged with implementing the securities laws and protecting investors, monitor the implementation and impact of this legislation carefully -- and increase enforcement and rulemaking activities if necessary. The budget plan I submitted to Congress on December 7 authorizes and expands fees assessed upon transactions in the securities and bond markets. Combined with future appropriations, these fees will improve the Commission's ability to enforce securities laws and to protect investors.

I also believe it will be useful for the Commission to advise me and the Congress within a year about the impact of the act on the effectiveness of the securities laws and on investor protection, and on the extent and nature of any litigation under the act. In the event there are indications that portions of the act are having a negative impact on the integrity of our markets, I hope the Commission will recommend amendments.

It is my sincere hope that the new act's benefits will far outweigh any problems. I welcome your assistance in accomplishing this result.

Sincerely,

A handwritten signature in cursive script, reading "Bill Clinton", followed by a horizontal line.

THE WHITE HOUSE

WASHINGTON

January 12, 1996

MEMORANDUM FOR ANN FLEISCHMAN

FROM: CAROL CLEVELAND *Carol*
Office of the Staff Secretary

SUBJECT: New Staffing Memorandum

We would like to order 250 of the attached revised staffing memorandum and of course we need them as soon as possible. Thank you.

Attachment
Revised Staffing Memorandum

WHITE HOUSE STAFFING MEMORANDUM

DATE: _____ ACTION/CONCURRENCE/COMMENT DUE BY: _____

SUBJECT: _____

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McCURRY	☐	☐
PANETTA	☐	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☐	☐	QUINN	☐	☐
LIEBERMAN	☐	☐	RASCO	☐	☐
RIVLIN	☐	☐	SOSNIK	☐	☐
BAER	☐	☐	STEPHANOPOULOS	☐	☐
CURRY	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	STRETT	☐	☐
GIBBONS	☐	☐	TYSON	☐	☐
GRIFFIN	☐	☐	WALLEY	☐	☐
HALE	☐	☐	WILLIAMS	☐	☐
HERMAN	☐	☐	_____	☐	☐
HIGGINS	☐	☐	_____	☐	☐
KLAIN	☐	☐	_____	☐	☐
LAKE	☐	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS:

RESPONSE:

M E M O R A N D U M

TO: THE PRESIDENT
FROM: BETTY
RE: ARTICLES FROM MARIA RODHAM
DATE: JANUARY 8, 1996

The following articles were sent by MRodham:

- 10 yr old boy who prepared his living will
(POTUS Send short note of support - John McGarry, Jr.)
- Connie Mack
- Minority set-asides
- Cuban Refugees
- ~~Citrus growers - problems~~
- Bosnia
- Private firms operating elementary schools
- Education - topic during 1996 session in Florida

See 84

TO B. Reed
Fyl - BK

Firm vows a computer in every pupil's home

By JODI MAILANDER
Herald Staff Writer

For the second time in five years, the Dade School Board will allow a for-profit company into its domain, turning over two elementary schools Wednesday to a company started by media entrepreneur Christopher Whittle.

The two schools, to be selected in January, will be considerably differ-

Two Dade schools, to be selected in January, will be run by the for-profit Edison Project.

ent from any other public school here: They will have a longer school day and year, Spanish instruction in kindergarten, groups of students that stay together for two years and a

heavy emphasis on the classics, character education and technology.

Most notably, the firm promises to place a computer in every child's home and connect it to a school net-

work. Parents and children, trained to use the computers, would be able to communicate with teachers by electronic mail. Teachers would have their own laptop computers.

"Children who get the opportunity to attend this school will be very lucky," School Board member Fred-

PLEASE SEE EDISON, 12A

- What the project promises for two Dade elementary schools:
- **Longer time in school:** The school year will be 210 days, instead of the current 180. Kindergarten through second grade will attend seven hours each day; third grade and above for eight hours, instead of the typical six hours.
 - **Performance-based pay:** Teacher salaries are expected to be based primarily on the academic progress of their students.
 - **More technology:** Each student will have a computer at home and training will be provided for parents and kids on how to use it.
 - **Smaller reading groups:** Some students will be in music, art or PE while classmates focus on reading for 90 minutes each day, which allows teachers to work with reading groups as small as 15 students.
 - **The basics:** An emphasis on math and reading, but it incorporates teaching about values, a foreign language and computers.
 - **Not mandatory:** The program is open only to students who would regularly attend the two schools, but children can transfer out if their parents don't like it. The schools include disabled and non-English-speaking students.
 - **The goal:** To significantly raise test scores, increase parent involvement and improve the school climate to foster learning.

Dade will let firm run 2 schools, provide every pupil with a computer

EDISON, FROM 1A

erica Wilson said.

The contract is among five the firm, called The Edison Project, has signed with school systems throughout the United States, a indication of the growing willingness of educators to give private firms a shot at reforming the country's struggling public schools.

But the agreement remains shaky. Edison faces a major hurdle in negotiating salaries and contract waivers with the Dade teachers' union before it can open the two schools by fall next year. There also are lingering questions about the financial stability of the company since Whittle's communications empire collapsed last year.

School Board members were cautiously optimistic, approving the five-year contract unanimously but voicing concerns about education taking a backseat to profit and Whittle's reputation for bringing advertising into schools.

Board members rejected Whittle in 1989 when he tried to bring his *Channel One* classroom news show here. They disliked the show's use of advertisements. Whittle sold the news program last year.

The contract approved Wednesday allows Dade to can-

four-year contract with Education Alternatives Inc. ended last year at South Pointe Elementary in Miami Beach with improved test scores but none of the advances expected for the extra time and money invested.

School administrators are more enthusiastic about The Edison Project because it offers its own curriculum and was created by a core of nationally known educators, including Chester E. Finn Jr., a U.S. Department of Education official during the Reagan administration, and Benno C. Schmidt Jr., former president of Yale University.

EAI's experiment at South Pointe Elementary was primarily a different teaching method, not an entirely new curriculum.

Although Edison touts impressive classroom techniques, its underlying purpose remains profit. The school system will give the firm the same per-pupil funding it spends on every school and pay to outfit the buildings for Edison's much-ballyhooed computer technology. Edison aims to turn a profit by negotiating salaries with fewer veteran teachers, using more aides and cutting other costs.

"We feel we can operate for the average district cost," said Walter McCarroll, an Edison vice president and former Florida deputy education commissioner.

Effective

Class

Inside

Eve

BUILDERS

Neediest pupils

Dade is challenging Edison with some of its neediest students. The two schools selected for the project must have a majority of poor students with low test scores, under the contract conditions. One must be a new school; the other will be an existing school in a separate region of the county.

Only children living within each school's attendance boundaries can attend, but they won't be forced. The contract includes an opt-out clause for parents.

The schools will be open for 210 days — from Aug. 15 to June 30 — instead of Dade's typical 180-day school year. The school day will be seven to eight hours, instead of the traditional six.

Although negotiations are still under way with United Teachers of Dade, the schools are expected to have performance-based salaries for teachers. Pay will largely reflect the academic progress of students.

"We aren't opposed to trying an education reform that has potential for doing something different," said teachers' union leader Pat Tornillo. "We've been involved from the beginning in this, and we think they have a lot of substance. But we are not going to call this project successful before the first day."

The School Board's first plunge into privatization was not the success everybody expected. Its

Why risk steam, shampoo, or dry cleaning methods?

EDISON, FROM 1A

Smaller empire

Many of those concerns focused on Whittle, who first gained national attention as the rescuer of Esquire magazine in the early '80s. His empire has shrunk considerably since then. In recent months, he has liquidated almost all of his communications company to pay off losses.

An article in New Yorker magazine reported last year that Whittle might face more than \$10 million in unpaid tax liabilities and penalties.

Instead of sole control of Edison, Whittle now shares leadership with a group that invested \$30 million.

"It's unfair to judge these people by Whittle," said Dade Superintendent Octavio Visiedo. "We feel we're dealing with a solvent corporation, but we'll have to monitor it carefully."

Motor

And An ABC Holi



four-year contract with Education Alternatives Inc. ended last

(cler) / Sosnick (ccs) / c

BC

THE PRESIDENT HAS SEEN
1/11/96

THE WASHINGTON POST
WEDNESDAY, JANUARY 10, 1996

David S. Broder

The Fallout From Those Dirty 30-Second Ads

The polarization of American politics is not an accident. The uncivil atmosphere of Washington, so evident in the protracted battle of the budget, is not a happenstance. Both of them are direct byproducts of the dominant means of political communication, the 30-second campaign ads, whose increasingly negative tone and content heighten partisanship and drive centrist and independent voters away from the ballot box.

That is the central argument and ingeniously demonstrated conclusion of a new book called "Going Negative," by two political scientists, Stephen Ansolabehere of the Massachusetts Institute of Technology and Shanto Iyengar of the University of California at Los Angeles.

The subtitle of the book, "How Political Advertisements Shrink and Polarize the Electorate," states the case that is persuasively made by the MIT and UCLA professors.

Many of us in journalism have decried the effects of negative political ads because of the repulsion many voters and some politicians have expressed for them—and because of our own distaste for the meanness of these attacks. The authors have found a way to describe and measure what those ads really do.

They ran experiments with cross sections of California voters, using ads from the 1990 and 1992 gubernatorial and senatorial campaigns. The subjects were shown local newscasts, some containing no political ads, some with one, and some with two. Before-and-after questionnaires allowed the professors to measure the effects of positive or negative ads, singly or in various combinations, on voter attitudes and intentions, in a controlled laboratory environment.

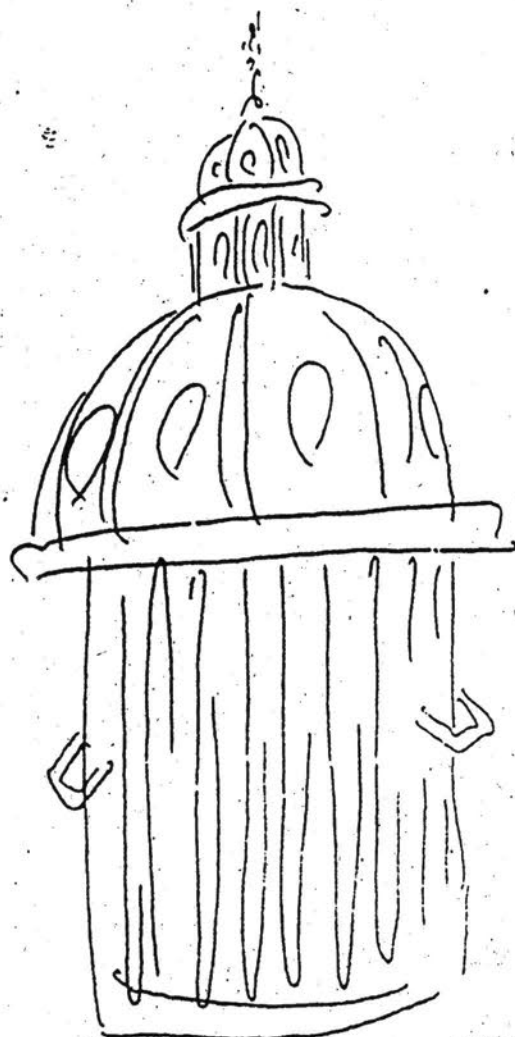
Their findings shatter some of my preconceptions and illuminate a problem more serious than I had ever reckoned. They report that the ads give people a lot of information. Seeing even a single ad gives the prospective voters more data, especially on an issue, than they had before. The increase is especially great for those who start with little knowledge of the candidates.

With partisan voters, the ads are not as manipulative as one might think. Few Democrats are persuaded to vote Republican or vice versa by seeing an opposition ad. For the partisans, ads tend to reinforce allegiance. Positive ads modestly increase the partisans' motivation to vote; negative ads lessen their turnout only slightly.

Unfortunately, the main finding of this survey is a powerful confirmation of the intuition that negative ads are a turnoff to the growing number of independents in the electorate—those with weak party ties or no ties at all.

"Among partisans (Republicans and Democrats alike), the drop in turnout produced by negative advertising was 3 percentage points," the authors write. "Among non-partisans, the decline was an astounding 11 points. . . . Our findings show that negative advertising demoralizes the electorate. It eats away at the individual's sense of civic duty, especially in those people whose connection to the political process is marginal. In the long run, negative campaigns contribute to the general antipathy toward politicians and parties and the high rates of disapproval and distrust of political institutions."

That, of course, is exactly what many of us critics have been saying. But one device that we hoped would help—ad watches, newspaper or television features examining and critiquing campaign ads—appear only to



BY BILL LEE

*Two scholars find that
"negative advertising
demoralizes the electorate. It
eats away at the individual's
sense of civic duty."*

reinforce the negative consequences. They "clearly backfired." In test groups where ad watches were included in the news, the candidate whose ad was criticized gained even more support among partisans, while independents were further disenchanted with the whole political process.

Ansolabehere and Iyengar argue that it is futile to urge candidates to "stay positive." Their experiments confirm the political consultants' advice that the damage is heaviest for a candidate who stays positive while his opponent is attacking.

How then to change the dynamic that is driving away the moderate middle of the electorate and increasing the influence of the partisan extremes? The authors endorse an approach I have long championed: increase the roles of our two parties in elections, especially their grass-roots activities. Media campaigns aim to persuade, and negative ads do that efficiently. But party organizations try to mobilize voters, because "a party-centered campaign must sell the entire ticket, not just a particular name."

Stop the "wrongheaded" reform effort to curb or eliminate the "soft-money" contributions that pay for party registration and get-out-the-vote efforts, they urge. Give public subsidies to the parties, not to individual presidential candidates.

The evidence is strong. The conclusions strike me as being dead-right.

THE PRESIDENT HAS SEEN

11/1/96

IMMANUEL BAPTIST CHURCH

1000 Bishop Street

Little Rock, Arkansas 72202

Fax # (501) 396-3304

FAX COVER PAGE

DATE: January 2, 1996

FROM: Dr. Rev M. Horne, Jr.

TO: Nancy Hernandez

FAX
NUMBER: 202-456-6703

IF YOU DO NOT RECEIVE ALL OF THE PAGES
INDICATED, PLEASE CALL (501) 376-3071. THANK YOU.
FAX # (501) 396-3304

NUMBER OF PAGES: 3

Nancy, please see that the president
receives this -

Thanks

Rev
mew

This come when
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H.R. 1833, The "Partial-Birth Abortion Ban Act"

Fact Sheet

Prepared by the Office of Congressman Charles Canady (R-Fl.)

• The definition of partial-birth abortion in H.R. 1833 is "an abortion in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery." A number of physicians were involved in the drafting of this language to ensure that it is medically accurate and does not encompass any other form of abortion or legitimate medical procedure.

• Registered Nurse Brenda Pratt Shafer witnessed several partial-birth abortions while working for an Ohio abortionist. She described one of these abortions in a July 9, 1995, letter to Congressman Tony Hall:

The baby's body was moving. His little fingers were clasp together. He was kicking his feet. All the while his little head was still stuck inside. Dr. Haskell took a pair of scissors and inserted them into the back of the baby's head. Then he opened the scissors up. Then he stuck the high-powered suction tube into the hole and sucked the baby's brains out.

How Many Partial-Birth Abortions Are Performed?

• There is no way to know the exact number of partial-birth abortions that are performed yearly. The National Abortion Federation says that two doctors, McMahon and Haskell, perform about 450 between them each year. Both of these abortionists energetically advocate the method. Dr. Haskell presented a "how to" paper to National Abortion Federation members in 1992, and Dr. McMahon is the director of abortion training at a major teaching hospital.

• The National Abortion Federation also admits that the partial-birth abortion method is probably used at times by other practitioners, and the *American Medical News* reported in 1993 that "a handful of other doctors" employed the method. The November 6 *New York Times* quotes "a gynecologist at a New York teaching hospital" as saying, "Of course I use it, and I've taught it for the last 10 years. So do doctors in other cities."

• Defenders of partial-birth abortion often stress that they are "a small percentage" of all abortions. But for each individual human being who ends up at the pointed end of the surgical scissors, the procedure is a 100 percent proposition.

What Are the Circumstances?

• Partial-birth abortion is not a legitimate medical procedure and is not needed for any particular circumstances. While the American Medical Association has officially taken no position on H.R. 1833, the AMA's Council on Legislation—made up of 12 doctors—voted unanimously to recommend that the AMA Board of Trustees endorse

H.R. 1833. A member of the Council said they "felt this was not a recognized medical technique," and that the council members agreed that the "procedure is basically repulsive." (*Congress Daily*, Oct. 10, 1995)

• Dr. Martin Haskell stated: "And I'll be quite frank: most of my abortions are elective in that 20-24 week range.... In my particular case, probably 20% are for genetic reasons. And the other 80% are purely elective...." (1993 interview with *American Medical News*)

• Dr. McMahon uses the partial-birth abortion method through the entire 40 weeks of pregnancy. He claims that most of the abortions he performs are "non-elective," but his definition of "non-elective" includes reasons such as the mother's youth or depression.

• Dr. McMahon sent the Constitution Subcommittee a graph showing that, even at 26 weeks of gestation, half the babies that Dr. McMahon aborted were perfectly healthy, and that many of the babies he described as "flawed" had conditions that were compatible with long life, either with or without a disability. For example, Dr. McMahon listed nine partial-birth abortions performed because the baby had a cleft palate.

• H.R. 1833 does have a provision to allow the use of partial-birth abortion if it is needed to save the mother's life. But eminent medical authorities have stated that this procedure would never be used in such a situation. At the subcommittee hearing on partial-birth abortion, Dr. Pamela Smith, OB-GYN, said that in a situation where a mother's life was in danger, "no doctor would employ the partial-birth method of abortion, which—as Dr. Haskell carefully describes—takes three days!"

• The National Abortion Federation sent out a June 18, 1993, letter to its members regarding the partial-birth abortion method (then called dilation and extraction). The letter counseled, "Don't apologize; this is a legal abortion procedure." The letter also stated, "There are many reasons why women have late abortions: life endangerment, fetal indications, lack of money or health insurance, social-psychological crises, lack of knowledge about human reproduction, etc."

What Does H.R. 1833 Do?

• H.R. 1833 bans the performance of partial-birth abortions by making it a crime, subject to fines and/or a maximum of two years imprisonment, to perform a partial-birth abortion.

• Additionally, the bill creates a civil cause of action for damages against an abortionist who performs the procedure. The action can be maintained by the father or, if the mother is under 18, the maternal grandparents.

• H.R. 1833 establishes an affirmative defense for an abortionist who reasonably believes that the partial-birth abortion procedure is necessary to save the life of a mother, and that no other form of medical intervention would suffice. ■

1-2-96

Dear Mr. President,

Here is some information that is being widely shared in our country. I want you to know of my warmest prayers for you.

BREAKPOINT

with Chuck Colson



December 15, 1995

No. 51215

Playing Politics with the Unborn: A Threatened Presidential Veto

I rarely go on the air three times in a one-month period to address the same issue. But today our country stands at a moral crossroads, and we will either validate or make a mockery of our claim to be a civilized nation.

The issue is partial-birth abortion, the heinous practice of killing fully developed fetuses, children in fact, who are just a few inches from normal delivery.

Both the House and Senate have taken the courageous and bipartisan decision to ban partial-birth abortions. Soon the bill will be sent to President Clinton to sign, and here is where the buck stops.

In what may be one of the most callous and shocking acts of any modern president, President Clinton has vowed to veto the ban on partial-birth abortions.

On what basis would he possibly continue to allow this barbaric practice? According to his press secretary, the president demands that a so-called "health of the mother" exception be written into the law.

On the surface, that sounds reasonable enough. And of course, the bill *does* contain an exception to save the *life* of the mother. But the problem is, our courts have interpreted "health of the mother" to include almost anything, even temporary psychological problems. The new "ban" wouldn't be worth the paper it's written on.

The good news is that the very fact that abortion supporters are resorting to this phony "health of the mother" strategy shows that proliferators are beginning to win the most important battle—the one for the hearts and minds of Americans.

One of the best arguments for what I mean was made by George McKenna in the *Atlantic Monthly*. McKenna compares the abortion debate with the great moral question of the nineteenth century: slavery.

McKenna writes, "Lincoln knew that in the final analysis durable judicial rulings on major

issues must be rooted in the soil of American opinion." As Lincoln put it, public sentiment "is every thing . . . *with* it, nothing can fail; *against* it, nothing can succeed."

The abortion lobby understands this. That's why they've always played the politics of euphemism, hiding behind words like *choice* and *product of conception*. They know abortion stays legal in part because so few Americans fully grasp the horror of it.

It would be the most
callous act of any presidency.

And here's where you and I come in. We need to mobilize a groundswell of public outrage against the horrific practice of partial-birth abortion. This can be accomplished through writing letters to the editor of your local newspaper; calling your local radio talk-show host; and encouraging your local church to get involved.

Call us today for a transcript and fact sheet on how you can get involved.

If our president isn't even willing to ban partial-birth abortion—a barbaric procedure that kills babies who have virtually been born—then we can no longer make the claim to being a civilized society.

And we will deserve—and get—God's judgment. ■

THE WHITE HOUSE
WASHINGTON, D.C. 20500

THE PRESIDENT HAS SEEN

1/11/96

DATE: 1/10/96

TO: MR. ✓ PRESIDENT

FROM: Staff Secretary

The "Crime & Drug" memo referenced
in Rahm's most recent weekly report
that you asked to see.

Phil Caplan

THE PRESIDENT HAS SEEN
11/19/95

THE WHITE HOUSE
WASHINGTON

96 JAN 10 P4:13

December 14, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Rahm Emanuel R.E.
Bruce Reed B.R.

SUBJECT: Anti-Crime Communication

X [The Clinton Administration is the first Democratic administration since President Kennedy to establish a credible anti-crime record. The public views the President as strong and as credible as the Republicans in fighting crime. This has been accomplished because of our legislative record and consistent communications.

Parity with the Republicans should not be assumed as a given. Historically, the GOP has had anywhere from a 20-25% advantage in the area of fighting crime. Ever since the Nixon Administration's much publicized 'Law and Order' Campaign, the GOP has enjoyed a significant advantage in this area.

Over the last 25 years, the GOP has relied on three issues to defeat Democratic Presidential ambitions. The constellation of issues the GOP has used to great advantage against Democrats has been weak on communism, crime, and taxes. As recently as the 1988 Presidential campaign, we saw how the GOP effectively used crime to portray the Democratic nominee as out of step with mainstream America.

In the last three years, under President Clinton's leadership, Democrats have effectively wrestled back control of the crime issue. In part because of the President's strong positions and in part because of GOP mistakes.

The GOP has allowed themselves to be led by the NRA in the same way Democrats allowed ourselves to be led by the ACLU. A narrow special interest has gained the upper hand over the GOP and has dictated party policy. This has enabled Democrats to gain control of America's mainstream and punish the GOP for being tied to an extremist special interest (i.e. the NRA).

The Clinton Administration can be accused of courting one special interest group in the area of crime, America's Police Officers. The administration has not allowed a shed of light to ever emerge between the administration and police groups. No one group has

provided the Administration with greater cover and credibility in the area of crime than the major police groups.

Having achieved so much in the last three years, we must not rest on our laurels. Although we have erased years of weakness in the area of crime, Democrats still carry a burden of doubt with the public. In addition, the public does not believe the problem of crime has been solved. Any communication by the administration that this issue has been dealt with or solved will only further alienate the public and depict us as out of touch with their daily concerns.

In short, the Administration needs to maintain regular communication and develop new crime fighting initiatives. If for no other reason than that it reminds the public of our record and it communicates that we understand the problem they face on a daily basis. In the most recent Gallop and Times Mirror surveys, crime and drugs are rated at the top of the public's concerns.

Building upon our anti-crime record, the Administration should focus on three areas: juvenile violence, drug abuse, and the criminal justice system. These specific areas of the crime problem are real, we can do something about them, and the public perceives them as primary.

JUVENILE VIOLENCE:

Over the last four months there has been a steady stream of national reports and studies indicating that crime is declining, but that random juvenile violence is on its way up.

To confront this problem the Administration's efforts should focus on tougher prosecution of juveniles, declare war on the top ten gangs in the same manner that Robert Kennedy declared war on the mob, and be seen tackling the growing violence in and around schools.

 In each area we have begun to build a credible record, but our rhetoric and actions have fallen short of the actual size of the problem. The U.S. Attorneys have filed indictments against major gangs, but it has been haphazard and episodic at best. What is worse the AG has not been involved so there is no tie to the President or the administration's crime fighting efforts.

Two immediate corrective actions can begin to put the administration on the right course. First, a Presidential speech declaring war on the 10 top gangs in America noting that their best days are behind them and that we will cripple them like we have crippled the mob. This type of speech has never occurred, would bring focus to our efforts, and tie past and future actions by US Attorney's to a Presidential initiative.

Second, we must begin to force the AG to be present at the announcement of major gang indictments. The Bush White House used this very effectively when they attacked white collar crime in the stock market and exchanges of Chicago. The AG needs to stop fighting the battle for the crime bill and begin to fight the battle against crime.

The Justice Department has developed legislation for the enhanced prosecution of Juvenile Offenders. Although the legislation is good and needs to be done, no one should kid themselves that this will affect crime like the 100,000 cops program.

To lend credibility, it should be linked to a challenge to states to adopt tougher laws. Justice is developing, and has nearly completed, a model for state juvenile crime legislation. The President can advocate states to adopt such legislation.

★ [The Administration's record on violence in schools is probably the strongest of the three youth crime issues. Last year, we passed the youth hand-gun ban, zero tolerance for guns in school, and introduced revised language for gun-free schools zone act.

2736474 This should all be augmented with a program to place a cop in every school, police youth academies, and a strong position on school uniforms. The memo Bruce did on '96 initiatives outlines the policy further.

DRUGS:

In the area of building a credible anti-crime profile for the President, drugs is our achilles heal. We have never established any credibility in the war on drugs. The President has spoken on this issue often with no real impact. This is the one issue on the domestic front that the President carries a higher than normal burden of proof.

The focus of the President's future communications on drugs should be about altering people's behavior. The victory in the court case to drug test high-school athletes gives the administration a record to build upon. We should pursue mandatory drug testing for criminals, deliver a major speech touting the new drug testing technology for home use, and drug testing for professional athletes.

In addition to drug testing, the President can endorse the idea Rev. Jesse Jackson has been pushing that each church adopt an addict. Part of the program Rev. Jackson has pushed has a very strong values component.

The most important action we can take in blocking future GOP attacks and affecting the problem of our credibility is the appointment of our new Drug Czar. We are working on an action plan for the new Drug Czar to create a strong first impression.

CRIMINAL JUSTICE REFORM:

Although on the face of it criminal justice reform is not sexy, it does have great potential. The one anti-crime area we did not adequately address in the crime bill is criminal justice reform. Part of the reason is that the real problem exists at the state level. This whole area can be reduced to swift and certain punishment. The notion of the revolving door is truly a local and state problem.

At the Federal level, when someone is tried and convicted they serve their time and there is a certainty of a trial. That is not the case at the state level.

There are four parts to criminal justice reform:

1. Speedy Trial Act
2. Victims Bill of Rights
3. Juvenile Reform
4. Truth in Sentencing.

Each state is different. Some states are stronger in other areas and weaker in others and some are strong in all four. The Feds are strong on all four. The President could give a speech challenging the states to adopt national minimum standards in the above mentioned points. This speech could be delivered at a national ABA speech outlining the President's plan to shut the revolving door to hardened criminals. It also offers the opportunity to push the onus of responsibility back on the 31 Republican governors for not doing more to fight crime.

CONCLUSION:

After reading this, a Presidential meeting to outline the following year will help us see this agenda through.

January 8, 1996

96 JAN 11 P7:53

Assistant to the President and Staff Secretary
Office of the President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Sir:

I am writing on behalf of Boy Scout Troop 430, West Seneca, New York, to humbly request a congratulatory letter from President Clinton for one of our members, Scout Steven Kerwin, who will be receiving his Eagle Scout award on February 6, 1996.

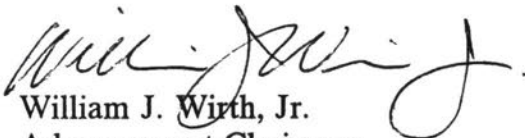
I know that a congratulatory message from our nation's Chief Executive will be deeply appreciated by Steve and his family, and will be treasured for a lifetime.

Mr. Kerwin resides at:

390 Woodward Crescent
West Seneca, NY 14224

Thank you on behalf of Steve and the leadership of Troop 430!

Sincerely,


William J. Wirth, Jr.
Advancement Chairman
Troop 430, BSA

OK
to send to Dorskind
to handle
yes



THE PRESIDENT HAS SEEN
THE WHITE HOUSE 1/11/96
WASHINGTON

January 10, 1995

MR. PRESIDENT:

In the attached memo, Harold recommends that you approve a new hiring process at the FAA to ensure that more former PATCO controllers get hired for job openings. NEC, OMB, White House Counsel, Cabinet Affairs and DOT concur. So do Leon and George.

Following your August 1993 Order lifting the ban on hiring former PATCO controllers, the FAA instituted a hiring system using four different "pools", one of which was former PATCO workers. Under this system, 31% of new controller slots went to ex-PATCO people. The other hires have been mostly from training schools and coops. AFL-CIO union leaders have been concerned that the ex-PATCO folks haven't been getting more of the open jobs.

FAA has now proposed a new hiring process that will result in some 60-70% of new controller jobs going to ex-PATCO workers. FAA will look first to internal sources (e.g. voluntary transfers), then hire from the outside, considering, among other criteria, whether there are enough experienced controllers at a given facility, diversity (85% of ex-PATCO workers are white males), and if the training pipeline at a facility can accommodate new trainees.

☒ Approve ☐ Disapprove ☐ Discuss

Todd Stern *DS*
Phil Caplan *PC*

cc: Harold Ickes
Jennifer
O'Connor

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
1/11/96

95 DEC 29 P 5 : 44
December 28, 1995

MEMORANDUM FOR THE PRESIDENT

CC: LEON PANETTA

FROM: HAROLD ICKES
JENNIFER O'CONNOR

SUBJECT: FORMER PATCO AIR TRAFFIC CONTROLLERS

In April, 1995, representatives of the former PATCO air traffic controllers brought to the White House their concerns that despite your August, 1993 Executive Order lifting the ban on hiring former PATCO air traffic controllers at the Department of Transportation, they were not being given equal opportunities to compete for available jobs.

Based on these concerns, White House, OMB, NEC and Department of Transportation officials met with FAA officials and asked them to evaluate their hiring system. The FAA indicated that since the lifting of the ban, 37 PATCO members were hired at the FAA, representing approximately 31% of the total hires. The vast majority of hires (approximately 120) were from the FAA's collegiate training initiative or its cooperative education program.

The reason for the difference in hiring rates between the PATCO hires and other hires is attributable to the FAA's "pools" used in their hiring process. Under this system, applicants were placed in one of four pools: 1) former PATCO members; 2) Co-op students who interned with the FAA; 3) graduates of the collegiate training initiative; and 4) controllers currently employed in privatized FAA towers. Whenever a vacancy arose, FAA officials would decide which pool from which to select a candidate. FAA officials indicated that due to commitments to Members of Congress, and to students at the schools, they were committed to hire the vast majority of new personnel from the training schools and coops. As a result, PATCO members were able to credibly argue that they were not given the opportunity to compete on a level playing field for each opening.

The FAA's commitment to hire former controllers has been the focus of senior labor movement officials. You have received letters and phone calls on the subject from scores of union presidents and state AFL-CIO federation heads. The AFL-CIO Convention passed a resolution concerning this issue.

The FAA has reviewed whether it can do more to integrate former controllers into the FAA workforce. The FAA has proposed a new process which will ensure fair consideration of

experienced and entry level controllers in their selection efforts. The FAA expects that from 60 to 70 percent of all new hires for this fiscal year and next will be of experienced controllers -- out of a total of approximately 100 new controllers this year and up to 500 next year.

Under the new process, where a decision is made to increase staffing at a particular facility, the FAA will look first to internal sources, such as voluntary transfers from within the agency, including controllers at towers that have been or will be privatized.. If internal sources cannot fill the opening, the FAA will hire from the outside. Hiring decisions will be based on the following considerations:

1. Are there sufficient full performance level (experienced) controllers at the facility or is there a need for individuals who can operate at that level as quickly as possible?
2. Are funds available to provide relocation expenses for existing Federal employees?
3. What are the workforce diversity needs?

Approximately 95 percent of the former controllers who have applied for reemployment are male and approximately 85% are white.

4. Will the training pipeline at the facility accommodate additional trainees?
5. What are the placement preferences of the various applicants?

Every new opening will be evaluate for the balance of skills required, in light of the above questions. All applicants who meet the requirements determined above will be evaluated as candidates for each opening. The applicant whose skills best match the applicable criteria will be selected for the position.

In light of these principles, the FAA expects that future hires will consist primarily of two categories of employees: 1) experience controllers; and 2) entry level personnel with some applicable training. When the need is for experienced individuals who are able to check out quickly, who are familiar with the FAA's operations, and where relocation funds are not available, the former controllers are likely to be selected. When a facility's skill level and training capacities permit hiring less experienced personnel, selection are likely to be graduates of the collegiate training initiative. In addition, where base closures are occurring, FAA will take advantage of surplus military controllers.

The FAA believes that this process will ensure a fair hiring process for former controllers, students and others. The NEC, OMB, White House Counsel, White House Cabinet Affairs and the Department of Transportation concur.

Recommendation: that you approve of this new hiring process at the FAA.

Agree ✓

Disagree

Let's Discuss

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

96 JAN 11 P12:38

January 11, 1996

cc: Bruce Lindsey

Per Todd Stern

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXIS HERMAN

SUBJECT: SECURITIES LITIGATION REFORM OUTREACH

Per our conversation, I met with Bruce Lindsey, Dave Barram, Kate Carr, Marcia Scott, John Emerson and Phil Lader to develop a response for the Securities Litigation Reform Bill. The conclusion was to develop three letters to express your position. Dave Barram has drafted the appropriate language for each of those letters (attached).

Letter "A" - A personally written note from you.

Letter "B" - For individuals who merit more than a standard response but not necessarily a personally hand written note.

Letter "C" - A general response explaining your position.

The attached list of those who will receive a letter is broken down by appropriate response. Please provide me with any additional names, besides Dennis Bakke, that you would like us to include in our efforts.

If you concur with the above, we will proceed with the letter distribution. We will work with Nancy to have letter "A" produced by you.

____ YES (Proceed with letter distribution) ____ NO (Hold on letter distribution)

cc: Leon Panetta
Harold Ickes
Bruce Lindsey

↓ The only thing I would do is
to say I wanted on record but keep
to the pleading rules so that genuinely
unintentional misstatements are
dealt with. I supported the strict application of
the rules on this but in the conference the rules
were changed to something different
than what I felt the direction was
of the bill. I was unaware of this change and
its potential implication until some time after
the bill reached my desk and I was in a bind to get
it out. I would like to see it or if possible
have it reported to me to review it or if possible

communicate with
the staff of the
president's office
to get the bill
out of the way

The A Letter

with personal comments suggested

Introductory Comments

This letter is primarily an acknowledgment that the President heard the addressee's concerns. In tone, it must sound like the President talking directly to the addressee. If possible, he should try to hand write it or leave room for hand writing one small paragraph tailored to the individual.

As with all three of these communications, it should not be apologetic, nor try to convince the reader that he did the right thing. It's OK to say he did. But, don't sell his reasons. Even Bill Clinton can't change their minds in a short letter.

General paragraphs

John,

I know you are unhappy with me about the securities litigation bill. I'm unhappy that my reasons for the veto have not been well understood.

-- personal comment (see below) -- (Some of these comments are pretty personal, so you should be comfortable enough with them to be able to engage the specifics if one of these people talks to you. You know these people have little tolerance for spin.)

If you want to call me and unload about my decision, you have my permission really. Then, I hope we can move on. We have a huge agenda of critical issues ahead of us this year and I am counting on us being able to work on them together.

Paul Allaire

I have appreciated your continued good counsel and trust you know that I listen.

Bill Archey, President of AEA

Dave Barram keeps telling me that you were an unrelenting advocate for reform and helped broker many of the changes that ended in the final bill. I can see why you are more than disappointed.

Chuck Comiso, Wyse Technology (one of the September 1992 Silicon Valley endorsers)

Thanks for your constant good will toward me and this Administration. I appreciate it very much.

Larry Ellison

The President may want to offer something personal to Mr. Ellison.

Martin Gerstel, former CEO at Alza. *(Marty came up to the oval office after the Technology Medals Award. He told you Alza's frivolous lawsuit story. Then you invited us in to take a picture. He is 6'6 .)*

It was nice to talk with you after the Technology Medal ceremony. And, I did listen to your story about the frivolous lawsuit against Alza.

Ed McCracken

There isn't much I can say to the guy who put so much personal effort into this bill. I have been admiring your willingness to be out front.

(Ed was featured in both the full-page newspaper ads and the TV ad asking you to sign the bill.)

Regis McKenna

You are more aware than most people how difficult it is to communicate through the clutter. We didn't seem to do very well at it on this one.

Paul Montrone,

I have appreciated your continued counsel both supporting our work and letting me know what the business community is feeling. This was a difficult decision.

Lew Platt, CEO Hewlett-Packard (In Feb 93, you and the VP had dinner in Los Gatos to roll out the technology plan. Lew brought up to you the tax on excess foreign cash which we ended up deciding in opposition to HP and the other high tech firms. HP continues to work on this issue, with quiet, dogged disbelief. So, Lew may be especially hard to convince that we are on the same page. He is a very fine man, who isn't naturally politically-oriented.)

In spite of our disagreements, I truly value your counsel and I listen carefully.

Kirk Raab, Shaman Pharmaceuticals (formerly at Genentech)

By the way, good luck to you as you take on this new opportunity. I wish you well.

Kirk was forced out of Genentech ostensibly because he handled a loan improperly. I don't know the whole truth, but I was told by someone close to it that he got a raw deal. That's not enough for you to commiserate, but sympathy is probably OK.

Sandy Roberston

I have appreciated your continued counsel both supporting our work and letting me know what the high tech industry is feeling. This was a difficult decision.

John Sculley

I'm sorry that we have not done a good job of staying in touch.
you could add this PS: PS: Dave Barram tells me that you are deeply involved in a set of new and emerging businesses. I'm sure you will keep pushing the boundaries of technology and be a major factor in the economy ahead.

John Snow, CSX

I have appreciated your continued counsel both supporting our work and letting me know what the business community is feeling. This was a difficult decision. I also appreciate all of your work on the budget.

Michael Spindler, CEO Apple (followed Sculley)

As important as this issue was, I know you are engaged in a bigger challenge. I wish you well as you guide one of America's great companies through difficult times.

Jimmy Treybig, Tandem (one of the September 1992 Silicon Valley endorsers; you visited Tandem during the campaign; As an added note, Tom Perkins is Chairman of Tandem. You talked capital gains tax with Jimmy and Tom as you were changing your shirt.)

This decision was tougher than usual because I often remembered my great meeting with you and your employees. If I wanted an image of high quality products and management, I could always think back to my visit with you.

John Young

Thanks, by the way, for always being available for advice. You probably wonder if we ever take it, but I assure you that we listen very closely to your counsel. And, I always feel that you have a better grasp than most of the complexities of governing.

The "B" letter

*This letter is primarily an **acknowledgment** that the President heard the addressee's concerns. In tone, it must sound like the President talking directly to the addressee. It should not be government-speak. And, as with all three of these communications, it should not be apologetic, nor try to convince the reader that he did the right thing. It's OK to say he did. But, don't sell his reasons. Even Bill Clinton can't change their minds in a short letter.*

Dear _____,

Thank you for your clear and strong input to me on the subject of securities litigation. I assure you that I carefully weighed the concerns you and your colleagues raised.

I know you were not happy with my veto of the final bill. For my part, I am not happy that my specific reasons for the veto have not been well understood. I wrote my veto message to make clear that I had supported the need for major reform and wanted one small, but important, change to the pleading rules. *(I am enclosing a copy of that veto message.)*

The bill is law now, and I want it to work well.

Today, we are in the middle of a critical debate over what kind of a society we should be. The focus of that debate is the role of government. But the question is much bigger. I believe our debate should be driven by a set of values that I have tried to articulate. I encourage you to engage this discussion at that level and help ensure that we get it right.

One key part of a vibrant society is a strong and growing economy. From the day I took office, I have tried to create an Administration that knew the importance of economic growth and acted to make it happen. We have accomplished a lot in that direction. We have more to do and I want your help.

I hope you know I value your opinion and intend to keep listening.

The "C" Letter

Dear _____

Thank you for your strong and reasoned input to me on the subject of securities litigation reform. You were part of a very influential coalition that made a clear and powerful case that our current legal system has given rise to frivolous securities litigation. I know how strongly most of you felt about the need for reform.

I appreciate the way in which you and many others in the high tech and broader business communities worked to craft legislation to reduce the risk of frivolous suits, improve the flow of business information to the markets, and still assure small investors who are victims of financial fraud their day in court.

I know that many in the high tech community were not happy with my veto of the final bill. I wrote my veto message to make clear that I had supported the need for major reform and wanted one small, but important change to the pleading rules so that genuinely meritorious suits would be assured of their day in court. (I am enclosing a copy of that veto message).

In early February, I met with a number of high-tech CEOs to discuss the Administration's active efforts to help foster innovation. I was pleased at the support we received then and have continued to receive for what we have already done on the technology front. I am going to continue to actively support the entire process of innovation – investments in science and basic technology as well as the policies that help turn inventions into world beating products.

I have worked hard to build an Administration that knows the importance of economic growth and that works with the private sector to help make it happen. I will look forward to continuing our dialogue on how to further support innovation, growth and job creation.

Sincerely, ...

SUPPORTERS OF SECURITIES LITIGATION REFORM
LIST FOR LETTER "A"
AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
A	Alza Corporation	Gerstel	Martin	Chief Executive Officer, Retired	Menlo Park	CA
A	American Electronics Association	Archev	William T.	President and CEO	Washington	DC
A	Apple Computer, Inc.	Spindler	Michael H.	President and CEO	Cupertino	CA
A	CSX Corporation	Snow	John W.	Chairman of the Board and Chief Executive Officer	Richmond	VA
A	Fisher Scientific International, Inc.	Montrone	Paul	President & CEO	Hampton	NH
A	Hewlett-Packard Company	Platt	Lewis	Chairman, President & CEO	Palo Alto	CA
A		Young	John	Retired Chairman	Palo Alto	CA
A	Kleiner, Perkins, Caufield & Byers	McKenna	Regis	CEO	Palo Alto	CA
A	Link Technologies	Comiso	Charles	Senior Vice President, Marketing & Operations	San Jose	CA
A	New Enterprise Associates	Kramlich	C. Richard	Managing General Partner	Menlo Park	CA
A	Oracle Corporation	Ellison	Lawrence	Chairman & CEO	Redwood Shores	CA
A	Robertson, Stephens & Company	Robertson	Sanford	Chairman	San Francisco	CA
A	Sculley & Associates	Sculley	John	Chief Executive Officer	New York	NY
A	Shaman Pharmaceuticals	Raab	Kirk	Chairman	South San Francisco	CA
A	Silicon Graphics Incorporated	McCracken	Edward	Chairman of the Board and CEO	Mountain View	CA
A	Tandem Computer Inc.	Treybig	James	Chief Executive Officer	Cupertino	CA
A	Xerox Corporation	Allaire	Paul	Chairman and Chief Executive Officer	Stamford	CT

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Count: 17

SUPPORTERS OF SECURITIES LITIGATION REFORM
 LIST FOR LETTER "B"
 AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
B	3 COM	Benhamou	Eric	CEO	Santa Clara	CA
B	Alza Corporation	Zaffaroni, Ph.D.	Alejandro C.	Founder & Co-Chairman	Palo Alto	CA
B	Autodesk Inc.	Bartz	Carol A.	President	Sausilto	CA
B	BankAmerica Corporation	Rosenberg	Richard	Chairman of the Board	San Francisco	CA
B	Bay Partners	Freidenrich	John	General Partner	Cupertino	CA
B	Hambrecht & Quist	Hambrecht	William R.	Chairman and Co-CEO	San Francisco	CA
B	Infant Advantage	Beemiller	Gerry	President	Pleasanton	CA
B	Motorola, Inc.	Tooker	Gary	Vice Chairman & CEO	Schaumburg	IL
B	Patricof & Co. Ventures, Inc.	Patricof	Alan	Chairman	New York	NY
B	Raychem Corporation	Saldich	Robert J.	President & Chief Executive Officer	Menlo Park	CA
B	Smart Valley	Saal	Harry	President	Santa Clara	CA
B	Southern California Edison Company	Bryson	John E.	Chairman and CEO	Rosemead	CA
B	Star Press	Posner	Ronald	President	San Francisco	CA
B	The Gap, Inc.	Fisher	Donald G.	Founder and Chairman of the Board	San Francisco	CA

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 Count: 14

SUPPORTERS OF SECURITIES LITIGATION REFORM
LIST FOR LETTER "C"
AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
C	Adaptec, Inc.	Saviers	Grant	President and Chief Executive Officer	Milpitas	CA
C	Adobe Systems	Geschke	Charles	President	Mountain View	CA
C	Adobe Systems, Inc.	Warnock	John E.	Chairman and CEO	Mountain View	CA
C	Advanced Micro Devices, Inc.	Sanders III	W.J.	Chairman of the Board and Chief Executive Officer	Sunnyvale	CA
C	Affiliated Computer Services, Inc.	Deason	Darwin	CEO	Dallas	TX
C	Altera	Smith	Rodney	CEO	San Jose	CA
C	America Online	Case	Stephen	Chief Executive Officer	Vienna	VA
C	American Financial Services Association	Lively, Jr.	H.R.	President & CEO	Washington	DC
C	American Institute of Certified Public Accountants	Israeloff	Robert L.	Former Chair	New York	NY
C	Amgen	Binder	Gordon M.	Chairman of the Board and Chief Executive Officer	Thousand Oaks	CA
C	AOL Enterprises	Cole	David	President	Vienna	VA
C	Applied Materials Inc.	Morgan	James C.	Chairman and Chief Executive Officer	Santa Clara	CA
C	Arthur Anderson & Co., SC	Weinbach	Lawrence A.	Managing Partner-Chief Executive	New York	NY
C	Arthur Rock & Company	Rock	Arthur	Principal	San Francisco	CA
C	Association of Publicly Traded Companies	Borders	Brian T.	President	Washington	DC
C	Bain Capital, Inc.	Romney	W. Mitt	General Partner	Boston	MA
C	Banc One Corporation	McCoy	John	Chairman of the Board and Chief Executive Officer	Columbus	OH

SUPPORTERS OF SECURITIES LITIGATION REFORM
 LIST FOR LETTER "C"
 AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
C	Bedford Property Investors, Inc.	Bedford	Peter B.	Chairman & CEO	Lafayette	CA
C	Bell Sports Corp.	Lee	Terry G.	Chairman, President & CEO	Scottsdale	AZ
C	Bellweather Exploration Company	Sere	J. Darby	CEO	Houston	TX
C	Berg & Berg Developers	Berg	Carl E.	Partner	Cupertino	CA
C	Bessemer Securities Corp.	Woods	Ward	President	New York	NY
C	Brentwood Associates	Hagopian	B. Kipling	General Partner	Los Angeles	CA
C		Jones	Brad	General Partner	Los Angeles	CA
C	Browning-Ferris Industries, Inc.	Ruckelshaus	William D.	Chairman & CEO	Houston	TX
C	Burr-Brown Corporation	Madavi	Syrus P.	President & CEO	Tuscon	AZ
C	Cadence Design Systems	Costello	James B.	President and Chief Executive Officer	San Jose	CA
C	Catalytica	Levy, Ph.D.	Ricardo B.	President & CEO	Mountain View	CA
C	Centex Corporation	Hirsch	Laurence E.	Chairman and Chief Executive Officer	Dallas	TX
C	Centigram Communications Corporation	Sollman	George H.	President, CEO & Director	San Jose	CA
C	Chart House Enterprises, Inc.	Creed	John	Chairman, President & CEO	Solana Beach	CA
C	Chiron Corporation	Penhoet, Ph.D.	Edward E.	President & CEO	Emeryville	CA
C	Cirus Logic	Hackworth	Michael	President & CEO	Fremont	CA
C	Cisco Systems	Chambers	John	President & CEO	San Jose	CA
C		Morgridge	John P.	CEO	San Jose	CA
C	City National Corporation	Goldsmith	Bram	Chairman & CEO	Beverly Hills	CA
C	Coast Federal Bank	Martin	Ray	Chairman & CEO	Los Angeles	CA
C	Coca-Cola Enterprises, Inc.	Schimberg	Henry A.	President & CEO	Atlanta	GA

SUPPORTERS OF SECURITIES LITIGATION REFORM
 LIST FOR LETTER "C"
 AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
C	Commercial Metals	Rabin	Stanley A.	CEO	Dallas	TX
C	Compaq Computer Corporation	Rosen	Benjamin	CEO	Houston	TX
C	Coopers & Lybrand, LLP	Moore	Nicholas G.	Chairman & CEO	New York	NY
C	COR Therapeutics	Kailan	Vaughn M.	President & CEO	South San Francisco	CA
C	Cornerstone Imaging, Inc.	van Overbeek	Thomas T.	President & CEO	San Jose	CA
C	Credence Systems Corporation	Healy	James T.	President	Fremont	CA
C	Custom Chrome, Inc.	Panizca	Ignatius J.	CEO	Morgan Hill	CA
C	CyCare Systems, Inc.	Houtz	Jim H.	Chairman, CEO & President	Scottsdale	AZ
C	Cypress Semiconductor	Rodgers	T.J.	President & CEO	San Jose	CA
C	Cyrix Corporation	Rogers	Gerald D.	President, CEO & Director	Richardson	TX
C	Del Webb Corporation	Dion	Philip J.	Chairman & CEO	Phoenix	AZ
C	Deloitte and Touche	Cook	J. Michael	CEO	Wilton	CT
C	DIMA Ventures	Allen	Dick P.		Irvine	CA
C	Doubletree Hotels Corporation	Ueberroth	Peter V.	Co-Chairman	Newport Beach	CA
C	Dresser Industries, Inc.	Murphy	John J.	Chairman of the Board	Dallas	TX
C	Dreyers Grand Ice Cream, Inc.	Rogers	Gary T.	Chairman & CEO	Oakland	CA
C	Electronic Arts	Gordon	Bing	Founder	San Mateo	CA
C	Equity Residential Properties Trust	Zell	Samuel	Chairman of the Board	Chicago	IL
C	Ernst & Young	Laskawy	Philip	Chairman & CEO	New York	NY
C	Exabyte Corporation	Behrendt	Peter D.	Chairman, President & CEO	Boulder	CO
C	First Bank System, Inc.	Grundhofer	Jack	CEO	Minneapolis	MN
C	First USA, Inc.	Taken	Philip E.	Senior Vice	Dallas	TX

SUPPORTERS OF SECURITIES LITIGATION REFORM
LIST FOR LETTER "C"
AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
				President & General Counsel		
C	Firststar Corporation	Fitzsimonds	Roger L.	CEO	Milwaukee	WI
C	Flextronics International Ltd.	Marks	Michael E.	Chairman & CEO	San Jose	CA
C	Ford Motor Co.	Martin	Jack W.	Vice President & General Counsel	Dearborn	MI
C	Foundation Health Corporation	Crowley	Daniel D.	Chairman, President & CEO	Rancho Cordova	CA
C	Frame Technology Corporation	Klaus	L. George	Chairman, President & CEO	San Jose	CA
C	Franchise Finance Corporation of America	Fleischer	Morton H.	President & CEO	Scottsdale	AZ
C	FTP Software, Inc.	Zirkle	David H.	President & CEO	Andover	MA
C	Galway Partners, L.L.C.	Abramson	Jim	Senior Advisor	Washington	DC
C	GaSonics International Corporation	Toole	Monte M.	Chairman & CEO	San Jose	CA
C	Genentech	Levinson, Ph.D.	Arthur D.	President & CEO	South San Francisco	CA
C	General Magic	Porat	Marc	President	Sunnyvale	CA
C	Genetic Therapy, Inc.	Barrett, Ph.D.	M. James	Chairman & CEO	Gaithersburg	MD
C	Genetics Institute, Inc.	Schmergel	Gabriel	President & CEO	Cambridge	MA
C	GIANT Group, Ltd.	Sugarman	Burt	Chairman & CEO	Beverly Hills	CA
C	Great Western Financial Corp.	Erikson	J. Lance	Executive Vice President & General Counsel	Chatsworth	CA
C	Greylock Management Corp.	McCance	Henry	Partner	Boston	MA
C	Gupta Corporation	Gupta	Umang	Chairman & CEO	Menlo Park	CA
C	Heart Technology, Inc.	Auth, Ph.D., P.E.	David C.	Chairman, President & CEO	Redmond	WA
C	Horizon Healthcare Corporation	Elliot	Neal M.	Chairman, CEO & President	Albuquerque	NM

SUPPORTERS OF SECURITIES LITIGATION REFORM
 LIST FOR LETTER "C"
 AS OF 1/5/96

LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
C	Hyatt Hotels Corporation	Pritzker	Thomas	President	Chicago	IL
C	IBM	Keuhler	Jack	Retired President		CO
C	Imperial Bancorp	Graziadio	George L.	Chairman, President & CEO	Los Angeles	CA
C	Information Technology Association of America	Grkavac	Olga	Vice President	Arlington	VA
C	Informix	White	Philip	Chairman, President & CEO	Menlo Park	CA
C	Institutional Venture Partners	Colella	S.D.	Partner	Menlo Park	CA
C		Dennis	Reid W.	General Partner	Menlo Park	CA
C	Integrated Device Technology, Inc.	Perham	Leonard C.	President	San Jose	CA
C	Intel Corporation	Moore	Gordon E.		Santa Clara	CA
C	International Microelectronic Products, Inc.	Carrington	Barry M.	CEO	San Jose	CA
C	International Paper Company	Melican	James P.	Executive Vice President, Legal & External Affairs	Washington	DC
C	Intuit	Proulx	Thomas	Co-Founder	Atherton	CA
C	Jenny Craig International	Jeub	Mike	CFO	Del Mar	CA
C	Kleiner, Perkins, Caufield & Byers	Byers	Brook H.	General Partner	Menlo Park	CA
C		Doerr	John	Partner	Menlo Park	CA
C		Perkins	Tom	Founding Partner	San Francisco	CA
C	Komag, International	Johnson	Stephen C.	President and CEO	Milpitas	CA
C	KPMG Peat Marwick	Madonna	Jon C.	Chairman and Chief Executive	New York	NY
C	Kransco	Bowes	John	Chairman of the Board	San Francisco	CA

SUPPORTERS OF SECURITIES LITIGATION REFORM
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 LETTER

COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
Linear Technology Corporation	Swanson, Jr.	Robert	CEO	Milpitas	CA
Litton Industries, Inc.	Leonis	John M.	President & CEO	Woodland Hills	CA
Lone Star Steakhouse & Saloon, Inc.	Coulter	Jamie B.	Chairman, CEO & President	Wichita	KS
Lowe's Companies, Inc.	Strickland	Robert L.	Chairman	Winston Salem	NC
LSI Logic Corporation	Corrigan	Wilfred J.	Chairman & Chief Executive Officer	Milpitas	CA
Macromedia, Inc.	Colligan	John C.	President, CEO & Director	San Francisco	CA
Magma Copper Company	Winter	J. Burgess	President & CEO	Tuscon	AZ
Marmon Holdings, Inc.	Pritzker	Jay	Chairman	Chicago	IL
Matrix Partners	Humphreys	W. Michael	General Partner	Boston	MA
Mattel, Inc.	Amerman	John W.	Chairman & CEO	El Segundo	CA
Maxus Energy	Blackburn	Charles L.	CEO	Dallas	TX
MDL Information Systems	Goldby	Steven	President	San Leandro	CA
Measurex Corporation	Bossen	David	CEO	Cupertino	CA
Mentor Graphics Corporation	Delia	Frank S.	Vice President, CAO, General Counsel	Wilsonville	OR
Merix Corporation	Coleman	Deborah	CEO	Forest Grove	OR
Michigan National Corporation	Mylod	Robert J.	Chairman & CEO	Farmington Hills	MI
Micro Warehouse, Inc.	Lev	Bruce	Vice President and General Counsel	Norwalk	CT
MicroAge, Inc.	Hald	Alan P.	Co-Founder and Vice Chairman	Tempe	AZ
	McKeever	Jeffrey D.	Co-Founder & CEO	Tempe	AZ
Microchip	Sanghi	Steve	President, CEO & Chairman	Chandler	AZ
Micron Technology,	Appleton	Steven R.	Chairman,	Boise	ID

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LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
	Inc.			President, & CEO		
C	Mirage Resorts, Inc.	Wyun	Stephen A.	Chairman, President & CEO	Las Vegas	NV
C	Mohr, Davidow Ventures	Mohr, Jr.	Lawrence G.	General Partner	Menlo Park	CA
C	National Association of Investors Corporation	Janke	Ken	President of the Board of Trustees	Madison Heights	MI
C		O'Hara	Thomas	Chairman of the Board of Trustees	Madison Heights	MI
C	National Association of Manufacturers	Thurm, Esq.	Gil	Vice President, Taxation & Economic Policy	Washington	DC
C	National Investor Relations Institute	Thompson, Jr.	Louis M.	President & CEO	Vienna	VA
C	National Semiconductor Corporation	Amelio	Gilbert	CEO	Santa Clara	CA
C	National Venture Capital Association	Kingsley	Daniel T.	Executive Director	Arlington	VA
C	Nazem & Co.	Nazem	Fred	General Partner	New York	NY
C	Northwest Natural Gas Company	Ridgely	Robert L.	President & CEO	Portland	OR
C	Norwest Corporation	Kovacevich	Richard	President & CEO	Minneapolis	MN
C	Nuevo Energy Company	Watford	Michael D.	CEO	Houston	TX
C	Oak Investment Partners	Glassmeyer	Edward	General Partner	Westport	CT
C	Octel Communications Corp.	Cohn	Robert	CEO	Milpitas	CA
C	Oracle Corporation	Henley	Jeffrey O.	Executive Vice President and Chief Financial Officer	Redwood Shores	CA
C	Oxford Health Plans, Inc.	Wiggins	Stephen F.	Chairman & CEO	Norwalk	CT
C	P-Com, Inc.	Roberts	George	CEO	Campbell	CA
C	P.M. Hawley, Inc.	Hawley	Philip M.	President	Los Angeles	CA

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LETTER	COMPANY	LAST NAME	FIRST NAME	TITLE	CITY	STATE
C	Pacific Bell	Dorman	David W.	President	San Francisco	CA
C	Pacific Management Systems	Cobbs, M.D.	Price M.	President & CEO	San Francisco	CA
C	Pacific Telesis Group	Quigley	Philip J.	Chairman & CEO	San Francisco	CA
C	Phelps Dodge Corporation	Yearley	Douglas C.	Chairman, President & CEO	Phoenix	AZ
C	Pinnacle Systems	Sanders	Mark	President & CEO	Sunnyvale	CA
C	Portland General Electric	Harrison	Ken L.	Chairman & CEO	Portland	OR
C	Potlach Corporation	Davisson	Ralph M.	Vice President & General Counsel	San Francisco	CA
C	Powersoft Corporation	Kertzman	Mitchell	Chairman & CEO	Berlington	MA
C	Price Waterhouse, LLP	Schiro	James J.	Chairman & Senior Partner	New York	NY
C	Public Securities Association	Ruth	Heather L.	President	New York	NY
C	Quicklogic	Hart	E. Thomas	President & CEO	Santa Clara	CA
C	R.R. Donnelley & Sons Company	Quarles	Thomas J.	Senior Vice President & General Counsel	Chicago	IL
C	Read-Rite	Yansouni	Cyril	Chairman & CEO	Milpitas	CA
C	Recognition International, Inc.	Vanourek	Bob	President	Irving	TX
C	Reebok International Ltd.	Douglas III	John B.	Senior Vice President	Stoughton	MA
C	Ross Systems, Inc.	Vohs	Dennis	CEO	Atlanta	GA
C	S3, Incorporated	Banatao	Dado	Chairman	Santa Clara	CA
C	San Jose Tomorrow	McEnery	Tom	President	San Jose	CA
C	Santa Clara University	Locatelli, S.J.	Paul L.	President	Santa Clara	CA
C	Savi Technology	Reis	Rob	President & CEO	Mountain View	CA
C	Seagate Technology	Shugart	Alan	President, CEO & COO	Scotts Valley	CA
C	Securities Industry	Lackritz	Marc E.	President	Washington	DC

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	Association					
C	Sequent Computer Systems, Inc.	Gregg	Robert S.	Senior Vice President, Finance, Legal, Treasurer & CFO	Beaverton	OR
C	Sequoia Capital	Valentine	Donald	General Partner	Menlo Park	CA
C	Shaman Pharmaceuticals, Inc.	Conte	Lisa A.	President & CEO	South San Francisco	CA
C	Sidley & Austin	Minow	Newton N.		Chicago	IL
C	Sierra Semiconductor Corporation	Diller	James V.	Chairman & CEO	San Jose	CA
C	Silicon Graphics	Coleman	Ken	Senior Vice President, Administration	Mountain View	CA
C		Meresman	Stan	CFO	Mountain View	CA
C	Software Publishers Association	Wasch	Kenneth A.	President	Washington	DC
C	Southwest Securities Group, Inc.	Woolridge	Raymond E.	CEO	Dallas	TX
C	Standard Insurance Company	Timpe	Ronald	President & CEO	Portland	OR
C	Staples, Inc.	Sternberg	Thomas G.	Chairman & CEO	Framingham	MA
C	Star Banc Corporation	Grundhofer	Jerry A.	Chairman & CEO	Cincinnati	OH
C	StrataCom, Inc.	Moley	Richard M.	Chairman, President & CEO	San Jose	CA
C	Summit Partners	Stamps	E. Roe	Managing Partner	Boston	MA
C		Woodsum	Stephen G.	Managing Partner	Boston	MA
C	Sun Microsystems	McNealy	Scott	CEO	Mountain View	CA
C	Sybase	Hoffman	Mark	Chairman & CEO	Emeryville	CA
C	Symantec Corporation	Eubanks, Jr.	Gordon E.	President & Chief Executive Officer	Cupertino	CA
C	Synopsys, Inc.	Jones	Harvey C.	Chairman	Mountain View	CA
C	Syntellect Inc.	Mayer	Thomas R.	Chairman,	Phoenix	AZ

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				President & CEO		
C	TA Associates	Landry	C. Kevin	Managing Partner	Boston	MA
C	Talley Industries, Inc.	Mallender	William H.	Chairman & CEO	Phoenix	AZ
C	Tandem Computers	del Prado	Yvette	Vice President	Cupertino	CA
C	Technology Venture Investors	Marquardt	David C.	General Partner	Menlo Park	CA
C	Tektronix	Fjeldstad	Lucie	President, Video Networking Division	Wilsonville	OR
C	The Beardstown Ladies Investment Club	Sinnock	Elizabeth A.	Treasurer/Spokesperson	Havana	IL
C	The Berkeley Roundtable on the International Economy	Borus	Michael G.	Co-Director	Berkeley	CA
C	The Clorox Company	Sullivan	G. Craig	Chairman & CEO	Oakland	CA
C	The Foothill Group	Gevirtz	Don	Chief Executive Officer	Montecito	CA
C	The Gymboree Corp.	Moldaw	Stuart	Chairman	Burlingame	CA
C	The Gymboree Corporation	Pedot	Nancy J.	President, CEO & Director	Burlingame	CA
C	The PAPE Group	Pape	Dean	Chairman	Portland	OR
C	The Southern Company	Dahlberg	A.W.	President, Chairman & CEO	Atlanta	GA
C	Third Millennium Venture Capital	Koza, Ph.D.	John	Chief Executive Officer	Los Altos	CA
C	Three-Five Systems, Inc.	Buchanan	David R.	Chairman, President & CEO	Tempe	AZ
C	Time-Warner Interactive	Hershey	Terry	President	New York	NY
C	Trimble Navigation Limited	Trimble	Charles R.	President and Chief Executive Officer	Sunnyvale	CA
C	Truevision	Doctor	Lou	President & CEO	Santa Clara	CA
C	U.S. Venture	Young	Philip M.	General Partner	Menlo Park	CA

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	Partners					
C	Ultratech Stepper, Inc.	Zafiropoulo	Arthur	Chairman, President & CEO	San Jose	CA
C	Universal Foods Corporation	Osborn	Guy A.	Chairman & CEO	Milwaukee	WI
C	University of California at Berkeley	Hasler	William A.	Dean, Haas School of Business	Berkeley	CA
C	UNOCAL Corporation	Beach	Roger C.	Chairman & CEO	Los Angeles	CA
C	US Bancorp	Nelson	Daniel R.	President & COO	Portland	OR
C	US Robotics	Dubinsky	Donna	General Manager, Palm Computing Division	Los Altos	CA
C	USX Corporation	Corry	Charles A.	Chairman & CEO	Pittsburgh	PA
C	Valence Technology, Inc.	Reed	Cal	President & CEO	Henderson	NV
C	Varian Associates, Inc.	O'Rourke	J. Tracy	Chairman and Chief Executive Officer	Palo Alto	CA
C	Venitrex, Inc.	Fischer	Frank M.	President & CEO	Sunnyvale	CA
C	VLSI Technology, Inc.	Stein	Alfred J.	Chairman, President & CEO	San Jose	CA
C	Waban, Inc.	Zarkin	Herbert J.	CEO	Natick	MA
C	Weitek Corp.	Cox	Barry L.	President & CEO	Sunnyvale	CA
C	Wells Fargo & Company	Hazen	Paul	Chairman & CEO	San Francisco	CA
C	WEst Marine, Inc.	Repass	Randolph K.	CFO	Watsonville	CA
C	Williams-Sonoma, Inc.	Lesser	W. Howard	Chairman & CEO	San Francisco	CA
C	Wonderware Corporation	Morin	Dennis R.	Chairman, President & CEO	Irvine	CA
C	XEROX Corporation	Brown	John Seely	Chief Scientist and Corporate Vice President	Palo Alto	CA
C	Xilinx, Inc.	Vonderschmitt	Bernard V.	Chief Executive Officer	San Jose	CA

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Count: 217



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN

1-2-96

THE DIRECTOR

December 29, 1995 95 DEC 29 P9:13

Sent again
1-11-96
per Todd

S-

MEMORANDUM FOR THE PRESIDENT

FROM: Alice M. Rivlin
Director

Rivlin

SUBJECT: Report on the Activities of the Federal Government's Task Force on the District of Columbia

Here (with apologies for the delay) is the report you asked for when you met with the District of Columbia Task Force on October 12.

"Promoting Stability, Growth, and Opportunity in Our Nation's Capital: Report of the D.C. Task Force" outlines the efforts of Federal agencies and officials to help our Nation's capital achieve the financial stability, growth, and opportunity that its residents deserve.

Alexis and I are working with Eleanor Norton to set up the "community leaders" meeting we spoke about. The report could be released then -- or sooner.

Attachment

*What are
next steps?
Don't hurry a few?*

PC

*- Hammer individual
- Honeymoon in DC?
- Has coming down?
- y sr showed say sr
- Show don't have a strong
- The deep impact on
- Be of full i cut back*

**Promoting Stability, Growth, and Opportunity
in Our Nation's Capital:**

Report of the D.C. Task Force

EXECUTIVE SUMMARY

Overview

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. This report describes the Federal efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget. When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. With these pressures, D.C. found it harder to balance its budget in the 1990s, and it ended fiscal 1994 with a cumulative general fund balance deficit of \$324 million. The market downgraded D.C.'s credit in early 1995, leaving it unable to borrow to pay salaries and vendors. Serious management problems complicated the delivery of basic services.

The Federal Response

The Financial Responsibility and Management Assistance Act of 1995. The Administration and Congress worked with D.C. to enact the Financial Responsibility and Management Assistance Act (FRMA Act), which the President signed on April 17, 1995. It created the D.C. Financial Responsibility and Management Assistance Authority and charged it with reviewing and approving D.C.'s borrowing and ensuring that D.C. takes steps to achieve a sustainable balanced budget.

The D.C. Task Force. The President also established a task force, chaired by his Budget Director, Alice M. Rivlin, and comprised of representatives from numerous Cabinet agencies. The Task Force provides assistance to help D.C. cope with its financial and management problems. Examples of Task Force activities include:

- **Job Creation.** The Transportation Department worked with Congress to preserve D.C.'s share of Federal highway funds, saving 1,800 jobs and allowing bids for construction on major D.C. roads that could create several thousand more jobs. The Department of Housing and Urban Development (HUD) sponsors education and job

training initiatives for public housing residents. The Labor Department funds job training and related aid for 4,400 adult and youth participants.

- ***Financial Management.*** The Treasury Department worked with D.C. to provide it with financing for operating and capital purposes. The Internal Revenue Service also has worked with D.C.'s Department of Finance and Revenue to improve its ability to collect taxes.
- ***Housing and Community Development.*** HUD is renovating dilapidated public housing in local neighborhoods and working to improve, over the long term, the financial management and physical state of several troubled D.C. properties. Its *Operation Safe Home* program, which cuts crime and fraud in public housing, is improving the living conditions for residents. Along with HUD and local groups, D.C. continues to assist the homeless.
- ***Roads and Highways.*** Because the Transportation Department worked with Congress to protect D.C.'s share of Federal highway funds, new construction will begin on several major D.C. roads, easing congestion for residents and commuters.
- ***Education.*** Through programs like its D.C. desk, which disseminates teaching strategies and programs to teachers, the Education Department is working to improve the quality of education for D.C. students.
- ***Health Care.*** The Department of Health and Human Services has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.
- ***Public Safety.*** In 1994, nearly every Federal agency with law enforcement responsibilities participated in a coordinated strategy to help D.C.'s Metropolitan Police Department. The Justice Department has made grants and, with other agencies, contributes to local efforts to cut violent crime. The Bureau of Prisons will soon complete an assessment of the status of operations and programs in the D.C. Corrections Department.

Next Steps

The President remains committed to helping put D.C. back on the path to financial health, enabling it to give its residents the services that they deserve and to make all Americans once again proud of their capital city.

Promoting Stability, Growth, and Opportunity in Our Nation's Capital:

Report of the D.C. Task Force

As the Nation's capital, Washington is a special place, a place of inspiration for people across America and around the world. But Washington -- the city -- faces major problems. Its health, and the security of its citizens, are threatened. All of us who live and work here must join hands to help the city get its financial house in order.

-- President William J. Clinton

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. Like other major urban centers, the District confronts challenging problems in creating and maintaining jobs and sustaining economic growth. It also must provide basic services, such as housing, education, law enforcement, and transportation -- a task complicated by D.C.'s status as the seat of the Federal government. The Administration recognizes that the Federal government, the largest employer of D.C. residents, has a unique role to play in helping the city resolve these problems.

At the same time, the President wants to reinforce Home Rule and strengthen the District's ability to manage its own financial affairs effectively. To help the District do so, the Executive Branch can work with Congress to give D.C. officials the flexibility they need to manage their own affairs. In addition, the Executive Branch can help by providing expertise in financial and other management areas. Federal departments and agencies can work with their District counterparts to identify opportunities and solve problems.

This report describes the Federal government's efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget.

When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. Revenue growth slowed while outlays continued to soar. Property tax revenues, which comprise about 24 percent of D.C.'s total revenues, rose an average of only 1 percent a year between 1991 and 1993-

1994.¹ Sales and income taxes, comprising 40 percent of D.C.'s revenues, grew by only 2 percent a year over the same period. But spending continued to grow, far outstripping revenue growth. The fastest growing programs were related to poverty; spending for Aid to Families with Dependent Children (AFDC), Medicaid, and foster care rose between 11 and 23 percent a year.

With these pressures, D.C. found it harder to balance its budget in the 1990s. The city ended fiscal 1994 with a cumulative general fund balance deficit of \$324 million. The prospect of continued large deficits made private capital markets wary of lending to D.C. In February 1995, Standard and Poors and Moody's downgraded D.C. government bonds to a "below investment grade" rating. At this point, D.C. was insolvent and could not borrow to pay salaries and vendors.

Serious management problems complicated the delivery of basic services. Due to a court order arising from its mismanagement of assisted housing units, the Department of Public Assisted Housing (DPAH) has put a receiver in charge of its operations. And, due to its inability to rectify past management problems, another court ordered D.C.'s child welfare office to appoint a receiver. Inadequate contracting, cash control, and procurement procedures hamper good management in most D.C. agencies.

The District also must confront its growing unfunded pension liability; at \$5.2 billion at the end of 1993, it represents D.C.'s single largest obligation.

The Federal Response

The District has a unique relationship with the Federal government. As the Nation's capital, D.C. reaps substantial revenue from tourism as well as Federal employment and procurement. Like most other major cities, D.C. receives Federal funding to provide its residents with such basic services as housing, law enforcement and transportation. The District, however, assumes responsibilities for services that are normally provided by a county and State. Unlike other cities, D.C. cannot tap the financial resources of well-off suburbanites, such as through State taxes and transfers.

"Home rule" also plays a key role in shaping D.C.'s governing responsibilities. It allows D.C. to govern itself, with certain restrictions. Congress retains ultimate legislative control over the District -- such as by appropriating all D.C. budgets, regardless of whether the revenue at hand comes from the Federal government or local sources. The District cannot tax Federal and other official real estate and non-resident (e.g., commuter) income. As partial compensation for such restrictions, D.C. receives a Federal payment each year --

¹The District changed its property tax year in FY 1993.

now \$660 million, or 19 percent of general fund revenues -- in addition to other Federal funding.

The Financial Responsibility and Management Assistance Act of 1995. Because Washington is the Nation's capital and the Federal government is the primary employer and purchaser in the Washington area, the President felt a special responsibility to help D.C. address its financial problems. The Administration recognized quickly that D.C.'s financial situation required the kinds of measures that other financially troubled cities have used successfully. In early 1995, Administration officials and Members of Congress worked with D.C. to develop the Financial Responsibility and Management Assistance Act (FRMA Act), which Congress passed promptly and the President signed on April 17, 1995.²

The FRMA Act created the District of Columbia Financial Responsibility and Management Assistance Authority, a new entity of the D.C. Government, and charged it with reviewing and approving:

- budget requests of the D.C. Government, ensuring that they reflect a four-year path to a balanced budget; and
- all borrowing requests, certain leases and contracts, and most legislation adopted by the D.C. Government, ensuring that those items are consistent with the four-year financial plan.

After reviewing applications from over 100 individuals, the President appointed five highly-qualified District residents.³ One of the Authority's first acts was to endorse D.C.'s request to borrow \$147.5 million from the U.S. Treasury, which D.C. used to meet its payroll and pay vendors. The Treasury Department was instrumental in arranging this borrowing. The District has since repaid this loan out of its annually appropriated Federal payment.

Since then, the Authority has worked with the D.C. Government to:

- provide recommendations on D.C.'s fiscal 1996 budget request of \$5.1 billion to Congress, including recommendations to eliminate 5,000 D.C. Government jobs;
- adopt interim procedures for contract review; and
- develop objective criteria for vendor payments.

²See Appendix A for list of Congressional sponsors of FRMA legislation.

³See Appendix B for list of FRMAA members.

In addition, the Authority has broad responsibility to work with D.C. on a wide range of management issues, including personnel and procurement.

The Federal Government's D.C. Task Force. As D.C.'s financial crisis grew, the President asked Office of Management and Budget (OMB) Director Alice M. Rivlin to convene a group of officials in Executive Branch agencies to work among themselves, and with their D.C. counterparts, to help the District cope with its financial problems.

The Task Force, which Rivlin chairs, includes officials from the Departments of Education, Housing and Urban Development (HUD), Treasury, Justice, Health and Human Services (HHS), Labor, and Transportation.⁴ These departments traditionally have enjoyed good working relationships with their D.C. counterparts, and the creation of the Task Force helped coordinate and enhance their efforts.

The efforts of these agencies to improve the quality of services that D.C. delivers to its residents are summarized below:

I. Job Creation

Swift legislative action, which the Administration proposed to preserve D.C.'s share of Federal highway funds (discussed in more detail below), allowed the city to pay delinquent accounts to contractors on the job, thus saving 1,800 jobs. It also permitted D.C. to advertise bids for another \$50 million in new projects. By the spring, when the projects will be under construction, the total Federal aid program will support 4,500 jobs.

The Federal Highway Administration (FHWA) has formed a partnership with D.C.'s Public Works and Employment Services departments to give introductory construction experiences to more than 200 young D.C. residents. Young people will have the chance to improve public spaces by planting trees, removing graffiti, and repairing sidewalks.

HUD has embarked on several innovative initiatives to break the cycle of poverty through education, job training, and access to the information superhighway. In partnership with assisted housing residents, local service providers, and private actors, HUD has launched the following successful programs:

The Edgewood Connection: The Redevelopment of Edgewood Terrace and Electronic Village. The Edgewood Terrace Apartment Complex, located in Northeast Washington, consists of 884 units of

⁴See Appendix C for list of Task Force members.

HUD-financed or subsidized housing for low- and moderate-income families and individuals. HUD is working with D.C., residents, and private partners to revitalize the Edgewood community.

The Edgewood Connection is a pilot "electronic village," aimed at tapping the potential of low-income youth and adults by giving them access to the information superhighway. A Computer Learning and Training Center, equipped with computers, fax machines, phone lines, and office furniture, offers computer classes, job training, and other services for all interested Edgewood residents. Residents in the job training program take an eight-week computer literacy course, followed by a two-week job skills training course. Upon graduation from the training program, residents go on to full-time jobs. In September, eight residents graduated from the program and created their own micro-enterprise -- Edgewood Technology Services, Inc. -- to help other developments create a technology-driven learning program.

The program is sponsored by the Community Preservation and Development Corporation (CPDC); Hamilton Securities Group; MCI; Future Kids, a private firm that specializes in computer-based education for children; and ICS Communications, a Los Angeles-based telecommunications and cable company. Edgewood's sponsors estimate that, each year, the adult training program could graduate about 80 residents in the complex. If the pilot reaches that capacity, it could save about \$560,000 a year in Federal welfare and related expenditures at this complex alone. HUD has committed \$1.5 million to expand the program in Edgewood.

A National Model of Job Placement and Skill Enhancement at Fairmont Homes. Fairmont Apartments is a 218-unit, Federally-subsidized apartment complex in the Columbia Heights neighborhood of D.C. Along with the Alexandria-based Multi-Family Initiatives (MFI), HUD launched the two-year pilot project at Fairmont called "High Performance Living Environments" (HPLE). It will provide an intensive education and job placement program to low-income residents, involving one-on-one training, counseling, and access to state-of-the-art facilities and technology.

The HPLE project is unique because it concentrates on residents after they are placed in a job. Although MFI will help adults identify their skill levels and job interests, gain job preparedness, and find work, the program mainly helps working residents improve technical and professional skills and move into a longer-term, upwardly mobile career track. MFI has already identified participating employers and is

now selecting 90 residents to participate. HUD has committed \$85,000 a year in additional rent subsidies for the project.

The Department of Labor provided \$8.1 million to D.C. in fiscal 1995 for Job Training Partnership Act (JTPA) formula grants to support job training and related assistance for 4,400 adult and youth participants. The President's 1996 Budget proposed \$10 million for JTPA grants. This program includes grants for:

Low income adults -- D.C. received \$2.7 million in 1995 for training 1,200 low-income adults in the JTPA title II-A program. About 60 percent of adult participants will hold unsubsidized jobs after training.

Dislocated worker assistance -- D.C.'s 1995 allotment of \$1.9 million under the JTPA dislocated worker program provided training and reemployment services to about 950 displaced workers. Under the President's 1996 Budget, D.C.'s formula grant for dislocated worker assistance would climb to \$3.2 million, and participation would rise to about 1,600.

Summer jobs for youth -- This program, for which the President requested \$3.2 million for 1996, provides temporary summer employment and academic enrichment to about 2,100 disadvantaged youth and young adults in positions that include recreation supervisors, day care aides, and hospital aides.

II. Financial Management

The Treasury Department has worked to provide D.C. with financing for operating and capital purposes. In addition, the Internal Revenue Service (IRS) has worked with D.C.'s Department of Finance and Revenue on tax collection issues.

Access to Capital. Last March, Treasury worked closely with OMB and Congress to develop the Treasury loan mechanisms of the FRMA Act. Treasury also has worked closely with D.C. officials, giving them technical assistance and helping them with their relationship with the financial markets. Along with the short-term financing that D.C. obtained last June, in October Treasury advanced \$96 million for other capital purposes, including D.C.'s METRO obligation. Treasury will continue to work with D.C. to provide future advance financing as needed.

IRS Tax Collection. After reviewing the D.C. Department of Finance and Revenue operations, IRS staff has recommended ways to reform and, in some cases, create modern tax information systems for D.C. The District

established a task force to implement the recommendations, with technical assistance from the IRS; the IRS will continue providing other technical help as needed.

III. Housing and Community Development

Transformation of Ellen Wilson Homes. HUD has awarded \$25 million to D.C. to tear down and rebuild Ellen Wilson Homes, a dilapidated 13-building public housing development near the U.S. Capitol. The District will redesign Ellen Wilson as a townhouse community that fits into the architectural character of Capitol Hill. The neighborhood will include 134 new apartments, 27 new townhomes for sale to moderate-income families, a day-care facility, a community center, and a small park.

Operation Safe Home. This operation is a nationwide HUD effort to cut crime and fraud in public and assisted housing. Since February 1994, HUD, Justice, Treasury, and the White House Office of National Drug Control Policy have joined forces with State and local law enforcement officials and public housing authorities to form over 100 law enforcement task forces. These joint efforts have led to about 5,500 arrests across the country for crimes involving drugs and weapons, as well as confiscation of at least 560 weapons, including 105 assault-type weapons and shotguns, and drugs valued at over \$2.8 million. In addition, HUD's Office of Inspector General has launched a witness relocation program, which so far has helped 183 public housing families move out of their homes and away from life-threatening situations in return for their cooperation with law enforcement authorities.

The program has visibly improved living conditions at the Kelly Miller Apartments, a 169-unit public housing development in Northeast D.C. Prior to it, Kelly Miller was controlled by drug dealers and plagued with violence, gang crime, and drug sales. After ten months of surveillance, Federal investigators and the Metropolitan Police Department arrested 15 members of a gang that had dominated the development. Since the arrests in early 1995, the program has continued to make Kelly Miller safe, establish activities for young people, and provide job training and child care.

Cracking Down on Negligent Landlords. HUD initiated the Special Workout Assistance Teams (SWAT) program to aggressively address the Nation's most troubled, FHA-insured multifamily housing developments by taking action against negligent landlords and identifying viable solutions for long-term financial, managerial, and physical recovery. To date, HUD has taken enforcement actions against owners of 36 properties who did not comply with Federal housing quality standards. As a result, HUD has withdrawn its

Section 8 project-based rental subsidies and given affected low-income families portable rental assistance so they can move from these troubled developments and into better housing of their choice.

HUD also has sent SWAT teams to review 250 Federally-assisted apartments that it had identified as troubled. As part of this effort, HUD reviewed nine troubled apartment complexes in Washington, D.C. that are home to more than 2,300 low- and moderate-income families, 544 of whom receive Federal assistance to pay their rent. HUD is working with these owners to not only return the apartments to financially-sound condition, but to convert them into well-managed, safe, and quality living environments.

D.C. Homeless Initiative. The Administration designated D.C. as one of its first six Innovative Homeless Cities. The D.C. Initiative, announced in June 1993, is a partnership among HUD, the District, and the newly-created Community Partnership for the Prevention of Homelessness to create a comprehensive continuum of care system -- from outreach and rehabilitation services to permanent housing -- for D.C.'s homeless. The Community Partnership for the Prevention of Homelessness, a public-private organization, administers D.C.'s full range of services for the homeless, including their transition to single and family housing units. D.C. no longer operates the city's homeless system, but provides partial funding for these operations. HUD serves on the Community Partnership's Board of Directors.

The Initiative is performance-driven. HUD has pledged to give the District \$20 million over three years, provided that D.C. meets a series of benchmarks and commits a level of public-private resources. The District has met its first-year goal of eliminating its emergency tier of homeless services and shifting to a "continuum of care" and, thus, received the first allotment of funds. HUD will continue to work closely with D.C. to help it achieve the next set of benchmarks -- developing strategies to assist homeless families and individuals that are hard to serve (e.g., mentally ill) -- which will bring the city another \$7 million in Federal resources.

IV. Roads and Highways

In the summer of 1995, D.C. did not have the required \$16 million in local matching funds to leverage \$80 million in Federal highway funds. The Administration proposed the District of Columbia Emergency Highway Relief Act -- which Congress passed and the President signed on August 4 -- to defer the required local match for two years. This law gave D.C. access to \$80 million in fiscal 1995 and \$80 million in fiscal 1996 for important highway construction projects. Without the law, the Federal Government would have

distributed these funds to other States. With this money, D.C. could start construction in August 1995 on the following projects, which could generate up to 4,000 local jobs:

New Highway Projects. Since August, D.C. has begun construction on sections of E Street NW, Nebraska Avenue NW, Florida Avenue NE, Connecticut Avenue, U Street, and North Capitol Street, and will soon begin construction on Bladensburg Road. When completed, these projects will ease congestion, benefitting both D.C. residents and commuters who use these important gateway arterial roads. The combined value of these projects is \$5.9 million.

Whitehurst Freeway. The D.C. Department of Public Works (DPW) has advertised for bids the \$23 million Whitehurst Freeway project, which will rehabilitate this elevated four-lane highway's deteriorated connections to the local highway system. D.C. opened the bids in December; construction should begin in early 1996.

New York Avenue. The FHWA and D.C.'s DPW are working together on designing this project, which will reconstruct the section of New York Avenue that motorists travel as they first enter D.C. from Maryland. The estimated \$28 million project would rebuild roadways and rehabilitate structures over existing railroad lines and South Dakota Avenue. It also will widen and repave the current roadway and improve lighting and drainage facilities.

This law also requires D.C. to establish a dedicated highway fund from which it may draw funds to maintain D.C. roads and highways. FHWA worked with D.C. to draft city legislation to implement this fund, which will include all gas tax revenues and revenues from traffic adjudication.

D.C.'s DPW asked the FHWA, in conjunction with private experts, to evaluate the city's policies and procedures in traffic and safety, planning, project development, procurement, construction inspection, contract administration, and maintenance. In January, FHWA intends to give DPW recommendations on how to improve its operations.

V. *Education*

D.C. Desk. The Department of Education's D.C. Desk has set a new standard for customer service within the Department by providing a single point of access -- "one-stop shopping" -- for D.C. school personnel to Department resources. Local school teachers and employees can call the D.C. Desk for information on teaching strategies and programs that have worked in other schools.

In response to Superintendent Smith's desire to develop a common vision for charter schools, the Education Department provided a neutral forum in which

school board members, lead principals, union leaders, and the superintendent's management team could talk to a nationally-recognized charter schools expert. This conversation, which Superintendent Smith plans to continue, was only one of several meetings the D.C. Desk convened in the last two years to help the different players in the D.C. school system reach a common understanding of how to improve D.C. public schools.

The D.C. Desk helped Scott Montgomery Elementary School develop a study program to introduce students at every grade to the resources of Washington, D.C. At the school's request, the D.C. Desk spoke with the educational staff of museums, art galleries, parks, and other organizations that enrich the cultural life of the city. The school is now using the program -- "Know Your City" -- to help Scott Montgomery students learn about their hometown.

The Department also has arranged for "school safety audits" of violence prevention policies and practices in some of the city's most troubled schools, in order to identify areas that need improvement. The Department follows up with training and technical assistance.

Amidon School Partnership. In March 1994, the Education Department "adopted" the Amidon Elementary School. Department employees volunteer at Amidon, using training they received to teach a Houghton Mifflin reading series used in all D.C. elementary schools. Every classroom in grades 1-6 receives three tutors, and each tutor dedicates at least one hour a week in the classroom, increasing the attention each student receives.

The Department hopes to develop in-house trainers, and to offer to train its own employees with children in D.C. elementary schools and any other employees who volunteer to tutor in the D.C. schools.

VI. *Health Care and Social Services*

HHS has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.

HHS' Administration for Children and Families has conducted training to change the "culture of welfare" for D.C. staff working on Aid to Families with Dependent Children (AFDC), Child Support Enforcement, and the Job Opportunity and Basic Skills Training (JOBS) programs. A JOBS project, involving the Marriott Corporation and the local Private Industry Council, gave work experience to 1,000 participants. Because D.C. met its first-year goal, it expects the project to continue in January.

HHS is working with the newly-appointed receiver for child protection in D.C. to improve accurate Federal foster care and adoption assistance (Title IV-E)

reimbursement claims procedure. HHS also is helping D.C. to improve its procedures to determine eligibility for foster care and adoption assistance under Title IV-E.

HHS is helping D.C. create its Statewide Automated Child Welfare Information System (SACWIS). SACWIS may significantly improve D.C.'s ability to collect, process, and manage information monitoring progress and risks in foster care cases; measure the incidence of abuse or neglect in foster care cases and help determine how to prevent such incidents; and help to automate the case tracking procedure. HHS also is working with the receiver to revise its requested IV-E waiver to allow Federal funding to be used to *prevent* children from being placed under foster care, rather than simply allowing the foster care population to increase.

HHS is providing technical assistance to resolve D.C.'s underclaiming of available child care matching funds, which principally results from the city's decentralized and outmoded data collection and tracking system. The agency also recently provided up to 200 additional Head Start slots to D.C. to accommodate children who would have been cut off when local funding ran out. HHS is helping D.C. obtain its Head Start/State collaboration grant to coordinate Federal Head Start with city child care, and working with D.C. and the private sector on a major "healthy child care" initiative and fair, scheduled for next April.

HHS has assigned several employees to help D.C. address basic grant management issues, such as applying for Federal public health grants and meeting matching and maintenance-of-effort requirements. HHS has completed a study assessing the condition of D.C. public health facilities (i.e., D.C. General Hospital and the city's 11 public health clinics). The future role of these facilities, and the restructuring of the city's primary care network, are subjects of a joint Public Health Service (PHS)-District public health task force. HHS also is working with the D.C. Commission on Mental Health Services to provide counseling for young people who witness or are victims of violent crime or abuse.

In addition, HHS's Health Care Financing Administration (HCFA) has lent staff from its Regional Office to help D.C. manage Medicaid data and payment and reconcile old health care reimbursement claims. This technical assistance includes helping D.C. speed up provider payments, establishing payment methodologies for its managed care program, and developing a possible "home and community-based services" waiver for adults, to encourage lower-cost long-term care in neighborhoods rather than institutions.

HHS waived the Medicaid rules for three years to allow D.C. to test voluntary managed health care for the city's low-income disabled and special needs children. Under the waiver, Health Services for Children with Special Needs, a non-profit managed care corporation, will provide a case manager to coordinate the health care of each child whose parents elect to participate. Participants, on a case-by-case basis, would receive enhanced benefits, including transportation, respite care, medical access by telephone, home modifications, and feeding programs. The city expects to save money by helping children move to less expensive home care arrangements, and by cutting unnecessary emergency room use.

VII. Public Safety

In 1994, through the Federal Assistance Program, nearly every Federal agency with law enforcement responsibilities -- from the Drug Enforcement Agency (DEA) to the IRS -- participated in a coordinated strategy to help D.C.'s Metropolitan Police Department (MPD). Highlights of the program include:

The United States Park Policy and the Uniformed Division of the Secret Service initiated new or intensified patrols in selected parts of the city. From late February to September 1994, the two agencies made about 2,482 arrests, responded to over 4,500 calls for service and seized over \$325,000 worth of drugs.

The Justice Department, through the Bureau of Justice Assistance, awarded funds to the MPD Homicide Branch, enabling the branch to quadruple the number of homicide detectives, train investigators, and upgrade technology -- all of which contributed to a rise in the closure rate for homicide cases in 1994.

The Justice Department awarded a \$1 million grant to OPERATION CLEAN-UP, enabling the MPD Firearms Identification Unit to eliminate a backlog of about 2,000 firearms requiring examinations. The FBI housed the operation, providing equipment and technical assistance.

The U.S. Marshals Service, which normally provides long-term witness protection, is providing short-term protection to witnesses and victims in the District. Since 1994, about 58 witnesses have entered the program.

The Federal Protective Service and the FBI helped MPD with background checks of police recruits, and the Defense Department has

allowed MPD to use its registries of armed forces personnel who are leaving their jobs and who would make good candidates for MPD.

The Justice Department awarded a \$6.1 million grant to D.C., of which \$3 million is for D.C. corrections and \$2 million is for drug control and MPD improvements in technology, equipment, support resources, and overtime. The rest will go to juvenile justice and delinquency prevention programs, and other crime victims assistance programs.

The Safe Streets initiative, comprising various violent crime task forces, are being staffed and funded mainly by such Federal agencies as the FBI, DEA, and ATF. For the past several years, Safe Streets Task Forces have allowed the MPD to combine its local knowledge with the technical expertise of the FBI and other law enforcement agencies, focusing on gang violence, fugitives, and homicides. Since their creation in the early 1990s, the task forces have brought the arrest of 2,963 fugitives, 417 gang members, and 79 people involved in homicide cases.

The Justice Department awarded funding to OPERATION CEASEFIRE, a joint initiative among MPD, the U.S. Attorney's Office, and ATF. The initiative is designed to reduce violent crime in D.C. by removing illegal guns from the community. In the first four months, gun seizure squads confiscated 282 firearms, including 127 handguns.

The Justice Department's Bureau of Prisons (BOP) has been working with D.C.'s Department of Corrections (DOC) for many years. For example:

BOP's National Institute of Corrections (NIC) is about to complete an assessment study of the status of operations and programs in D.C.'s Corrections Department, as Congress required in the fiscal 1995 District of Columbia appropriation. That study -- which covers such items as classification of inmate security levels and related population management issues, health care, mental health services, staffing, and security -- should be available for Justice to review in mid-January, 1996.

At D.C.'s request, BOP has accepted transfers of D.C. prisoners into its facilities to temporarily alleviate prisoner overcrowding at Corrections Department facilities.

BOP has worked well with its counterparts in Corrections, responding to informal requests for assistance and advice on such topics as suicide prevention and victim assistance, and on general administrative and security issues.

Next Steps

The Administration is continuing its efforts to help D.C. on its path to fiscal health. A number of issues deserve special attention:

Unfunded pension liability. Under the 1979 Retirement Reform Act, D.C. assumed responsibility for the retirement system for certain city workers (e.g., police and firefighters, teachers, and judges). At the time, the Executive Branch argued that the Federal government should assume only some costs of the accumulated unpaid employee benefits because the costs were mainly local in nature and the system was overly generous. Together, a generous pension package and a lower Federal contribution have produced an unfunded pension liability now estimated at \$5.2 billion.

This liability is D.C.'s single largest obligation, and it creates acute short- and long-term problems. In the short term, D.C.'s annual payments strain its operating budget. In the long term, this pressure likely will worsen as D.C. downsizes its workforce, increasing the number of retirees receiving benefits while the number of employees contributing to the system falls. Furthermore, the annual Federal contribution of about \$50 million to the system ends in 2004 so that, without reform, D.C. will be the sole contributor to its pension system. The Administration wants to work with Congress, D.C., and the Authority to put the pension system on a sound financial foundation.

Management reforms. Resolving D.C.'s financial problems will require systemic reforms of its management policies, including personnel, procurement, financial management, and contracting. D.C. has begun work on each of these issues, and the Administration will continue to lend D.C. technical expertise wherever needed.

One example is the privatization task force. The Mayor established this panel to examine ways to provide more cost-effective and efficient city services. Representatives from OMB and the National Performance Review are providing technical assistance.

* * *

The months since D.C.'s financial crisis peaked have witnessed an unprecedented level of cooperation among people and institutions who care about the District. The President remains committed to helping put D.C. back on the path to financial health, enabling it to give its residents the services that they deserve and to make all Americans once again proud of their capital city.

APPENDIX A
DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND
MANAGEMENT ASSISTANCE ACT OF 1995

SPONSOR: Representative Thomas M. Davis III (R-VA)

CO-SPONSORS: (in alphabetical order)
Representative William F. Clinger, Jr (R-PA)
Representative Barbara-Rose Collins (D-MI)
Representative Cardiss Collins (D-IL)
Representative Julian C. Dixon (D-CA)
Representative Chaka Fattah (D-PA)
Representative Michael Flanagan (D-IL)
Representative Gil Gutknecht (R-MN)
Representative Steven C. LaTourette (R-OH)
Representative John McHugh (R-NY)
Representative James P. Moran (D-VA)
Representative Constance A. Morella (R-MD)
Delegate Eleanor Holmes Norton (D-DC)
Representative James T. Walsh (R-NY)
Representative Frank R. Wolf (R-VA)
Representative Albert Wynn (D-MD)

APPENDIX B
FINANCIAL RESPONSIBILITY AND MANAGEMENT
ASSISTANCE AUTHORITY

MEMBERS

Andrew E. Brimmer, Chair
Stephen D. Harlan, Vice Chair
Constance Berry Newman
Edward A. Singletary
Joyce A. Ladner

STAFF

John W. Hill, Executive Director
Daniel Rezneck, General Counsel

APPENDIX C
D.C. TASK FORCE
LIST OF MEMBERS

Alice M. Rivlin, <i>Chair</i>	Director	Office of Management and Budget
Alexis Herman	Office of Public Liaison	White House
Eleanor Acheson	Assistant Attorney General For Policy Development	Department of Justice
Bernard Anderson	Assistant Secretary, Employment Standards Administration	Department of Labor
G. Edward DeSeve	Controller	Office of Management and Budget
Peter Edelman	Counsel to the Secretary	Department of Health and Human Services
Kathleen Hawk	Director	Bureau of Prison, Department of Justice
Eric Holder	U.S. Attorney	District of Columbia
Bruce Katz	Chief of Staff	Department of Housing and Urban Development
Madeline Kunin	Deputy Secretary	Department of Education
Robert E. Litan	Associate Director, General Government and Finance	Office of Management and Budget
John Monahan	Director, Intergovernmental Affairs	Department of Health and Human Services
Rodney Slater	Administrator	Federal Highway Administration
Larry Summers	Deputy Secretary	Department of the Treasury
Mozelle Thompson	Deputy Assistant Secretary	Department of the Treasury

THE PRESIDENT HAS SEEN

11/10/96
MEMORANDUM TO THE PRESIDENT

From: RBR *Bob*

Date: January 4, 1996

RE: Corporate responsibility

96 JAN 5 P1:34

*11/10/96
L Tyson
something to
then - argue
vs. corporations
Stock transactions
diff for some
etc. - Bx*

As share prices soar while median wages continue to stagnate and pink slips proliferate, the issue of corporate responsibility to employees and communities looms larger. However the budget negotiations end, the federal government will likely have a more modest role safeguarding the economic security of Americans in coming years -- precisely at a time when the majority of our people are having difficulty battling the headwinds of technological change and global competition.

X I agree with D.M. that your economic message should be upbeat: You should emphasize that the first part of our economic strategy -- to create 8 million new jobs and to get control over the federal budget deficit -- has succeeded. But I think it also important to talk about the challenge ahead, the second phase of the strategy, for which the groundwork has been laid: lifting median wages and benefits. This second phase includes education and training, the EITC and a minimum wage increase, of course. But it has another component: Ensuring that employees and communities win when corporations win.

The presumed purpose of balancing the federal budget by shrinking government is to give the private sector more capital to invest, thus widening opportunities and raising earnings for all Americans. But as we are witnessing (eg, AT&T's recent decision permanently lay off 40,000), there is no guarantee that corporations will use the extra money in this way. Maximizing shareholder returns may require investing the extra dollars in production abroad, or in labor-saving equipment intended to reduce wages and cut jobs, or in mergers, acquisitions and divestitures that result in mass layoffs.

You can talk about corporate social responsibility without attacking business, but rather acknowledging that under the current system businesses often have no other choice but to sacrifice employees and communities to the goal of maximizing shareholder returns. The solution is to create economic incentives for corporations to be more accountable to these other stakeholders -- perhaps by eliminating the corporate income tax for companies that achieve a certain standard of performance. I'm attaching a recent essay which you might find helpful in thinking about this.

The Responsible Corporation

Robert B. Reich

If the government is to do less, then the private sector will have to do more. But AT&T's stunning announcement on the first business day of 1996 that it would permanently lay off tens of thousands of employees raises profound questions about the private sector's capacity to take on more responsibility.

I do not mean to pick on AT&T. It is but one in a long line of companies that have delivered large numbers of pink slips during the past few years, despite record profits. Wall Street's initially positive response suggests that AT&T may have done exactly the right thing by its shareholders.

But this is precisely the issue. Do corporations have responsibilities that extend beyond their shareholders?

It has become politically fashionable to argue that movie companies and television networks (and their advertisers) should avoid lewdness or violence, even though these dubious products generate large audiences and fat profits. But what about a corporation's responsibility to its employees and its communities? The sudden loss of a paycheck can be more damaging to family values than a titillating screen performance.

Corporate executives claim, with some justification, that they simply have no choice. Investors are demanding that companies become ever leaner and ever meaner. If employees' wages and benefits can't be justified on the bottom line, they have to go. If an entire community loses its economic base because the company can do it more efficiently elsewhere, then so be it.

Four decades ago, CEOs sang to a different tune. "The job of management," proclaimed Frank Abrams, chairman of Standard Oil of New Jersey in a 1951 address that was typical of the era, "is to maintain an equitable and working balance among the claims of the various directly interested groups ... stockholders, employees, customers, and the public at large." That same year, Fortune Magazine solemnly lectured its executive readers on their duty to be "industrial statesmen" who worked for the good of their employees and communities as well

as their shareholders.

What changed? Competition. In the intervening years, American industry was transformed from comfortable and stable oligopolies to dynamic niche markets. Airlines, telephone companies, utilities, common carriers, and Wall Street itself were deregulated. Global competitors threatened the very survival of American manufacturers. Information technologies flattened hierarchies and radically shortened the time and space between suppliers, wholesalers, retailers, and customers. Entry barriers dropped, allowing even small companies to grab market share from big ones.

Because of all of this, investors have faced an ever-wider array of choices of where to put their money, and at ever-greater velocity. Electronic capitalism has replaced the gentlemanly investment system which had given "industrial statesmen" the discretion to balance the interests of shareholders against those of employees and communities. Now, any chief executive who hesitates even a moment before doing everything possible to maximize returns to shareholders risks trouble.

X

Ironically, this transformation of the corporation into the sole agent of the shareholder has been accompanied by a growing skepticism about the capacity of government to protect the rest of society. Regardless of how the current budget negotiations are settled, it is safe to conclude that the federal government will in the future have a more modest role in safeguarding the economic security of Americans. States and localities may have more leeway, but far fewer resources. And because they will be competing with other states and locales to attract companies to locate within them, they will be reluctant to impose higher taxes or any other extra burdens.

AT&T workers who receive pink slips are fortunate that the firm is giving lump-sum severance payments based on years of service, along with extra health benefits. That's more than most companies are providing their newly laid-off employees. But these former AT&T employees, like other newly laid-off workers, will likely have less access than did workers several years ago to publicly-financed retraining, job-search assistance, extended unemployment insurance, health care, Food Stamps, and other props to help them get back on their feet. There will be less public funding to support these activities.

The ostensible purpose of eliminating the federal budget deficit is to give the private sector more capital with which to invest, resulting in higher living standards for all Americans. But as we are witnessing,

there is no guarantee that corporations will use the extra resources in this way. The sole goal of maximizing shareholder returns may dictate that the extra funds be invested in production abroad, or in labor-saving machinery designed to reduce wages and cut jobs, or in mergers, acquisitions, and divestitures all resulting in mass layoffs.

How, then, to get the private sector to take more responsibility for their employees and communities? Exhortation will have, at best, modest effect. The most eloquent of moral appeals will be no match for the dispassionate edict of the market. Nor should we seek a return to the era of the industrial statesmanship. Even were it possible to turn the clock backward and enlarge upon the CEO's former discretion about how to balance the interests of shareholders against employees and communities, it is far from clear that society should vest such power in unelected officials.

There is another way. The corporation is, after all, a creation of law. Corporations do not exist in nature. The corporate form of business carries with it special advantages: Investors are not personally liable for damages or bankruptcy, a corporation has the same right of free speech as does an individual and can sue just as an individual does, but can live forever. There are disadvantages as well: Corporations must pay taxes on their incomes, as do the investors who receive dividends, resulting in double taxation.

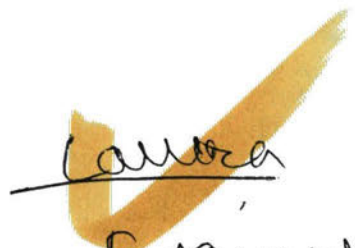
If we want corporations to take more responsibility, we will have to alter this mix of advantages and disadvantages so that they have an incentive to do so. If we wish profitable companies to keep more employees on their payrolls or place them in new jobs offering similar wages and benefits, upgrade the skills of their employees, share more of the profits with them, remain in their communities, or do other such "socially responsible" things, we have to condition these actions on the receipt of certain corporate benefits. Perhaps the benefits of incorporation should be reserved only for companies that demonstrate such "responsibility." Alternatively (and more likely in these parched political times), perhaps corporate income taxes should be reduced or eliminated entirely for companies that are "responsible" in these ways.

As corporations have focused ever more intensely on maximizing shareholder returns and ever less on improving the standard of living of their workers, it should not be surprising that the stockmarket has soared while pink slips have proliferated and the paychecks of most employees have gone nowhere.

Do not blame corporations and their top executives. They are behaving exactly as they are organized to behave. Should we wish them to put greater emphasis on the interests of their workers and communities, society must organize them to do so. In this era of smaller government, such steps seem warranted.

THE PRESIDENT HAS SEEN

1/10/96


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The Washington Post

October 15, 1995, Sunday, Final Edition

SECTION: FINANCIAL; Pg. H05

LENGTH: 1071 words

HEADLINE: 'Variant Perceptions' and Other Market Wisdom From Steinhardt

DATELINE: NEW YORK

BODY:

Wall Street was startled last week when Michael H. Steinhardt, one of the great investment managers of the past 30 years, announced he is quitting the business.

Steinhardt, 54, said he will liquidate the \$ 2.8 billion in securities he oversees and give the cash back to the customers of Steinhardt Partners L.P.

Often fearless and always realistic about the stock market, he rose to fame and fortune in the go-go 1960s. When many of his contemporaries crashed and burned in the 1970s, Steinhardt continued to prosper, and in the 1980s and 1990s made even more money for himself and his clients.

Following are excerpts from his conversation last week with Washington Post staff writer Brett D. Fromson:

Q. Mike, did you make money yesterday?

A. We made slightly more than \$ 10 million.

Q. How do you make money in the market?

A. The way you almost always make money in a market, in a stock, is if you have a "variant perception," a different view that proves right. There are almost no exceptions. That is a big point. It is almost a truism, but hardly focused on.

If you believe IBM will earn \$ 6 a share next year and the rest of the world thinks it will earn \$ 12, the process by which the world changes its mind and goes from \$ 12 to \$ 6 in estimates is almost certainly going to result in a lower stock price for IBM. If you think inflation is going to be 4 percent next year, not 2 3/4, the process by which the world's view changes from 2 3/4 to 4 almost invariably will allow you to make money by betting against bonds.

Q. What is the "variant perception" that informs your current view of stocks?

A. The variant perception, which I call the "idyllic world view," is that to a great degree the world is a much, much, much better place. It's a safer place, a more secure place. The risks of important political and economic dislocation are much less. Until the market professionals reach a level of enthusiasm for the real state of the world, the stock market will continue to go up. [At that point the idyllic world view will be fully reflected in stock prices.]

Q. We have seen 13 years of a bull market in stocks and bonds; do you expect that to continue?

A. I think we are in the midst of a great bull market, an extraordinary bull market. Never in our lifetime has a smaller percentage of the world's resources been spent on the military. Never in our lifetime have people lived so much longer in so many parts of the world. You can count the number of rogue dictatorships on one hand -- Iraq, Iran, Libya, Cuba, North Korea. The world in the broadest sense has become a much, much better place.

We are experiencing the great benefits of the political swing to the right that has occurred in the U.S. and the world. Where the battle for the minds of men has been won by a benign capitalism. Consumerism is the only "ism" that seems to count anymore. Not fascism, not communism. Labor has become just another element, another cost in the production process as you would view sand, or tin, or steel. That has made for higher profits and a greater acceptability of capitalist values. That is what you need to understand to understand the bull market.

Q. What is your largest stock position?

A. By far our largest long position in U.S. stocks is in IBM. With the market at these levels, the great enigma is IBM, which is trading in the low nineties. Consensus estimates are [for earnings of] \$ 11 to \$ 12 share, so [a price that is] eight to nine times earnings for a company doing exceptionally well at the edge of technological innovation -- it don't sound very expensive to me. Our largest industry concentration is in financial stocks, which has been our largest long position for the entire year. Sallie Mae is the largest name, and some of the New York City banks.

Q. What does your "idyllic" view say about bonds?

A. It says that historic fears about inflation are exaggerated. You are seeing forces that ensure a level of inflation much less than has been the case.

Those forces are, one, the whole world trades with each other. So domestic companies are having a hard time raising prices because others will make it cheaper somewhere else. Number two, there has been a political movement to the right, which justifies a philosophy that allows labor to be treated like trash. If employers can calmly announce that they are laying off 100,000 workers and nobody asks what it means for the families, what about the pain, then the dominance of that philosophy allows for effective cost-cutting.

I see so few negatives on the horizon, I think bond yields are coming down to 6 percent and below in the next year.

Q. What is the most difficult part of being an investor?

A. The hardest thing over the years has been having the courage to go against the dominant wisdom of the time, to have a view that is at variance with the present consensus and bet that view. The hard part is that an investor must measure himself not by his own perceptions of his performance but by the objective measure of the market. The market has its own reality. In an immediate, emotional sense the market is always right. So if you take a variant point of view, you will always be bombarded for some period of time by the

conventional wisdom as expressed by the market.

Q. What overseas stock market offers the greatest potential?

A. Russia is an extraordinarily interesting place at the moment. Who would have believed that in a mere five years Russia would be making the transition to a democratic, capitalist society? You read mainly about the crime. The fact is there has been a privatization of a magnitude unseen anywhere else. The valuations of stocks in Russia today are cheaper than anywhere else in the world. For one obvious reason: People don't believe this nascent, fragile capitalist democracy is going to survive.

If you are of the view that the Russian democracy will survive for the next five years, you will make a rate of return on the top 10 privatized companies in Russia that will be off the page. A barrel of oil that can be gotten out of the ground by a Russian company is being valued at a small fraction of what it is being valued at as measured by the price of a share of Texaco, or Arco or Exxon. You buy, of course, with the knowledge that if the democracy fails, you run the risk of losing most of your investment.

GRAPHIC: Photo, cori wells braun for The Washington Post, Says Michael Steinhardt, "The hardest thing . . . has been having the courage to go against the dominant wisdom. . . ."

LANGUAGE: ENGLISH

LOAD-DATE: October 15, 1995

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

1/10/96

September 27, 1995

Mr. Amitai Etzioni
The Communitarian Network
2130 H Street, NW
Suite 714J
Washington, DC 20052

Dear Amitai,

Thank you for a copy of the community crime prevention plan. I have forwarded it to the President. It is similar to the principles in the President's Crime Bill and I am sure he will appreciate reading it in full.

Sincerely,



Rahm Emanuel

Back to Rahm



The Communitarian
NETWORK

PERSONAL

September 20, 1995

Mr. Rahm Emmanuel
Special Projects
Office of the Chief of Staff
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Rahm:

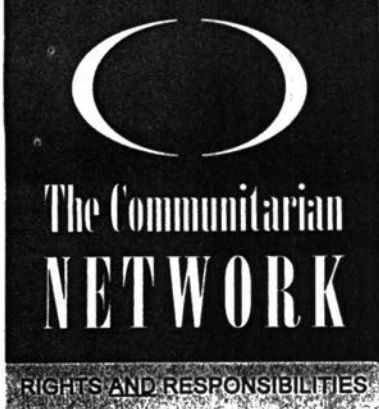
I believe this may be of above average interest. It was briefly discussed at a dinner with the President and Vice President on May 2.

Sincerely,

Amitai Etzioni

Enclosure

"It Take A whole Village ..."



Communitarian Working Paper

IT TAKES A WHOLE VILLAGE TO PREVENT A CRIME

Community Crime Prevention Participation Plan

IT TAKES A WHOLE VILLAGE TO PREVENT A CRIME

Community Crime Prevention Participation Plan

Summary

The Communitarian Network is interested in a feasibility study on ways to mobilize communities to prevent crime which we call the Community Crime Prevention Participation Plan. It is based on the sociological foundation that only if communities are mobilized to help prevent crime can it be reduced in a significant, lasting, low cost, and humanitarian manner. Our main approach would be to offer communities that organize crime-prevention drives, SOME of the resulting savings. The community would be able to dedicate these funds to shared community projects of its choosing. This "reward" is expected both to serve as an incentive and to activate the community to become involved in crime prevention. Note that unlike most programs NO new outlays are required here; indeed net (and not imaginary) savings will result.

Initially the plan could be introduced only in places where there is already a measure of community, and where crime is not overwhelmingly high. We would like to start by (a) bringing together practitioners (e.g. community organizers, police chiefs, etc.) and policy analysts to flesh out the concept, (b) demonstrating support and interest in the approach on the community level, and (c) examining possible "challenges" and ways to deal

with them. The product will be a report that could lead next to pilot testing.

Sociological Assumption:

"It takes a whole village to prevent a crime." There is considerable sociological theoretical support and some evidence to hold that when a community actively objects to certain forms of behavior, most members most of the time will refrain from engaging in such behavior.

Assuming that this analysis is basically correct, merely arresting or rehabilitating some drug dealers or clients may often lead to their being replaced by others. (This is indirectly supported by the fact that a quadrupling of the population in our prisons seems not to have resulted in a significant reduction in crime.) The question, hence, is how can one mobilize the community to help prevent crime?

Approach

We suggest that among the ways this can be done, for locations that already have some community element (more about this below), is to provide a community with an extra incentive, thereby encouraging it to deal with crime prevention, despite its already crowded agenda. To do so, we suggest that a community might be approached with the proposition that if it acts to prevent crime in some measurable way, the community will be rewarded by receiving some of the savings in public expenditures that will result. For example, one may inform a community in whose jurisdiction the state and/or the city spends \$9 million dollars a year on public safety, that if the community can curtail the number of crimes committed in its area through community-driven endeavors, and thus reduce costs by say \$1 million a year, that the community would receive \$500 thousand for its own use.

Outside authorities would not instruct the community on how to reduce crime; instead, the community would devise and implement its

own crime prevention programs. However, one would offer them a list of such projects undertaken by other communities, and indications of the issues that were raised and how they were dealt with. Some examples are crime watch programs, neighborhood anti-drug patrols, alternative night-time activities, changes in street design and possibly gates, etc., etc.

An appropriate schedule of savings will be supplied (see below) to provide visible and quantifiable benchmarks for achievement. We expect that unlike other exercises that convene groups to set priorities and discuss policy agendas, this effort will have a much greater potential for community activation both because it is compatible with the community's own values and because it has the potential to provide significant financial payoffs.

"Reward" Schedule

The schedule will be derived from the estimated costs of policing, court proceedings and, above all, jail times. The savings might be small (if for instance there are going to be fewer calls to 911 that are not police business, which would reduce police overtime) and considerable if there are fewer people convicted to serve several years in jail.

The savings would be divided 50/50. One half would go to those who generated the funds in the first place (say the city and/or the state) and the other half to the community. The community efforts could lead to multiple year appropriations if the crime would have resulted in multi-year reductions in expenses, e.g. number of people from the community sentenced to multiple years in prison, etc., etc.

Challenges

Several issues come to mind:

1. Many of the costs of crime are fixed costs and/or long term costs. This ought to be taken into account. The community should

be informed from the onset that if it only reduces crime a small amount and only in "light" matters (e.g. jay walking), the savings would be minor, but if the prevention efforts are significant and continuous -- so would be the resources freed for community use. Indeed, like utilities that encourage customers to save electricity and thus reduce the number of plants that need to be built, prison authorities may be able to build fewer prisons if several communities were to participate in the programs. (Communities need to sign up to participate and receive a schedule).

2. Some of the savings may be in non-criminal justice services (say emergency rooms) and, therefore, cannot be recaptured by the community. These non-criminal savings will, however, make the approach more attractive to public officials.

3. It might be said that many of the police resources are committed to less serious crimes than murder, such as dealing with family disputes. However, these are areas where communities can have more of an impact than on murder rates, i.e., this is not a hindrance at all.

4. The approach suggested will require the consent of the mayor or governor or some other public authorities, but given that they will gain half the savings (at least) they might well consent to the suggested approach.

5. Police unions are likely to object but there is no way to have any major policy advance without some opposition and one should try to gain their support through appropriate forms of negotiation.

6. The approach suggested here must be tested initially in places that have some element of community and not areas overwhelmed by crime. If the approach is successful, its application will be extended to areas that will need help in building community before they can even entertain such an approach. At the same time the test runs should not be done in low crime areas, which would make the test too easy and savings small. Ergo, preliminary tests should be done in the diverse areas that have some elements of community and a "middling" level of crime.

Next Steps:

1. Prepare an elaborate explanation of the policy idea in the form of a draft white paper.
2. Invite select policy researchers familiar with the area, community organizers, representatives of public authorities including state government, and others for a brain storming session around the white paper.
3. Revise the white paper accordingly.
4. If the approach is still favored after these rounds: do a dry run in three communities that differ in their sociological attributes and levels of crime. By dry run we mean discuss the idea with public authorities and communities and seek their preliminary support, without full commitment to proceed.
5. Pilot implementation projects.
6. Add a community court which is permitted to vary local sentencing by 25% of the given guidelines.

This document was drafted by Amitai Etzioni.

September, 1995

Amitai Etzioni is a University Professor at The George Washington University and Director of the University's Center for Policy Studies. He is the founder and chair of The Communitarian Network and the author of The Spirit of Community (Simon & Schuster, 1994).

For more information about The Communitarian Network, position papers, case studies, and membership, please write or call: 2130 H Street, NW, Suite 714J, Washington, DC 20052, (202) 994-7997, (202) 994-1606 FAX, comnet@gwis2.circ.gwu.edu.

1/10/96

E. J. Dionne Jr.

Cover for Another Agenda

The Republicans' strategy to force their own budget into law by shutting down the federal government failed because Republicans have been fudging the basic issue at stake in this large battle. They have done so to paper over their own differences.

For many Republicans, a balanced budget is not and never has been the real goal. What they care about far more is changing federal policy, shrinking government and cutting back on a particular list of programs. The balanced budget, advertised publicly as what the fight was about, was only a means to this end.

If you doubt this, just turn to the year-end issue of *National Review*, the conservative magazine founded by William F. Buckley Jr., which says honestly and in plain language what many Republicans actually think but don't want to say. "The balanced budget is more important as symbolism than as accounting," the magazine declared editorially. "What matters now is that the government be clearly put on a path of reduced improvidence."

The good conservatives at the *National Review* were positively scornful of their side for making the balanced budget so important. "Republicans have stopped talking about the positive aspects of their program because they are so preoccupied with the essentially defensive message of 'reducing the rate of growth' of government programs," the magazine declared. "Balancing the budget is consuming every issue that comes near it."

National Review's recipe was for the Republicans to give in to President Clinton on a lot of the numbers as long as conservatives in exchange win their big policy changes. There was nothing wrong with throwing another \$70 billion at Medicare, the magazine's editors said, as long as Republicans preserved their medical savings accounts, which severely undercut Medicare and represent "a radical departure from the Great Society model of government." Throw more money at Medicaid, they said, but don't let the White House preserve its "entitlement status" as the medical program of last resort for the poor. "Ditto welfare," National Review declared, getting rid of Aid to Families with Dependent Children being more important than saving money. And, oh yes, the only issue on which there should be "intransigence," the magazine advised, is that Republicans should insist on their whole \$245 billion tax cut.

Here is the clincher from this bellwether of conservative opinion. "Their most important accomplishment this year," the magazine says of congressional Republicans, "is not potentially balancing the budget—an elusive goal still nearly a decade away—but scrapping huge chunks of the federal entitlement state."

What's important about National Review's declaration—beyond its admirable candor—is the enlightenment it offers about why the Republicans have had such a

hard time coming up with a coherent and unified negotiating strategy, and why they have recently appeared to be in such disarray. It's not because the Republicans are stupid or inartful. It's because the balanced

*For some in the GOP,
a balanced budget is
not the real goal.*

budget is, for some Republicans, the real goal, and for others a front for the underlying agenda.

There is every evidence that Senate Budget Committee Chairman Pete Domenici sees blotting up the red ink really as the purpose of this messy enterprise. One imagines that a Bob Dole unfettered by the need to win Republican presidential primaries would be far more outspoken in support of this view. (It was this old Bob Dole who wisely pushed to reopen the government.)

But many of the Republicans' demands actually make getting to balance much harder—the \$245 billion tax cut being one big obstacle, the medical savings accounts another. Clinton and the Democrats would be hard pressed to resist serious reductions in the growth of Medicaid if the Republicans weren't so intransigent about scrapping the whole program in favor of block grants. Democrats, in the Senate and in the White House at least, have already shown how far they'd be willing to sell out on welfare.

But the Republicans can't call the Democrats' bluff as long as they keep insisting on both a balanced budget in seven years and all their big policy changes.

Had Clinton caved in earlier, which is what many Republicans had reason to expect, they might not have confronted this choice. Now, they must decide whether to go the ideological way—the path described by *National Review* and defended openly by, among others, Sen. Phil Gramm of Texas—or whether they're willing to give ground to force Clinton to agree to balance the books, as their leaders showed signs of doing yesterday. If the Republicans keep fudging this choice, they will give Clinton more opportunities to attack without forcing him to make choices that could divide him from his own party, and divide the Democratic Party itself.

This budget debate has been confusing to the country because it has crisscrossed back and forth between questions about whether and how the budget should be balanced and arguments about what the whole point of the federal budget should be. If the Republicans confine themselves to pushing for a balanced budget, they can probably get pretty close. And they can leave the philosophical and policy questions for the fall campaign, which is a good place for them.

James K. Glassman

Time to Seal the Deal

Having milked every last ounce of popularity out of a smart policy of resistance, President Clinton relented Saturday and pulled a seven-year balanced budget out of his back pocket, where it had obviously been all along.

At last, two separate plans are on the table, and they're not much different. The sides should be able to get to a deal easily now. But will they?

Let's look at how close they are. Take Medicare, the spending program where the difference is the greatest. Clinton proposes to spend \$98 billion more than Congress over the next seven years. That may sound like a lot, but it's an average of just \$14 billion a year out of a Medicare budget that will average \$260 billion a year.

Or Medicaid. Clinton wants to spend \$9 billion more per year than Congress for a program that will average \$130 billion a year.

Yes, there are policy differences. Congress wants to give the states block grants and allow them to decide how they'll spend money on health care for the poor. Clinton wants to maintain a heavy role for the federal government.

And then there's the matter of taxes. Clinton wants only \$87 billion in cuts over seven years while the Republicans want \$245 billion—a difference of about \$160 billion. Again, that sounds like real money until you set it beside \$11,300 billion (also called \$11.3 trillion)—the expected tax revenues for the next seven years. In other words, the difference between Clinton and Republicans amounts to a minuscule 1.4 percent of total taxes.

The Clinton plan offers a far less generous child credit than the GOP plan—and no capital gains rate reduction whatsoever. But professional politicians should be able to negotiate these differences with no more trouble than a couple of third-graders trading bubble-gum cards.

But do they want to? Let's look at where both sides stand:

■ **The President:** He has to feel bulletproof. Last month, he vetoed three appropriations bills, citing minor reasons and reaping no blame. In fact, the press didn't even notice that it was President Clinton who shut down the national parks with his veto of the Interior and related agencies bill.

A fourth bill, which would fund the departments of Labor and Health and Human Services, is being held up in the Senate by filibuster-threatening Democrats.

They object to a provision in the GOP bill that would overturn an executive order that bans striker replacements on federal jobs. In other words, about 150,000 federal workers weren't being paid because Democrats were pandering to labor unions on an issue of symbolic, but almost no substantive, value.

And until Saturday, defying a deal he made in November, the president simply refused to submit a seven-year balanced budget, scored by the Congressional Budget Office.

Knowing such facts, an objective observer would have concluded that Clinton and

his cohorts in the Senate were primarily responsible for the government shutdown. Instead, the public, which has to rely on the press for an understanding of these arcane matters, blamed it on intransigent Republicans, while the president portrayed himself as the savior of Medicare.

Clinton's poll numbers were indeed slipping, and Republicans managed to construct a continuing resolution that put intense pressure on him to fork over his seven-year balanced budget. But he's still in a strong position. He can now start hammering away with the argument that the Republican budget cuts Medicare and Medicaid in order to provide tax reductions for the rich while his own plan (take a look!) reaches a balanced budget without such unfairness.

So why should Bill Clinton negotiate? He's had it all his way, and with his balanced budget finally submitted, he can expect his winning streak to continue.

■ **The Republicans:** They've won the war, but they can't declare victory because the White House won't sign a peace treaty.

In his new budget, Clinton has accepted, in black and white, all of the GOP's major aims: a zero deficit by the year 2002 using CBO numbers, a tax cut, reductions in the rate of growth of Medicare and Medicaid and real cuts in discretionary spending.

For a final deal, something halfway between Clinton's latest offer and their own budget would be fine. In fact, it would be a remarkable accomplishment for congressional Republicans contending with a Democrat in the White House. To finish the job, they will need their own president, and they'll have 10 months to convince the country.

But what if Clinton doesn't want to talk? What if he drags out negotiations as he has for the past two months?

In the House, there is support for a war of attrition—a strategy of selectively opening the parts of the government that Republicans can tolerate but leaving closed the parts that Democrats love: AmeriCorps, the Commerce Department, etc.

In other words, there would be no real budget this year and no changes in entitlements or taxes—just a large continuing resolution along Republican lines and fighting in the trenches.

That's a messy strategy that will undoubtedly provoke antagonism from the press and the public, and maybe from the markets (which have so far been tolerant). But if President Clinton won't negotiate seriously, what's the alternative? The House Republicans won't swallow the new White House budget whole, nor should they.

But the 67 Percent Solution still awaits. Try one more time to talk with the president. If negotiations fail, as I suspect they will, then bypass him and find 60 Democrats in the House and a dozen in the Senate who are willing to split the difference. Construct a veto-proof majority—or even something close to it—and the president, risking complete irrelevance, will come running.

Handwritten notes and signatures at the bottom of the page, including "absolute victory" and "I am need this" with a large green checkmark.

*Brownfield expensing
Art does
expensing
cor.*
RS

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

1/10/96

96 JAN 9 P7:53

January 9, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: LAURA TYSON *Laura D. Tyson*

RE: URBAN TAX CREDITS PROPOSAL

In the attached memo, Secretary Cisneros notes that your economic advisers concur that brownfields expensing is the best of the urban tax incentives that have been proposed by the mayors. He also notes that several Republicans joined by a few Democrats have proposed capital gains tax relief for capital investments in low-income communities, and he indicates his support for such an approach. You should know, however, that most of your economic team -- especially Treasury and CEA -- have serious reservations about this approach. These advisers believe that at best this approach would be ineffective in directing additional capital to targeted communities and at worst it would encourage gaming of the tax system as taxpayers shift capital gains realization to urban addresses to seek lower tax rates. It is very difficult if not impossible for the Treasury to determine the geographic origin of a particular capital gain -- in most cases the Treasury has information about where a gain is recorded for tax purposes, not where the capital investment on which the gain is realized is actually located.



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

96 JAN 9 P5:33

MEMORANDUM

TO: PRESIDENT CLINTON

FROM: HENRY CISNEROS, *Henry Cisneros* SECRETARY OF HUD

SUBJECT: IDEAS CONCERNING URBAN TAX CREDITS

DATE: JANUARY 9, 1996

Sunday evening you asked me for my best recommendation on an urban tax initiative of from \$1-2 billion for use in the tax portion of the budget negotiations with Majority Leader Dole and Speaker Gingrich.

My recommendation is a tax incentive that takes the form of more rapid expensing for the costs of cleaning up "brownfields" in cities, providing a powerful tool to help local leaders put contaminated land that is now lying fallow back into economically productive uses. The mayors and community developers would regard this as a needed tool and evidence of your willingness to give them a valuable tax incentive to deal with a pressing urban priority -- putting urban land rendered obsolete and unavailable back into development. You will recall Mayor Mike White's presentation concerning his strategy of "land-banking and redevelopment" in Cleveland, which the Mayor explained to you and Vice President Gore at a community empowerment event there. The kind of brownfields tax tool we recommend is on virtually every list of "most important needs" that has come from the mayors.

A number of your advisers (Tyson, Rubin, Browner, Pena, Rivlin and Stiglitz) in recent urban initiatives discussions have concurred that "brownfields expensing" would be our first choice among the tax incentives possible at this time. Together we have developed a number of variations (including 1-5 year time frames for expensing and a range of urban poverty criteria) which would result in an economically efficient tax subsidy at a cost whose lower range is \$1.5-2 billion over 7 years and which can be calibrated in steps up or down from that level depending on the criteria.

To enhance such a brownfields tax incentive, we should:

- a) tie the incentive to the public-private plans of local communities to make the most of unused land and industrial sites and to build on job-producing locations near ports and highways;
- b) provide targeted regulatory relief to further enhance the development potential.

A brownfield tax initiative will obviously be very useful in the Empowerment Zones and Enterprise Communities, but should be written in such a way that the broader universe of EZ/EC eligible and CDFI eligible communities can also compete and participate.

Other Urban Tax Considerations in the Budget Negotiations

As part of an overall capital gains package, several Republicans (e.g., Jack Kemp, Governor Engler, and Senator Abraham, joined by Senators Lieberman and Moseley-Braun) have proposed targeted incentives for capital investment in low-income communities, including the elimination of capital gains on sale of qualified investments held for a number of years and expensing of qualifying stock purchases. It may be that this issue will come up in your tax discussions because Speaker Gingrich has been promoting it.

Depending on the length of the holding period and the limits of the poverty criteria, the 7-year scoring cost of such capital gains incentives targeted to low-income communities can be structured from literally negligible to up to \$10 billion. Whatever the scoring, however, such targeted capital gain incentives could become part of whatever total scoring on capital gains to which you may choose to agree and you will have been able to steer some capital incentives toward the revitalization of low-income communities.

In my opinion, such capital incentives for geographically targeted equity investment do complement your efforts with CRA reform, community development banks, FHA, and the GSEs to make more effective debt capital available to help rebuild low-income communities. In addition, the mayors cite the lack of equity, venture, and risk capital as perhaps the biggest financial obstacle to promoting business development in low-income communities.

THE PRESIDENT HAS SEEN

1/10/46

To Bruce Reed

Pls review the
history of laws, and if
then all say we should
embrace —

Be



THE PRESIDENT HAS SEEN

1/10/96

UNITED STATES SENATE
WASHINGTON, D. C. 20510

95 DEC 15 17:07
Dec. 15, 1995

Mr. President -

I very much appreciated the opportunity to discuss the Bosnia issue with you on Tuesday. Although I have serious concerns over a policy of U.S. troops on the ground in Bosnia, and a U.S. role in arming and training the Muslims, I strongly believe that this mission must now be a successful one -

In response to our private conversation on my Project for American Renewal, I'm enclosing a copy of my Senate floor speech introducing the package, along with a booklet describing the Project.



UNITED STATES SENATE
WASHINGTON, D. C. 20510

2

Restoring the mediating role of family, community and charity is necessary if we are to successfully address America's cultural breakdown. The Project is an effort to define a proper federal role in this endeavor —

My best wishes to you and family for a blessed Christmas —

Sincerely,
Dan Coats

AMENDMENT NO. 2539

Mr. COATS. Mr. President. I call up amendment No. 2539 and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, that will be the pending question.

Mr. COATS. Mr. President. I think it is easy for us to be overly consumed by some of the details of this welfare debate, arguing numbers and formulas—portions of the legislation that are all important but can tend to mire us down and take our attention away from some of the broader implications of the debate we have been engaged in for the past several days. A great deal is at stake here, and I think we need to remind ourselves that this is the case.

If we as a Nation accept the existence of a permanent underclass, we will become a very different Nation indeed. Social and economic mobility has always been part of our national creed. It has been an outgrowth of our belief in equality. If we abandon that goal for millions of our citizens, through either indifference or through despair, giving up, we will do a number of, I think, socially very disadvantageous things. We will divide class from class. We will foster a future of suspicion and of resentment. And, while this may be a temptation to accept, I believe it is something we as a nation cannot accept.

On the left, it seems there are those who are so accustomed to the status quo that the best they can offer is some kind of maintenance of a permanent underclass as wards of the State, providing cash benefits to, hopefully, anesthetize some of their suffering, food stamps to relieve their hunger. But all hope for social and economic advancement seems to be set aside or abandoned.

On the right, it seems that there are some who simply want to wash their hands of all of this, who view the underclass as beyond our help and beyond any degree of sympathy or empathy. The only realistic response, they suspect, is probably more police and more prisons to deal with the tragic consequences of this breakdown in civil society.

The effect, I believe, of both of these approaches is to accept that poverty is permanent; that the underclass is going to be a fixture of urban life to be fed, feared, and forgotten. In doing so, we will condemn, in our minds, a whole class of Americans to be either wards or inmates. And I believe the American ideal will be diminished in that process.

I understand those temptations. The problems we face seem so intractable. Those who listened to Senator MOYNIHAN's initial discussion on the welfare bill last week had to understand both the brilliance and the sobering nature of that debate. We face a crisis, he said, and he outlined in graphic detail a crisis of illegitimacy that threatens not just the well-being of the children but the existence of our social order.

To quote Charles Murray, he said, "Once in a while the sky is really falling." And I believe, in this instance, as Senator MOYNIHAN has pointed out to us, that the sky is falling and that our Nation faces a crisis of a proportion that we have seldom faced before.

I also understand that any reform that we undertake, particularly any radical reform that we undertake of the system, is undertaken with a degree of uncertainty. Senator MOYNIHAN has reminded us of the law of unintended consequences.

Nathan Glazer has talked about "the limits of social policy," arguing that whatever great actions we undertake today involve such an increase in complexity that we act generally with less knowledge than we would like to have even if with more than we once had.

But I think we also need to understand that there is another law at work. That would be the "law of unacceptable suffering." Because as the cost of our welfare system mounts the human cost mounts, the risk of change is diminished, and I believe there is a point beyond which inaction becomes complicity. I think we have reached that point. I think this is a principle that ought to organize and direct our debate, to try to find a source of hope so that we will not have an endless class of underrepresented, underprivileged citizens with which we have nothing to offer—hope that our divisions, class divisions, that appear to be so intractable in our society are not permanent and hope that suffering will not be endless.

Mr. President, I think one source of that hope is found in devolution of power to the State. I know there is disagreement on that. But I think there is a compelling logic to the proposal. States are closer to the problems. Generally, State solutions are more acceptable to their public, and they are more flexible. We do not have a one-size-fits-all Federal mandate. Federal officials do not have a monopoly on compassion. I think that belies the lack of accomplishment over the last few decades.

So I support the devolution as an element of the Republican reform. But I believe also there are limits to the approach of devolution. The fact is most States have already engaged in some flexibility experiments and some devolution, some welfare experiments through devolution. Some reforms have been in place for years, and while the results show some good results there are several cases that have been good. Often progress is marginal, and sometimes incremental.

I do not offer this as a criticism. I offer it as a caution. Devolution I believe is necessary. But I do not believe it is all sufficient because, as we all know, State officials are fully capable of repeating the same mistakes as Federal officials, and State welfare bureaucracies can be just as strong and just as wrong as Federal programs.

So I think the limitations of devolution come down to this: The problem with welfare for the last 30 years is not the level of government at which money has been spent. Our difficulty is more than procedural. It is substantive. We need to make fundamental choices on the direction that our system is going, not just about its funding mechanisms.

Mr. President, I think a second source of hope is found in the strengthened work requirements of the legislation that we have been discussing. Requiring work for welfare makes entry-level jobs more attractive and discourages many from entering the welfare system in the first place. I think it is also an expression of our values as a nation. Work, as we know, is the evidence of an internal discipline. It orders and directs our lives. I believe no child should be without the moral example of a parent who is employed, if at all possible.

So I support this element of welfare reform. But, as we all know, work requirements are expensive. They are often difficult to enforce. They represent the problem of what to do with the mothers of young children. Again, while not arguing that they are useless but that their effect is limited, they should be supported but they should not be oversold.

I think a third source of hope is the removal of incentives to fail. We have been discussing that in detail today with these amendments. I think it is a mistake for Government to pay cash for a 14-year-old girl on the condition that they have children out of wedlock and never marry the father. We cannot justify, Mr. President, public policy that penalize marriage and provide illegitimacy its economic lifeline. I think Government violates its most fundamental responsibilities when it tempts people into self-destructive behavior.

So I support the elements in the Republican plan. But the destructive incentives in our welfare system are only part of the problem. The decline of marriage, the rise of illegitimacy are rooted clearly in broader cultural trends that affect everyone, rich and poor. Without a welfare system, these trends would still exist and still threaten our society.

Let me repeat that statement. Without a welfare system, the trends of illegitimacy, the decline of marriage, would still exist and still threaten at the rate of their growth, and would still threaten our society.

James Q. Wilson recently authored an article called "Culture, Incentives in the Underclass." He accepts the figure that less than 15 percent of rising illegitimacy between 1960 and 1974 was due to increased Government benefits. "Some significant part of what is popularly called the 'underclass problem'" he argues, "exists not simply because members of this group face perverse incentives but because they have been habituated in ways that weaken their

self-control and their concern for others."

In other words, I think what Wilson was trying to say is that the basic problem lies in the realm of values and character, and those values are shaped, particularly in early childhood, by certain cultural standards. "I do not wish," Wilson adds, "to deny the importance of incentives such as jobs, penalties, or opportunities, but I do wish to call attention to the fact that people facing the same incentives often behave in characteristically different ways because they have been habituated to do so."

People are not purely economic beings analyzing costs and benefits. We are moral beings. We make choices that reflect our values. Incentives are not irrelevant but it is ultimately our beliefs and habits I think that determine our future.

So I support these measures: Devolution, work requirements, changing incentives. Each one should be part of the package that the Senate passes. But even if they were all adopted in the form that I would like I believe that our problems and our divisions would still persist.

It is important to work at the margins because those margins are broad. A 15 percent reduction in illegitimacy would be a dramatic and positive social change. A similar increase in work participation could be labeled a major victory. But I would suggest, Mr. President, that our greatest single problem lies beyond the changes that we are debating in this welfare discussion. That problem I would suggest is a breakdown in the institutions that direct and have humanized our lives throughout history, institutions of family, institutions of neighborhood, community associations, charities, and religious-based groups.

Sociologists call this the "civil society." They talk about "mediating structures." They say that these institutions build "social capital" and "positive externalities." But this point I think can be reduced to some simple facts.

A child will never find an adequate substitute for a father who loves him or her. The mantle of government, the assistance of government, will never replace the warm hand of a neighbor. The directions of a government bureaucrat will never replace the counsel of a friend. Any society is a cold, lonely, and confusing place without the warmth of family, community, and faith.

So it is interesting that this is precisely the reason that Nathan Glazer warns of the "unintended consequences" in social policy. "Aside from these problems of expectations, cost, competency and limitations of knowledge," he argues, "there is the simple reality that every piece of social policy substitutes for some traditional arrangement, a new arrangement in which public authorities take over, at least in part, the role of the

family, of the ethnic and neighborhood group, of voluntary associations [of the church]. In doing so, social policy weakens the position of these traditional agents and further encourages needy people to depend on the government for help rather than on the traditional structures," according to Glazer, and I agree with him. I believe this concern is real, and I think it ought to reorient our thinking and our efforts. Our central goal in this debate ought to be to try to find a way to respect and reinvigorate these traditional structures—families, schools and neighborhoods, voluntary associations—that provide training in citizenship and pass on morality and civility to future generations.

Listen again to James Wilson. I quote.

Today we expect "government programs" to accomplish what families, villages and churches once accomplished. This expectation leads to disappointment, if not frustration. Government programs, whether aimed at farmers, professors or welfare mothers, tend to produce dependence, not self-reliance. If this is true, then our policy ought to be to identify, evaluate and encourage those local private efforts that seem to do the best job at reducing drug abuse, inducing people to marry, persuading parents, especially fathers, to take responsibility for their children and exercising informal social control over neighborhood streets.

Mr. President, I believe we should adopt this approach because the alternative, centralized bureaucratic control, has failed. And because, second, the proposal of strict devolution has, as I indicated earlier, limitations. But I think there is a third reason we ought to adopt this approach, and I think that is the most central reason, that is because this is the only hopeful approach that we face.

These institutions—family, neighborhood, schools, church, charitable organizations, voluntary associations—do not just feed and house the body but reach in and touch the soul. They have the power to transform individuals and the power to renew our society. There is no other alternative that offers and holds out such promise.

So I believe we ought to ask one question of every social policy passed to every level of government, and that question is: Does it work through these mediating, traditional, historical institutions, does it work through families, neighborhoods, or religious or community organizations, or does it simply replace them?

Our primary objective should not be to substitute bureaucrats from Washington with bureaucrats from Columbus or Sacramento or Bismarck. It should be to encourage and support private and religious, neighborhood-based, nonreligious efforts without corrupting them with intrusive governmental rules. Our goal should not only be to redistribute power within government but to spread power beyond government.

This I believe, Mr. President, is the next step in the welfare debate, the

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next stage of reform, the next frontier of compassion in America. Accepting this priority would focus our attention on possibly three areas: Emphasizing the role of family and particularly the role of fathers and mentors where fathers are not present in the lives of children; rebuilding community institutions; and promoting private charities and religious institutions in the work of compassion.

The next stage of welfare reform has to start with the family. The abandonment of children mainly by fathers is not a lifestyle choice. It is a form of adult behavior with disastrous consequences for children, for communities, for society as a whole. When young boys are deprived of a model of responsible male behavior, they become prone to violence and sexual aggression. Sociologists will prove to you over and over again these are irrefutable facts. When young girls are placed in the same situation, they are far more likely to have children out of wedlock. There is a growing consensus that families are not expendable and fathers are not optional.

The next step in welfare reform will reestablish a preference for marriage at the center of social policy in America. Wilson again observes that:

Of all the institutions through which people may pass—schools, employers, the military—marriage has the largest effect. For every race and at every age, married men live longer than unmarried men and have lower rates of homicide, suicide, accidents and mental illness. Crime rates are lower for married men and incomes are higher. Infant mortality rates are higher for unmarried than for married women, whether black or white, and these differences cannot be explained by differences in income or availability of medical care. So substantial is this difference that an unmarried woman with a college education is more likely to have her infant die than is a married woman with less than a high school diploma.

An astounding statement.

Now, for those of us who have been married for a long time—and I just celebrated my 30th wedding anniversary—there are probably moments and days when that does not quite ring true.

Mr. MOYNIHAN. Will the Senator yield for a question?

Mr. COATS. I will be happy to yield.

Mr. MOYNIHAN. I heard him say he just celebrated his 30th wedding anniversary. Can I not assume that Mrs. Coats is also celebrating?

Mr. COATS. Mrs. Coats would be delighted and will be delighted when I explain what the Senator from New York has said about her. She was a child bride, and I was privileged to marry her. And she has retained the vibrancy of her youth. I claim no credit for that. She has done that in spite of her husband.

As Wilson has said, there are some great advantages to the institution of marriage; and I think that has been proven out over time, actually from the beginning of time.

As I said, while there may be moments that each of us can point to

where we might question that fact, it is undeniable in terms of the statistics that are now in relative to life expectancy, rates of homicide, suicide, accidents, and mental illness. And as a nation, it ought to be our policy to promote that and not have policies in place, although maybe well intended, that often serve as a disincentive.

I also think that the next stage of welfare reform should find new ways of rebuilding economic and educational infrastructure, spreading ownership, housing, assets, educational opportunities. Successful businesses, active churches, effective schools, and strong neighborhoods have always been the backbone of community. To the extent that we can once again, through policy, where appropriate—in many places it is not appropriate and not effective—to the extent that we can emphasize and nurture this rebuilding, this renewal, we should do so.

We should also, I believe, focus our attention and resources on private charities and religious institutions, and that is the reason Senator ASHCROFT and I rise today to offer this amendment. We offer it primarily for discussion purposes, but we believe that a debate should, if it has not already, begin relative to the role of these institutions in dealing with some of our social problems.

We suggest that a charity tax credit, which we introduced last Friday, can answer some very important questions, the most important of which is how can we get resources into the hands of these private and religious institutions where individuals are actually being transformed, renewed, and provided both external as well as internal help, and how can we do this without either undermining their work with our Federal and State and governmental restrictions or offending the first amendment.

We think this amendment accomplishes that purpose. We respond by offering a \$500-per-person tax credit for charitable contributions to poverty alleviating, poverty preventing, poverty relief organizations. We also require that individuals volunteer their time as well as donate their money to qualify for the credit, because we think it is necessary to do more than simply write a check.

We think there are a couple very important things that can be accomplished by personal involvement: First, the obvious connection that comes with bringing together those that are seeking to provide assistance with those that need the assistance and the benefits that flow both ways from that effort. But, second, it is an accountability factor, a factor that allows individuals to see how their money is being used and to ensure that the agency, the church, the association, the group that is utilizing the dollars that are contributed, that they are utilized in the most effective and most efficient way.

We would like to take a small portion of welfare spending in America—

estimates are that roughly about 8 percent of what total welfare spending is in terms of what the reduction in revenue to the Federal Treasury would be through the charity tax credit—and give it through the Tax Code to private institutions that provide individuals with hope, with dignity, help and independence.

We do not eliminate the public safety net, but we want to focus attention on resources where we think they will make a substantial difference.

Second, we would like to utilize this in a way of promoting an ethic of giving in America. Because when individuals make these contributions to effective charities, it is a form of involvement beyond writing a check to the Federal Government. It encourages a new definition of citizenship and responsibility, one in which men and women examine and support the programs in their own communities.

Marvin Olasky has written about all this. He comments:

Within a few miles of Capitol Hill there are several places that we could visit today which solve social problems more effectively and efficiently than any measure we will pass in this welfare debate.

I took him up on that challenge, and one of the organizations I visited was a shelter operated by the Gospel Mission, just within the shadow of the Capitol, about 5 blocks from here, that takes homeless, hopelessly drug-addicted men off the streets and literally has transformed them into responsible, productive citizens. Their rehabilitation rate is 66 percent over a 1-year period of time.

The same program, or something similar to that program, is run by the Federal Government, called the John Young Center. I drive by it every evening on my way home from work. That center has been in and out of the newspapers. Drugs are regularly dealt. And it has been a place of despair, not a place of hope. They claim a rehabilitation rate of 10 percent. They spend 20 times the amount of the Gospel Mission.

Now, we ought to be visiting these institutions and asking ourselves the question, what are they doing at the Gospel Mission that they are not doing at the Federal center? Or, conversely, what are they doing at the Federal center that is not being done—that we ought to avoid doing elsewhere?

This is just one example, one example of examples that exist in almost every community in America, where because of frustration with a government-run program, with a government attempt, citizens have undertaken, either through religious charities, faith-based or not, religious-based, Big Sisters, Salvation Army, the medical volunteers, the local Matthew 25 clinic that exists in Fort Wayne, IN, where medical doctors volunteer their time to the poor—they exist everywhere, but not to the degree to which it is making a substantial difference in the macrosense in our Nation.

So Senator ASHCROFT and I are trying to highlight these organizations, show how they provide a measure of hope, how they can renew lives, renew communities and, hopefully, nurture them through acquainting our citizens with their work and giving them the means with which to contribute to them.

Robert Woodson said, for virtually every social program we face today, somewhere a community group has found the solution that works.

I believe, Mr. President, this is the greatest source of hope in this welfare debate. And the primary reason why I am not pessimistic is—because it is easy to be pessimistic—that many of these groups, as Woodson points out, are faith-based, not a particular faith, not a particular denomination. In some, the faith is contrary to my own faith, but they gain their authority and their success by serving their neighbors as a form of service to their God. And their ministry includes an element of spiritual challenge and moral transformation.

Government should not view this as a problem to be overcome, but as a resource that we ought to welcome with open arms because, in serving the poor, we ought to look at religious efforts as allies and not rejected as rivals to our program. That power of religious values and social change can no longer be ignored. It is one of the common denominators of a successful compass.

Let me wrap up here by quoting from Robert Woodson again. Bill Raspberry wrote a fascinating article on this some time ago in the Washington Post.

Woodson said:

People, including me, would check out the successful social programs—I'm talking about the neighborhood-based healers who manage to turn people around—and we would report on such things as size, funding, leadership, technique.

He said:

Only recently has it crystallized for me that the one thing virtually all these programs had in common was a leader with a strong element of spirituality. . . .

He said:

We don't yet have the scales to weight the ability some people have to supply meaning [in other people's lives]—to provide the spiritual element I'm talking about.

He said:

I don't know how the details might work themselves out, but I know it makes as much sense to empower those who have the spiritual wherewithal to turn lives around as to empower those whose only qualification is credentials.

Mr. President, the failure of our current approach has resulted among Americans in "compassion fatigue." That is understandable, but that is not healthy for our society. Compassion for the poor is a valuable part of the American tradition, and it is also a central part of our moral tradition. At the very deepest level, we show compassion for others because we are all equally dependent upon the compassion of our Maker.

But a renewal of compassion will ultimately be frustrated if we act on a definition of that virtue which has failed. The problem we face is not only that welfare is too expensive, which it is; the problem is that it is too stingy with the things that matter the most—responsibility, moral values, human dignity and the warmth of community.

This Nation, I suggest, Mr. President, requires a new definition of compassion, a definition which mobilizes the resources of civil society to reach our deepest needs. This is going to be a challenge to our creativity. Our response, I suggest, will determine much more about the American experiment and the limits that we place on its promise.

So the amendment that Senator ASHCROFT and I are offering is simply a step, a suggestion, a step toward providing a way to expand that compassion in America, to enlist our citizens in the act of citizenship, and to go beyond government to return to those institutions which historically, traditionally, and effectively have mediated some of our deepest social concerns—the family, the neighborhood, the schools, charitable organizations, religious and nonreligious voluntary associations.

I hope that we can move beyond the details of the welfare debate. Much of this will be discussions for future days. But I hope that this amendment we are offering at least offers a start and this debate in which we are engaging will take us to the place where we can step back and take a broader view of the problems we face and a more creative view of the solutions to address those problems.

Mr. President, with that I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I am going to have to be away from the floor for awhile now, but I want to say that the remarks of the Senator from Indiana are the most compelling and thoughtful and, in a certain sense, I hope, perfecting of any I have heard in 19 years on this floor debating this subject. I can scarce summon the language to express my admiration.

I acknowledge the persuasion that comes from citing dear friends of 40 years and more, such as Nathan Glazer and James Q. Wilson, with whom I have been associated. But the growing perception of the nature of our problem—I could have wished this debate had never taken place in the Senate.

The proposal to disengage the Federal Government from the care of dependent children is not something I can welcome. The address of the Senator from Indiana almost makes it worthwhile.

The other evening, Monday evening, at the American Enterprise Institute, Robert Fogel of the University of Chicago presented a superb historical perspective on the cycles of moral and re-

ligious awakening that have taken place in the United States since the 1740's, such as during the American Revolution, when we came to judge that the British Government was not sufficient ethically and morally as an institution. Abolition, slavery, temperance—we have had this experience before, and it may be we are beginning it again, because what the Senator says is so very clear that in the end, these are issues of community, issues of relationships, issues of moral understandings and persuasion.

I have said that however much we may be taking a retrograde measure with respect to a Government program, for the first time ever, we are beginning to talk about the problems of family structure. President Bush began this in an address at Notre Dame in 1992. President Clinton brought it up in a State of the Union Message when he rather casually cited projections which had been made in our office about where we may be heading. This week's issue of the the Economist discusses it as a worldwide phenomenon but uses the United States as the most advanced and desperate case.

I just will make one final caveat if you like, caution if you will. We are finally asking the right questions. I do not think we have answers. None will assert this more with greater conviction than such as Nathan Glazer or James Q. Wilson. Wilson gave the Walter Wriston lecture at the Manhattan Institute in New York City last November entitled "From Welfare Reform to Character Development." His new book is on character.

He has this passage. He says:

Moreover, it is fathers whose behavior we most want to change, and nobody has explained how cutting off welfare to mothers will make biological fathers act like real fathers. We are told that ending AFDC will reduce illegitimacy, but we don't know that. It is, at best, an informed guess. Some people produced illegitimate children in large numbers long before welfare existed and others in similar circumstances now produce none, even though welfare has become quite generous.

We have to accept that. We will not get the right answers until we ask the right questions, but we are not there yet.

Without going into detail, we do have some early returns on a program of counseling and education with respect to teenage births, and we find no effect; a very intensive effort now 4 years in place with nothing to show. But that is all right, the effort has begun. Eight years ago, it would not have come.

So I just want to express my admiration and my thanks to the eloquent, persuasive Senator from Indiana.

Mr. President, I see the Senator from Missouri has risen. I yield the floor.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I want to join the senior Senator from New York in commending the Senator from Indiana for an outstanding, insightful, and dispassionate analysis of



The Project for American Renewal

A handwritten signature in black ink, appearing to read "Dan Coats", positioned above the printed name.

U.S. Senator Dan Coats

**Introduction by
Dr. William J. Bennett
Co-Director, Empower America**

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Co-Director, Empower America**

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

1/10/96

96 JAN 3 P7:08

January 3, 1996

MEMORANDUM FOR THE PRESIDENT

FROM:

DONALD A. BAER

RE:

JOHN LEO PIECES

Attached is a copy of John Leo's book of essays, *Two Steps Ahead of the Thought Police*, published in 1994. I have also attached several columns that have appeared since then in *U.S. News and World Report* which John thought you would enjoy seeing.

Handwritten note:
I pulled 2
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help in the
Stoltenberg
on "Stalinism"

When stability was all the rage

It's an article of faith among many Sixties people that the 1950s were a period of great fear, oppression and unchecked Ozzie-and-Harrietism. Now these people must all make a collective mental note to avoid reading *The Lost City*, Alan Ehrenhalt's forward-looking and non-nostalgic book about the Fifties in Chicago.

It's a tribute to Ehrenhalt that he doesn't try to make his case about what the Fifties did well by talking only about suburbs. He studies one new suburb, but also two city neighborhoods—one black, one white—in the totally segregated, graft-ridden city of boss Richard Daley.

The Fifties, famously safe and stable, were marked by a bland, centrist, Eisenhowerish politics and a yearning for peace and quiet after two grueling decades of depression and war. (Hence, the easily mocked cult of domesticity.) Ehrenhalt sees Chicago life then as built around very limited choices, long-lasting relationships and a bustling communal life that presupposed rules, authority and a sense of being rooted in neighborhood.

That rootedness meant clubs, saloon life, PTAs, union meetings, the Holy Name Society and, in the suburbs, service organizations, Little League and Welcome Wagon. Even under the appalling Jim Crow conditions in the Bronzeville ghetto on Chicago's South Side, community flourished around churches, clubs, newspapers and civic groups.

All that was swept away in the 1960s. The culture of the streets, the sidewalks and the porches was chased indoors by the arrival of television and air conditioning. Technology and the market economy multiplied choices and helped loosen neighborhood ties. And the cultural revolution of the '60s, hostile to all rules and authority, produced the hyperindividualism and the narrow generational worship of "rights" and "choice."

No free lunch. Ehrenhalt doesn't think the Fifties were any kind of Golden Age. He is quick to acknowledge the gains in freedom since the 1960s, particularly for minorities and women. His message is that there's no free lunch. The breaking of the implicit bargain of the Fifties—some loss of options and freedom in return for stability, order and lasting relationships—has come at a high cost, including far higher levels of anxiety, isolation and alienation than the Fifties ever knew.

Where commitments were once expected to be kept, husbands feel free to run out on wives, parents on children, businesses on employees who make the mistake of turning 50 or 55 and factories on the towns built around them. Moral and social decisions are whittled down to individual choices.

The needs of an expanding capitalism and a triumphant counterculture coalesced around a view of life as an endless series of unfettered individual and ever changing "choices" that were nobody's business except that of the consumer-chooser, responsible only to "do his own thing." And all choices were supposed to be treated with equal respect.

Now, we have unlimited choice but live in a culture dominated by "egotism, incivility, disloyalty," Ehrenhalt writes. Sixties ideas about freedom from authority, family and traditional norms made their own hefty contribution to the current unraveling of the culture and our stunning rates of crime, violence, illegitimacy, drug use and family break-up that few people think we can really do much about.

Ehrenhalt thinks that the pendulum can swing back, but he flirts with a deep pessimism, implying that the hostility of his fellow baby boomers toward any form of authority has gone so deep in the culture that America may not

be able to revive any sense of legitimate authority until the boomers pass from the scene. "There is no

easy way to have an orderly world without somebody making the rules by which order is preserved," Ehrenhalt writes. "Every dream of community in the absence of authority will turn out to be a pipe dream in the end."

This book is part of a large wave of commentary fo-

cusing on the social crisis and what to do about it. A lot of this commentary focuses on virtue. "It is evident that we are suffering from a grievous moral disorder... moral pathology would be more accurate," writes Gertrude Himmelfarb. Others point to the steady withdrawal from the civic order. David Blankenhorn sees the decline and fragmentation of the family as "inextricably linked to the decline of the other institutions of civil society"—the ominous decline in voting (down 25 percent since the early '60s), PTA membership (down more than 40 percent in the same period), union membership and participation in voluntary associations.

One voice in the current chorus makes his case in clearly economic terms. In his new book, *Trust: The Social Virtues and the Creation of Prosperity*, Francis Fukuyama, a social scientist at the Rand Corp., says that America simply won't be able to compete in the international economy if its civic culture is allowed to erode. It badly needs the trust generated in moral communities of shared value. "The ability to obey communal authority," he writes, as if echoing Ehrenhalt, "is the key to the success of the society."

This current commentary shows that the old debate about whether we are in real trouble as a culture is finally over. We are, and the debate is starting to focus on what to do about it.



A lovely day for a haranguing

John E. Pepper, CEO and chairman of Procter & Gamble, didn't return any of my phone calls last week. Too bad. I hoped he could explain why P&G, a huge company with a conservative, almost stuffy image, is the major sponsor of two of the more atrocious TV talk shows, the Jenny Jones show and the Ricki Lake show.

In the first seven months of 1995, P&G poured more than \$11 million into advertising on these two programs and millions more into their various clones and competitors.

Cultural degradation brought to you by major corporations headed by high-minded, socially aware executives is an old story. Ken Auletta of the *New Yorker* calls this a familiar "disconnect" in the minds of many titans of the business world—they often work hard for a better culture in their off hours, then undermine it by blindly promoting all the wrong cultural forces in their business decisions. From 9 to 5, the social conscience is apparently off duty.

John E. Pepper is active in charitable affairs and youth work and so strait-laced that one colleague said he could have been a priest. He has been called "the soul and conscience of P&G" so often that some at the company call him "Jiminy Pepper," a reference to the famed moral scourge, Jiminy Cricket.

On the other hand, he presides over a company whose ad dollars are certainly doing a great deal to prop up the stupid TV freak shows built around "I impregnated 30 girls and I'm proud of it," and "I slept with my mother's boyfriend and his transvestite bookie and came down with herpes, so I gave it to my next sex partner." A September Oprah show featured a prostitute who had been raped 80 to 90 times; a Jerry Springer show was about a woman who had 251 men in one day.

This over-the-top programming has been begging for a public reaction. The ambushing and humiliation of guests and the mainstreaming of deviance and assaultive behavior are so gross that even Geraldo Rivera, an elder statesman of TV sleaze, says the programming makes him want to take a shower afterward. (Perhaps using a Procter & Gamble soap advertised on Ricki?)

"Closely monitoring." I should say that my efforts to reach Mr. Pepper resulted in a blizzard of phone calls from P&G public-relations people. They wanted me to know that the company has standards and guidelines and that the company "closely monitors" the content of each TV show. "Close monitoring" turns out to mean they are told a bit about each show before any ads are locked in. P&G says it occasionally withholds ads and resumes advertising the next day, though no details about this were offered. But even if P&G keeps ads off a trashy show

every now and then, its massive flow of ad dollars helps to keep these programs afloat, even the ones they say are too offensive to deserve their ads.

One spokesman told me P&G is cutting back on trash-TV ads because the content of the shows seems to be getting worse. Maybe so, but the cutting back hasn't shown up yet in any available figures. For the first half of 1995, P&G advertising on seven of these shows more than doubled over the same period in 1994. For the Jenny Jones show, P&G spending tripled, and for Ricki Lake (or "Ricki the Sick," as *Newsday* critic Marvin Kitman calls her) it more than quadrupled.

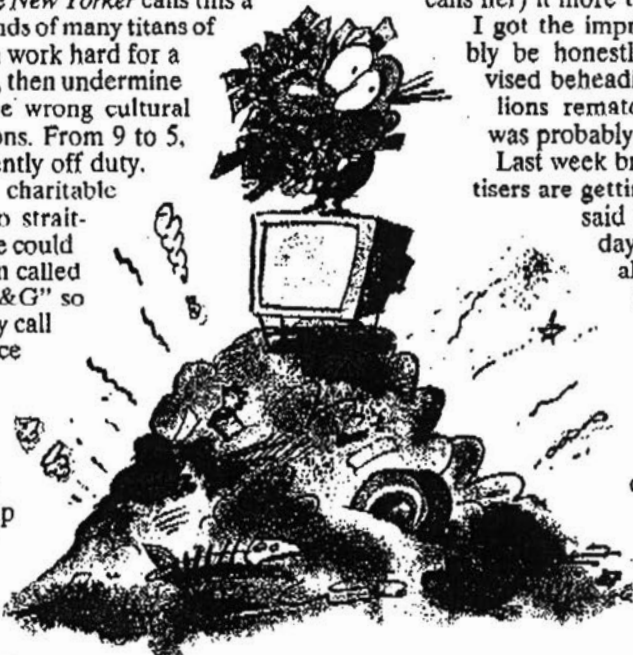
I got the impression that P&G would probably be honestly reluctant to sponsor a televised beheading, or even a Christians versus lions rematch, but anything short of that was probably OK.

Last week brought the first signs that advertisers are getting the message. Sears, Roebuck said it has begun cutting back on daytime talk show ads to avoid alienating customers but declined to identify the shows or say what the cutting back amounts to. The *Wall Street Journal* quoted a spokesman for an unidentified pharmaceutical company saying that some makers of over-the-counter drugs "are concerned about the shows' preoccupation with sex and violence." The *Journal* reported that Unilever NV pulled ads from two talk shows and tightened its ad guidelines. And in the wake

of the campaign against trash television by Sen. Joseph Lieberman and William Bennett, one station manager in California stepped forward and announced he was canceling the Jenny Jones show on grounds of all-round loathsomeness.

It makes sense to shine the spotlight on the major advertisers, including such big names as Campbell Soup, Ralston Purina, Bayer and General Mills, and the heads of the media conglomerates that are pushing all the trash: Mickey Schulhof at Sony Corp. of America (Ricki Lake), John Madigan of the Tribune Co. (Geraldo), Sumner Redstone and Frank Biondi of Viacom (Montel Williams and Maury Povich) and Time Warner's Gerald Levin (Jenny Jones), who can't seem to keep his company out of these cultural pollution issues.

Eric Mink, the *New York Daily News* TV critic, says: "When these guys—and/or their spouses—start to get hassled and harangued about the talk shows by their buddies on the golf course, at the health club, the boat yard, the hair stylist's and the charity ball, then you might get some action." Good idea. Let the hassling and haranguing begin.



COLUMNS BY JOHN LEO

1/3/94	"Jesus and the elves"
5/9/94	"The shrine at Yorba Linda"
11/21/94	"It's the culture, stupid"
12/19/94	"Change your tune, Newt"
1/16/95	"The backlash against victim art"
1/23/95	"When judges feel romantic"
1/30/95	"What rhymes with Carter?"
2/13/95	"The unmaking of civic culture"
4/10/95	"Feel abused? Get in line"
4/16/95	"What's wrong with the media: Not liberalism but meanness"
5/8/95	"Just too much rage"
6/5/95	"Our addiction to bad news"
6/26/95	"How to be a rich genius"
6/28/95	"Climate effects of what we see"
7/10/95	"Oh, say, can you see...the point?"
7/24/95	"The oppression sweepstakes"
8/7/95	"True lies vs. total recall"
9/4/95	"Decadence, the corporate way"
10/2/95	"Art for the raincoat crowd"
10/9/95	"When \$20 million isn't enough"
10/16/95	"The color of the law"
10/30/95	"When stability was all the rage"
11/13/95	"A lovely day for haranguing"
11/20/95	"Harder hearts on abortion"

Jesus and the elves

And Joseph went up from Galilee to Bethlehem with Mary, his espoused wife, who was great with child. And she brought forth a son, and wrapped him in swaddling clothes and laid him in a manger because there was no room for them in the inn. And the angel of the Lord spoke to the shepherds and said, "I bring you tidings of great joy. Unto you is born a savior, which is Christ the Lord."

"There's a problem with the angel," said a Pharisee who happened to be strolling by. As he explained to Joseph, angels are widely regarded as religious symbols, and the stable was on public property, where such symbols were not allowed to land, or even hover. "And I have to tell you, this whole thing looks to me very much like a Nativity scene," he said sadly. "That's a no-no, too."

Joseph had a bright idea. "What if I put a couple of reindeer over there near the ox and ass?" he said, eager to avoid sectarian strife. "That would definitely help," said the Pharisee, who knew as well as anyone that whenever a savior appeared, judges usually liked to be on the safe side and surround it with deer or woodland creatures of some sort. "Just to clinch it, throw in a candy cane and a couple of elves and snowmen, too," he said. "No court can resist that."

Mary asked: "What does my son's birth have to do with snowmen?" "Snowpersons," cried a young woman, changing the subject before it veered dangerously toward religion. Off to the side of the crowd, a Philistine was painting the Nativity scene. Mary complained that she and Joseph looked too tattered and worn in the picture. "Artistic license," he said. "I've got to show the plight of the haggard homeless in a greedy, uncaring society in winter," he quipped. "We're not haggard or homeless. The inn was just full," said Mary. "Whatever," said the painter.

Rum pa pum pum. Two women began to argue fiercely. One said she objected to Jesus's birth "because it privileged motherhood." The other scoffed at virgin births but said that if they encouraged more attention to diversity in family forms and the rights of single mothers, well, then she was all for them. "I'm not a single mother," Mary started to say, but she was cut off by a third woman who insisted that swaddling clothes are a form of child abuse, since they restrict the natural movements of babies.

With the arrival of 10 child advocates, all trained to spot infant abuse and manger rash, Mary and Joseph were pushed to the edge of the crowd, where arguments were breaking out over how many reindeer (or what mix of reindeer and seasonal sprites) had to be installed to compensate for the infant's unfortunate religious character.

An older man bustled up, bowling over two merchants, who had been busy debating whether an elf is the same as a fairy and whether the elf/fairy should be shaking hands with Jesus in the crib or merely standing to the side, jumping around like a sports mascot.

"I'd hold off on the reindeer," the man said, explaining that the use of asses and oxen as picturesque backdrops for Nativity scenes carries the subliminal message of human dominance. He passed out two leaflets, one denouncing manger births as invasions of animal space, the other arguing that stables are "penned environments" where animals are incarcerated against their will. He had no opinion about elves or candy canes.

Signs declaring "Free the Bethlehem 2" began to appear, referring to the obviously exploited ass and ox. Someone said the halo on Jesus's head was elitist.

Mary was exasperated. "And what about you, old mother?" she said sharply to an elderly woman.

"Are you here to attack the shepherds as prison guards for excluded species, maybe to complain that singing in Latin identifies us with our Roman oppressors, or just to say that I should have skipped patriarchal religiosity and joined some dumb new-age goddess religion?"

"None of the above," said the woman. "I just wanted to tell you that the Magi are here." Sure enough, the three wise men rode up. The crowd gasped, "They're all male!" And "Not very multicultural!" "Balthasar

here is black," said one of the Magi. "Yes, but how many of you are gay or disabled?" someone shouted. A committee was quickly formed to find an impoverished, lesbian wise person among the halt and the lame of Bethlehem.

A calm voice said, "Be of good cheer, Mary, you have done well and your son will change the world." At last, a sane person, Mary thought. She turned to see a radiant and confident female face. The woman spoke again: "There is one thing, though. Religious holidays are important, but can't we learn to celebrate them in ways that unite, not divide? For instance, instead of all this business about 'Gloria in excelsis Deo,' why not just 'Season's greetings?'"

Mary said, "You mean my son has entered human history to deliver the message, 'Hello, it's winter?'" "That's harsh, Mary," said the woman. "Remember, your son could make it big in midwinter festivals, if he doesn't push this religion thing too far. Centuries from now, in nations yet unborn, people will give each other pricey presents and have big office parties on his birthday. That's not chopped liver."

"Let me get back to you," Mary said.



The shrine at Yorba Linda

One of Richard Nixon's poker hands—a pair of deuces—is framed, under glass, just inside the entrance to the Nixon Library and Birthplace in Yorba Linda.

This is an odd thing to frame, but then the Nixon Library is a very odd, very interesting place.

"Why are these cards here?" I asked a guard. "Read it," he said. The inscription just says that Nixon won a \$1,500 pot with the deuces, bluffing out a lieutenant commander. This happened during his boring no-action poker-filled nights in the Pacific during World War II.

It doesn't say why this pot, one of Nixon's many lucrative poker hauls, was so important. I think I know why. It's one of Nixon's parables about his life: The fellow who was dealt the bad hand triumphs by guile and will over privileged people who have all the luck.

The people who created the Nixon complex seem to have given some thought to parables, mood and nonverbal persuasion. When I visited the place two years ago, one display showed Nixon campaigning for the Senate in 1950 alongside a wood-paneled Mercury station wagon. Nixon was shown in a photographic cutout, but the wagon was real.

At the time, I thought this display a dreadful mistake. Nobody was concentrating on Nixon and his breakthrough campaign. Everyone was oohing and aching over the elegant old wagon. But in retrospect, it seems the museum makers knew what they were doing. They were stressing his connection with a bit of lost Americana. Instead of Nixon the smearer of his 1950 opponent, Helen Gahagan Douglas, we get Nixon, custodian of '50s nostalgia.

Mythical America. The creators of the library did the same thing in showcasing Nixon on television. Around a TV set, they created an old-fashioned living room, thus associating Nixon with family warmth and middle-class values. A Princeton professor of architectural history, M. Christine Boyer, once wrote that re-created historic sites like New York's South Street Seaport and, for that matter, San Francisco's Fisherman's Wharf are "self-conscious attempts to regain a centered world, to re-establish a mythical base" for American traditions. Parts of the Nixon library are, too. At the gift shop, rock-and-roll nostalgia is available in the many items, including T-shirts and postcards showing Nixon with Elvis Presley.

But the nostalgia strategy, if that's what it is, is certainly ruined by the Richard Milhous Nixon interactive television forum. Here you select a question from a "Jeopardy"-like electronic board, and Nixon jumps on screen to answer it.

Most of the answers seemed too bitter and paranoid for such an image-enhancing institution. As I approached, Nixon was saying, "My lawyer told me I would never get a fair trial in Washington." So I hit the button for "Are you sorry for Watergate?" Nixon told me that resigning the presidency exceeds any possible apology and that he wasn't going to say anything more on the subject.

Since there was no button for "You didn't answer my question," I pressed the one for "Why is the media so tough on you?" Nixon said, somewhat ruefully, "They like fashion, and I'm not a fashion person. . . ." Well, then, "Were the media ever fair in the treatment of your presidency?" Nixon replied, "I would say some people say that I got fair treatment on the China issue." But he didn't tell

us whether he agreed with the people who say this, or whether they (and he) believe all six years of non-China coverage of the Nixon presidency was unfair.

After grilling Nixon so relentlessly, I decided to lob him a soft question, so I pushed the button for "What was the most memorable meal you've ever eaten?" Here Nixon surprised me. No smiling memories of discovering an out-of-the-way bistro while strolling with de Gaulle or Adenauer. Instead, he grimly discussed a long and excruciating meal in Hong Kong that he had to eat while suffering from a viral infection and diarrhea.

Soon I was out the door and into the famous birthplace, a spartan, four-room bungalow built by his father from a mail-order kit. Nixon and his brothers slept in the attic, a room

carved out of the cramped space at the peak of the building.

I asked a guide whether the house was just the way it had been when Nixon was born, and he said yes. "Then the Nixons must have been one of the first families in California to have recessed lighting," I said, pointing to the ceiling. Well, no, said the guide. The recessed lights were new.

I asked about the chimney. "Frank Nixon was a wonderful mason," the guide said. "He did it himself." "It looks newer than that," I said. This prompted another confession from the guide. Frank's wonderful masonry was gone. The chimney work was new.

Much seems new and gleaming at the Nixon homestead. Ed Nixon, the president's younger brother, once said that their mother wouldn't have been happy to see the place so gussied up. Heavily renovated, the house is somewhat Disneyfied, just like South Street Seaport and Fisherman's Wharf. Now it is a shrine, performing its mythic duty. ■



It's the culture, stupid

After any important election, each ton of political analysis contains a few useful ounces of social and cultural analysis. In one such dollop, pollster and analyst Andrew Kohut told the *Washington Post* that "along cultural and social issue dimensions, the Republicans really showed up on Election Day loaded for bear."

Cultural and social? These are "soft" factors, off the radar screen of inside-the-beltway analysts who are certain that the voters are either inexplicably angry or else brought to a boil by Washington problems—health care, taxes, incumbency or presidential character traits.

But there are other concerns voters bring into the voting booth: anger over a trashy and corrupting popular culture, lessons on anal sex for fifth graders, in-your-face gay activists who cover churches with graffiti, snide anti-American folly at the Smithsonian, the moral vacuum inhabited by Surgeon General Joycelyn Elders, the new unwillingness to make any distinction between legal and illegal immigration, the perverse guerrilla war against the notion that children deserve to grow up with a father in the house.

An outside-the-beltway analysis would go something like this: The public is no fonder of Newt Gingrich and the Republican Party than it was two years ago, but it increasingly tends to associate the Democratic Party with moral and cultural decline, mostly because the people causing or presiding over that decline are seen as unreconstructed Democrats left over from the 1960s.

"Estranged" on moral issues. Various recent polls predicted heavy moral concern among voters. A September poll by People for the American Way found that "a clear majority of Americans believe that a decline in moral values is the root cause of many of our nation's problems." A Times Mirror poll noted that cultural conservatism "emerges as a more important drawing card for the party than economic conservatism." (It's the culture, stupid.) One major Republican voting group, dubbed "the moralists" by the Times Mirror pollsters, has almost doubled in size since 1987 and is now 18 percent of the electorate, the largest of 10 distinct voting blocs. Moral discontent seemed to rumble through the numbers on other groups too. Among a bloc termed "the embittered" (poor and pessimistic voters with traditional Democratic ties) many "feel estranged from the party on moral issues."

A lot of that estrangement is linked to the rise of multiculturalism. As this movement has gathered force, it has become more explicitly contemptuous of traditional American values and common American identity, more openly at

war with white males as alleged privileged patriarchs. Years ago, some of us argued that if hard multiculturalism went far enough, the official target group, white males, would emerge as a voting bloc. That has now started to happen.

The *Washington Post* and the *New York Times* ran articles noting the sharp shift in voting among white males (63 percent Republican, 37 percent Democrat). But both newspapers fell back on the usual gender-gap explanation—men are more macho, women more compassionate.

In fact, the shift has more to do with morally dubious moves taking place behind the word "diversity." White men, particularly the young, know they are being squeezed by race and gender quotas. A recent photo spread of the Freedom Forum winners of journalism scholarships showed 63 beaming faces, only 13 of which seem to belong to nonminority males. This is increasingly a potent issue as quotas spread around the country. A September poll by MTV noted: "The shift toward Republican affiliation is most evident among white men aged 23 to 29."

As long as ordinary white male workers are seen through ideological lenses as patriarchal overlords who deserve to be brushed aside, race-and-gender balkanization will accelerate and white males will keep drifting Republican.

The other current multicultural problem is the increasingly loud trashing of American and Western history. Last week, an apparatchik for the American

Historical Association, commenting on the tawdry new national standards for world history, sarcastically derided those who think "there are some special, marvelous features about the western tradition that students should be exposed to—indoctrinated in—as a way to realize that their own values are privileged."

The problem for Democrats is that the party is seen as a launching pad for sustained attacks on the nation's core values. The problem for Republicans is that they may not be able to do much about it. (The ideological makeover of the Smithsonian by the politically correct is an exception: Since Republicans now control Congress, they can name three senators and three representatives to the Smithsonian Board of Regents, which ought to have the desired effect.)

Washington Post reporter Thomas Edsall thinks the Republicans are doomed to disappoint their moral-cultural constituencies since "political parties in a democracy are not equipped to force cultural change." No, but they can make the case and raise pressure. So far, neither the Democrats nor the Republican "Contract With America" has done that much.



Change your tune, Newt

Word comes that Newt Gingrich regrets some of the things he has said lately and is hiring a rhetoric coach. That's excessive. Everything can be fixed quickly, coachlessly, at almost no cost, by following these corrective tips:

■ **The Clintons were/are "McGoverniks."** Several mistakes here. The "nik" suffix is dated, and George McGovern isn't loathed or feared enough to merit a "nik" or "ite" ending. Nobody goes around spitting out "Tsongasite!" or "Dukakisite!" at embarrassed supporters of low-wattage Democratic also-rans. Besides, the obvious Russian overtones in "nik" suggest that McGovern was some sort of Commie agent, thus slandering McGovern and the directors of Kremlin intelligence as well. Suggestion: Stage a peace meeting with George McGovern, and while photographers snap away, smoothly point out that he is a self-admitted Clintonite and a well-known Rodhamist. Or maybe it is wise just to forget the whole thing. That's OK, too.

■ **Somebody told me that 25 percent of the current White House staff took drugs in the five years before Clinton's presidency.** This has to be sharpened: A highly placed source, close to the president, has informed Republican leadership that 24.7 percent of current White House aides describe themselves as "hopeless junkies." Wait. Let's change this. Forget about drugs and focus on White House chaos and the excruciating behind-the-ears wetness of certain Clinton staffers. But put this sympathetically: "It's awfully hard to get the White House organized when two thirds of the people who work there have to be home by 10 o'clock on school nights."

■ **About 800 babies are thrown away in dumpsters in Washington, D.C., each year.** Wrong stat. Way too high. Suggestion: Point out that of the estimated 800 babies tossed into D.C. dumpsters every year, "tragically, only a very few are ever found."

■ **The Clintons were/are "counterculture."** Suggestion: Get out of the way and let people on the left make this point. For instance, far across the political spectrum, Ellen Willis of the *Village Voice* recently said something quite similar: "The Clintons are inescapably '60s figures. Their history, their body language, their visceral response to social issues carries the imprint of sex, drugs, rock and roll, Vietnam protest, and feminism." Further suggestion: Invite Willis down to Washington for a discussion of related topics, say, the persistence of adolescent sexuality in allegedly grown-up '60s-era males, or what kind of national

authority figure is likely to emerge from the wholly anti-authority '60s culture. Forget about *Boys Town* and call for a White House screening of *Forrest Gump*.

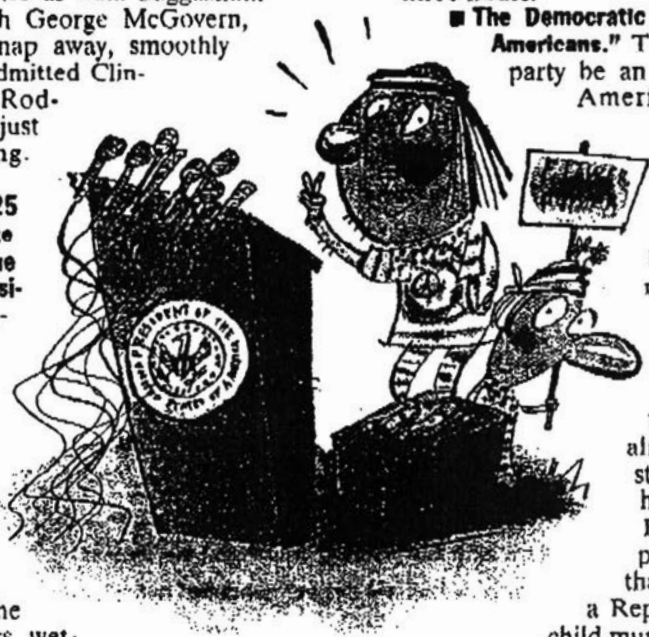
■ **The Food and Drug Administration is a "Stalinistic" agency.** This won't do. Stalin killed millions. The FDA is not murderous, just maddeningly slow. Rhetorical fix: Suggest that the FDA and the National Endowment for the Arts switch staffs. That way every crackpot drug would be approved in 10 minutes, while performance artists who wish to carve one another's backs at taxpayer expense would have to wait 15 or 20 years for funding. Some might actually be turned down, or warned to carve or urinate upon one another no more than once every three hours.

■ **The Democratic Party is "the enemy of normal Americans."** This is silly. How can a political party be an enemy if it gives every single American, normal and abnormal, about \$20,000 in free federal cash every year?

■ **Susan Smith's drowning of her two children is a symptom of a sick society, curable by voting Republican.** Earlier, a Gingrich statement connected Democratic policies with Woody Allen's courtship of his ex-lover's adopted daughter. Maybe so, but it is well to remember that the Rocky Mountains have already suffered several severe storms this winter, none of which has yet been directly traced to President Clinton or Democratic policies. Suggestion: Try rhetoric that refrains from promising that a Republican voting pattern will end child murders and psychic incestuousness among director-comedians. On the other hand, if you wish to point out that an ethic of "anything goes," "follow your bliss" and "just do it" seems to be rattling around in the brains of people like Susan Smith and that the folks who created this ethic have historically been identified with one wing of one major political party, well, go right ahead.

■ **"Voluntary school prayer is not ancillary."** Surveys show that only 8 percent of normal Americans know that "ancillary" means subsidiary, or of lesser importance, while 29 percent think "ancillary action" is the science thing that makes towels absorb so much water, and 49 percent think "ancillary" is the back part of a Catholic cathedral. Frankly, "ancillary" may be a poor choice of words if a near majority of normal people think it restricts prayer about our schools to front sections of a few large churches. Try "paradigmatic" or the ever popular "marginalized": "I say to you that school prayer must never be marginalized paradigmatically."

Words count, Newt. Let's be careful out there.



The backlash against victim art

Dance criticism rarely makes news outside the dance world, but Arlene Croce's non-review of a new work by Bill T. Jones is different.

Jones is black, gay, HIV-positive and widely regarded as a brilliant choreographer. Last October he made the cover of *Time* magazine. But Croce does not intend to see Jones's new mixed-media dance, *Still/Here*, and she explained why in the *New Yorker*: She is sick to death of "victim art" and "the new tribe of victim artists parading their wounds," partly because they leave the critic nothing much to do but summon up the mandatory emotional response conventionally sought in victim art.

Jones's AIDS-focused works include sick and dying people, seen and heard on videotape, as well as dancers who present themselves, in Croce's words, as "disseminated blacks, abused women or disfranchised homosexuals."

Croce writes that "victimhood is a kind of mass delusion that has taken hold of previously responsible sectors of our culture.... The cultivation of victimhood by institutions devoted to the care of art is a menace to all art forms." She calls Jones's company "openly inflammatory... accusatory, violent" and "a barely domesticated form of street theater."

This general line of criticism isn't new. Even casual readers of arts and entertainment sections in newspapers can see how politicized the art and museum world has become around the agenda of AIDS, race, gender, homosexuality and the alleged oppressiveness of straight white males and Western culture in general.

In the postmodern dance world, emphasis on inclusion, equality and antileitism also means that the performers may include dancers who must use wheelchairs or who are otherwise disabled, or able-bodied dancers who simply don't dance well.

What's new is that the criticism is bubbling up among serious people inside the art world. Croce is no follower of Jesse Helms. She's the best dance critic in the country.

Pity just gets in the way. Deborah Jowitt, dance critic of the *Village Voice*, who disagrees with some of Croce's arguments, calls her "a brilliant writer and magisterial critic," and adds that "she's not alone in feeling her critical prerogatives and her power hobbled by art that prompts pity for the artists because of social oppression or the precarious state of their health."

Maybe the culture is changing. When the dance critics of the *New Yorker* and the *Village Voice* are both talking about oppression art that aims at inducing pity (what most of us would call agitprop art or simple propaganda),

perhaps the current politicized orthodoxy in the art world is about to break down.

If so, the story line of the culture wars, high-culture division, will start to change. So far the line has featured beleaguered artists fighting for independence against philistines, censors and reactionaries. Yet the real problem isn't with the critics but with the victim-art movement itself. Artistic aspiration is more and more built around the left's conventional tribal and identity politics. Instead of real art, we are apt to get buzzwords, sloganeering, pamphleteering and political graffiti running around the walls of once great museums or flashed on performance-art screens.

We have reached the point where almost any victim complaint is passed off as art. The videotape of Rodney King being beaten by Los Angeles cops was one of the alleged works of art on display at the 1993

biennial show at the Whitney Museum. Presumably George Holliday, the man who shot the videotape, didn't know that he was committing museum art at the time. He probably thought he was just recording an act of injustice.

The same show featured a lot of famously sophomoric material, including a large puddle of plastic vomit. The puddle was of no interest at all unless viewers knew that the creator was a feminist (Sue Williams) outraged about female eating

disorders in an oppressive patriarchal culture. In other words, it wasn't really art but a pictorial argument that depended on an explanation and identity politics (if a man created the puddle, it would have had no meaning or value) expressing a victim complaint within the approved range of art-world opinions (antipatriarchy is OK; anti-abortion, say, would not have been valid).

Disinterested art, or the simple creation of beauty, is very much out of fashion. We are even hearing that emphasis on esthetics is an expression of a dried-up, vapid European-based culture. Politicized victim art, on the other hand, is seen as sensitive, honest and involved. (It also has the advantage of making actual talent wholly optional—all that is basically required is correct opinions.)

We have been through this before. Croce refers to "the defiant anticonventionalism of the Sixties, when you were manipulated into accepting what you saw as art," whereas now, with Jones, "you were actually intimidated" into shutting up about what's on stage. This too shall pass. The good news is that victim art has virtually no base of popular support—it is totally dependent on grants from corporations, foundations and taxpayers. If the tap is cut off, it will have to produce its own audience or, better yet, just go under.



When judges feel romantic

Mary Ann Glendon, a professor at Harvard Law School, has a nice image of what much modern judging has come to: a baseball game in which the umpire abandons neutrality and decides to play for one team.

Peter Edelman is surely an example of what she means. Edelman, a former Georgetown University law professor and husband of Marian Wright Edelman of the Children's Defense Fund, is reported to be President Clinton's choice to fill a vacancy on the U.S. Court of Appeals for the District of Columbia. Because of the dark cloud over the White House since the November elections, the controversial Edelman may not, in fact, be named. Even if he isn't, he will certainly do as a horrible example of what is descending upon our judiciary.

Edelman thinks the poor have a right not to be poor—America is rich enough to give every needy person cash payments equal to two thirds of the poverty line, plus housing subsidies, food stamps, Medicaid and other subsidies. There's nothing wrong, of course, with holding such views. A lot of people think cash is better than welfare, and a lot of people are unconcerned about the increased dependency and alienation from the work force that such handouts might bring.

The problem is that Edelman doesn't really think these views are the normal, debatable stuff of democratic politics. He thinks they should be imposed by judges, because not giving substantial cash payments to the poor is unconstitutional, a violation of due process. Nobody else seems to have noticed this in the Constitution. As an appeals judge, he would be an umpire who knows, before the first pitch is thrown, how this particular game should turn out.

Do-gooding. In her new book, *A Nation Under Lawyers*, Glendon calls this "romantic judging," an adventurous, freewheeling approach by reformers who passionately wish to do good and who do not intend to let tradition, law, precedents or nonromantic readings of the Constitution get in the way.

She writes that the classical ideal of modesty, impartiality and restraint "has been rivaled by an image of the good judge as bold, creative, compassionate, result-oriented and liberated from legal technicalities."

Glendon thinks *Brown v. Board of Education* ushered in the great modern age of romantic judging. This is a hard argument to make, since Glendon, like almost everyone else, thinks *Brown* was correctly decided—segregated schools were a massive injustice. But *Brown* changed our

legal culture. It got law students excited about using the clean and quick route of litigation to get social change. Many lawyers and nonlawyers came to believe that judges could cure our social ills.

"Many unwise judges down the line began to believe they had the magic touch," Glendon writes. "Interest groups of many sorts seized the opportunity to advance their causes by taking them to the courts rather than to the people. The litigating branch of the legal profession was off to the races."

Romantics learned to cite "due process" and "equal protection" to justify almost any preconceived result. State supreme courts followed the trend, multiplying rights-based decisions, and pushing legislatures aside. Glendon notes that federal and state judges now oversee 500 school districts and supervise prisons in 40 states.

Instead of being accepted as a justified exception, *Brown* came to be seen as the model of how judges should operate to impose progressive solutions that legislatures were afraid of or hadn't gotten around to.

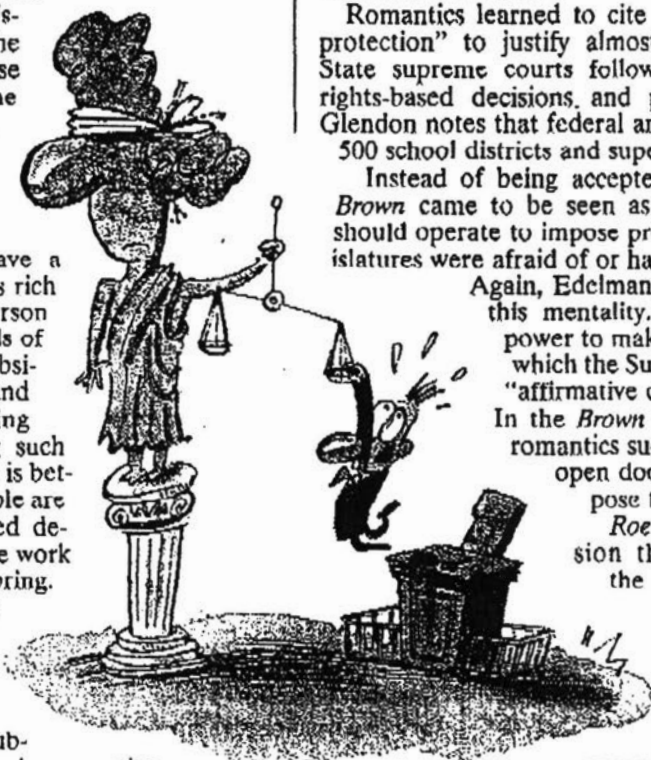
Again, Edelman is a wonderful example of this mentality. He says that the courts' power to make law stems from *Brown*, in which the Supreme Court undertook the "affirmative duty" vacated by legislators. In the *Brown* case, this was true, but to romantics such as Edelman, it is a wide-open door that invites judges to impose their own social agendas.

Roe v. Wade, the court's decision that legalized abortion, is the most prominent romantic decision of the post-*Brown* era. It was conjured up out of penumbras and shadows, and sternly criticized by the pro-abortion rights but non-romantic Ruth Bader Ginsburg

before she ascended to the Supreme Court.

The most celebrated judges of our time have been romantics—William O. Douglas, Earl Warren, William Brennan. How could it be otherwise? Today judges don't get to be famous, or claim a place in history, through restraint and modesty. They get there by producing unexpected, breathtaking decisions admired by the media. We have created the conditions under which a judge's place in history will likely hinge on some startling lurch away from critical but humdrum decision making.

It is the rise of post-*Brown* romanticism—not the usual liberal-conservative split—that has made hearings on Supreme Court nominees so important. The utter contempt for democracy shown by some romantic judges is stunning. Given the current law school culture, the problem is likely to get worse. If some judges are determined to rule like philosopher kings, the only proper democratic response is to knock them down at nomination hearings or just vote out the officeholders who tend to nominate romantics. ■



What rhymes with Carter?

Ex-presidents probably deserve some degree of automatic deference, so reviewers and reporters have politely tiptoed around the issue of whether Jimmy Carter's new book of poetry, *Always a Reckoning*, is any good.

Carter says he worked very hard to learn how to write poetry, as hard, apparently, as he worked to learn carpentry. The bad news is that his poetry is what most of us would call prose. The good news is that the book is no worse than Ronald Reagan's memoirs, and a good deal lighter and cheaper as well—at \$18 plus tax, it's only about 40 cents per poem, a bargain. People who buy it are essentially buying a presidential souvenir. Those who buy it and get Carter to autograph it (he signs 20 copies per minute at bookstores) are getting a somewhat more valuable souvenir.

Another bit of good news for the author (not to be too cynical about it) is that English is the third language for many of the folks who vote on the Nobel Peace Prize, and many of these voters may have no glimmer that this isn't actually poetry. Instead, they may home in on the sentiments, which are Nobel quality and high minded.

In the poems, Carter laments racism and political corruption in his hometown and claims some credit for getting Westminster Abbey to accept a memorial to the poet Dylan Thomas. He writes about nature, including a flight of geese that thrilled him when it flew over the White House. He complains that some people call Japanese "Japs" and Italians "wops." Some nice, humorous touches appear. After he introduced a bill to keep dead people from showing up as voters, "I lost the next campaign, and failed to carry / A single precinct with a cemetery."

Still, the politician-poet might have loosened up a bit more, so here are some suggestions for poems in his next collection:

I Went Canoeing

(Note: In 1979, President Carter used a paddle to beat back a rabbit that he said was swimming toward his canoe in Plains, Ga. He said it was a fairly robust-looking rabbit that would have created an unpleasant situation had it been successful in boarding his canoe.)

I went canoeing one sparkling day in Plains,
Or rather, I should say I went fishing in a canoe
On a sparkling Plains day.
The sky was blue, the sun orange-yellow,

birds chirped,
frogs burped.
Trees stood there, green and brown.
I was at peace with nature,
At least until the rabbit came.
It swam toward me, heedless and aggressive,
so I just clubbed it senseless.
(In general, I hold pro-environmental views,
but rabbits shouldn't swim toward presidents' canoes.)

Two Carpenters

OK, I wasn't great at White House residency
But that was just the path to my ex-presidency.
Instead of playing golf like Jerry Ford,
Or clearing brush to keep from getting
bored,
I've run around the globe and
helped the sick
And built some homes and
shown I'm not a hick.
And though I do so much for
this great nation,
I shun all moral
self-congratulation.
The tide of honors heaped on
me displeases—
I'm just a simple carpenter, like
Jesus.

Dictators and Me

Kim Il Sung was pretty good.
Ceausescu was misunderstood.
Brezhnev I found kissable,
Assad's wit unmissable.
The shah and Tito fought for rights.
Cédras simply lit my lights.
Tyrants rarely cause me pain;
the last who did was Tamerlane.

Dictators' Wives and Me

How come the military guys who rule with guns and
knives
Tend to have such luscious-looking wives?
Just go to Ethiopia or Haiti,
The thug in charge will introduce some lovely lady.
Take Mrs. Cédras—she's so slim and strong!
Can anyone so stunning be so wrong?
It's so distracting—I should be acting
Tough, like everybody said,
But wives of presidents-for-life can turn my head.
When I'm beside each military moll I see
I tend to feel ashamed of U.S. policy.
Instead of getting rid of each Caligula or Borgla,
I ask them all to come and visit me in Georgia.
Perhaps it's dumb to say all this out loud—
Too bad I bumbled it in front of Maureen Dowd.
But gosh, not all my interviews go well.
I hope this doesn't cost me my Nobel.



The unmaking of civic culture

One night last summer, I was the substitute host on one of the popular late-night radio talk shows in New York. For four hours, the switchboard lit up with listeners eager to talk about the two hot-button topics of the evening: domestic violence and Afrocentrism. Calls rolled in from feminists, antifeminist women, abused women, abused men, blacks and whites discussing the fine points of ancient Egypt and the treatment of blacks by white historians. With one exception (a man who calls in regularly to disparage blacks), the callers conducted a very serious, informed debate with great civility.

Why doesn't this happen more often? On most talk radio, 75 percent of the listeners seem to phone in to echo what has just been said. Most others seem to be patrolling for group slights or to point out that the guest is full of beans.

So far, the political discussions on the online computer services haven't seemed much better. Last week in the U.S. News forum on CompuServe, an exasperated woman named Julie tapped out the message that "Reading some of the threads online is like listening to my two teens arguing over anything and everything: 'Did not ... Did too ... Did not ... Did too ... MOM!!'"

Many social critics have tried to explain the low level of political discussion and debate. Some think the increasingly truculent and ideological tone of American politics makes debate seem too wearing and pointless:

Each side knows what the other will say, so why bother going through it again and again?

In his last book, *The Revolt of the Elites and the Betrayal of Democracy*, the late Christopher Lasch blamed the rise of television debate (which puts a premium on appearance and unflappability rather than on the substance of argument) and the rise of "commercial persuasion" (an increasingly cynical electorate comes to feel manipulated by PR people, lobbyists and advertising campaigns).

Instant plebiscite. Jean Bethke Elshtain, in her new book, *Democracy on Trial*, makes a related point. Technology, she says, has brought us to the brink of a politics based on instant plebiscite: With telepolling and interactive TV, politicians can respond to the majority's wishes (and whims) on any subject, "so there is no need for debate with one's fellow citizens on substantive questions. All that is required is a calculus of opinion."

This is a skewed form of democracy that fits the current atomized state of American society. Politics can be based on the offhand views of mostly semi-informed individuals sitting alone in front of the TV, randomly pushing

buttons. But as Elshtain says, "A compilation of opinions does not make a civic culture; such a culture emerges only from a deliberative process."

Lasch argued that a citizenry can't be informed unless it argues. He wrote that only an impassioned political argument makes the arguer look hard for evidence that will back up or tear down his position. Until we have to defend our opinions in public, he said, they remain half-formed convictions based on random impressions: "We come to know our own minds only by explaining ourselves to others."

Many critics argue that the rise of state bureaucracies, converting citizens into clients, has eliminated the local meetings that served as seedbeds of public political argument. So has the rise of politics based on litigation, which downgrades all political argument not conducted in front of a judge. This has gone hand in hand with the "rights" revolution. Once a desire is positioned as a right, by definition it can't be challenged. It's a trump card, beyond debate.

A great many of these offenses against ordinary democracy have been conducted by the left, but the right has been guilty too, chiefly of importing strongly held moral positions directly into politics as assertions rather than as matters of debate. A conviction may be personal or religious, but it has to be defended rationally against people with different principles, or there is no point in discussing it at all.

The hollowing out of our civic culture has many causes that help explain the decline of political de-

bate. A crucial one is the rise of the therapeutic ethic. Starting in the 1960s, the nation's sense of itself has been deeply influenced by the rapid spread of therapies, encounter groups, self-help, the language of self-esteem and personal growth and an array of New Age notions, some of them quasi religions based on the primacy of the self.

This has created a vast Oprahized culture obsessed with feelings and subjective, private experiences. In some ways, this culture of therapy has positioned itself as the antidote for America's fragmentation and the decline of civic culture. It pushes young people into monitoring their own psyches and away from environments where they might learn civic and political skills. And it tends to kill any chance for political debate by framing values as mere matters of personal taste. You like vanilla. I like butter pecan.

It's important to reverse this process. We need a lot more emphasis on public discourse and common problems, and a lot less mooning about our individual psyches. ■



Feel abused? Get in line

Consider how far we have wandered since the civil rights movement focused national attention on one undeniably victimized group: American-born blacks.

Armenian-Americans are a protected class in Pasadena, Calif. Massachusetts includes its large Portuguese immigrant population in its programs. Louisiana counts French-Acadians. Italian-Americans qualify for affirmative action treatment at the City University of New York. And people of "Appalachian regional origin" are a protected class in Cincinnati, safe now — within the city limits, anyhow — from "hillbilly" jokes and anti-Appalachian bias.

Transsexuals are a protected class in at least four cities (Minneapolis, Seattle, San Francisco and Santa Cruz, Calif.). The Department of Housing and Urban Development wants its contractors to pay special attention to "Hasidic Jewish-Americans." Drug addicts and alcoholics are protected under disability laws. And the Amish, or Pennsylvania Dutch, probably should be included in affirmative action programs, according to a *New Republic* article, on the basis of their low income and a history of religious and civil harassment.

Many people think Arab-Americans belong on the list of the oppressed. Are they any better off than Samoans, Inuit or the "Spanish surnamed," listed in some programs, who presumably include many rich, white Euro immigrants coming direct from Madrid or Barcelona? The problem here is that any Middle Eastern category would logically have to include Jews, who are widely regarded among the protected as just another segment of the dominant white establishment.

Financially impaired? Even successful bankers can win victim status now. Columnist Linda Chavez points out that 19 separate federal regulations benefit "economically disadvantaged" bankers. Under some programs, women, blacks, Hispanics, Asians and American Indians are "presumed to be socially and economically disadvantaged" and can win affirmative action benefits no matter how much money they actually have.

Though most of us are totally oblivious to the possibilities of anti-Canadian-American bias, Tama Starr knows better. She is the head of a New York City neon sign company. Writing in the *Washington Post*, she said the New York State Division of Human Rights ordered an intense examination of her company's payroll "by age, race, color, sex, creed/religion, marital status and disability, with special emphasis on Canadian-Americans."

Here's one sign of the times: White guys may be in trouble within the gay-rights movement. A complicated

system of race and gender preferences at the Gay and Lesbian Alliance Against Defamation made it hard for any white males to rise in the organization. Though the quota system was altered, the New York chapter of GLAAD currently has no white males on its staff.

White-guy victimization is in the news now, but not because of backlash. It's because white males are the only growth area for the modern victim movement. Everybody else is already covered. Starr wrote: "*Everybody* in my employ is a member of a 'protected minority.' Every one is female, gay, foreign-born or of foreign ancestry, religious or atheistic, dark-skinned or melanin-impaired, single or married, old or young. They are physically, mentally or culturally disabled. . . . It is impossible to find anyone not entitled to a group entitlement."

One reason for universal entitlement is that America's racial classifications are mostly self-administered. Nobody really knows whether the protected Armenian-Americans of Pasadena actually include some unprotected ethnic Lebanese or Syrians. Anthony Falcone, an Italian-American from New Jersey whose father was born in Brazil, qualified as a Hispanic minority and won \$11.2 million in construction contracts at the new Denver airport. "I've known Tony Falcone for the last 10 or 15 years," said the head of a local contractors association. "He was always Italian - never Hispanic."

The 1990 census listed the American Indian population as 1.8 million, but 8 percent of that total identified themselves as members of these tribes: Haitian, Polish, African-American, Hispanic or Arab.

Some of the jockeying for racial classification in the next census may have affirmative action implications. Many Hawaiians want to be shifted from the Asian-Pacific Islander category to the Native American classification. While there are sensible ethnic reasons for the shift, it would also mean that indigenous Hawaiians would no longer have to compete for federal benefits in the same racial category as Chinese-Americans and Japanese-Americans.

The breakup of large affirmative action categories is on the horizon. The general success of the Asian-American category masks the problems of some lagging groups, such as the Hmong. The same is true among Hispanics. But do we really need more and more subdivisions of victim categories? Only if we are determined to look at all our social problems through the lenses of race and gender. Anytime we want, we can skip all the racialism and oppression theology and just address social problems directly on the basis of need and fairness. Just a thought. ■



What's wrong with the media: Not liberalism but meanness

4/16/95

By JOHN LEO

So many people are so mad at reporters and journalists that they fail to notice how many reporters and journalists share their opinions. The self-flagellating panel discussion is almost a must at media conventions. Last Tuesday, there were three such panels at the American Society of Magazine Editors meeting in New York, under the title "Why America Hates the Press."

Jerry Nachman, head of news for WCBS-TV in New York, pointed out that police conventions don't sponsor panels on the subject, "Civilians: Do We Beat Too Many?" and medical conventions don't spend long hours discussing the topic of "Patients: Do We Kill Too Many?" But editors and reporters are forever attacking their profession in panel discussions — a sure sign of health.

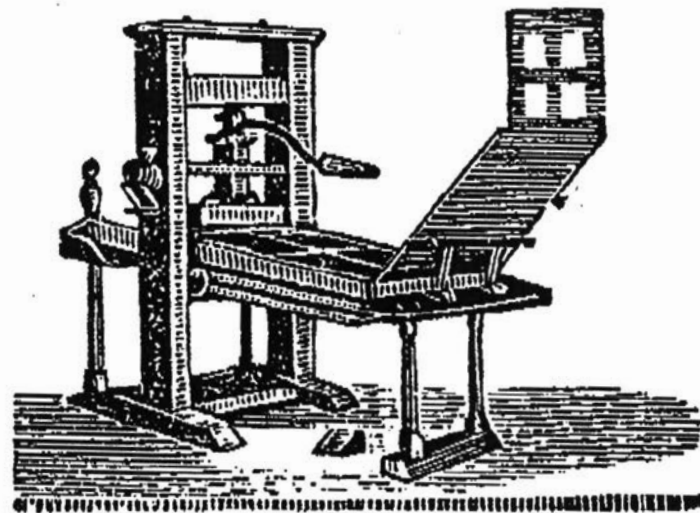
Left-wing bias

So much stomping of the press took place in the morning that the luncheon speaker, Arianna Huffington, author and wife of the defeated Republican Senate candidate in California, Michael Huffington, had to discard some of her speech attacking the media. Most of it had already been said.

Much of the public is concerned about left-wing bias in the press. It's there, all right, mostly in the treatment of social issues. On the day of three panels, for instance, *The New York Times* ran a front-page article on New Jersey's welfare cap — no extra funds for women on welfare who bear a second child. Right near the top, the writer lets us know that a few researchers "raised questions about whether the state can — or indeed should — regulate complicated sexual and reproductive decisions."

This clearly tipped off any moderately awake readers that they were about to read a political attack on the reform plan disguised as a news article. The whole piece was indeed shaped that way. Ten years ago, an article like this would not have gotten past the *Times* copy desk. Now it does.

But I disagree with conservatives who see consistent bias in national political coverage. No president has ever been savaged as relentlessly by the news media as Bill Clinton, and the savaging has been done by a press corps that basically voted



for him en masse. This is why media discussions of media sins tend to swing away from the bias issue and focus instead on aggression, cynicism and pack journalism.

Recent discussion revolves around two heavy-impact articles on the media, one in December in *The New Yorker*, one in the current issue of the *Columbia Journalism Review*. The *Review* article, by Paul Starobin of the *National Journal*, was a denunciation of the current crop of Washington reporters for cynicism and hip jadedness. It ran under the title "A Generation of Vipers."

After acknowledging that there is much in Washington to be cynical about, Starobin argued that the deep cynicism of reporters is tilting stories away from positive news and toward witty put-downs of the political class. He says reporters ignored or underplayed President Clinton's bill to establish a national service program because coverage might have made them look too positive or too pro-Clinton.

On the Republican side, he says, reporters barely told readers and viewers what was in Newt Gingrich's "Contract With America" because they considered it just a manipulative gimmick. He quotes Steven Waldman of *Newsweek* as saying that cynicism, "not liberalism, is the prominent ideology of the Washington press corps."

Adam Gopnik, in *The New Yorker*, focuses on a now famous *New York Times* lead sentence about President Clinton's visit to Oxford: "President Clinton returned today for a sentimental journey to the university where he didn't inhale, didn't get drafted and didn't get a degree."

That clever line, written by a great reporter, would have been

fine in a column or an editorial. But it was all wrong in a news story, and it has launched a thousand discussions on journalistic ethics. For Gopnik, it was a bit of clever malice that reflected the "casual cruelty" and pointless aggression of the press. He writes: "The most distinctive thing to emerge in the American media recently has not been cynicism at all but a kind of weird, free-form nastiness — spleen without purpose, grayness with an attitude."

Pressure from tabloid papers and tabloid television is a factor. Reporters are supposed to present stories with an "edge," partly because everybody is presumed to have seen the story already on TV. All that reporters think they can do, Gopnik wrote, "is restate the familiar story with a wink or a sneer."

There are other factors, of course. Competitive pressures are so high that reporters often feel they have to pump up a story to attract readers and please their bosses, something like carnival barkers shouting to get passers-by into their tent.

What people hate

Editors get involved in this screaming for attention, too. Last week it was Tina Brown, editor of *The New Yorker*, who put an unusually trashy cover picture on her issue to mark Easter weekend and the April 15 income tax deadline. Believe it or not, it was a picture of a bunny crucified on top of a 1040 form. It was everything most people hate about "edge" journalism — aggressive, insulting, humorless, pointless, over the top, and therefore bound to be discussed.

Can't we just cut this stuff out and get back to grown-up journalism?

Readers may write columnist John Leo at Universal Press Syndicate, 4900 Main St., Kansas City MO 64112.

Just too much rage

First the Arabs did it, which was a bad thing. Then "angry white males" did it, which was widely regarded as an unexpected bonanza, at least among the chattering classes. ("Goody," said one New York liberal columnist, mildly satirizing the obvious delight of his fellow chatterers.)

If the bombing had happened a decade ago, Timothy McVeigh and the other suspects would probably have been viewed as just a few marginal itinerant weirdos. But thanks to the now conventional race-and-gender categories of the left, they are viewable as unelected but more or less official representatives of the entire low-melanin, high-testosterone set.

Very little is heard these days about the categories of nonangry white males (NAWM) or angry nonwhite males (ANWM), but the AWM category is hotly discussed. It is the one that links such obvious allies as George Will, Charles Manson, Newt Gingrich, John Sununu, Timothy McVeigh and your average Bosnian torturer.

Use of this handy category means that opponents of racial quotas and preferences, not to mention all living conservative columnists, can now be plausibly linked to the Oklahoma bombers.

Sure enough. Columnist Carl Rowan made the connection between "angry white males" who are against affirmative action and AWMs who bomb buildings. The *Wall Street Journal* (in a Page 1 news story, no less) asked, "Have 'angry white men' gone too far?" (Obvious answer: Yes! First we revived Tony Bennett's career; then, as if that weren't bad enough, we all backed the bombing of federal buildings in the Midwest.) Mary McGrory, normally the sanest of columnists, pushed the AWM button a couple of times. Ellen Willis in the *Village Voice* revealed she has had it with AWMs. "The Republicans' real contract with America," she wrote, "is to liberate its God-given, morally righteous sadism, whether expressed through guns or through epithets."

Crammed into little boxes. Can we all calm down now and discuss this? First, it would be nice if we stopped cramming people into little race-and-gender boxes. A couple of years ago, I was on a nationally televised forum on the subject of rape. Both the panel and the entire audience were divided by gender—women on one side, men on the other. The visual statement being made by this arrangement was that rape is a gender issue, pitting all women against all men, and not a social issue allying 100 percent of women and 99 percent of men against rap-

ists. The use of little gender boxes beamed the message that all men were somehow in this together (perhaps as the raping class?).

The gender-boxing of white males creates a mythical sense of homogeneity among men of very different ethnicity, classes and interests. It also produces the distorted suggestion that only one bloc (white guys) opposes affirmative action. In reality, a large majority of Americans are against it. A recent poll on affirmative action shows that 81 percent of white men, 77 to 79 percent of white women and almost half of nonwhites oppose preferences.

Second, the anger and the culture of resentment aren't just problems of one race, one gender and one side of the political spectrum. They are everywhere, poisoning the whole culture. That's why President Clinton's comments, amended to include both right and left, were so on target in denouncing "purveyors of hatred and division, the promoters of paranoia."

Traveling around the country these days, you can indeed hear a lot of wild and ghoulish chitchat and race-baiting coming from the car radio. A lot of hateful messages on the Internet show signs of advanced mental disturbance, too. Why should anyone spend two minutes explaining this stuff away as Jeffersonian democracy in action?

The problem is that the chattering classes are trained to notice wackiness on the right but not on the left. How many who denounced G. Gordon Liddy's advice on shooting federal officials "twice to the body ... or to the groin because the head is too hard to

hit" also denounced, say, Sister Souljah's call for a week dedicated to the killing of white people, or Larry Kramer's call for a gay terrorist group modeled on the Irgun?

The embrace of anger and resentment pervades the whole spectrum. The Whitney Biennial art show of 1993 was built around nihilistic rage and not much else. Feminists marched recently at Rutgers University under the quaint banner "Don't F--- With Us." "Rage + Women = Power" is a Ms. slogan, and a quote from Gloria Steinem, glorifying anger as a sign of freedom, is oddly featured in a magazine ad for a graduate school in New York. Everybody is an angry victim of some implacable force or other, and anger is being ritualized or encouraged as a recruiting tool.

It's too bad that President Clinton's remarks get bogged down in partisanship and the debate over whether he meant to discredit Rush Limbaugh. His point was a good one: Are we just interested in fanning the flames of rage and resentment, and do we want decent civic discourse and an emphasis on reconciliation?



Our addiction to bad news

The author Peter Drucker says no other group in world history has ever made so much economic progress so fast as American blacks have since World War II. Three fifths of African-Americans have risen into middle-class incomes, he writes in the *Atlantic Monthly*. Before the Second World War the figure was one twentieth.

Nobody would call this picture totally rosy, of course. College-educated black men still make only 72 percent of what their white counterparts earn. And we can certainly quibble about what a middle-class income really is. But a lot of the news is upbeat. The black dropout rate from high school has come way down and is now 5 percent, vs. 4 percent for whites. There are almost seven times as many black college students today—1,410,000—as there were in 1960. Among college-educated, full-time workers, 28 percent of blacks have executive, administrative or managerial jobs, vs. 30 percent for non-Hispanic whites—a dramatic improvement. Doors are opening every day. America is changing.

Now here is the well-known sociologist Seymour Martin Lipset, commenting in the magazine *New Democrat* on all this: "Awareness of such gains is not widespread, however. This is partly because the leadership of blacks, women and Hispanics generally does not admit to significant progress."

Ah, yes. Here is a problem nobody talks about—the mandatory doom and gloom of race-and-gender spokespeople. Never is heard an encouraging word. No matter how much progress is being made, it is always brushed aside, and fresh evidence of oppression is detected. Refusing to acknowledge any good news keeps the pressure on for more concessions. It keeps constituencies resentful and loyal, and it keeps the lines of the new balkanized America nice and sharp.

We pay a high price for this strategic negativism. Progress is made to seem hopeless. Blacks come to think whites will never let them in, even as the doors swing open. With so much money spent, whites come to think that blacks must be at fault for an impasse that doesn't really exist.

Don't breathe a word of this. The same problem distorts the immigration debate. Some natives seem to regard Hispanics as an unassimilable horde. But the statistics tell a different story—Hispanic immigrants are succeeding, assimilating and intermarrying with native stock at about the same rates as the white ethnic immigrants of a century ago. The wages of second-generation Mexican-Americans are nearly identical to those of similarly educated non-Hispanic whites—quite an accomplishment. My own Irish and Italian immigrant ancestors took much longer to

reach parity, under far better economic conditions. But don't breathe a word of this. It's good news.

The recent report by the Glass Ceiling Commission is a wonderful example of desperately rooting around for bad news. To bolster female support for affirmative action, the commission was determined to highlight some allegedly impenetrable barrier placed before white women. (It is, after all, by its very title, in the business of finding invisible, unbreakable obstacles. Thanks a lot, Bob Dole.)

The trouble is that women are rapidly running out of barriers. In a single generation, women have gone from low-level, sex-typed jobs to a point where they account for roughly 40 percent of medical and law students, executives, administrators, managers and Ph.D. candidates.

Women now make up 44 percent of economists and 59 percent of public officials.

It's a spectacular and ongoing transformation, accomplished with amazing speed.

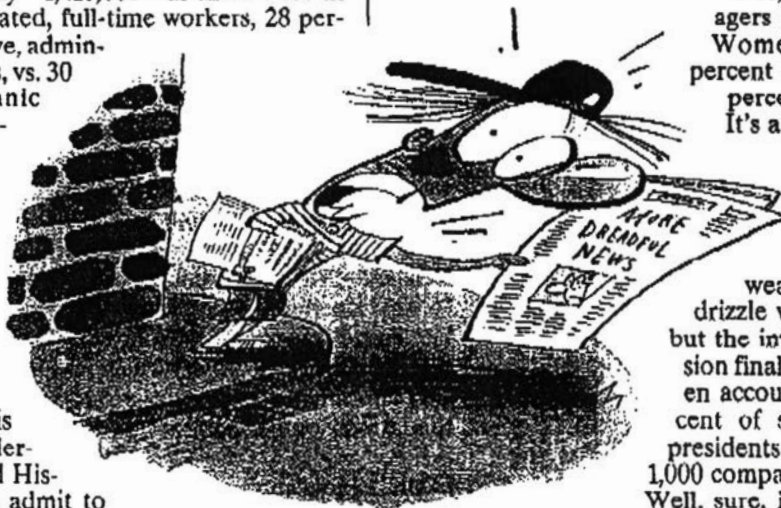
Scanning this sunshine-soaked weather map for a bit of drizzle was hard work indeed, but the invisible-barrier commission finally spotted some: Women account for only 3 to 5 percent of senior managers—vice presidents or higher—in *Fortune* 1,000 companies.

Well, sure, it's an issue. The most

elite jobs at the most elite companies are always the last to open up to new workers. It's partly a pipeline problem, too. Many women just haven't been with their companies long enough to challenge for top jobs. Even the 3 to 5 percent represents real progress—a tripling of the number of women holding those jobs in the 1980s. And women are already doing much better as entrepreneurs outside the *Fortune* 1,000. A recent *New York Times* article featured a fairly long list of women who run billion-dollar companies or billion-dollar divisions of companies. Does anybody think this progress will slow or stop?

When Sylvia Nasar, the talented economics reporter for the *New York Times*, did her roundup of what working women accomplished during the 1980s (when the war against women was allegedly being waged), she contrasted the professional downbeat comments of the feminist establishment ("All we got was a few little crumbs," said Pat Reuss of the NOW Legal Defense and Education Fund) with the stunning gains women were actually ringing up.

There's a serious disconnect between the official race-and-gender rhetoric and the progress that's being made. Next year, with a presidential election and affirmative action on the ballot in California, the glass-ceiling people will go into overdrive and find even more undiscovered horror in the workplace. Count on it.



How to be a rich genius

Everyone in the intellectual world and the arts would love to get one of the MacArthur Foundation's "genius grants." They are no-strings-attached gifts, usually in the \$250,000 to \$350,000 range.

One of this year's geniuses is Susan McClary of UCLA, cited as "a musicologist who explores the relationship between human experience and music and relates the creation of musical works to their social context." There's a plainer way to say this. She is the feminist in charge of discovering that classical music is chock-full of phallic themes, patriarchal violence, "assaultive pelvic pounding" and "the necessary purging or containment of the female." One of McClary's breakthrough ideas is that the pelvic pounding in Beethoven's Ninth Symphony adds up to nonorgasmic rape. She hears "the throttling, murderous rage of a rapist incapable of attaining release."

This is a far more serious charge against Ludwig than the one by 1994 MacArthur winner Adrienne Rich, the radical lesbian poet, who believes Beethoven wasn't thinking about rape in the Ninth Symphony; he was merely fretting about impotence. One of her poems describes him as "A man in terror of impotence / or infertility, not knowing the difference."

Not all MacArthur winners write about penile problems in Beethoven symphonies, but in the current intellectual climate, it doesn't seem to hurt. In fact, it probably helps. The truth is that the MacArthur awards, launched in 1981 to reward high achievement and high promise, are not what they once were. The science awards still seem to be given out fairly, but other selections pretty clearly have much more to do with politics than with achievement or potential. A lot of the award winners are either ideologues like McClary or low-luster laborers in the traditional vineyards of the left.

One winner is a lawyer-activist who is trying to launch a new progressive political party. Another is a Latina journalist who showed that the Salvadoran government was guilty of a massacre. Others include the editor of a leftist news service, a lawyer who tries to find flaws in the trials of inmates on death row and a feminist professor who lobbies for worldwide abortion rights.

An ongoing spasm. Two of the winners are revisionist historians of the American West. One, Patricia Nelson Limerick, is author of *The Legacy of Conquest*, a book arguing that the settling of the West was essentially one long spasm of greed, racism, sexism and violence that isn't over yet. If any history book has ever argued that Western history is an uninterrupted triumph by totally fair-minded Anglos, Limerick's book is certainly its mirror image.

In its 349 pages, I don't recall reading about anything

done right by white males. Even the act of keeping so many journals and diaries seems to have been a flaw of white pioneers and settlers. Limerick calls them "compulsively literate."

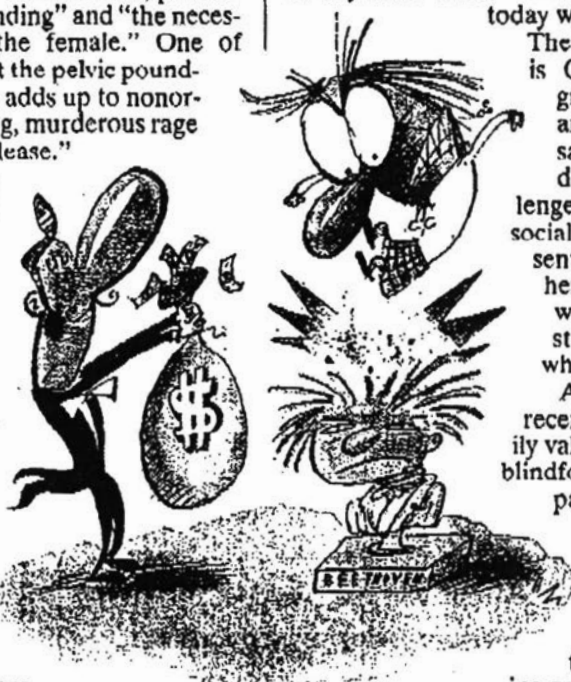
Since I don't keep up with experimental theater, I asked Donald Lyons, theater critic of the *Wall Street Journal*, about theater selections by the MacArthur Foundation. He characterized two of them as "unusually tawdry awards for self-publicizing radicals rather than achievers of any kind. There are many avant-garde people working today who deserve it more."

The best known of this year's winners is Cindy Sherman, whose photographs regularly appear in shows around the world. The citation says "her photographs of herself in different costumes and poses challenge the way we think about identity, social stereotypes, and artistic representation"—one way of saying that her work is profitably compatible with the politically correct deconstructionist philosophy of folks who give out \$300,000 prizes.

As *Newsday* reports, a photo in a recent Sherman show "takes on family values. The twisted body parts of a blindfolded woman and a child have apparently been brutalized by the blue-eyed man-doll who is turning his back on them. His fingernails are blood red." Perhaps the murderous guy-doll was just worried about impotence. Or maybe it was a pounding pelvis problem.

The political turn and the heavy emphasis on gender issues (15 of the 24 winners are female) are partly traceable to the leadership of Catharine Stimpson, who became director of the MacArthur fellows program two years ago. She has complained that "under the guise of defending objectivity and intellectual rigor, which is a lot of mishmash," neoconservative critics of diversity programs "are trying to preserve the cultural and political supremacy of white heterosexual males." And she once wrote that "men, because they are men, have been false prophets, narcissistic and perjuring witnesses." Stimpson is a former dean at Rutgers University and former head of the hemisphere's looniest PC group, the Modern Language Association.

The MacArthur Foundation is free to finance political activists and gender ideologues who believe in symphonic rape. It's their money. But it's a shame that a program set up to honor achievement and excellence among creative people of all political persuasions has deteriorated so quickly into narrow partisanship. Lay the money on your political cronies, MacArthur, but let's have no more prattle about "geniuses."



JOHN LEO

Climate effects of what we see

Arguments about violence in movies and the rest of the popular culture often go off the rails right at the start. Someone is almost sure to say: "How can you prove that a movie or a rap song caused a violent act?" Answer: You can't.

The better way to launch this kind of discussion is to admit that we are talking about "climate effects," not direct causes. We know there is some connection between the general tone of popular culture and the way people in that culture behave, but the picture only becomes clear at the extreme.

If you create a popular image of Jews as treacherous and greedy, and if the popular culture is allowed to carry this stereotype long enough, you eventually will have pogroms. The Holocaust could not have happened without generations of "climate effects" preparing the way. And if you sustain an image of Black Americans as incompetent and intellectually inferior — or simply permanently different from the rest of us in some way — this surely justifies and increases racism.

And if you keep putting out movies showing violence as a logi-

cal and inevitable solution to conflict, you can't be surprised if the level of real-life violence goes up. Sustained messages in popular culture are eventually heard and incorporated into the psychic make-up of the people.

The conventional response to this — "I watched a lot of violent shows while I was growing up, and I didn't become violent" — misses the point. This is a much different culture now. Violence is way up, restraint is down, and there is a lot of evidence that the level of anger and frustration in America is far higher than it was, making violent messages more dangerous.

The culture is in serious trouble, said John Silber, president of Boston University, in a commencement speech last month. He argued that as the influence of family and churches declines, the violence in our entertainment infects the sensibilities of all of us. "Revulsion and abhorrence, our natural reactions to violence, are suppressed," he said. "We become reconciled to violence as though it were a normal part of life, as indeed it has become."

The entertainment industry's

"why me?" response contains a grain of truth. The industry didn't create a high level of violence all by itself. But the industry's social power is now so immense that it can't escape responsibility for the rising level of violence. The simple truth is that the entertainment industry's behavior will now either help lower the violence or keep increasing it. The innocent bystander role is no longer available.

Mr. Silber quoted an elegant line from John Fletcher Moulton, an English judge: What is needed is "obedience to the unenforceable." On the one hand we have law, which tells us what we can't do. On the other hand, we have personal freedom to govern our own actions as we see fit. Lord Moulton's point was that we must pay attention to "third domain" in the middle. Between those who want government to control and regulate everything, and those who want an anything-goes ethic of total freedom, Lord Moulton saw the need for a strong middle ground of "self-imposed law." Without it, society will tend to drift either toward chaos or authoritarianism.

Mr. Silber said he thought that the weakening of this "central domain" in America has inevitably undermined law, and that it is time for those in the entertainment industry to start demonstrating their obedience to the unenforceable.

Good idea. The campaign to clarify the social responsibility of media moguls is just beginning. This is a culture in crisis, and we need more from the entertainment industry than simple money-making and the continued trashing of our sensibilities.

John Leo is a contributing editor of U.S. News & World Report and a nationally syndicated columnist.

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Oh, say, can you see . . . the point?

It's certainly true, as Rep. Henry Hyde says, that the proposed constitutional amendment against desecration of the American flag "is an effort by mainstream Americans to reassert community standards."

But it has less to do with real-life behavior (i.e., flag burning, which hardly occurs anymore) than with returning fire, very late, in a long war over symbols.

The truth is that the cultural left has shown an uncanny ability to conduct symbolic warfare. One example is the long campaign by some gay groups against the Roman Catholic Church, on display recently with simulated acts of anal sex outside St. Patrick's Cathedral during a gay pride march in Manhattan. That campaign has mostly skipped the normal methods of democratic protest and concentrated on an attempt to enrage Catholics and degrade the whole symbolic structure of the Catholic religion—male protesters dressed as nuns, loony-looking bishops' miters, cartooned Communion rites, swishy Jesuses in parades.

This cultural style—find out what the mainstream holds dear, then go out of your way to degrade and mock it—erupted in the '60s and made the flag its primary target. Oddly, the flag burnings to protest the Vietnam War, which caused most of the commotion, at least showed an inverted form of respect for the symbolic power of the flag. However provocative, these acts were conducted with full seriousness.

But the wider campaign to undermine the flag as potent symbol of national unity, taking place against a backdrop of grave government deception and fraud in conduct of the war, took on a different, jokey character. It went well beyond an attack on militarism and superpatriotism. Like the New York gays' attack on Catholicism, the antflag campaign aimed to trivialize and enrage. Protesters sprouted shirts and hats made of flags—a taboo in those days—and if that didn't push all the buttons of ordinary citizens, you could always whip out a flag handkerchief and blow your nose on it.

Isolated images. Mostly, the energies of that campaign have been spent. They still drift down to us through isolated images—Roseanne Barr's crotch-grabbing rendition of the national anthem, for example, or the Chicago art exhibit that invited museumgoers to walk across the flag.

The fallout from the campaign—the trivialization of the flag by printing its image on napkins, sweaters, bikinis and underpants—vastly irritates older Americans who remember the web of understandings and etiquette built around respect for the flag. The chattering classes nowadays show an apparently irrepressible tendency to mock those understandings as a primitive form of idolatry or fetishism. The

Washington Post Style section recently said, "No, son, you won't go to jail for letting the flag touch the ground." But care in handling the flag is nothing to smirk about. Mankind lives by symbols, and the flag is worth respecting. It represents our shared experience, our connection to America's past and future and our responsibility for one another, regardless of class, age or race.

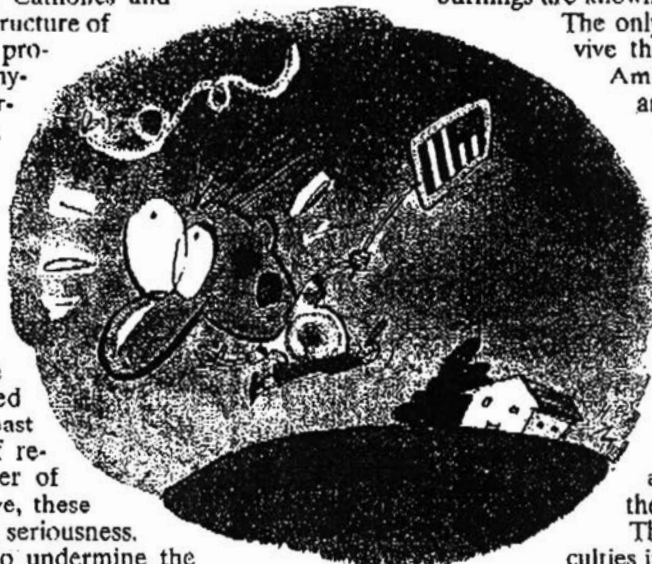
But that meaning has to grow out of the lives of the citizens. Respect for the flag as a symbol can't be compelled through a constitutional amendment. First of all, there is no crisis here that demands the dramatic and very serious business of amending the Constitution. The number of people eager to burn a flag to call attention to a cause or to themselves is very small. By one count, only three flag burnings are known to have occurred since 1993.

The only absolutely certain way to revive the flag-burning instinct among American misfits is to pass an amendment forbidding it. "The cultural left is enormously exhibitionistic and enormously juvenile," says Fred Siegel, a historian at Cooper Union in New York City. "An amendment would let them become martyrs. They would be able to cloak their hostilities in constitutional issues." It's politically much smarter to ignore the occasional flag burner. Without an arrest and a big emotional reaction, the burning comes to nothing.

Then there are the practical difficulties in policing symbolic protest. All the near-theological issues—What is a flag, and what is merely an image of a flag? What actions constitute disrespect or desecration? Which are truly worth the time of prosecutors and judges?—will come into play, perhaps with yet another 1,200-page government manual to explain the rules. Surely a new crop of dedicated burners will evolve many methods of skirting the flag-burning regulations, while still vastly irritating the general population.

But the biggest reason not to pursue an amendment is that it would bring one more huge effort dedicated to the politics of gesture. Purely emotional satisfactions and theatrical gestures that don't bring much social change have exerted much too strong a pull on conservatives. The reason why so many people want this amendment is that their sensibilities were outraged years ago by a few street-corner provocateurs and they want to strike back now. Or they want to lash out symbolically at some other bothersome group of protesters and imagine that a flag-protection amendment would do the trick.

It's not worth it. Political seriousness means not wasting time and money, and tinkering with the Constitution, to chase a few cranks with flags and matches.



The oppression sweepstakes

Many readers thumbing through the April 20 issue of the *Herald* of Randolph, Vt., stopped in surprise when they read the big ad on page B-12.

It was a notice for a farm sale by the federal government's Farmers Home Administration. A 245-acre parcel in Braintree with "tremendous views of the Green Mountains" was up for sale by sealed bids.

One paragraph caused all the eyeball rolling. It said that offers would be given priority in the following order:

- (1) Socially disadvantaged beginning farmers or ranchers
- (2) Beginning farmers or ranchers
- (3) Socially disadvantaged operators of not larger than a family-size farm
- (4) Operators of not larger than family-size farms

"Socially disadvantaged" is a government euphemism for blacks, Hispanics, Indians, Asians, natives of Alaska, Pacific Islanders and white females. The news was that race and gender preferences had come to Vermont farm sales.

The ad listed Gary Braman as FmHA county supervisor, so I phoned him. Yes, women and nonwhites get first crack at this government-owned farmland, acquired from a bankrupt dairy farmer who defaulted on his loans. Who had won the property? Braman wouldn't say, even though the bids had closed on May 1 and this was May 4. A legal appeal had been filed that he couldn't talk about.

He referred me to his boss at the state level, who referred me to his boss in Washington, Marlyn Aycock. How does a race-and-gender auction work, I asked. Is a \$90,000 socially disadvantaged offer weighted to make it worth as much as a \$100,000 socially advantaged bid?

It's not an auction, he said, at least in the first year. The government lists its appraised market value. If a sole bidder in Category 1 offers to meet the price, he or she will win. If there's a tie—say, if both a black man and a white woman meet the price—they flip a coin. (If Brooke Astor wants the Vermont farm, does a black farmer have to flip her for it?)

Category overload. When there are no takers, the government moves to Categories 2 and 3, and eventually to Category 4, where nonbeginning white male farmers get their first shot at the property. After a year, if nobody meets the price, the parcel is declared surplus property and auctioned off to the highest bidder, with no preferences and no commitment to farm the land. It can be developed or put to any nonfarm use.

The racial preferences, copied from the Small Business Administration, became law in the Agricultural Credit Act of 1987. Congress added the gender preference in 1992.

Almost everyone who discussed this addition seems to use the phrases "tacked on" or "slipped in" to express how casually this was done. It is highly questionable and unusually open to abuse. Male farmers sometimes enter bids in their wives' names and win out over other farmers who don't know the system of preferences. At the local level, this puts power in the hands of FmHA officials, who can whisper advice to friends and withhold it from rival bidders.

Ironically, the winning bidder of the Vermont farm was Bob Simpson, a successful local farmer who fits Category 4 criteria. Without naming Simpson, Supervisor Braman said

he had won out over five other bidders, including two white women (who would fall in Category 1 or 3) who had submitted low-ball bids. Under the regulations, bids lower than the appraised value should not have been allowed because race

and gender preferences should have been given priority at this point.

Simpson was aware of this, because he filed an appeal before he knew his bid would be accepted. So sensitive is this process to claims of race and gender preference that Braman seemed to think Simpson's appeal was claiming Simpson should prevail because he is an American Indian.

But Simpson said he isn't an Indian and has made no attempt to become one. His appeal, apparently moot now, was a preemptive strike against any rival farmer who might have bid in his wife's name to get an edge. Simpson, a Category 4 applicant, said he could have moved to Category 3 by using his wife's name, or to

Category 2 by filing under the name of

his son, who just graduated from high school. And if he had a daughter around the same age, she might have carried the Simpson family's bid into Category 1.

This raises the question of whether it is good social policy for the government to create four different levels of legal preference for four members of a single farm family. Answer: no, not really. Just another rococo flourish in our system of race and gender preferences.

Most would say that farm wives and daughters are approximately as "socially advantaged" as their husbands or fathers, but according to the FmHA system they belong in a higher category of protection. Most of us would say that any historic moral debt owed to black farmers hardly applies to Samoan or Inuit farmers too, but the FmHA doesn't see it that way. Samoans and Inuits and the Hmong are legally protected, and Palestinians and Turks and Russian Jews are not, for no very sensible reason. It's just the way things have always been done by the race-and-gender alliance. And it will be that way until the whole thing goes under.



True lies vs. total recall

The current issue of *Commentary* has a very funny article by Wendy Shalit, an undergraduate at Williams College, on how life among the politically correct goes these days on an elite campus. Much of the article deals with her fruitless search for a women's bathroom that doesn't have men in it (banning men from the premises would be "exclusionary of one gender" and might imply that males and females are somehow quite different—a no-no in the PC worldview).

Along the way she discusses the off-the-wall intellectual habits now being incubated on campus. She frequently hears her befuddled classmates say that the Holocaust didn't actually occur—rather, it "has purchase, compared with the currency derived from other events," or as one male student summed up, though it may not have happened, it's "a perfectly reasonable conceptual hallucination."

For only \$25,000 a year, you too can ship your children to a college like Williams and have them learn to think this way. The *New Yorker's* book critic, James Wolcott, calls it "the blithe disregard of truth" in post-modern thinking. In the postmodern, post-everything worldview, there is no objectivity or truth. Everything is relative. Nothing is better or truer than anything else.

Knowledge is politically constructed, an extension of power. As written by Western scholars, history is not a record of what happened. It is a political white-male story that must be replaced by other stories.

In their purest and most lunatic form, these ideas have not flourished in the real world, only on campus, our national holding pen for zany thinking. But they are always leaking out here and there, mixing with the new tribalism and the self-esteem movement to create real-world problems.

Intellectual cover. The textbook wars, for instance, show that each racial, ethnic and religious tribe now expects the power to judge and veto what is written about it. Some of this demand is normal democratic politics. But post-everything arguments provide the intellectual cover: If all stories are valid and all cultures are equal, then nobody but a member of the tribe can write its history. This is why you hear total silence from campus historians when, for example, Afrocentrists teach schoolchildren that Egyptian pilots were flying gliders around Africa in ancient times and black astronomers were able to pick out a faint star (Sirius B) long before the telescopes needed to see it were actually invented. As some of Shalit's classmates might say, these ideas "have purchase" because they are strongly felt. Who cares if they are true? What's truth anyway?

This embarrassing development has led to two contra-

dictory ideas: (1) nothing is true, but (2) what I say, or my group says, is true because it is so strongly held. The mantra of the sexual-abuse recovery movement is "If you think you were abused, you were," because thinking makes it so. Here you needn't even believe very strongly to be guaranteed of truth. One of the movement's gurus, E. Sue Blume, says that doubts about whether abuse occurred and the thought "maybe it's my imagination" are both symptoms of "post-incest syndrome." In any case, the truth doesn't really matter. As one repressed-memory therapist told PBS's "Frontline" program: "I don't care if it's true. What actually happened is irrelevant to me."

A version of this pops up repeatedly in the antirape movement. Check back on all the recent notorious cases of fake rape allegations, and you will usually find somebody arguing that the truth doesn't matter.

After the Tawana Brawley case, an article in the way-left *Nation* magazine said: "In cultural perspective, if not in fact, it doesn't matter whether the crime occurred or not."

At Vassar, false rape accusations against several males were no big deal to the assistant dean of students. She said coolly: "They have a lot of pain. But it is not a pain that I would necessarily have spared them." Her argument was that even if they

were not actual rapists, they should explore their potential for becoming rapists. And after a rape charge that tore the Princeton campus apart was shown to be false, anti-rape activists still rallied around the accuser, saying, according to one account: "Listen, we can't hope to find truth in all these stories. The goal is to reveal these women as 'lenses of oppression' through which the crimes of the patriarchy can be exposed."

The key to this hard-line thinking is this: Ever since the radical wing of feminism more or less ate mainstream feminism alive, the premise of the movement has been that women are everywhere under siege and oppressed by a common enemy: men. With this large truth in hand, it doesn't matter much whether this oppressor or that one is literally guilty of rape. This is penny-ante stuff. They are all guilty because rape is a paradigm of male-female relations under the evil patriarchy.

Nowadays it is best to be wary of movements with large blazing truths in hand and the firm conviction that petty, pesky, literal truth therefore almost doesn't matter. Our century has seen a lot of this argument—that dishonesty or indifference to truth is justified by one's commitment to a cause. Now, we just have to deal with the current college edition of this, what Wendy Shalit calls the "corrupt moral and intellectual habits" being spawned on campus. ■



Decadence, the corporate way

Calvin Klein is at it again, this time with a series of bus and magazine ads showing young teens posed in what look like opening scenes from a porn movie. In one photo, a girl is shown lying down with her skirt hiked up, exposing her panties. In another tacky crotch shot, a curly-haired boy gazes out at us, as if scanning desperately for any nearby member of the North American Man/Boy Love Association.

These are creepy pictures, and like Calvin Klein models going back 10 years, nobody here looks capable of ever having an actual relationship. Sex is rather blankly offered here as a commodity by and for the bombed-out and the hopelessly numb. Some of the teens look coaxed into posing. Others seem like they're wearily going through the motions for a customer. It's not just in our face and totally inappropriate on buses. It's decadent.

This is about what we have come to expect from Klein, our most relentlessly tasteless taste maker. Why does he bother with this tawdriness? Don Nathan, a spokesman for Calvin Klein, told the *Washington Post*: The target audience is made up of a generation that's independent and media-savvy. They're "people who do only what they want to do." The *Post* reporter, Robin Givhan, summed up his analysis: "Hence the rule-breaking attitude of the ads."

It's interesting to focus on rule breaking, rather than the more obvious themes of sex, numbness and the sensibility of cheap porno film shot quickly in a motel or basement rec room. But in fact the rule-breaking theme is nearly always more potent in ads today than the sexual themes that draw far more attention.

Freedom from responsibility. It works like this: Advertisers are focusing more and more on the emerging market of "people who do only what they want to do," that is, people who yearn to be completely free of all restraint, expectations and responsibilities. This is a familiar '60s product now tinged with '90s pessimism. So a socially subversive, pro-impulse, anti-rules and anti-restraint message is casually being built into more and more campaigns, often with the help of hired psychologists and focus groups.

The modern classics in this effort are Nike's "Just Do It!" (act on impulse, don't analyze or inhibit yourself) and Burger King's "Sometimes, you gotta break the rules." These were very successful campaigns and their power can be measured by the number of imitators. A jeweler, Best, picked up the break-the-rules theme and so did Don

Q ruin: "When you have a passion for living, nothing is merely accepted. Nothing is taboo. ... Break all the rules." Another rum, Bacardi Black ("The taste of the night") promises to take the drinker to a boozy evening universe where it seems that anything goes: "Some people embrace the night because rules of the day do not apply."

A Neiman Marcus ad says: "Relax. No rules here." Even a shoe ad can promise a world without norms or rules. Our shoe "conforms to your foot so you don't have to conform to anything," heralds Easy Spirit shoes. A batch of ads concentrates on changing the rules or the glamor of crossing lines (for example, Isuzu's campaign making fun of the imperious and bald teacher who tells children, "Stay within the lines. The lines are our friends.") Others strum the theme that the only real rule is self-preoccupation.

These are so common that they regularly go by without raising eyebrows: "Peel off inhibitions. Find your own road" — Saab; "Your own rhythm" — Drum tobacco products; "We are all hedonists and we want what feels good. That's what makes us human" — Nike.

Another group focuses on getting rid of boundaries ("Living without boundaries" — Ralph Lauren's Safari; "Your world should know no boundaries" — Merrill Lynch; "It's not trespassing when you cross your own boundaries" — Johnny Walker scotch). While there is an obvious healthy side to the no-

boundary theme — the computer world, for instance, has no real boundaries — the idea plays to the classic infantile wish for an infinite self, free of all restraint. At its worst, the no-boundaries theme shows up in narcissistic personality disorders as the inability to know where the self ends and others begin. "I don't know where I end and you begin," say ads for Calvin Klein's perfume Eternity.

The point here is that while everyone is aghast over blatant sex, violent movies and gangsta rap, the ordinary commercial messages of corporate America are probably playing a more subversive role.

The drumbeat of rule-breaking slogans has a devastating effect. Our commercial culture and the advertising industry are not just at war with traditional values. They are at war, too, with the possibility that new common values will emerge from the current social chaos.

By pushing self-obsession, narcissism and contempt for all rules, they strike at the sense of connectedness that any society needs to cohere and to care about its common problems and least fortunate members. It's time to call the corporations and ad agencies on this. They are busy — financing our social meltdown.



Art for the raincoat crowd

Back in 1995, MGM/United Artists released *Showgirls*, a movie about sexual activity in Las Vegas, boldly rated NC-17 at the time, now rated NP 1-7 (no problem for kids ages 1 to 7). Amazingly, some critics dismissed this classic film as just another piece of Hollywood junk. Citing "soul-numbing stupidity," Janet Maslin of the *New York Times* actually called the film "a bare-butt bore."

As all film students know, *Showgirls* was an early work of screenwriter Joe Eszterhas and director Paul Verhoeven, the famed movie duo who first emerged as a major artistic team with *Basic Instinct*, a film about a knife-wielding woman of several sexual orientations who confounded authorities by flashing her private parts during a police interrogation.

At the time, studio executives were said to be greatly surprised that moviegoers had focused so narrowly on the wookie-flashing scene, since Eszterhas and Verhoeven (serious artists, by their own admission) had plainly intended that the many psychological shadings of the interrogation should draw most of the public's attention.

Worse, many industry observers were said to believe that the \$340 million grossed by *Basic Instinct* may actually have had more to do with Sharon Stone's briefly glimpsed private parts than with the subtle psychological probing for which Eszterhas-Verhoeven movies have always been known.

When *Showgirls* came out, the legendary filmmakers were once again badly misunderstood. For whatever reasons, philistine critics kept ignoring all the deeply moving and socially enhancing character development that lay at the very heart of the movie.

What it's "really" about. The star of the movie, Elizabeth Berkley, complained to the press about this, heavily stressing the movie's serious intent shortly after concluding a lap dance with David Letterman on "The Late Show." Verhoeven had informed her, she said, that the film "is not really about stripping. It's really about women in power."

While Verhoeven stressed female empowerment, Eszterhas pointed to the theme of gradually dawning moral enlightenment amid corrupt surroundings, which, of course, he was obliged to examine in some detail in order to make his moral point.

"In my mind, not to allow teenagers under 17 to hear this film's very moral message simply because it's set in the world of nude Las Vegas dancing is pious nonsense," said Eszterhas, who urged children to acquire fake IDs

so they too could be exposed to 131 minutes of nonstop moral messages.

With refreshing frankness, he went on to deplore any twisted individuals who might look at his movie and just see perversion, sex and drugs. "They are like a guy who looks at a woman and all he sees is her body. He's ignoring her character, her soul," he said. This was widely hailed as a welcome rebuff to any hypothetical moviegoer who might falsely attend to the tangle of on-screen bodies in *Showgirls*, while totally overlooking all the character and soul.

Eszterhas said, "It's a spiritual message... almost a deeply religious message on a very personal level." As we know now, Eszterhas and Verhoeven went on to make many other films with deeply religious messages on a very personal level, including *Sluts in Space* (1997) and *Lap Dancing With Wolves* (1998).

While discussing *Sluts in Space* with Eszterhas on the "Today" show, an obviously agitated Bryant Gumbel said, "Some people talk about this movie as if it's some sort of cheesy porno flick. What do you say to these people, Joe? How do you set them straight?"

"Joe, let's be frank," Bryant went on, before Eszterhas could answer. "These people can't see beyond the rapes, the bondage and all that peripheral stuff. All they see is sleaze. But it's really a very ethical journey of self-discovery, isn't it?"

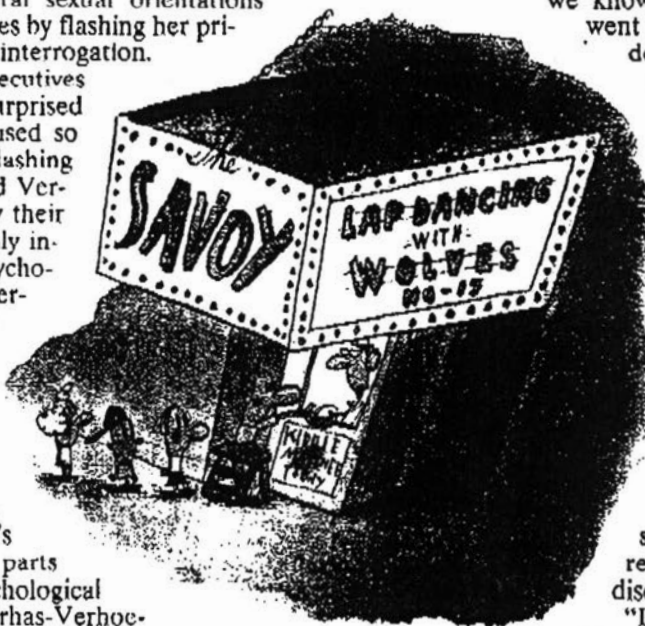
"I guess they just don't get it, Bryant," Eszterhas replied, shaking his head slowly.

"In my mind, not to allow teenagers under 17 to hear this film's very moral message, simply because it's set on the Planet of the Randy Nude Amazons, is pious nonsense."

Another controversy unfolded when critics attacked the masterful *Lap Dancing With Wolves*, still believed to be the first serious examination of traditional intergender lap-grinding activity among the Lakota Sioux.

Even more small-minded was the protest that greeted *Gang Rape on Horseback*, the second installment of the famous Sioux lap-grinding trilogy and the first Eszterhas-Verhoeven film to be shot entirely on the back of a single horse. (One serious student of the cinema pointed out that the sidesaddle wookie-flashing scene appeared to be a subtle homage to Stone's work in *Basic Instinct*.)

This is when critical opinion began to change. The Eszterhas-Verhoeven team came to be regarded as masters of the cinema. Publication of their joint autobiography, *They Called Us Sleazeballs*, completed the triumph. They are currently in Thailand, working on a movie about empowerment and the dawning of moral insight in the teen prostitution industry.



When \$20 million isn't enough

How brilliant is Ted Turner as an executive? Well, as head of Turner Broadcasting, he was worth \$7,011,904 in salary and other compensation over five years, 1990 through 1994.

If the sale of Turner Broadcasting to Time Warner goes through, Ted Turner will apparently acquire a great deal of additional executive value. Over the next five years, he will rake in 14 times as much executive compensation from Time Warner, according to figures published in the *New York Times*, or perhaps 27 times as much, according to an independent analysis.

Mark Landler reports in the *New York Times* that Turner is being showered with stock options—an extraordinary 2.2 million Time Warner shares over five years—to go along with an annual salary of \$5 million and a long-term performance incentive worth \$10 million a year.

The *Times* estimates that the package is worth at least \$100 million, but the analyst said that with any kind of normal performance by Time Warner stock, the total value should be listed at \$193 million or more. All this is in addition to the \$2.6 billion in Time Warner shares he will get for the sale.

"Steve Ross lives!" was the three-word summation of analyst Graef Crystal, a specialist in executive compensation and adjunct professor at the University of California at Berkeley's Haas School of Business. He was referring to the late and raffish Ross, once dubbed "the Babe Ruth" of executive compensation by *Fortune* magazine for his hallmark trait of assembling staggering compensation packages for himself wherever he went.

From 1973 through 1989, Ross hauled in \$275 million in compensation. By contemporary standards, this isn't all that stunning, but remember that Ross's record was set mostly in the dead-ball era of executive home runs, before the whole character of the game changed.

Pouncing. Like Turner, Ross displayed a sudden burst of value when he arrived at Time Warner—his 10-year contract, valued at \$143 million, came on top of a \$193 million windfall from the merger between his Warner Communications and Time Inc.

Ross's arrival on the scene quickly eroded the restrained and nongreedy culture of Time Inc. In his book *To the End of Time*, Richard Clurman says that the top honchos at Time Inc. gave themselves whopping numbers of options at the time of the merger and then agreed that their suddenly paltry million-dollar salaries "would have to be massively adjusted upward to take into account the disparity compared to Ross and other Warner executives."

This is the now familiar game of financial leap-frogging, with another round possibly about to be set off by Ted Turner's haul. Crystal predicts it: "It's an unprecedented package, and it sets up the irresistible impulse to offer Jerry Levin more money."

Levin, one of the Time executives stuck in the paltry million-dollar range in the pre-Ross era, is now company CEO and is up in the \$21 million range of total compensation (1993 data, listed in *Fortune* magazine's most recent survey). This raises a burning question: If Turner is worth \$20 million to \$38 million annually as No. 2 man in an enlarged Time Warner, what does that make Levin worth now as No. 1?

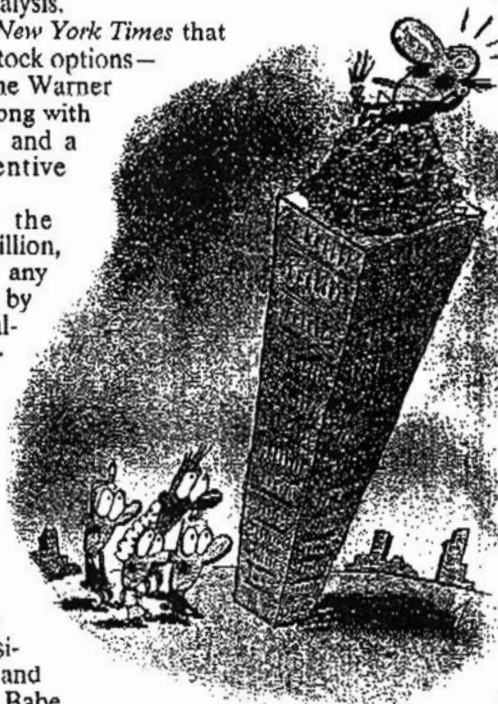
Each of the great benchmarks of corporate compensation has set off predictable waves of envy and leap-frogging. These would include Roberto Goizueta's package of \$56 million in shares from Coca-Cola in 1991, the options on more than 1.4 million Enron shares that went to Kenneth Lay in 1994 (which could be worth \$76 million) and the more than \$200 million Michael Eisner made in 1993, a year in which he cashed in some of his older Disney options.

Many corporate chiefs deserve what they get. The disturbing factor is that the top tier of executives now seems to constitute a class that's able to move ahead on its own, almost independent of its true economic function. Crystal's analysis of CEO compensation in 1994 shows that the take of top CEOs went up 12 percent for the year, while the wages of their workers went up only 3 percent, and income to shareholders rose only 2 percent.

Worse, the compensation of CEOs in relation to the average worker grows ever higher. Crystal's numbers show that in the mid-1970s, the United States had a 39-to-1 ratio between a corporation's most highly compensated executive and the average worker. His recent study of 292 CEOs who have held their current job for three years or more showed the ratio at 145 to 1 in 1992, 170 to 1 in 1993 and 187 to 1 last year.

These are combustible numbers. How long can any sane society tolerate an ever widening gap between the average worker and a new, self-enriching class of ultrawealthy managers?

"Executive compensation is utterly out of control," says Crystal. "These people never look down, to see what the average worker gets. They never look across, to see how much less their counterparts in Europe and Japan get. They never look back, to see how far they have come. They just look ahead at what other people are getting, and they want more." In an envy-driven system such as this, does anybody think that reform will arrive on its own? ■



The color of the law

In 1991, a visiting Jewish scholar, Yankel Rosenbaum, was fatally stabbed in Brooklyn by a black mob outraged that a black youngster had been run over and killed by a religious Jewish motorcade. Rosenbaum lived long enough to identify Lemrick Nelson Jr. as the stabber, but a largely black jury did not convict Nelson. Later, some jury members went partying with Nelson to celebrate the acquittal. Nelson subsequently moved to Georgia, where he was convicted of slashing a schoolmate.

At the time, it appeared to be an act of race-based jury nullification, and, though the word didn't pop up, it was clear that something very unusual had occurred and that many of the city's Jews had suddenly withdrawn their faith in the local criminal justice system.

Blacks, of course, have their own historic reasons for doubting the fairness of cops and courts. Enormous injustices were inflicted on blacks over the years, and not just in the South, where blacks accused of attacking whites were almost automatically convicted. But as the system has changed, with more black jurors showing up, a different kind of racial surprise appeared.

In New York, a few high-profile black defendants unexpectedly got off, including a drug dealer who shot several cops and a 19-year-old who shot and killed a white priest, then confessed and claimed that the priest had approached him for sex.

Now, in the wake of Johnnie Cochran's over-the-top, send-them-a-message summation in the O. J. Simpson case, the *Wall Street Journal* reports that what appears to be a racial nullification movement is humming right along. The *Journal* found that some black jurors "are choosing to disregard the evidence, however powerful, because they seek to protest racial injustice and to refrain from adding to the already large numbers of blacks behind bars."

If so, that's a very ominous development indeed. An explicit attempt to politicize jury verdicts along racial lines would clearly put the whole, faltering criminal justice system at risk, with many unforeseen consequences.

The *Journal* lists a string of jury decisions that may reflect the impulse toward nullification, including the acquittal of Washington Mayor Marion Barry, on 13 of 14 counts in a sting operation conducted by the FBI, and the acquittal of some of the defendants charged with beating trucker Reginald Denny during the 1992 Los Angeles rioting.

Racial acquittals. The *Journal* also points out, for what it's worth, that conviction rates are unusually low in heavily minority areas—28.7 percent of felony trials in Washington, D.C., and 30 percent in Detroit ended in acquittals, both significantly high rates. In the South Bronx, more than 47 percent of African-American defendants

are acquitted, about three times the national average.

Some racial division on juries is simply the result of different people bringing different life experiences into court and viewing evidence through different lenses. And some is based on the fact that many blacks are less likely than whites to believe the unsupported testimony of a police officer, even if the officer is not Mark Fuhrman. That's well within the normal functioning of juries.

But now we are starting to hear various racial pleas to ignore evidence and free black defendants either as a political protest against a system perceived as oppressive and racist, or as a way of reducing the high number of black males in the prison system. Paul Butler, a black criminal-law professor at George Washington University, takes a cool cost-benefit approach: In cases that don't involve violence, he thinks, black jurors should "presume in favor of nullification" because the community needs the help of accused offenders, even guilty ones, to rebuild itself.

Law professors who advocate freeing guilty people of their own race, but not others, are an excellent indicator of identity politics at work. As columnist George Will wrote last week, the "diversity" people have to accept some responsibility for "the politics of

thinking that you are but a fragment of the racial or ethnic group to which you belong and you have few if any obligations beyond it." Obligations beyond the tribe indicate a concern with justice, which used to be of some interest to professors of law.

Because of the anguish of losing so many young men to the prison system, some blacks now seem willing to look past crimes and talk about a system that "criminalizes" its young. The argument buried in "criminalized"—if the defendant shot somebody, it's society's fault—is often made even sharper. A *Boston Globe* columnist wrote recently that "we are rounding up the people our economy does not need and consigning them to concentration camps."

At the law schools, something called "critical race theory" spreads the notion that law is nothing more than a politicized expression of white power and that blacks can never hope for justice from whites. Writing in the Manhattan Institute's *City Journal*, Heather Mac Donald says many law students now assume as a matter of course that the law has a color. She says the president of the *Harvard Law Review* told her: "You can't study criminal law and not have race come up a lot. The mere fact that so many defendants are black means that the law treats blacks differently."

Tribal politics and woolly thinking may be setting the stage for a nullification movement that could inflict some very serious damage, including the isolation of blacks from their natural allies. Don't we all want to rethink this? ■

