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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	From Harold Ickes re: October Expenses (2 pages)	01/02/1996	Personal Misfile

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7693

FOLDER TITLE:

Chron Files January 21-27, 1996 [2]

2019-0774-S

rs3304

RESTRICTION CODES**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE PRESIDENT HAS SEEN

1/10/96

THE WHITE HOUSE
WASHINGTON

✓ January 9, 1996

MEMORANDUM FOR NANCY HERNREICH

From: ✓ Julia Moffett *Jm*
Subject: Video of "Yugoslavia: Death of a Nation"

Here are five videotapes that comprise the recent BBC/Discovery documentary on Bosnia.

I asked Rick Allen to send us a copy, and, after consulting with Nancy Soderberg, am forwarding it to you in case the President is interested in viewing it before his trip to the region.

Also included is a memo directly to the President and a recent *New York Times* article by Anthony Lewis on the program.

Please let me know if any additional information is needed.

Thanks very much.

*Julia -
Pres. took the tapes to
the Residence -*



January 9, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: RICK ALLEN RA

SUBJECT: BOSNIAN TRIP

Two items of potential interest:

1. Over the holidays, the Discovery Channel screened an extraordinary five-part documentary (narrated by Christina Amanpour) on the roots of the conflict. We've sent over a copy for you, through Julia Moffett. This is the program Tony Lewis used as the focus of his January 5 column ("more remarkable moments in the series than a column can even suggest...").
2. In Tusla will be an incredible American, Burke Whitman. President of a healthcare company based in Baltimore, Burke is a reserve Marine Captain who has volunteered as the liaison between the I-FOR and AID. He is in Stuttgart today, and should be in Tusla before you arrive. You know his wife, Sarah, who was the standout in our White House National Service Office (she and her mother, Nancy Hoit -- who organized the Vice President's Nashville Family Conferences -- are very close friends of the Vice President's). Burke is the quintessential All-American, and it is typical of him to take two months out on no notice to help his country.

Best wishes for a safe trip and happy New Year.

Abroad at Home

ANTHONY LEWIS

Anatomy of Disaster

BOSTON

How did Yugoslavia descend into the savagery that killed 200,000 people and made two million refugees? It is a question of signal importance, not just for history but as a key to seeing that it does not happen again, there or elsewhere.

We now have a documented answer, powerfully convincing in its evidence. It is a five-hour television series, "Yugoslavia: Death of a Nation," shown on the BBC and then here, between Christmas and New Year's, on the Discovery Channel.

Western politicians and commentators who wanted to close their eyes to the horror in the former Yugoslavia have often said that it was caused by "ancient hatreds." Americans, they said — or Britons or whoever — should not get involved in such impenetrable ethnic-religious conflicts.

But it was not "ancient hatreds" that produced ethnic cleansing, rape and concentration camps. It was men: ambitious men who stirred up extreme nationalist emotions as a way to power. It was one man above all, Slobodan Milosevic of Serbia. "Death of a Nation" makes that unarguably clear.

We see Mr. Milosevic at the beginning of his manipulations: addressing a Serbian crowd in the predominantly Albanian province of Kosovo

A TV series that probes the horror of Yugoslavia.

in April 1987. The crowd provokes a police detachment, mostly Albanian. A man shouts, "The police attacked us." Mr. Milosevic says, "You will not be beaten again." It was all arranged — and Belgrade television showed the scene with Mr. Milosevic as a Serbian hero.

That and many other scenes are amazing examples of contemporaneous footage found by the independent British producers who made the series, Brian Lapping Associates. There is even film taken secretly by Serbian intelligence. And there are gripping interviews.

Radovan Karadzic, the Bosnian Serb leader who has been indicted for war crimes, says that when Bosnia declared its independence in April 1992, Mr. Milosevic "couldn't care less if Bosnia was recognized. He said: 'Caligula proclaimed his horse a senator, but the horse never took his seat. Bosnia will get recogni-

tion, but ...'"

When Mr. Milosevic decided to attack Croatia in the summer of 1991, he used volunteers under the extremist paramilitary leader Vojislav Seselj. The Yugoslav Federal Army provided weapons, uniforms and transportation. The paramilitaries burned civilians alive and left the bodies as a message.

Again in 1992, when the attack on Bosnia began, Mr. Milosevic sought to avoid responsibility. One of his aides says that he "pulled a fast one" — transferred every Serb in the Federal Army to Bosnian Serb forces while continuing to pay and supply them.

The first major attack was on the town of Zvornik in Bosnia: a terrifying onslaught that left 2,000 Muslim civilians "unaccounted for." Vojislav Seselj's paramilitaries were there, and he tells an interviewer: "Milosevic was in absolute control. It was all planned in Belgrade."

Mr. Milosevic is not the only Yugoslav figure shown in the series as a cold-blooded manipulator, but he is special. The President of Slovenia, Milan Kucan, says: "With Milosevic you never can relax. Show him a finger, and he'll have your arm off."

One of the most arresting aspects of the series is the evidence of how Western weakness encouraged the

genocidal aggression. Mr. Milosevic sent a secret envoy to Moscow before attacking Croatia, and the Soviet military said its intelligence showed that the West would not respond. It was good intelligence.

Dr. Karadzic, speaking to an interviewer, confirms what critics of American and European policy have maintained — that we could have stopped it. "I knew," he says, "that if the West put in 10,000 men to cut off our supply corridor, we Serbs would be finished."

Those who are skeptical of television's potential as a medium for sustained journalism of a high order should see this series and think again. So should those American politicians who tell us that we should be content with the degraded trash that the free market mostly brings to the screen.

There are more remarkable moments in the series than a column can even suggest. For me the most chilling is the voice of Ratko Mladic, the Bosnian Serb general, telling his men on the hills overlooking Sarajevo: "Shell the presidency and the Parliament. Target Muslim neighborhoods — not many Serbs live there. Shell them till they're on the edge of madness." □

THE NEW YORK TIMES,
FRIDAY, JANUARY 5, 1996

Cron

✓ *Good*
✓ *Paula Martin* (X)
worth risking U.S. soldiers (51-37%), but also that our military involvement won't be long (55-35%). Learning on the job (NBC/WSJ) -- 46% think your performance has improved in past year, 12% think it has gotten worse. Forty-three percent think you'll do a better job if elected to a second term, 11% think you'll do worse.

✓ (D) **AFL-CIO budget activities/meeting.** Activities. On December 5, John Sweeney announced a broad-based, grass roots direct mail and electronic media effort designed to generate phone calls and mail to key members of Congress on specific budget issues -- Medicare, Medicaid, and student loans. Meeting. Harold, Pat, Jennifer O'Connor and Karen Hancox met before Christmas with top AFL-CIO officials including Gerry Shea. Shea said that if a balanced budget deal fails to protect labor specific issues such as NLRB budget, striker replacement executive order, and certain OSHA standards, rank and file will "go wild."

✓ *cf: Amy* (E) **Union Tribune article on San Diego border.** Via Rahm. Reports that the Border Patrol "took back control of the border in 1995" by adding: more agents, an experimental commuter lane to reduce delays for registered commuters, a computerized ID system to help catch repeat illegal crossers, and ground sensors, increased lighting and helicopters equipped for night flying. Training of new INS inspectors was also accelerated and will double the number of agents locally by March. These measures helped move San Diego closer to dual goals of maximizing economic potential as the largest city on the Mexican border while also reducing the flow of illegal immigrants and illegal goods crossing the border.

✓ (F) **Ickes memo on pace of FDA drug approval process.** Noting Dick Morris's concern that FDA drug approval process is too slow, Harold forwards a Nov. 8 article from *Washington Post* reporting that, as per a new GAO report, FDA stacks up well against its British counterpart. GAO found that FDA had cut time it takes to review new drugs by 40% between 1987 and 1992, from an average of 33 months to 19, and that since then, the FDA has improved review times even further under a new user-fee system that has allowed the agency to increase number of reviewers.

✓ (G) **Follow-up on internal Phillip Morris memo.** Noted in Dec. 9 *Washington Post*. Memo describes cigarettes as "nicotine delivery devices," supporting the legal and factual framework for FDA's assertion of jurisdiction and providing evidence of manufacturer intent for cigarettes to be used by consumers as drug delivery devices. Other industry documents that have surfaced recently -- RJR internal memoranda revealing that it targeted youth; documents showing that RJR and Brown & Williamson view cigarettes as a "vehicle to deliver nicotine;" and a document suggesting some companies add ammonia to increase nicotine smokers absorb.

✓ (H) **Letter from Sen. Leahy.** Thanks you for your handwritten letter to his mother-in-law, and says he is proud to support your peace efforts and your leadership. "Your efforts at peace are paying off and the world will be better for it."

THE WHITE HOUSE
WASHINGTON

96 JAN 5 PID : 59

JANUARY 5, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: SUMMARY OF CABINET WEEKLY REPORTS
JANUARY 1-5, 1996

DEPARTMENT OF THE TREASURY

- **First Anniversary:** On Wednesday, Secretary Rubin will mark his one-year anniversary as Treasury Secretary.
- **NAFTA Duty Deferral Regulations:** Chairman Archer has requested that Treasury not implement a series of NAFTA regulations that would require the collection of countervailing and anti-dumping duties on goods for export to Canada that have been produced under a duty-deferral program, e.g. a foreign trade zone. Treasury, supported by USTR, has taken the position that NAFTA requires that Customs collect these duties after January 1, 1996 and that the implementing legislation authorizes Treasury to do so.

Treasury and USTR staff briefed Ways and Means trade counsel, pursuant to Chairman Archer's inquiry, producing a favorable but non-committal response. Treasury is waiting for confirmation of Democratic support in the Senate before publishing the regulations. House Democratic support for Treasury's actions has been confirmed. In the interim, Customs is assessing the duties but is not collecting them.

- **General Arrangements to Borrow (GAB)** Treasury staff is continuing its efforts to secure the adjustment to the discretionary spending limits (caps) in reconciliation for a future appropriation for the GAB (as well as an IMF quota increase). House Budget Committee Chairman John Kasich remains opposed to inserting the adjustment in reconciliation. Senate Budget Committee Chairman Pete Domenici and the ranking Democrats of both committees appear to be on board.

- **Mexico:** It is expected that the GAO will deliver the final report on Mexico to the House Committee on Banking and Financial Services within the next two weeks.
- **District of Columbia:** Last week, Treasury received a requisition for operating funds from the District in the amount of \$283 million. The requested advance date is January 8, 1996.
- **Anti-Government Violence in Nevada:** ATF has arrested two persons in connection with the bombing at the Reno, Nevada IRS office. The discovery that the bomb was the same type of bomb used at Oklahoma City has prompted press speculation of a link between it and three other bombings targeting government installations in Nevada over the past 15 months. In addition to the IRS incident, there was a bombing of a Bureau of Land Management office, and two bombings targeting a Forest Service official. There is no firm evidence of a link.

DEPARTMENT OF COMMERCE

- **Shutdown:** The Department of Commerce has been closed during the government shutdown with the exception of the Patent and Trademark Office, the National Technical Information Service, and Statistics USA, which operate on a fee-funded basis.
- **Economic Data:** All economic and demographic data releases are postponed during the shutdown, including Value of New Construction; New Single Family Homes-Sold and Trade and Advance Retail Sales are scheduled for next week, and would also be postponed if the shutdown continues.
- **Secretary Brown's Travel:** On January 8-10, Secretary Brown will participate in the Fourth West-East Conference of Ministers of Economy, Industry and Trade of G-7 and Reforming Countries (the Muenster Conference). The Secretary is scheduled to conduct a trade and investment mission to India, Pakistan and Turkey from January 12-22. Secretary Brown plans to attend the Commercial Service Conference in Miami on January 25, as well as participate in the White House Conference on Small Business Follow-up Round table in Washington, D.C. on January 26. Preparations continue for the Secretary's Business Development Mission to Sub-Saharan Africa, tentatively scheduled for February 17-25, 1996.

DEPARTMENT OF LABOR

- **Impact of Shutdown:** Impacts of the shutdown on America's workers include:
All bureau of Labor Statistics January releases have been postponed. Specifically:
• December unemployment numbers were not released today
• The December Producer Price Index (PPI) and the Consumer Price Index (CPI) data have been delayed.
- **Pension and Health Benefit Security:** 3,500 investigations involving pension, health and other employee benefits plans were suspended.

- **Workers' Occupational Safety and Health:** 1,760 work site inspections have been delayed --1,210 in response to complaints. Typically these would find and abate 3,850 hazards affecting 33,000 employees.

DEPARTMENT OF JUSTICE

 **INS Ends 1995 With Record Number of Alien Removals:** In 1995, more than 51,600 illegal aliens, including nearly 32,000 criminal aliens, were removed from the country -- a 15 percent increase over 1994, and a 75 percent increase over 1990.

- **Supreme Court to Hear Oral Argument in Virginia Military Institute Case:** On January 17, 1996, the Supreme Court will hear oral argument in United States v. Commonwealth of Virginia (VMI), Nos. 94-1941 & 94-2107 (S. Ct.). The Fourth Circuit held that the Commonwealth of Virginia violated the Equal Protection Clause by offering men, but not women, the benefits of VMI's unique educational program. The court subsequently approved a remedy establishing a parallel program for women at Mary Baldwin College. The Court will hear arguments addressing both the court of appeals' liability finding and its remedial finding. We will argue that the court of appeals decision should be upheld.
- **Cops More:** Awards of \$43 million to 687 jurisdictions during the week of December 18th will redeploy 2,973 officers. To date, \$202 million in MORE awards have gone to 1,101 jurisdictions, to redeploy over 12,300 officers.
- **Universal Hiring:** Awards of \$173 million to 891 jurisdictions during the week of December 18th will hire more than 2,562 officers. To date, \$258 million in Universal Hiring awards have gone to 976 jurisdictions to hire 3,703 officers. A total of 3,666 law enforcement departments have applied for the Universal Hiring Program.
- **Domestic Violence Initiative:** The COPS Office has received nearly 700 applications for over \$150 million under the Community Policing to Combat Domestic Violence Initiative.
- **Final Conference Report on Telecommunications Legislation Still Not Filed:** The potential issues remaining before the conference committee include internet porn and foreign ownership, which may or may not delay the final conference report.
- **Senate and House to Take Up Immigration Legislation:** S. 269 and S. 1394, as merged into a single bill by the Subcommittee on Immigration, were held over by Senator Simpson at the Senate Judiciary Committee Executive Session on December 21. The Immigration Reform Act of 1995 will be the pending business at the next Committee business meeting, not expected before January 25. Representative Lamar Smith's legal and illegal immigration reform bill, H.R. 2202, is expected to be cleared for House floor action the week of March 18.
- **Third Circuit Holds Federal Employees Health Benefits Act 8("FEHBA") Preempts State Assessments On Health Insurance Premiums.** Health Maintenance Organization of New Jersey v. Whitman (Dec. 26, 1995) (3d Cir. [D.N.J.]). The State of New Jersey, as part of

a comprehensive effort to make health insurance more affordable for high-risk individuals, levies an assessment on all health insurance premiums earned within the state and then redistributes these revenues to insurance carriers who sustain a loss on individual health benefit policies. New Jersey imposed this assessment on all premium revenues, including revenues derived from the FEHBA program. The Department filed an *amicus* brief in private litigation challenging the assessment scheme and argued that, although the state is free to pursue its health care reform objectives by levying an assessment on non-federal premium revenues, the assessments are preempted insofar as they apply to FEHBA premiums. The Third Circuit has now agreed, reasoning that the plain language of FEHBA, the underlying congressional purposes, and the Office of Personnel Management's implementing regulations all compel preemption of state assessments insofar as they are levied on FEHBA premiums.

- **U.S. Enjoined To Open National Park.** Texas River Expeditions, Inc. v. U.S. (5th Cir.) -- On December 29, Judge Bunton enjoined the Interior Department from interfering with the plaintiff outfitters' access to Big Bend National Park. As a consequence of the District Court's order, the Interior Department would be required to bring back to work several employees to oversee the river rafters. The Department of Interior was concerned that similar lawsuits would be filed to force the reopening of other national parks during the partial Government shutdown. Justice therefore filed for an emergency stay pending appeal of the District Court's order.
- **Due To Judge's Recusal, Second Circuit Reschedules Able Argument For January 16, 1996.** Able v. United States, (2d Cir. [E.D.N.Y.]). This case is one of four challenges to the constitutionality of the new policy governing service by homosexuals in the military currently pending in the appellate courts. Oral argument was originally scheduled for December 19, 1995. The argument has been rescheduled for January 16, 1996.
- **Oral Argument On Geographic Scope of Rescissions Act:** Northwest Forest Resource Council v. Glickman & Babbitt (D. Or.) -- In this case, a timber industry group raises numerous challenges to the Administration's interpretation of the timber salvage provisions of the Rescissions Act. At issue this week is the District Court's decision to interpret the Act broadly to cover a greater number of timber sales over a wider geographic area than the Administration had urged. Oral arguments on the question of geographic scope will be heard by the Ninth Circuit on January 8, 1996.
- **DEA Fugitive Captured in Colombia:** On December 21, Colombian authorities, assisted by DEA Bogota, arrested DEA fugitive Adolfo Romero-Gomez at the airport in Cucuta. Romero-Gomez, a retired Venezuelan Secret Service officer, had been linked to several cocaine shipments smuggled from Venezuela for his role in a 1990 shipment of 453 kilograms of cocaine seized in Miami. Romero-Gomez has been transported from Cucuta to Bogota, where he is being detained pending hearings on his extradition to the United States.
- **Heroin Shipment Intercepted in Oklahoma:** On December 22, DEA Tulsa culminated an undercover investigation with the seizure of approximately 5 pounds of heroin and the arrest of four defendants. The heroin had been smuggled by vehicle from Nogales, Mexico

- **Four Kilograms of Heroin Seized in Nigeria.** On December 20, the Nigerian National Drug Law Enforcement Agency, in conjunction with DEA Lagos, seized 4 kilograms of heroin and arrested a Nigerian national at Lagos' international airport. A second defendant is being sought. The Pakistan-produced heroin was found within luggage that had been carried to Lagos from Karachi, with stops in Beijing, China, and Addis Ababa, Ethiopia.
- **Company Agrees to Provide Medical Supplies for Controlled Substances Act Violations:** In a unique settlement of a civil suit, Chartwell-Southern New England, a medical supply company charged with breaching provisions of the Controlled Substances Act, agreed not only to pay a \$600,000 fine to the United States but also to furnish \$300,000 worth of supplies to local health care providers. The civil settlement, announced on December 22, grew out of a joint DEA Hartford-State of Connecticut investigation of Chartwell that revealed hundreds of violations, including inadequate inventorying and failure to document the destruction and/or dispensing of controlled substances.
- **Denaturalization Action Initiated Against Former Member of SS Guard Unit:** A denaturalization action was initiated against Wasyl Lytwyn, a former resident of Chicago, Illinois, who served during World War II in a SS guard unit, originally stationed at the Trawniki SS training and base camp in Poland, that took part in the 1943 liquidation of Warsaw's Jewish Ghetto, in other parts of the Nazi program to annihilate Jews in Poland, and in the seizure for slave labor of thousands of Polish non-Jews. Pursuant to a pre-filing settlement agreement negotiated by the Office of Special Investigations (OSI) and signed in September, Lytwyn was required permanently to depart the United States by December 15. He is now residing in his native Ukraine.
- **Major Drug Trafficker Returned to U.S.:** Haji Ayub Afridi arrived in New York with DEA escorts after some 18 months of negotiations regarding his voluntary return. OIA had sought the extradition of this major drug trafficker in 1993 along with three others who were extradited last year. Afridi, a former member of the National Assembly and a tribal chieftain, resided in a remote area of Pakistan and was protected by a large security force, rendering his arrest by national police impractical. Afridi contacted DEA Islamabad through intermediaries to declare his desire to go to the United States to resolve the charges against him.
- **Department to Present Oral Argument in Case Arising Out of Rodney King Arrest:** On January 9 Justice will present oral argument in the Supreme Court in Koon v. United States, which involves the conviction of two Los Angeles Police Department officers for using excessive force in the arrest of Rodney King. The issue before the Court concerns the standard of appellate review of departures from the indicated sentencing ranges under the Sentencing Guidelines. The district court departed downward for a variety of reasons. The court appeals reversed those departures, finding that they were unjustified in the context of the Sentencing Guidelines. We will argue that a court of appeals should review de novo a district court's determination that a particular sentencing factor may form a permissible ground for a departure, and that the court of appeals' holdings in this case were correct.
- **Solicitor General to Defend Commerce Secretary's Decision Not To Adjust Census Data:** On January 10 the Solicitor General will present oral argument in the Supreme Court in United States Department of Commerce v. City of New York. It is generally acknowledged

that the decennial census consistently undercounts the population of the United States, and that the undercount of racial minorities has historically been greater than the undercount of non-minority residents. Following the completion of the 1990 census, the Secretary of Commerce investigated the possibility of statistically adjusting the census figures that had been transmitted to the House of Representatives in January, 1991. The Secretary ultimately determined, however, that an adjustment should not be made. Our brief on the merits argues that the Secretary acted reasonably and lawfully.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Press Briefing on Impact of the Government Shutdown:** On Thursday Secretary Cisneros held a press briefing to discuss the status of the budget negotiations and how the Republican efforts to keep the government closed have impacted federal workers and Americans across the country. The greatest impact of the HUD shutdown has been the customers of FHA mortgage loans.
- **Press Inquiry:** U.S. News & World Report would like an interview with the Secretary about you and HUD accomplishments; interview will take place prior to January 12th (WH approved)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Medicare Health Maintenance Organizations (HMOs) To Offer Point of Service Option Beginning January 1, 1996:** Beginning on January 1, nine Medicare risk managed care organizations began marketing a point of service option for Medicare enrollees. Another 28 Medicare risk HMOs intend to offer such an option during 1996, and more are expected to follow. Medicare HMO enrollees who have voluntarily selected this option have greater flexibility to see providers outside the plan's network, usually with a higher co-payment than if they sought care from a provider in the plan's network. Medicare contractors that offer this benefit will not receive additional payments from Medicare; however, they may charge beneficiaries a premium for the benefit. Point of service benefits have been well received in the commercial HMO market and the industry is very enthusiastic about this option.
- **Tobacco Rule Comment Period Closes:** On January 2, the opportunity for the public to comment on FDA's proposed tobacco rule ended. The rule-making elicited an unprecedented response of more than 500,000 comments.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Director Brown's Last Day:** January 14 is the official date of Lee Brown's resignation.
- **White House Conference on Youth Violence and Drugs:** The White House Conference on Youth Violence and Drugs has been postponed until mid-February, at the earliest. Because of the furlough, planning meetings have had to be postponed.

- **Drug Testing:** The planned announcement of a major grant to a city for a "Break The Cycle" drug testing/treatment intervention program has been delayed because of the furlough. Applications from six cities have been received; they cannot be reviewed until staff at the National Institute of Justice returns to work. An announcement of this major grant is planned for the White House Conference.
- **Controversial Sneaker by Nike:** ONDCP is working on a media event in Houston focusing on Nike's marketing a new sneaker called "the Hemp." The Department also anticipates an event on the Southwest Border with U.S. Attorney Alan Bersin highlighting several major drug seizures at the border. The director will travel to San Diego for this announcement when it is finalized.

DEPARTMENT OF EDUCATION

- **Shutdown:** The Department remains largely closed due to the lapse in appropriations for its activities.
- **Newsweek Interview:** Secretary Riley is scheduled to be interviewed by Newsweek magazine on Friday, January 5. The interview will focus on 1996 election campaign issues.
- **National Science Standards:** The Secretary is tentatively scheduled to participate in a press conference on Tuesday, January 9, to review the National Science Standards.
- **OECD Conference:** Secretary Riley will travel to Paris on January 15-18 to participate in the Organization for Economic Cooperation and Development Education meeting. The Meeting will provide an opportunity for education ministers to recommend priorities for OECD's international work over the next five years. While in Europe Secretary Riley will also visit Department of Defense schools in Germany. The Secretary will return to the United States on January 19.

DEPARTMENT OF TRANSPORTATION

- **Grade Crossing Safety Task Force:** The Secretary travelled to Chicago on January 2-3 to attend a meeting regarding improving safety at highway-rail grade crossings across the nation. While there, he toured the accident site in Fox River Grove and met with local officials. At the public meeting, the Secretary heard firsthand from individuals, public officials, and technical experts on ways to improve safety at the nation's 280,000 highway-rail crossings. This was the second of three planned meetings to discuss this issue. Previously, on December 19, the Task Force held a meeting in Raleigh, N.C. The next meeting is scheduled for Los Angeles on January 5.
- **American Airlines Accident, Cali, Colombia:** The on-site accident investigation activities of the American Airlines Boeing 757 have been completed in Colombia. Present activities include analysis of the voice and flight recorder data and air traffic control tapes. The forensic test conducted by the Colombian Government Forensic Institute of Legal Medicine indicated the presence of alcohol in the remains of the captain of the flight. The level of

alcohol content and the reason for the alcohol have not been determined. Tissue and fluid samples from the pilot are being brought to Washington, D.C., by a Colombian pathologist on January 4. Additional forensic testing to confirm the presence of alcohol will be conducted on January 5 at the U.S. Armed Forces Institute of Pathology under the supervision of the Government of Colombia. Representatives from the Federal Aviation Administration and the National Transportation Safety Board will participate in the tests.

- **Federal Express Strike:** The labor dispute between the Airline Pilots Association (ALPA) and Federal Express is continuing, although ALPA has ceased its efforts to disrupt Fed Ex service now that the holiday peak period is over. The National Mediation Board (NMB) members, who are continuing to work even though agency staff are furloughed, are attempting to reach a resolution. A critical meeting of the parties is scheduled for January 8. We will stay in touch with the NMB to determine if we can help move things along.
- **International Aviation--U.S. - China:** On December 23, United States and China delegations meeting in Beijing, successfully concluded an international aviation agreement that provides for significant new opportunities for U.S. - China air services. The agreement clears the way for Northwest to begin Detroit-Beijing nonstop flights next April--the first nonstop passenger flights to China by a U. S. carrier. It also provides opportunities for U.S. carriers without direct services to China, to code share with the Chinese. China obtained the right to designate China Southern as China's third passenger carrier serving the United States.
- **NAFTA:** On December 21, the Department met with representatives from the Mexican Department of Transport following the Secretary's announcement on December 18 that new applications from Mexican carriers for operating authority would not receive final processing pending further consultations on safety issues. This meeting focused on a discussion of U.S. concerns, objectives for the consultative sessions to follow, and a possible agenda for the next meeting. The Department has since formulated an enhanced international motor carrier safety strategy which we are proposing to use as a basis for future consultations. This strategy is currently undergoing interagency clearance. A date for the next consultative session has not yet been fixed, but is expected within the next two weeks.
- **Senate Confirmation of Appointees:** On December 22, the Senate voted to confirm Gail C. McDonald as the Saint Lawrence Seaway Development Corporation's Administrator and Nancy McFadden as DOT's General Counsel. Secretary Pena swore them in on January 2. No action was taken on the nomination of Charles Hunnicut as Assistant Secretary for International Aviation.
- **Fuel Economy Standards:** On December 26, the National Highway Traffic Safety Administration (NHTSA) issued a proposed standard for light truck average fuel economy for model year 1998. The level proposed is 20.7 miles per gallon, the same as the level set for 1997. In view of constraints imposed by Congress in the Department's FY 1996 Appropriation Act, which affects NHTSA's ability to increase fuel economy levels, the agency is not proposing standards beyond model year 1998.
- **Franchised Toll Road Opens in California:** The SR-91 Express Lanes Project is the first to be built in California under a state franchise agreement, which authorizes highway

construction from private funds. SR-91 is the primary link between two of the fastest growing counties in the U.S., Orange and Riverside. The \$126 million, four lane toll facility was built in the median strip of State Road 91. It features automatic vehicle identification that makes toll collection possible without stopping vehicles. Tolls are on a sliding scale, based on time of day usage. Drivers on the toll lanes can cut 20 minutes off the 10-mile trip during peak hours. The franchise agreement allows CALTRANS to enter into agreements with private entities to develop transportation projects without expenditure of state or federal funds. The private entities pay all costs and in turn, are granted exclusive development rights and can receive toll revenues for up to 35 years.

- **Migrant Interdictions:** Over the past week, 29 Cubans, 195 Haitians and 22 Dominicans were interdicted by the Coast Guard in the Caribbean.

U.S. TRADE REPRESENTATIVE

- **Monitoring and Enforcement Office:** In a speech at the National Press Club organized by the Center for National Policy, Amb. Kantor formally announced the creation of a Monitoring and Enforcement office within USTR. The formation of this unit is intended to ensure that U.S. trade laws and U.S. rights under international trade agreements are enforced and that these benefits are manifested in increased economic and job opportunities for the U.S.

U.S. INFORMATION AGENCY

- **Public Opinion:** During the week of December 27 - January 3, USIA produced four reports from the first-ever public opinion polls in Bosnia. These four reports underscore the difference in attitudes among the Bosnian Serbs Croats and Muslims on a variety of issues. The primarily Muslim population in Zenica strongly supports the Dayton accords and a majority believe that lasting peace is possible. Bosnian Serbs oppose the establishment of a Bosnian-Croat Federation. 86% strongly support the formation of a separate Serb republic in Bosnia. At the same time the Zenicans strongly support a single Bosnian state and a unified Sarajevo and strongly oppose a Serb republic. Serbs also disagree with other Bosnians about the IFOR troops and US in Bosnia/ While Muslims and Croats support the IFOR by large majorities, only 29% of Bosnia Serbs give the troops even lukewarm support.
- **Media Reaction to Bosnia:** Reports from around the globe continue to praise the US role in Bosnia, but warn against making concessions to Serb demands.
- **Media Reaction to Shutdown:** Foreign commentators remain incredulous at the inability of the Administration and the Congress to resolve their differences. They remarked widely on the "chaos" and "embarrassment" caused by Washington's inability to pay for services and salaries both at home and abroad. Analysts also noted the apparent boost your handling of the crisis have given your re-election chances since the American public, according to polls cited in many commentaries, blames the Republican led Congress for its inconvenience. Many observe that such an impasse will result in your being re-elected because of public fears of a Republican-led Administration.

GENERAL SERVICES ADMINISTRATION

- **Testimony on the Issue of Executive Travel:** Last Friday GSA provided testimony before the Government Reform Committee of the House on the issue of senior executive travel. The Subcommittee was critical of Secretary O'Leary, David Watkins and some members of the Pentagon. GSA was called upon to account for a travel reporting system and whether change in the law were needed.

DEPARTMENT OF AGRICULTURE

- **Farm Bill Update:** Because of the budget debate, Congress failed to pass a farm bill in 1995. Much of the legislative authority for farm programs expired at the end of 1995. Thus, producers face much uncertainty at a time when they will soon be making planting decisions and seeking credit. Under the conference bill, producers would receive a fixed payment, regardless of market prices (the so-called Freedom to Farm provisions). The Administration has been critical of the proposal because it pays producers too much when prices are high and not enough when prices are low.
 - Without a new farm bill, the provisions of so-called "permanent" statutory authority take effect and would mean radical changes in certain commodity programs from recent years. Because of the confusion in the press over what constitutes "permanent" authority, Secretary Glickman announced today potential program provisions for the 1996 crops that would take effect in absence of new farm legislation.
 - Because of high prices, producers of many program crops are required under current law to repay their advance deficiency payments they received for 1995 crops. Under the Freedom to Farm proposal, these repayments would be paid back to farmers in the form of 1996 crop payments. To defuse potential criticism, the Administration announced in December that it would allow farmers three years to repay and would forgive interest for distressed farmers.
- **Food Safety and Inspection Service to Reorganize:** Next week, the USDA Food Safety and Inspection Service plans to announce a proposal to reorganize in order to reallocate resources toward "front-line" inspection, while staying within budget constraints. The proposal would streamline the agency's Washington, D.C. headquarters office and replace its current 46 field management offices with 18 district offices and a technical services center. This reorganization is part of the Administration's streamlining efforts.
-  **AmeriCorps/National Service:** USDA continues to gather year-end data on the success of the first year (1994-95 program year) of its AmeriCorps program. USDA AmeriCorps members in anti-hunger projects cooked and served 40,155 meals at soup kitchens, implemented 51 new sites for the Summer Food Service Program that fed 40,912 children, provided 391,542 people with donated food, gave 25,257 food safety and nutrition presentations to students and senior citizens, and aided 152 community gardens.
- USDA AmeriCorps members serving in rural development projects also helped 390 low-income families to secure new homes, 3,484 families to obtain running water or modern bathrooms for the first time, more than 100 counties to improve their emergency preparedness and response, and 867 families to repair health and safety hazards in their

homes.

DEPARTMENT OF THE INTERIOR

- **Today Show Piece on Mt. Rushmore:** On Thursday, the Today Show aired an interview from Mt. Rushmore with a local rancher, Art Oakes, who donated \$20 per day to keep the lights on the faces at Mt. Rushmore turned on through the Christmas holiday season. The President of Presidential Savings Bank in Maryland was also interviewed; the bank has now pledged to donate funds keeping the lights on for the duration of the shutdown, as the bank's logo is Mt. Rushmore. Unfortunately, the local rancher placed the blame for the shutdown on President Clinton, and the piece ended with Mr. Oakes asking the President to call off his "war on the west"
- **Interior Budget Status:** Thursday the House failed to override the veto of the FY 1996 Interior and Related Agencies Appropriations bill by a vote of 239-177. The bill had twice been returned to Conference because of objectional and extraneous language provisions that suspended environmental laws, reduced environmental protection and provided insufficient funding to American Indian programs and natural resources.
- **MMS:** At the request of the White House, The Department of the Interior is assisting in negotiations with staff of the Senate Energy and House Resources Committee regarding the oil and gas royalty simplification. Interior believes they are close on a number of issues, and will continue to provide updates as the talks progress.
- **Twin Cities Bureau of Mines Closing:** Senator Paul Wellstone called to request a 90-day extension to keep open the Bureau of Mines office in the Twin Cities beyond the scheduled closing date. Secretary Babbitt advised the Senator that he must obtain an executed agreement to take over the office's function. The Secretary expressed his willingness, if that were to happen, to talk with the appropriate Committees in Congress to obtain enough funding to keep the Twin Cities office open long enough for the transfer to happen. However, Secretary Babbitt mentioned that he was not confident such intervention on his part would be successful with those Committees.

DEPARTMENT OF ENERGY

- **GAO Travel Report.** The House Commerce Subcommittee on Investigations and Oversight today held a hearing on a General Accounting Office report concerning two trade missions led by the Department. The GAO expressed concern about a bookkeeping system that the Department inherited, which has been in place for decades (and was not fixed by previous administrations or previous Secretaries of Energy), but has been fixed by Secretary O'Leary. The GAO report states clearly that the Department has corrected the problem.

Republicans used the hearing to denounce the Department, while Democrats used the hearing as an opportunity to focus on the fact that the Government shutdown was in its 20th day and cost \$40 million per day. Significant media attendance at the hearing means that stories will be filed on this issue during the next few days. The Department will continue to downplay

the significance of the accounting problems addressed in the GAO report and will focus on the importance of these trade missions for creating jobs for U.S. companies.

- **Signing of Agreement with Israel Energy Minister:** Secretary O'Leary will sign an agreement with Israel's Minister of Energy on January 25. The agreement establishes a framework for collaboration in energy technology areas such as fossil energy; electric power production and transmission; renewable energy; and energy efficiency. The Minister is also interested in exchanging views on energy issues of mutual interest.

DEPARTMENT OF STATE

- **Former Yugoslavia:** With respect to civilian implementation of the Dayton accords, there are a number of indications of movement. Both Bildt and his core team of about ten finally arrived in Sarajevo on January 3 to set up their operation. Another positive sign is that there is agreement with Bildt on the role of an American deputy to the High Representative, Jack Covey.

- **Turkish Elections:** The December 24 election was inconclusive; the Islamist-oriented Welfare Party emerged with a narrow plurality and twenty more parliamentary seats than either PM Ciller's True Path Party or Mesut Yilmaz's Motherland Party. Ciller and Yilmaz are moving arduously toward a coalition to block the Welfare Party, but a new government may not be in place for a month or more. While Bosnian issues should continue to move forward, it will be difficult to advance important bilateral interests with strong political dimensions, such as Cyprus, CFE, and renewal of the mandate for Operation Provide Comfort.

- **Burundi:** The situation has calmed over the last ten days. The Embassy's emergency action committee believes the latest threat was directed towards NGOs in northern Burundi, possibly to reduce the NGO population so the Burundian army can conduct a campaign of intimidation without international witnesses.

- **Israel-Syria Talks:** Secretary Christopher is pleased by the progress the negotiating parties have made during discussions at the Wye Conference Center in Maryland. On January 5 Secretary Christopher joined the negotiators for a final read-out before his trip to Israel and Syria next week. While a great deal of work remains to be done before there is a breakthrough, it is extremely encouraging for him to be back at the table.

- **North Korea:** On December 26, the DPRK released the crew of a South Korean fishing boat captured last spring when it strayed in North Korean waters. At South Korea's request State raised this issue in their latest contact with North Koreans in New York. The release was one of the conditions laid down by the ROK for the resumption of food aid talks, and ROK FM Gong indicated that Seoul may consider resumption of food aid shipments. In another quick response to an issue raised in New York, North Korea agreed to send a mixed civilian-military delegation to Hawaii on January 10 for talks on the return of the remains of U.S. missing-in-action from the Korean War.

- **Europe/Middle East Trip:** Secretary Christopher will travel to Paris on January 8 to attend the Conference on Assistance to the Palestinians, and from there will return to the Middle East to work to further our progress on the Syrian track of the Middle East peace process.

CENTRAL INTELLIGENCE AGENCY

- **Imagery Cooperation with France and Germany:** President Chirac has responded favorably to the President's request that we explore jointly with France and Germany transatlantic cooperation in the area of space-based reconnaissance. Accordingly, Under Secretary Tarnoff and Director Deutch will travel to Paris late this month to meet with the French and Germans to examine the possibilities of such cooperation. CIA also hopes to impress upon President Chirac the advantages of working with the US in the development of electro-optical imaging capabilities because of the US' extraordinary lead in this technology. This will be a challenging mission because of the Franco-German decision in December to proceed with the development of European-only electro-optical and radar satellites.
- **DCI Trip to Latin America:** Director Deutch will travel to Latin America in late January to reinforce our cooperative relationship in counter-narcotic initiatives with a number of key states. He will meet with the Presidents and senior counter-narcotic officials of Columbia, Panama, Mexico, and possibly Bolivia as well as key country team officials. In Panama he will meet with General McCaffrey to discuss counter-narcotic programs and overall intelligence support to the US military. He will be accompanied by the Director of the Defense Intelligence Agency and the Deputy Administrator of the Drug Enforcement Agency.
- **Improving Overseas Coordination:** George Tenet and Louis Freeh have initiated a series of meetings between CIA and FBI officials to improve our overseas cooperation. In late January they will convene a conference of selected Chiefs of Station and Legal Attaches from European and Near Eastern capitals in order to deconflict certain activities, particularly in regard to respective liaison relationships. This unprecedented coordination between the two organizations has drawn universal praise from all involved.

UNITED NATIONS

- **Eastern Slavonia:** Jacques Klein, the U.S. nominee for the post of transitional administrator in Eastern Slavonia, met with the UN officials last week and is expected to brief the Council on his trip to the region early next week. The Council must adopt a resolution authorizing a UN force Eastern Slavonia to follow-up on the Basic Agreement by January 15. Although the Eastern Slavonia mission is critical to the success of IFOR, UN has not yet recruited sufficient troop contributors to make a mission there viable.
- **Croatia:** The Council will respond, within the next several days, to the Secretary-General's report on Croatian human rights against Croatian Serbs. The Russians have circulated a draft resolution condemning the Croatian abuses; the Germans advocate a weaker Presidential Statement on the grounds that a resolution would create a "false equivalence" with the atrocities committed by the Bosnian Serbs in Srebrenica and Zepa. The United Nations is

sensitive the "false equivalence" but, believe that the Security Council must respond in a serious fashion to the Secretary-General's report.

- **New Members:** The five new members of the Security Council -- Egypt, Guinea-Bissau, Poland, Chile and Korea -- took over from the outgoing members -- Oman, the Czech Republic, Argentina, Nigeria and Rwanda -- at Midnight December 31. The U.S. Mission has been working with the new missions for several months to highlight our priorities and prepare them from the work of the Council.
- **Iraq:** The Council will review the sanctions against Iraq on January 5th. We expect a routine renewal of the sanctions.
- **Georgia:** The mandate for the UN observer mission in Georgia expires January 12. Washington has not yet decided, however, whether to support a full extension or limited rollover.
- **Budget Busters:** The formal session of the General Assembly ended on December 22 with a breakthrough on the UN budget. Following a dramatic eleventh-hour negotiation, member nations unanimously adopted, for the first time in its history, a negative nominal growth budget which would roll back the level expenditure for the coming biennium only by a slight amount in comparison to that of the current one. This new budget represents a significant success for our reform agenda. More importantly, its unanimous adoption reflects the understanding, by a majority members states, that reform and revitalization are urgently needed.

OFFICE OF PERSONNEL MANAGEMENT

- **Government Shrinkage:** In October, the total number of federal employees on-board fell below two million for the first time since 1965. OPM has suggested this as a key line in the State of the Union Message, following up on the President's promise in last year's message to do substantial downsizing.

DEPARTMENT OF DEFENSE

- **Former Yugoslavia Republic:** Deployment of the U.S. Contingent in IFOR continues and has not yet been seriously delayed by the weather and flood challenges. The Bosnian Serbs' seizure of Muslim civilians as potential hostages is a worrisome situation that might develop into the first challenge to IFOR's enforcement of the peace settlement. In general, however, the parties are complying with the terms of the settlement. Two important unresolved issues are the restructuring of the UN force in Croatia, to make it larger and more effective, and the negotiation over Croatia giving up the Prevlaka peninsula in return for a deeper hinterland behind Dubrovnik.
- U.S. forces and continue to flow into the U.S. sector in and around Tuzla. Over 16,000 military personnel are now deployed in the Area of Operations: over 4,000 are deployed in Bosnia-Herzegovina, and over 6,600 in Hungary. In addition, the U.S.S. America Carrier

Battle Group, with Carrier Air Wing One, the Wasp Amphibious Ready Group, and the 26th Marine Expeditionary Unit (Special Operations Capable) are operating in the Adriatic supporting Operation Joint Endeavor.

- **Defense Authorization and Pay Raise:** Following the President's veto of the Defense Authorization Bill and the signing of the Executive Order to provide for a 2 percent increase in military pay, the Senate has passed legislation which would provide the full 2.4 percent increase in basic pay and a 5.2 percent increase in the basic quarters allowance for military personnel. This legislation contains the identical provisions for military pay and allowance which were contained in the Defense Authorization conference report. The House failed to override the President's veto of the defense Bill this week. The House will attempt to address the pay issue separately, but at this time the prospects are uncertain.
- **Speeches:** Secretary Perry will deliver the inaugural Les Aspin Memorial Lecture at the Washington Institute for Near East Policy on Tuesday, January 9.
• Secretary Perry will also address the Marshall Legacy Symposium, jointly sponsored by the White House and George Washington University on Tuesday January 9, and dedicated to Joe Kruzel, Bob Frasure, and Neslon Drew.

cc: The Vice President
Leon Panetta
Harold Ickes
Erskine Bowles
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams
Michael McCurry
Doug Sosnik
Marcia Hale
Donald Baer
Ron Klain

THE WHITE HOUSE

WASHINGTON

January 8, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HPH*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- 1/8/96
- (A) **Les Samuels Update on flat tax.** Via Rubin. Republican proposals -- Forbes is running on an undefined flat tax. The Kemp Commission, whose report comes out this week, appeared early on to favor an Arme-y-Shelby type proposal, but is now expected to endorse the flat tax principle, without specifics. Treasury analysis of Arme-y-Shelby -- At a 17% rate, flat tax would lose \$138 billion annually when fully phased-in. It would be revenue neutral at 20.8%, but would raise tax burdens between 1.6% and 86.3% for those with income below \$200,000, while cutting taxes 37.1% for families with income over \$200,000. Greenberg poll -- A majority supports the flat tax as fairer, but that support drops sharply as soon as people are informed that it would increase taxes on middle income families and tax only wages and NOT dividends, interest and capital gains. Alternatives -- Treasury is working on proposals for a simplified income tax with lower rates with a broader tax base.
- (B) **USIA face-to-face opinion surveys in central Bosnia.** Via Tony. Surveys took place in Sarajevo, Tuzla and Zenica. Overall less than 20% favor continued fighting (those directly affected by war were most in favor of more fighting). Refugees -- two-thirds of those in central Bosnia and the predominately Bosnia Croat region support the return of refugees; Bosnian Serbs oppose. Bosnian state and reunified Sarajevo -- overwhelming majority of Muslims and most Bosnian Croats support, but very few Bosnian Serbs. Indicted war criminals -- over 80% of Muslims think exclusion of indicted war criminals from politics is insufficient, and 62% of Bosnian Croats concur, but Bosnian Serbs think this punishment is sufficient (37%) or unjust (40%). NATO impartiality -- 96% in Tuzla, 85% in Zenica, support IFOR (over 90% think it's important to include Americans); Large majorities in Tuzla (81%) and Zenica (69%) think IFOR will be impartial, but 94% of Bosnian Serbs disagree.
- (C) **December 18 Polling Report re Bosnia, and "learning on the job".** Time/CNN (38-55%) and AP (30-57%) show majorities against sending troops, but when University of Maryland asked detailed question explaining purpose and nature of mission, this swung dramatically to 50-47% support. Time/CNN also found most (60-27%) don't believe mission will be successful. And AP found majorities don't believe Bosnia is very important to U.S. interests (52-38%), that saving lives of Bosnian civilians is

96 JAN 4 09:23
20 December 1995

MEMORANDUM TO THE PRESIDENT

CC: Leon Panetta
Doug Sosnik
Karen Hancox

From: Harold Ickes *HI*

Re: Recent polling numbers on Bosnia

Attached are polling results from three different polling organizations about Bosnia. These results were reported in The Polling Report of 18 December 1995.

Also attached are the results from a 2000 person nation wide survey recently conducted by NBC News/The Wall Street Journal (Hart/Teeter) captioned "Clinton: Learning on the job?".



The Polling Report

Vol. 11, No. 24

AN INDEPENDENT SURVEY OF TRENDS AFFECTING ELECTIONS, GOVERNMENT AND BUSINESS

December 18, 1995

Virginia

The Road Back: A Democratic Prototype

by Alan Secrest, David Walker and Joe Bates

In a region famous for its ostensible devotion to "lost causes," Virginia voters have helped resuscitate what had widely and errantly been regarded in late 1994 as the most notorious lost cause in modern politics: the Democratic Party in the South. The 1995 election cycle hardly constitutes a Republican Waterloo. But, given the expectations leading into November, and recent political history, the 1995 results shattered the GOP's seeming invincibility in a region they now claim as their own.

The Background

In 1993, Republican George Allen destroyed his opponent in the governor's race, Attorney General Mary Sue Terry, and brought his party within a plough-length of winning the first Republican southern legislature since Reconstruction (post-1993 line up: 52 Democrats, 47 Republicans in the House; 22 Democrats, 18 Republicans in the Senate). Most ominously, the Republicans *averaged* gains of 2 to 3 seats in the last six election cycles. In other words, simply by batting for average, the Republicans could reach their dream of an historic takeover.

In 1994, Allen successfully fought to fulfill his mandate, which was to fight crime, with little opposition from (white) Democratic incumbents in the General Assembly. Voters rewarded the Governor's legislative victories with a 64% positive job rating in December of 1994 and substantial political momentum entering a potentially fateful election year.

Had Gov. Allen stayed faithful to his mandate, he

Continued on page 6

Alan Secrest is president of Cooper & Secrest Assoc., a polling firm in Alexandria, Va. David Walker is a senior analyst and Joe Bates is an analyst with the firm. Their Virginia clients include the Democratic House Caucus and several individual Democratic state legislators.

Keeping the Peace in Bosnia

Yankelovich Partners for Time and CNN. Dec. 6-7, 1995. N=1,000 adults nationwide:

"Do you think President Clinton is doing a good job or a poor job handling the situation in Bosnia?"

	Dec. %	Oct. %
Good job	43	38
Poor job	43	37
Not sure	14	25

"Do you approve or disapprove of President Clinton's decision to send 20,000 U.S. troops to Bosnia as part of a NATO peacekeeping force of 60,000 troops to enforce the peace agreement reached by the groups who have been fighting there?"

	%
Approve	38
Disapprove	55
Not sure	7

"In your view, will the NATO peacekeeping force—which includes 20,000 U.S. troops—be successful in establishing a long-term lasting peace in Bosnia, or don't you feel that way?"

	%
Will be successful	27
Don't feel that way	60
Not sure	13

"Do you think President Clinton has or has not adequately explained why he decided to send U.S. troops to Bosnia as part of a peace-keeping force?"

	%
Has	47
Has not	43
Not sure	10

The Associated Press Poll taken by ICR Survey Research G. Nov. 29-Dec. 3, 1995. N=1,016 adults nationwide:

"Do you favor or oppose sending 20,000 U.S. ground troops to Bosnia as part of a NATO peacekeeping force?"

	%
Favor	30
Oppose	57
Don't know	14

"Do you think the situation in Bosnia is very important to the interests of the United States, or not?"

	%
Yes, very important	38
No	52
Don't know	10

Continued on page 6

"Do you think saving the lives of civilians in Bosnia is worth putting U.S. soldiers at risk?"

Yes	37
No	51
Don't know	13

"Do you think the United States is heading for a drawn-out military involvement, like in Vietnam, or do you think the United States will avoid that kind of involvement this time?"

Long involvement	35
No long involvement	55
Don't know	11

Program on International Policy Attitudes, University of Maryland.
Nov. 22-25, 1995. N=722 adults nationwide:

"As you may know, in Dayton, Ohio, the leaders of the conflict in Bosnia have come to a peace agreement. In addition to ending the fighting, the peace agreement includes provisions for redistributing land, stopping ethnic cleansing and holding elections. The agreement is to be enforced by 60,000 well-armed troops under an American NATO commander and with UN approval. The U.S. has committed to contribute one-third of these troops, with the other two-thirds to come from other countries, mostly European. Some members of Congress, though, are against contributing U.S. troops. Do you favor or oppose contributing U.S. troops to this operation?"

Favor	50
Oppose	47
Don't know	4

If "oppose" or "don't know": "What if the parties to the conflict will only go forward with the peace agreement if the U.S. contributes troops to the enforcement operation? Would you then favor or oppose contributing U.S. troops?"

Favor	31
Oppose	60
Don't know	8

"Imagine that in the course of carrying out this operation over the next year there is an incident in which 50 American soldiers die fighting in a confrontation with a rogue band that resists the peace agreement. But overall, the operation succeeds in maintaining the peace and stopping ethnic cleansing. Do you think that you would then feel that in contributing U.S. troops to the operation the U.S. had made a mistake or had done the right thing?"

Made a mistake	32
Did the right thing	60
Don't know	7

might have avoided this political requiem. Instead, he sought to engage the Democrats with a series of bills designed, essentially, to provoke the Democrats into a confrontation, including a \$2.1 billion tax cut that necessitated deep cuts in education, seniors programs, and even law enforcement. This ideological overreach and legislative hubris would ultimately cost Allen his unspoken but paramount goal of a national stage.

The Campaign

Every delegate and senate race, of course, proceeded at its own pace and revolved around unique issues and circumstances. And there is a danger in drawing final generalizations about the 97 contested legislative races in Virginia. Still, our pre- and post-election polling makes clear there are a number of dynamics common to most of the races that contributed, in varying degrees, to the Democrats' success:

Gov. Allen's reckless proposals played a pivotal role in galvanizing

Continued on right

Clinton: Learning on the Job?

NBC News/Wall Street Journal Poll conducted by the polling organizations of Peter Hart (D) and Robert Teeter (R). Dec. 1-5, 1995. N=2,007 adults nationwide:

"During the past year or so, do you think Bill Clinton's performance as president has improved, has gotten worse, or has not changed either way?"

Improved	46
Gotten worse	12
Not changed either way	41
Not sure	1

"If Bill Clinton is reelected to a second term in office, do you think he will do a better job in his second term than in his first, will do a worse job, or will do about the same job?"

Better	43
Worse	11
About the same	43
Not sure	3

Random Samples

NEW YORK

GOP Gov. George Pataki's job rating has reached a new high in the Quinnipiac College Poll; 46% of New York State registered voters approve of the job he is doing, while 40% disapprove. When asked to name Pataki's greatest achievement in his first year as governor, enactment of the death penalty topped the list, with 18%. Education cuts (8%) and the death penalty (7%) were cited most often as the worst thing Pataki has done in office. (Quinnipiac College Poll; Nov. 30-Dec. 5, 1995; N=1,044 New York State reg. voters.)

NEW YORK, NEW YORK

Just 35% of New York City's registered voters rate the job Rudolph Giuliani (R) is doing as mayor as excellent or good, down from 51%

a year ago. Among all adults polled, a 54% majority say things are going in the wrong direction in New York City; 34% think things are going in the right direction. (Marist College Poll; Nov. 27-28, 30, 1995; N=612 New York City residents, including 450 reg. voters.)

RUSSIA

Fifty-eight percent of Russians say their personal economic situation is worse than it was a year ago, according to a survey for U.S. News & World Report. Looking ahead, just 9% believe they will be better off a year from now. The poll finds Russians divided on American influence on their country; 42% say the U.S. has a positive influence, 45% say it has a negative influence. (The Tarrance Group and the Institute for Comparative Social Research, in Moscow, for U.S. News & World Report; Nov. 2-13, 1995; 1,076 Russians nationwide, interviewed in person.)

THE PRESIDENT HAS SEEN

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Hearst Newspapers

Handwritten: Mr. Byrd
A.S. Co
S. J. Byrd
11/8/96

Handwritten: C. J. Byrd
Dorance

1887

100 Years
of Making
Communications
History

1987

Marianne Means
Washington Columnist
Hearst Newspapers
King Features Syndicate
December 22, 1995

Washington Bureau
1701 Pennsylvania Avenue NW
Washington DC 20006
202 298-6920

An Operating Group of The Hearst Corporation

President and Mrs. Clinton
The White House
Washington, D.C. 20500

Dear Mr. President and Mrs. Clinton:

Thank you so much for including me in one of your Christmas parties this year. It is always such an honor - and I mean that, even as a cynical journalist - to enjoy the beauty of the people's house and the hospitality of the First Family during the holidays.

When I went through the photo line, I thanked you for something else that is more important. But because time was short and you had many hours of standing there ahead of you it was not the place to talk. Hence this letter.

I am so proud of you for standing up on behalf of Medicare. Not just holding back the deepest cuts but defending the very concept of the system. Sen. Bob Dole was wrong: it HAS worked, and worked fabulously. It has prolonged American lives and saved millions from bankruptcy.

I don't think most voters understand that not just numbers are at stake in this issue but the existence of the most basic safety net for the middle class.

I was the Hearst Newspapers White House correspondent during the Kennedy and Johnson administrations. I covered much of the battle for passage of Medicare and Medicaid. The Republicans and conservative Southerners, in thrall to the doctors and insurance industry and constipated by their ideology, were opposed to it then, and still are.

I was there in the Cabinet room when President Johnson finally forced old Harry Byrd to publicly agree to letting it come to a Senate vote. Johnson made it sound as though Byrd were humanitarian of the century; the senator, who had resisted for decades, did not have the grace to be embarrassed.

Johnson managed it only by making the passage of Byrd a priority, milking the fresh emotions of the Kennedy legacy - and paying a heavy political price. He had to abandon cost controls.

Johnson was well aware this meant trouble ahead. "The important thing is to get the concept on the books," Johnson told me. "We can worry about the details later."

He was right, but of course hardly anybody got around to worrying about the financial details later, as you both know all too well.

It appalls me that the Republicans want to undercut and eventually destroy Medicare, let alone Medicaid, without adequate public debate over the merits of their privatization scheme. It took thirty years to put Medicare in place; it should not be wiped out for a mess of potage in a political nanosecond.

If the subject were fully aired, I feel confident the whole revisionist scenario would be handily rejected by voters. Give us the minor problems in a system we know and trust, backed by the federal government, rather than a return to the days of insurance scams and impoverishment in old age.

I have written about this, but editors pick and choose which of my columns to run, and this subject is among their least favorite. Alas, I have not been able to make it exciting; this is no doubt one of your problems too.

A small disclaimer for the record: my husband is ill and our medical bills are horrendous. But he is in my Hearst medical plan, so we are not dependent upon Medicare. Yet.

I just wanted you to know that on this subject you both have a big fan and I hope that you will not get discouraged. In the long sweep of history, Johnson's failure in Vietnam will be balanced by his foresight and political skill in giving Americans the financial stability of Medicare and Medicaid. I hope your own reputation will come to be based partly on KEEPING the system he won for us.

May your new year be successful in every way.

Sincerely,

*Marianne
Means*

THE PRESIDENT HAS SEEN
1/8/96

THE WHITE HOUSE

WASHINGTON

January 5, 1996 96 JAN 5 P5:58

MEMORANDUM TO THE PRESIDENT

FROM: DONALD BAER
MICHAEL WALDMAN

SUBJECT: Foreign policy memoranda

Attached are five additional memoranda solicited by Tony Lake on State of the Union themes.

Thaler
1. worked some
good thing
BS



Hodding Carter

A TELEVISION PRODUCTION COMPANY

Dec. 19, 1995

FROM: HODDING CARTER
Fax: 202-293-3187

SUBJECT: Foreign policy speech ideas,
assuming a college audience

- 1) The Internet and the World Wide Web as realities and phrases are a handy launching pad for a discussion with this age group---and by extension, the nation. Inter and net, world-wide and web, these are the phrases of global community, a community growing by the hour, a community from which there will be no turning back, barring some spectacular technological collapse or virus. But these are also called "virtual reality" for good reason.
- 2) There are also flesh and blood realities out there from which there is no turning back, except to international anarchy. Among them are American troops in Bosnia, free elections and the peaceful transfer of power in Haiti and the race between unprecedented peace and all too familiar terrorism in the Middle East.
- 3) It is not that we are or should be the world's policeman. We have acted in concert with friends and allies in all these matters, and many more. But we have been proving that there is a flip side to that wise admonition by the late Sen. William J. Fulbright against the "arrogance of power." That was the promiscuous abuse of might simply because it was there to be used. But there is another kind of arrogance. It arises when a nation is uniquely able to guide others to peace or prevent still others from waging aggressive war---and turns away. It is the equivalent of the neighbor who draws the blinds and covers his ears rather than respond to the cries for help from the person next door who is being assaulted.
- 4) Most of us live our lives in close communities seemingly untouched by the depredations of war criminals in distant lands or economic turmoil in less developed nations. The acronyms of Washington's daily conversation---NAFTA and GATT, APEC and OSCE---often come across as so much Latin. But in our hearts and daily lives, we know better. Those acronyms can mean the difference between profit and loss for downtown merchants; between higher and lower prices for consumers. In

my home state, the cotton and rice and soybean farmers depend on them. So do mothers and fathers and wives and husbands whose loved ones are in the armed forces. All those acronyms represent portions of the daily web that makes economic progress and peaceful coexistence possible.

5) A few years ago, Afghanistan was just another word for irrelevant. Kuwait was somewhere out there with sun and sand and camels. Computers were for nerds. So much for what once seemed so clear.

6) But some of what became clear over 50 years ago remains crystal clear today. There is no possibility of global peace and stability without the active participation of America. What is no less clear is that we have met each new challenge over those years in ways that have buttressed national security---the government's first responsibility---while advancing democracy around the globe. (Cite figures.)

7) This is a record in which to take pride, rather than a source of complaint. But yesterday's accomplishments must not be invoked as refuge from today's demands and tomorrow's hopes. Ours is the nation which made real the old dream of collective security. We are the people whose scientific genius and technological innovation are fast creating a new kind of community, one safe both for individual endeavor and collective engagement. Ours must be a nation which continues to measure up to its responsibilities and opportunities in that vast web of nation states whose future---like our own---depends on our active participation.

8) It is as inevitable as it is understandable that we might long for fewer challenges, less complexity. It is only human to wish that the world were less with us---particularly since the problems that beset us at home seem, and are, worthy or more attention than some seem willing to give them. But it is possible to do both, to walk down stairs and chew gum at the same time. What is not possible is for the United States to withdraw into some island fortress, separate from the troubles of others. In far less interconnected times, that illusion led to disaster. Ask the Europe and Asia of the 1930s and early 1940s. As we approach the millennium, only the most feckless or deliberately blind can ignore the meaning and necessity of all those nets---electronic, political and economic---that bind the peoples and nations of earth in ever closer embrace.

9) What I am saying here has been said by every president from Franklin Roosevelt to George Bush. They were stewards of our national duty, and history proved them equal to the task. History asks no less of us. Just as FDR put it some six decades ago, this generation has a rendezvous with destiny. We must not, we shall not, fail to keep it.

Dec. 28, 1995

It's a pretty good idea to ask people for their foreign policy ideas, because nobody has what they all say you don't have, namely, a policy. I don't have one of those things either because I'm now mainly a leader and a fundraiser. Who does that remind you of, a leader and a fundraiser without ideas? Give me a few more years to think about U.S. foreign policy. Meantime, I offer you some idle thoughts that might be useful in constructing a Presidential statement on that subject at this time.

What kind of statement do we (I mean the people, not excluding the attentive public) need now? Not one that has a finished policy and all the answers. Such a speech would be transparently too pat, and yet, full of holes. The speech, rather, should provide a sense of direction. Nor do we need another statement of goals. Everyone is more or less content with democracy and freer markets, whatever they mean by those words. Nor do we need a presidential analysis. Those who can, do; those who can't, analyze.

What we the people what to know, need to know, is where the President is trying to take us. We don't expect him to have all the answers to a new world we still barely understand. But precisely because the rules and rhythms of this new world remain so cloudy, we need to know how the President proposes to deal with the situation.

We Americans want to be in command of our own destiny. And to a large extent, we can be in command of our own destiny even in foreign affairs. Even where our resources now are so clearly limited, our resources exceed all others. Even where power is so dispersed and where our leadership is resisted, we can exercise leadership. Even where nations tug in all different directions, we can set the international agenda. Even when we so badly want to focus on our own internal problems, Americans instinctively understand the need for American leadership and sacrifice -- if the President explains clearly why leadership and sacrifice are important. Given the know-nothing and selfish mood that often seems to prevail in America these days, it is nothing short of amazing that we sent troops to Somalia, Haiti and now Bosnia, that we continue to spend \$260 billion on defense, that we still station tens of thousands of troops abroad.

The President should praise the public's willingness to bear these burdens after 50 years of heavy burden bearing during the cold war. The continued carrying of this load bears testimony to the instinctive understanding of Americans that their future continues to be bound, intimately, to the world.

Never have Americans been so involved in the world from jobs to environment to security. And Americans know this. They will never return to isolationism. But Americans will also kick and scream and resist international action unless the President tells them why it's important and where it's all leading to.

-2-

* [President Truman's message to Congress on aid to Greece and Turkey is a model of a leadership document. In its essentials, it tells Americans what's important, what threatens them and what the President intends to do about those threats and problems.

The Soviet threat was the problem then. Today, there are dozens of problems, each too small to center a policy on; all so numerous and overwhelming, people hardly know where to begin. The President has to help sort out the bigger ones from the smaller ones.

[Security, physical and economic, is the heart of the matter. The stakes are that large. On the spread of weapons of mass destruction and means of delivery, the cancer of terrorism, the growth and openness of markets, does our security still hinge. As these matters go, so we will survive and thrive, or not.

The world also threatens who we are. Thus, Haiti, Somalia and Bosnia. A world where people are slaughtered and nothing done about it, threatens America. If our leaders fail to give the victims a chance to save themselves, Americans will get the message: nothing matters. Such cynicism would destroy American democracy.

[What can the United States do about all these threats and problems? How can we command our own destiny in such a world? There are two ways. First, we can and must lead where only we can lead. Lead means lead, not act alone, except in the rarest of circumstances. Second, we can and must build international and regional organizations, responsible and capable, to tackle other problems and threats. If we fail to develop such organization, we will be condemned to live in a world where everyone's problem is our problem.

The President has to provide this overall sense of direction and leadership. In that context, he should also challenge America's foreign policy thinkers and leaders to fashion answers to particular problems (i.e. NATO expansion, global warming, etc.), solutions compatible with limited American resources. Pundits and experts should be reminded of the pitfalls of easy answers, for one day, they might be called upon to lead themselves. They also need to be reminded that no foreign policy can be sustainable if borne on the backs of needy Americans. Environmentalists should be challenged to make affordable solutions to their problems. * Businessmen can be challenged to back freer trade in the public arena as well as the boardrooms, and to fathom the ultimate connection between rights and their rights. Proponents of missile defense can be challenged to square their demands for hundreds of billions with other security demands.

Well, this missive probably falls very short of what you wanted. But it's all that's in me. May President Clinton's speech far exceed my own offerings. Allbest.

Friday, December 22, 1995

Today at last I got to think two grand thoughts for you on foreign affairs for 1996. (I also got to type them up myself.)

1. The world -- and, especially, the United States -- is in a period of impressive economic expansion sustained by the realization that today there is no major threat to world peace. (Michael Steinhardt, a supporter of the President's, had a good "Outlook" piece on this in The Post a month or so back.)

It is not just that the Cold War has ended -- it could, after all, have given way to other forms of conflict. Nor should we think that the great surges in technology, investment and world trade just happened, all by themselves. These are all responses to a widespread perception that for the foreseeable future the world can turn its attentions to the peaceful development of economic potential that until recently was either closed off or too uncertain a risk.

It is not unrealistic to think about the prospect of a long-term, global economic boom. Such hopes rest, however, on the ability of the world's democratic and social market economies to hold themselves together and to prevent conflict and disorder from threatening the general peace. Given the pace at which events move today, the potential of modern weapons, and the array of malevolent creatures that have crept out from under the melting ice cap of the Cold War, this will take no small effort. It will require the steady exertion of American military, diplomatic and economic leadership. It will require us to sustain the global movement toward democracy and the open economy that brought the Cold War to such a promising close.

Some may have expected that a "peace dividend" in the form of a huge shift of resources to domestic spending from our defense and foreign affairs budgets would come available at the end of the Cold War. We now can see it will be both more wise and more profitable to secure this dividend not by cashing out our investment in world leadership, but by maintaining our leadership at prudent levels -- and reaping the far more substantial rewards of a growing U.S. and global economy.

In sum, the growing global economy is the peace dividend. We need to keep the peace to sustain the prosperity. (We also

need to sustain domestic policies that spread the benefits of the global economy beyond the elites of wealth and knowledge.)

2. The Administration needs to explain to the public at some point why it is important for the United States sometimes to act abroad against assaults on core moral and political principles, even when our physical security may not yet be threatened.

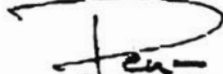
Over and over one reads that there is nothing going on in Bosnia that poses any threat to vital U.S. interests. This requires a very constrained definition of our national interests, rests upon archaic geo-political (as contrasted to information age) thinking, and flies in the face of the great lessons of Twentieth Century history.

The reality -- yes, reality -- is that beliefs and attitudes that ignite in one part of the world send up sparks that can sometimes catch fire in others. The demagogic ethnic hatred and contempt for the civilized world we have seen in the former Yugoslavia may not necessarily spread next door to Hungary or Romania. But the example set by the thugs and ranters of former Yugoslavia could inflame dark minds in many other places in the world that we can easily imagine. Both Fascism and Communism were contagious ideologies and political movements whose appeal leapt across geographic and even cultural borders.

In a world tangled together through electronic communications and the mobility of people, where destructive weapons are too easily available, statesmanship is more and more a matter of gauging which challenges to our values and ideas could grow into threats to our physical security, and how best we should respond to those that might. In Admiral Mahan's time, we were right to think hard about defending the sea lanes. Today we also have to think about the risks that can arrive through other channels.

I hope you and all at the NSC have a very satisfying holiday.

Best,



Penn Kemble



Michael O'Neil

21 December 1995

Washington, D.C. 20505

MEMORANDUM FOR: Kitty Higgins
Don Baer
Cabinet Affairs Office
The White House

FROM: Chief of Staff

SUBJECT: State-of-the-Union Themes and Messages

1. When the President turns to world affairs, he will have another opportunity to underline the need for US engagement and leadership in an increasingly complex post-Cold War world. To meet the challenges of that world, we will need all three legs of national security working more effectively --and more closely together--than ever before. **We will need diplomacy that is engaged, military power that is strong, and intelligence that is alert.** As the President said during his visit to Langley in July: "The intelligence I receive informs just about every foreign policy decision we make. It's easy to take it for granted. But we couldn't do without it." Let me elaborate on how we see intelligence fitting into the current national security picture.

2. The Old and the New. In talking about the "post Cold War world", we assume that this new world can be defined by the era that preceded it. In fact this new world is still in a state of becoming, not yet of being. I believe that history will record the mid-1990s not as a post-war period but as the mid-point of an era of revolutionary upheaval. Even though the single greatest threat to world peace is gone, the nations of the globe still look to us in building a new world. But opportunity still co-exists with uncertainty. Because **unpredictability and surprise are the great dangers** of this new era, the work of diplomats, soldiers--and spies--has never been harder. **All of this accentuates the classic mission of intelligence: to serve as the nation's first line of defense.**

3. Traditional Threats Persist. Although the Soviet threat has passed from the global stage and into museums, intelligence must still worry about traditional aggression that can damage US interests. With rogue states like Iraq and North Korea continuing to threaten our friends and allies, Intelligence Community tip-offs--such as **the warning we provided on Saddam's movement South in 1994**--are needed to help the President head off aggression, as he successfully did on that occasion. With regard to North Korea, the

Intelligence Community's detective work on P'yongyang's nuclear ambitions was a pivotal part of our success in halting a program that would have destabilized a region vital to US interests. Our intelligence officers must also continue to provide comprehensive assessments that help policymakers support positive change in places like Russia and throughout the Former Soviet Union and to encourage peace in areas such as the Middle East.

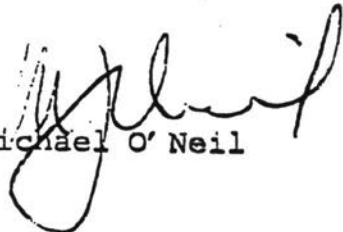
4. **Unconventional New Challenges.** At the same time, we are dealing with dangerous new phenomena, that in many cases **respect no borders and begin to blur the distinctions between protecting our interests abroad and our citizens at home.**

- At least twenty countries already have or are developing weapons of mass destruction--nuclear, chemical and biological--or missile delivery systems. Others are selling or transferring the technology to do this. **Intelligence has successfully uncovered many of these programs in hostile countries such as Libya, Iran, and Iraq.**
- Terrorist groups around the globe, including those attempting to operate within the United States, are showing increasing interest in these capabilities--a trend that obliges intelligence to target a wide range of capabilities--from satellites to spies--on this most difficult of targets.
- These problems, meanwhile, are becoming entwined with the activities of international organized crime, whose annual profits from narcotics and other sources now dwarf the GNP of all but a handful of countries. The successes intelligence has scored in this arena--against the Cali cartel and some very notorious terrorists--are the **by product of unprecedented close cooperation between the intelligence community and law enforcement authorities.**
- Murderous ethnic conflict, which has spanned three continents, and humanitarian emergencies now demand our urgent attention, with Bosnia being the most obvious case in point. **From deploying troops into Bosnia to delivering humanitarian aid in such places as Rwanda, our soldiers and our diplomats must be able to draw on intelligence support critical to saving American lives and defending American interests.**

This list obviously could go on, but the basic point is that the challenges to vital US interests are more complex than ever. Warning time may be short, and the consequences severe.

5. Looking Beyond the Immediate. Intelligence is not just about telling officials--from the President in the Oval Office to the soldier in the field--what they can expect the next day, it's about telling them what they can expect over the next decade. The evolution in the global economy, the continued transformation in China, the information revolution, and the demands to tend to our environment all have implications for future generations. Our intelligence officers must ensure that as we tend to the day-to-day demands to protect our nation and our interests, we never lose sight of the opportunities, challenges, and dangers that await us.

6. A Final Thought. It seems to me that the President, more than anyone else, has recognized the need to revitalize the Intelligence Community. He has instituted a first-ever system to prioritize intelligence requirements for the nation. He has supported strong new leadership. He has supported the need for reform and the actions of Intelligence Community leaders determined to carry it out. As the President prepares to sum up the State of the Union, I believe he can be confident that the Intelligence Community is on the right path and that it will be effectively doing its part to guarantee America's security.


Michael O'Neil

27 December, 1995

I have been considering what points the President might most usefully touch on in addressing foreign policy issues during the course of the next month. Frankly, my sense is that recently the Administration's twin themes of leadership and international engagement in support of peace and freedom have been well-founded and are just beginning to pay some dividends; I would not seek to replace or significantly revise them. Indeed, inasmuch as there remains both at home and abroad considerable doubt about the Administration's steadiness, even small adjustments and initiatives should be introduced in relative quiet. The main task is to continue to strengthen America's capacity to lead. Only consistent policy and rhetoric can do this, whether we are considering either the domestic or the foreign elements of the problem. The temptation to revive rhetorical trade wars in an election year must be resisted.

Substantively, NATO is providing excellent material for the leadership theme currently, and the Administration should take advantage of this. Traditionally the least suspect of our foreign engagements at home, references to it should run through all our discussions with the Europeans as well. We should make sure both Brussels and Moscow (and Washington) know that we will be pursuing our foreign and security policy regarding them always in the context of the Washington Treaty.

X (U.S. relations with the Asian-Pacific countries, particularly Japan and China, are in very bad shape and drifting dangerously from one incident to the next. A strong speech by the President soon setting out America's approach and commitment to the region is essential. Nor should this be dominated by commercial issues. Before the Taiwanese election, the Administration needs to have settled with Beijing what will happen next. A policy and a major speech are the way to start.

It would be nice to give a stronger boost to development and humanitarian assistance programs. My guess is, however, that the rhetoric on development, at least, will have to wait for the most part. The difficulty is the partisan atmosphere this subject creates. Both the Administration and Senator Helms evidently see more advantage in arguing with each other than reaching agreement on any policy. Bi-partisanship is absolutely essential if our policies in Europe, the Middle East and Asia are going to succeed. Unfortunately, it is simply not possible to maintain a bi-partisan consensus on the key parts of foreign policy if a partisan battle royal is running on another aspect. That's the real danger in the inevitably sterile discussion about development; it will take some important hostages down with it. Humanitarian relief will, sadly, sound its own cue; the President evidently knows well how to respond to that one and needs no advice from me.



William H. Taft, IV

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THE PRESIDENT HAS SEEN

1/8/96

THE WHITE HOUSE
WASHINGTON

January 3, 1996

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MEMORANDUM TO THE PRESIDENT

FROM: DON BAER
KITTY HIGGINS
MICHAEL WALDMAN

SUBJECT: Memoranda from the Cabinet

Attached are submissions from Cabinet secretaries on possible themes for the State of the Union.

I mailed some good thing

Thoughts on 1996 State of Union Speech

Major Themes: Continue major theme of "opportunity and responsibility"

1. Increase Emphasis on responsibility

- o Responsibility to others, to society, to America
- o Taking advantage of opportunity requires hard work
- o Use concepts such as performance, accountability, standards, respect for others, discipline.

2. We are emerging into a new post cold-war, post balanced-budget era. We need to position America to be a strong democracy and economy in a diverse society with constrained spending.

- o Smaller, more responsive and efficient government
- o Focus on selected national purposes -- to support good citizenship and economy: Quality schools, clean water and air, healthy youngsters, safe streets and schools.
- o Performance Partnerships with states based on national purposes.

3. Provide leadership to address fundamental stresses and strains in society:

- o racial tensions
- o income inequalities
- o responsible role for youth who are not going on to college

4. Invest in Education: New Federal K-12 role based on leadership and high standards

- o Reaffirm national purpose of public schools -- to promote citizenship and create the public as well as serve the public.
- o ~~Performance partnership~~ with states around high state standards, local responsibility and flexibility with accountability.
- o National leadership through voluntary national standards, support for citizenship and service in schools, putting technology to use, and charter schools.

5. Invest in Education: Insure access to at least two years of college for all prepared high school graduates.

- o Scholarships based on merit for top two percent of all graduating classes.
- o Strong direct lending program with income contingent repayment allowing graduates to take low paying, service

oriented jobs.

- o Increase responsibility through greater work-study opportunities.
- o Reduce regulations for schools with strong administrative records.

6. Face issue of work for non-college going youth. "More recently he has proffered the wisdom that instead of simply yelling at the unskilled underclass to get off their duffs and go to work, we might spend some thought seeing to it that there is some entry-level work for them to do -- some modern-day equivalent of the factory." (WM Raspberry paraphrasing Hugh Price. WPost 12/22)

Department of Education

December 22, 1995

Good thought

Other Thoughts on 1996 State of Union Speech:

Beginning to fleshing out some of the Themes

Emerging new federal role in post-cold war post-balanced budget era: Requires a new vision -- not a highly regulated government or the fragmented, rudderless vision of the Republicans. Government will be smaller, more responsive.

- o Need bold federal leadership in critical areas of national purposes and responsibilities -- clear direction in those domestic and international arenas required to keep our democracy and economy strong and to ensure "domestic tranquility."

- o Performance Partnerships around national purposes: Structure around clear standards of performance rather than conformity with process: Get incentives straight -- support and reward progress, quality, innovation, and hard work; emphasize responsibility; exercise accountability when progress is not forthcoming.

- o Tight budgets with new resources created by economic growth targeted to national priorities and a different way of doing business.

- o Key national priorities -- all where state and local governments are critical -- but where our national livelihood is at stake: To build a strong nation we need:

- * Strong schools that prepare all of our youth to be productive and involved citizens with good jobs through solid basic skills, high academic standards, and clear rules of conduct with consequences for mis-behaving.

- * Clean water, clean air

- * Healthy youngsters ... Basic safety net.

- * Safe streets, communities and schools ...

Education: A different Federal Role based on leadership, vision, identification of national purposes

o Reaffirm fundamental national purpose of public schools -- public schools do not only serve the public, they create the public.¹ Public schools are necessary to prepare our students to live and work in a challenging and internationally competitive democracy and economy.

o To meet this purpose public schools must prepare students to meet rigorous academic and occupational standards and to participate as Americans in our diverse democratic society. High academic standards as well as the basics, a safe and disciplined environment, well trained teachers, local flexibility and charter schools, occupational training for high paying jobs, support for all prepared students to attend college -- these are the ingredients of an effective education strategy. Clinton priority programs will help make this happen.

o A strong nation needs a strong school system -- while we have a long way to go the nation is beginning to move in the right direction: achievement is up in math, science and reading, 4 times as many advanced placement courses taken than in 1980, standards are having great effect in Maryland, NYC, KY and other states and communities throughout the nation.

o The federal government is beginning to move in the right direction -- put into place strong programs in support of state and local reforms for all students, reduced programs by over 70, reduced regulations in elementary and secondary education by over 75%, implemented large scale waiver program for the first time.

o At Elementary and Secondary level continued national leadership is necessary to make performance count. The need for increased national efforts is greater than ever as the school population will see a tidal wave of new students (over 20% increase) over the next decade to the highest levels ever.

- Support state and local reforms for challenging standards through Goals 2000 and School to Work.

- Strong Presidential and Secretarial support for voluntary national standards to help guide and challenge our schools. Strengthen National Assessment of Education Progress to give us regular performance feedback on our national and state efforts. Give public clear

¹ See recent Neil Postman book The End of Education.

expectations about what is high quality, internationally competitive work.

- Promote flexibility and accountability for results: Establish a system of performance partnerships with states to give incentives to states with improved achievement -- waive all federal education laws and regulations except civil rights laws and IDEA for states that have demonstrated improved achievement. In consultation with MD and other states to implement this plan.



- Presidential and Secretarial support for increased attention to citizenship in our schools -- public service, saluting the flag, clear guidelines for religious activities ...

- Technology -- public, private partnership to put computers to use in every classroom in the nation by the year 2000 -- wire all schools to the world wide web -- and train all teachers to use computers to enhance student opportunities to reach high academic standards.

- Provide strong incentives for the development and initial implementation of charter schools throughout the nation.

o At Post-Secondary level: Insure financial access to college for all deserving high school graduates. Simplify and strengthen other student assistance programs. (Could propose IRAs for college use -- Laura Tyson's plan: This would be expensive but powerful!!) Alternatively:

- Establish \$1000/year scholarship based on merit for up to two years for the top two percent of all graduating students in every secondary school in the nation (grade point average) for use in the college of their choice. 60,000 students per year cost up to \$120 million in the second year (when 120,000 students would have received awards).

- Increase Pell grants, the heart of the financial aid programs, to \$3128 by 2002!!

- Continue to have a strong Direct Loan program.

- Increase work-study by 50% phasing in over five years.

- Reward schools with strong records in administering student aid with dramatic reduction in federal regulatory requirements.

Connecting Education As A National Concern to Local Action and Support

1. *Given the long American tradition of local and state control, are education and its funding a national or federal concern of the public? Examples from recent polls show strong support:*

- * 81% oppose decreasing federal education funding to decrease the federal deficit; 19% would favor (Times Mirror, 1994).
- * 75% said federal aid to education should be expanded; 18% said "keep same"; and 4% said "cut back" (Gallup, 1995).
- * 80% of Americans think the federal Department of Education is necessary; 70% say "very necessary" (NBC/Wall Street Journal, 1995).
- * 76% disapprove of reducing federal funding for low-income schools to balance the federal budget; by comparison, 61% disapprove of cutting the rate of spending growth for Medicare; and 36% oppose cutting food stamp funding (Times Mirror, 1995).
- * 74% of Republicans in New Hampshire (10/25/95), said "no" to cuts in education to reduce the deficit as compared to 62% "no" to Medicare cuts; 33% "no" to defense cuts; and 43% "no" to cuts in assistance to the poor.



By almost 2-to-1, young voters (18-34) cite education as a top voting issue over the budget deficit, crime, and Medicare (NBC, Wall Street Journal, 11/2/95).

However, citizens clearly don't want micromanagement of detailed programs from the federal or state levels, but they do want accountability and want to reduce waste and red tape. They like encouragement of community-based solutions and local partnerships. They want all of us to work together on needed educational changes to reflect the changed realities of American society and the demands of today's and tomorrow's workplaces.

2. *What is the overall message on education that connects with local citizens?*

Celinda Lake has a framework that captures this well. Combining her findings with several others gives a good general message about needed focus and attention.

- * Quality education is absolutely necessary not only to the future of our children and our families but to the future of America. A good education is certainly essential to each citizen for full participation in the changing economy, but a well-educated citizenry is also essential to our country's democratic way of life. As a nation, we have a stake in giving our children a solid foundation to make the most of their lives and to be productive, responsible adults.

In addition to academics, a quality education is one that stresses discipline, hard work, respect and responsibility where guns, violence and drugs are not present. We need to set the highest standards in education and we need to make this a national priority. Parents should have the choice of public schools or charter schools to escape poorly run or disorderly schools. Schools should not allow hostility to religion or to good citizenship.

HeadStart, strong teacher training, extra help in the basics, getting computers in the classroom, and streamlined college loans are fundamental to helping our children get started on the right course. Along with better financial aid for college, providing specialized courses for career preparation with work-study experiences is also important.

We should be making all of these initiatives better, not cutting them back. They are essential to a strong economic future for our children and our families, and to our ability to compete in an international economy to bring us together as Americans.

Recurring critical issues:

- * safe, disciplined, and drug-free learning environment.
- * promoting parent involvement.
- * rigorously teaching the basics.
- * getting quality teachers and upgrading teacher skills.
- * setting high standards of discipline and achievement.
- * getting computer technology into the classroom as soon as possible.
- * access to student loans and financial aid for college.
- * teaching and connecting young people to real life skills that prepare them for adulthood, careers, and college.

3. *What are any opportunities to address these issues locally?*

- a. The proposed reconciliation and appropriation bills by the "new" Congress cut the very education areas people support the most. In fact, the public wants to improve and expand them. However, most people do not know about the cuts nor what to do about them. Showing direct impact on local schools, colleges, students, parents and teachers can make this a real and very important local issue.
- b. Citizens like to see local parent-teacher, business-school, and community-school partnerships that are solving education problems faced by real families and students. Many of the changes in new education legislation passed by the last Congress are beginning to create, and will create, new opportunities for building and expanding local partnerships and community-based solutions to solve the very education issues of most concern to the American public: *school-law enforcement partnerships through the Safe and Drug-Free Schools Act; school-community partnerships for educational excellence through the Goals 2000: Educate America Act; school-employer-community college partnerships through the School-to-Work Opportunities Act; school-parent compacts through Title I of the Elementary and Secondary Education Act; school-college partnerships through TRIO; and college student-direct financial aid through Direct Lending. Highlighting these partnerships solving the above critical issues shows leadership for effective change.*

Why Federal Education Funding Is Important

The Federal government plays a critical role in education. The most important contributions are:

- 1) **raising standards of achievement**
- 2) **improving basic skills of disadvantaged children**
- 3) **ensuring safe and disciplined schools**
- 4) **helping families pay for college**
- 5) **preparing youth for the world of work.**

The public overwhelmingly supports education, including the Federal role:

- ▶ 81 % oppose decreasing Federal education funding to decrease the federal deficit; 19 % would favor (Times Mirror, 1994).
- ▶ 75 % say federal aid to education should be expanded; 18 % say "keep same;" and 4 % say "cut back" (Gallup, 1995).
- ▶ In response to strong public demand and the outcome of the 1995 state election, Virginia's Governor George Allen this month submitted a new budget which substantially increases state expenditures for classrooms, technology, and higher education.
- ▶ 74 % of Republicans in New Hampshire say "No" to cuts in education to reduce the deficit as compared to 62 % "No" to Medicare cuts; 33 % "No" to Defense cuts; and 43 % "No" to cuts in assistance to the poor (10/25/95).
- ▶ By almost 2 to 1, young voters (18 to 34) cite education as a top voting issue over the budget deficit, crime, and Medicare (NBC/Wall Street Journal 11/2/95).
- ▶ 76 % of Americans disapprove of reducing Federal funding for low-income schools to balance the Federal budget; by comparison, 61 % disapprove of cutting the rate of spending growth for Medicare; and 36 % oppose cutting food stamp funding (Times Mirror 1995).

The Department of Education addresses critical areas of National concern, including:

- ▶ Provides \$32 billion in financial aid to help 6.5 million students attend college.
- ▶ Through Title I grants to local school districts, provides \$7 billions to more than 6 million

- students each year in the highest poverty schools to improve basic and advanced skills.
- ▶ Provides \$3 billion a year to help communities meet the special needs of over 5 million children with disabilities to prepare them for further education and employment.
 - ▶ Helps communities and States raise standards of student achievement, prevent drug abuse and violence in schools, and build partnerships to get computers and technology in classrooms.
 - ▶ Assists States in helping youth move from school to careers.

Education works:

- ▶ Greater prosperity. In 1992, average annual earnings for those with a bachelor's degree were 74 % higher than for those with a high school diploma, and 155 % higher than for those who had not graduated from high school. Also, a student who graduates from high school earns \$200,000 more during his lifetime than a student who doesn't. A college graduate earns \$1 million more than someone who doesn't.
- ▶ Less welfare. Only 5 % of college graduates have ever participated in government assistance programs (AFDC, Supplemental Security Income, food stamps, housing assistance, or Medicaid), and only 10 % of high school graduates have, compared to 24 % of high school dropouts.
- ▶ Less crime. Although only about 18 % of the population has never finished high school, this group accounts for 41 % of state prison inmates and 47 % of prisoners on death row.
- ▶ More civic participation. Fully 85 % of college graduates and 75 % of high school graduates, but only 50 % of high school dropouts, are registered to vote.

Education programs work:

- ▶ The Rand Corporation found that the Title I program helped to close the achievement gap between disadvantaged students and their advantaged peers (from 1970 to the mid 1980's, the learning gap in reading, mathematics, and science was cut by over a third--NAEP). Bipartisan reauthorization in 1994 focused on improving the program to challenge low-income students to high standards to help continue closing the gap.
- ▶ The dropout rate is declining (from 14 % in 1982 to 11 % in 1993) , fewer students are taking remedial math courses, more students are taking advanced placement courses (150,000 in 1982, 450,000 in 1992), and the science test scores of both the highest- and the lowest-performing students are increasing.

- ▶ Comprehensive standards-based reforms, such as those supported by Goals 2000, in leading-edge states are showing impressive gains in student performance, such as in Kentucky, where 4th, 8th, and 12th graders demonstrated dramatic improvement on 1993-94 assessments over previous years' tests in mathematics, reading, science, and social studies.
- ▶ IBM Chairman Lou Gerstner, for example, says that "Goals 2000 is only a small portion of what we need. But it is a very critical portion because it is the fragile beginning of the establishment of a culture of measurement standards and accountability in this country. We must go beyond Goals 2000. But if we lose Goals 2000, it is an incredibly negative setback for the Nation.
- ▶ Goals 2000 has received widespread support because of its flexibility and its emphasis on high standards and accountability. The Wall Street Journal has reported that Goals 2000 is viewed "by many political analysts as the most flexible education plan ever produced by the Federal government." (WSJ 8/30/95)
- ▶ The New York Times reports that tougher graduation requirements in New York City public schools are spurring thousands more school students to take and pass college preparatory mathematics and science courses (5/9/95). Entering freshmen at CUNY are the best academically prepared in two decades (12/10/95).
- ▶ Increases in special education funding have contributed to major educational gains in children with disabilities, who now have opportunities that were unavailable before enactment of the Individuals with Disabilities Education Act.
- ▶ For 5 years, Maryland has been working systematically to raise academic standards and is showing significant improvement in achievement as a result.



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MEMORANDUM FOR The President
FROM: Ronald H. Brown 
SUBJECT: Your 1996 State-of-the-Union Address
DATE: December 26, 1995

Your election in 1992 and the Republican congressional victory in 1994 were both fueled in significant part by voter discontent. 1996 is the year when American voters will move to the next stage: Choosing between two different visions of the future.

Of course, our recent political success has been assisted by Republican extremism, a self-destructive impulse that has helped Americans understand how glib language can translate into hard-hearted policy -- if not rebuffed by strong Presidential leadership. You will continue to join battles with Republican extremists on the items of their own agenda.

Nonetheless, I believe that the last State-of-the-Union Address of your first term should be a time to sum up the past and present a compelling vision of what America can be. With the budget battle presumably over (hopefully, along the lines we discussed the other night), such a speech will demonstrate how Presidential leadership will be expressed in an era of smaller government and a balanced federal budget.

* The key is to stand on common ground: Neither silly regulation that unnecessarily burdens businesses nor disavowal of efforts that protect our children from unclean air and water and our workers from unsafe conditions; neither disproportionate reliance on government as a force for economic growth, nor blind refusal to recognize the new, interdependent global environment in which we must compete.

Balance can be demonstrated both by your policies and by your battles. To begin, I believe that you must remind the American people of the outstanding performance of this economy and that it didn't happen by accident. Your 1993 budget plan was the first great step towards a balanced budget. The Republican naysayers of 1993 should be forced to confront the very success that they tried to obstruct.

The purpose here is not simply to paint a picture of economic success. It is, as well, to demonstrate that the path you have followed is the right track. You demonstrated great courage by fighting for lower budget deficits without any Republican support in 1993; fighting for the NAFTA against significant Democratic opposition; facing down Republican budget threats against our core values in a time when political pundits proclaimed the dawn of a new Republican revolution. Each time, you disdained the easy course and each time, America benefitted.

The path that took courage before is the same balanced course that will lead to a prosperous future for all Americans.



In this context, I believe that it is important to confront directly the problem of income stagnation and disparity. We spent a lot of time in 1992 rightly criticizing George Bush for his failure to grasp the impact of the slowing economy on working Americans. This Republican crowd has the same problem: As the current budget negotiations show, they're fixated on a return to Reaganomics while at the same time ripping out the social safety net (something even Reagan never really attempted).

It is the challenge of growing income disparity that shows just how out of touch the Republicans are (incredibly all of their proposals would make the disparity worse while ours would help close the gap). Moreover, it is the theme that ties together all of our constituencies: from traditional Democratic voters to the political center, which has fueled political revolt precisely because so many of our people feel that the traditional American dream is ever harder to realize.

Because income disparity is a real, recognizable problem, it also helps us ground our message on the importance of a growing economy -- and how to achieve it. You have clearly stated that economic growth will come from education and training, from new technologies, through the success of American firms in foreign markets. In the context of the budget battle, the emphasis has been, quite rightly, on values. In its aftermath, I believe that the emphasis should also include strategies, of the kind implemented in my own Department, that touch the lives of ordinary Americans.



By one calculation, for example, 60% of the jobs created in the year 2000 will demand technology skills now held by less than 25% of our workers. But the year 2000 is no longer some distant event; it arrives in less than 1500 days.

Finally, I believe that your vision of the future should stress the importance of reconciliation -- the same call to civility that you emphasized earlier this year.

Sometimes in popular culture, calls for tolerance are depicted as naive. That is because some people fail to understand that tolerance and reconciliation are ingredients of strength, not charity. We welcome diversity of background and a free expression of views because we know that using each person's talents will make us all stronger.

Just as the Brooklyn Dodgers were a stronger baseball team after Jackie Robinson took the field, so, too, we are a stronger nation when we understand that we are all on the same team -- fighting in a brutal world of international competition and foreign strife for the simple hope that our work will be rewarded; that our families will be strong and that our children will live even better lives.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

December 21, 1995

MEMORANDUM

TO: Kitty Higgins
Don Baer

FROM: Federico Peña *Federico Peña*

RE: Themes and Messages for the State-of-the-Union Address

You asked for my recommendations concerning potential themes and messages for the President's upcoming State-of-the-Union address.

The four-prong message the White House has been using (Leadership/Family/Opportunity/Common Ground) has proven very effective indeed. I believe the element of Family -- particularly the view of broader family or community typified by Americans' support for victims of Oklahoma City and the many natural disasters that have occurred in recent years -- should particularly be emphasized.

Within each of these overall themes, however, we believe the State-of-the-Union should highlight another aspect of Administration policy -- "Keeping Promises." At base, voters are dissatisfied because they see a disconnect between the promises of political candidates and campaigns and the actual execution of government policy. It is particularly important to address this concern as we move into this next year. And we have a terrific story to tell -- promises kept that don't receive much attention in the conflict-focused national media. (An effective variation on this theme is to contrast talk -- especially from members of Congress and the rest of the Washington establishment -- with real change-oriented action.)

The revitalization of America's economy was the central theme of the President's 1992 campaign, and the results are plain. As part of this core message, the President also emphasized the importance of "Rebuilding America" to compete economically. Here, too, we have some real achievements worth highlighting. Several from the transportation world are outlined below, using speech-style rhetoric to illustrate how it might work.

REBUILDING AMERICA

In 1992, I saw the way our Nation's transportation system -- highways, bridges, railroads and ports -- affect Americans in their everyday lives. Vice President Gore and I traveled much of the country in buses, talking to all kinds of people -- at a truck stop in Carlisle, PA, along U.S. Highway 51 in Sandoval, IL and in countless towns along the highways. During our first bus trip, from New York City to St. Louis, Mo, I made a commitment to rebuild America. I'm proud to say my Administration has done just that. We've invested more in highway and bridge construction than any comparable period before -- more than \$40 billion. This means faster, safer travel for the American people.

But we've also done something more, because we know: it's not how much you spend, but how you spend the public's money. So we've worked hard to make better, more strategic investments -- to get more bang for the buck -- and to get the private sector to invest more. I'm proud to say that by cutting red tape and giving state and local government more flexibility, we've managed to jump start \$2 to \$3 billion worth of construction projects that otherwise never would have happened at all -- and without using any additional Federal funds. We've also built public-private technology partnerships like the one for Interstate 75 where high-tech transponders and micro-chips mean big rigs roll safer and more efficiently from Florida to Michigan, and cut millions of dollars in delivery costs.

The improvements to our infrastructure help us to move people and goods more quickly, so Americans can spend more time at home with their families and so we can solidify our position as the most dynamic economy in the world.

AVIATION

One of the first things I did when I came into office was to appoint a special Commission to look into the condition of the airline and aerospace industries. These industries, in which America had always led the world, were on the a tremendous downswing. The industry lost \$10 billion in 1990-92 and suffered as major carriers like Eastern and Pan Am went bankrupt.

Today, the airline industry is in the midst of the transportation turnaround of the decade, thanks in large part to the work of that commission and this administration's economic policies. I am proud to tell you that our major carriers earned over \$2.1 billion this year -- record levels, for many of them -- and not a single one is in bankruptcy. In fact, there are more new companies entering the aviation business than ever before. This means more jobs -- for people who build airplanes and work in airports, for example -- and it means better, cheaper airline service for all Americans.

Part of this success has been opening up new foreign markets for our airlines. In the past three years, the Administration has negotiated 28 new bi-lateral aviation agreements, including 10 "open-skies" agreements with European nations, a Canadian accord which has led to a 25

percent increase in service, and Asian treaties which will form the critical transportation links to these key emerging markets for our cargo and passenger carriers.

MARITIME

As a candidate, I visited this country's docks and shipyards and met with many of the tens of thousands of shipbuilding workers who had lost their jobs. I called attention to this national tragedy. And in San Diego, CA I pledged to help turn the industry around.

We came through. In 1993, the administration launched a five-part National Shipbuilding Initiative. Since then, there has been a tremendous industry resurgence. Given the tools and a level playing field, I knew that the workers in Mobile, Alabama and Newport News, Virginia could compete globally, and we've helped put them back in business building ships. My Administration's loan guarantee program has helped these and many other shipyards to completely modernize so they could compete with the Europeans and the Japanese. In 1995, the program paved way for construction of 36 commercial vessels and \$502 billion worth of business in American shipyard, creating thousands of new jobs. One of my proudest moments as President came when one worker from the San Diego shipyard who had come to Washington to participate in the announcement of our shipbuilding initiative said to me: "Thank you, Mr. President. We're used to politicians forgetting about us after the campaign. You didn't, and you came through." [Note: this is a paraphrase; exact quote to be checked.]



SOCIAL SECURITY

Office of the Commissioner

December 20, 1995

MEMORANDUM TO THE PRESIDENT

FROM: SHIRLEY S. CHATER
COMMISSIONER OF SOCIAL SECURITY

SUBJECT: STATE-OF-THE-UNION ADDRESS

As requested, I am forwarding my recommendations for themes and messages to possibly be included in your State-of-the-Union Address in January. My suggestions are as follows:

1. The need for intergenerational cooperation

All too often, debates on national issues divide generations of Americans instead of bringing them together. If we, as a nation, are going to develop long-term solution to issues facing our country, all of us, young and old alike, must be willing to work together for a common goal.

Social Security and Medicare are perfect examples of issues that require intergenerational cooperation. Today's seniors and tomorrow's workers must decide the future of these programs together because all Americans, regardless of their ages, are impacted by Social Security and Medicare.

For two of every three senior citizens, Social Security represents more than 50 percent of annual income. For 14 percent of Americans age 65 and older, Social Security is 100 percent of income.

In addition, Social Security benefits young workers through survivors and disability protection. Younger Americans face roughly a 1-in-5 chance of dying before reaching age 65. If the unthinkable happens, Social Security is there with average protection equivalent to a \$295,000 life insurance policy.

A 20-year-old worker stands nearly a 1-in-3 chance of becoming disabled before age 65. Once again, Social Security is there if the unthinkable occurs--with disability protection which on the average is equivalent to a \$203,000 disability policy for an average income earner with a spouse and two children.

Social Security is much more than retirement. It is a program that affects all Americans. As a result, we all must work together to preserve and protect it.

2. The need to make "tough decisions" about our country's future

"No pain, no gain" is a familiar phrase and one that all Americans should keep in mind. As we move forward in the resolution of national issues, Americans must be prepared for a series of "give and take." Individually, we may not be happy with the resolution of each issue, but as a nation we can be satisfied in the fact that we are doing what's right for America's future.

 A specific example of a tough decision involves the future of Social Security. Although Social Security is solvent today, a time will come when Social Security cannot pay full benefits. Two groups--the Kerry-Danforth Commission and the Social Security Advisory Council--examined the issue of solvency earlier this year and could not agree on a solution.

Both groups did agree, however, that tough choices must be made in order to make Social Security financially sound. At some point, Americans of all ages must decide on the future of Social Security. The earlier the tough choices are made, the less drastic they will have to be. Ultimately, everyone will have to sacrifice a little for the good of the country's future.

It's not that young workers and Baby Boomers don't want a Social Security program. In fact, a study commissioned by AARP found overwhelming support by Americans for Social Security. The problem is that many young people don't believe Social Security will be there for them.

Since Social Security affects Americans of all generations, it's important that the voices of senior citizens, Baby Boomers and Generation X be heard in the debate. As in the past, any major change in the Social Security program must involve bipartisan cooperation and must be the result of an engaged American public.



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

MEMORANDUM

TO: Don Baer
FROM: Bruce Katz *B. Katz*
RE: State of the Union Themes
DATE: December 21, 1995

Over past few months, the NEC has led an interagency process to generate ideas on community empowerment (in fact a principals meeting was held as recently as this past tuesday). From these and other meetings, there is widespread consensus emerging among the Cabinet and key folks in the White House and OMB that the essential elements of a community empowerment strategy are as follows:

- increasing access to capital for business development
- reclaiming abandoned land in central cities
- transforming public housing -- which includes demolishing the worst of the public housing stock
- reinventing the federal government's relationship to local governments -- i.e. decentralize and "put communities first"
- linking people to work

What these concrete policy elements have in common -- and what could be a vital part of a powerful State of the Union message, are the following community empowerment themes:

- putting communities first
- strengthening our central cities
- getting devolution and decentralization right
- insisting on reciprocity for government benefits
- asserting that the government has a vital role to play

Focusing on these themes is not only the right substantive approach to community empowerment, but it also has strong appeal to middle-class values -- as these themes focus on work, personal responsibility, private sector leadership and public service.

Following are suggestions for articulating these themes. Many of these are elaborated on in *Where We Live*, a document which outlines HUD's plans for its second stage of reinvention. You should have already received this report from the Secretary.

Put Communities First

Generating economic opportunities (good jobs) is important to our ability to compete and succeed in the global economy. But many people will not succeed in these turbulent times unless their community roots -- families, neighborhoods, schools, churches -- are strong. To best help families thrive, we must first focus on strengthening our communities for the 21st century.

That means recognizing two realities: First, that our national well-being rests on the health of our communities; and second, in an era of budget belt-tightening, we need a laser-like focus of federal resources on meeting community needs -- maximizing those resources by building partnerships among local governments, businesses, non-profits and state/federal governments. In particular, it's right for the President to challenge the private sector, especially the business community, to take an active partnership role in fixing our most distressed communities. Facing the new century, we must ensure that all our actions support the foundations of economic and civic health, uplifting mainstream values. (Offer a Covenant with America's Communities).

Strengthen Our Central Cities

Focus on the importance of central cities -- and their links to the larger metropolitan area -- as the anchors of America's economy. Our national economy is increasingly a system of metropolitan regional economies which need economically vital central cities to thrive. The destinies of metro areas are tied to the performance of their cities; while some suburban residents may want to ignore the plight of cities -- and don't see it as connected to their lives -- we can't afford to abandon these engines of economic growth and must find ways to reinvest.

Decentralize with a Vengeance

If we are going to really put more power into people's hands to shape their destinies, we need to push federal programs to the front-lines, past state bureaucracies and into effective and flexible partnerships with communities. Block granting to states is short-sighted and will be ineffective; a real community empowerment strategy would radically restructure federal agencies to make them focus on building safe, strong and hopeful communities, not on enlarging Washington bureaucracies. (That means any community empowerment strategy we propose should extend federal reinvention to the federal government's relationships with

States and local communities).

To really decentralize, we must trust and listen closely -- and then help empower -- the people in the trenches -- parents, teachers, law enforcement, community leaders, social workers, shop owners and church leaders. As we pursue this kind of dramatic decentralization -- for the first time in decades -- we must also find the common sense balance between cutting communities loose with no federal help and strangling them to death with federal regulations and red-tape.

Insist on Conditionality

Americans, and often many poorer inner city residents, understand and support the balancing of rights and responsibilities. This acknowledgement of reciprocity in acceptance of society's benefits has led to a readiness to accept stricter personal and moral conditions on program benefits. Our society -- especially inner city residents -- is prepared to go a good deal further than many might expect in accepting the discipline of work, service and responsibility. This framework can, and should, be applied much more broadly than welfare reform.

The right to a good education means kids must do their homework and parents must hold their children accountable (and help out). Having safe streets mean community residents must work closely with local police. Program examples: Getting a job and work skills in a HUD lead-paint abatement program means that single fathers accept responsibility to attend pre-natal and pediatric appointments, complete a curriculum on fatherhood and participate in a support group. A public housing addiction recovery program assists single mothers if they pledge to stay away from drugs, go without TV, help their children with homework and keep their apartments clean.

"We Can Do This"

Americans are ready for someone to confront their pervasive feeling that nothing works and that none of the efforts we make at solving our most intractable national problems make a difference. Many still believe that government has a vital role to play in solving our national problems, but they're not confident of the federal government's ability to make programs work and deliver results. In addition to substantive reinvention efforts, the words "we can do this" are critical to our national sense of optimism and hope. People know that our major social and economic problems -- especially those in our urban areas -- are profoundly complex, but they also know these problems are not going to go away, and they're ready for strong leadership to tell them that we can overcome our challenges and show the way towards what's already working.



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

December 21, 1995

MEMORANDUM FOR KITTY HIGGINS
ASSISTANT TO THE PRESIDENT
AND SECRETARY TO THE CABINET

DON BAER
ASSISTANT TO THE PRESIDENT AND DIRECTOR OF
COMMUNICATIONS

FROM: JAMES B. KING
DIRECTOR

SUBJECT: State-of-the-Union Themes and Messages

I recommend the following two messages be included in next month's State-of-the-Union address:

- I. FEDERAL EMPLOYMENT DROPS BELOW 2 MILLION FOR FIRST TIME SINCE 1966 -- ELIMINATING AN ENTIRE GENERATION OF GROWTH IN GOVERNMENT

OPM data shows that, in October, the Clinton-Gore Administration attained a major achievement when the Federal government's total, on-board civilian workforce fell below two million for the first time since May, 1966. As the attached chart shows, Federal employment dropped to 1,980,170, which reflects a reduction of 204,530 employees since January, 1993. This figure includes part-time and seasonal workers.

While our figure is not the Full-Time Equivalent (FTE) number that is sometimes used, we believe the total, on-board workforce figure better reflects the actual size of the government and is easier to communicate to the public.

- II. FEDERAL GOVERNMENT SET TO SPIN-OFF FIRST ESOP -- REPLACING TAXPAYER-FUNDED JOBS WITH PRIVATE SECTOR OPPORTUNITIES

OPM is in the final stages of negotiations that will enable some 700 skilled investigators now on the Federal payroll to leave government and create a private, employee-owned company. This new private-sector enterprise will conduct background investigations both for the government and for the private sector.

Page 2

This is the Federal government's first privatization of its kind and can be a model for moving other employees from the public payroll to the private sector.

For more information, please call Janice Lachance on 606-1800.

Attachments

Trend of Federal Civilian On-Board Employment for Executive Branch (non-Postal) Agencies

These figures represent total on-board employment - not FTE's
and include all work schedules (full-time, part-time, intermittent),
and tenure groups (permanent and temporary)

January 1993 through October 1995

Month	Total	Change from Prev. Month	Cumulative Change since Jan. '93
1993			
January	2,188,700		
February	2,197,937	9,237	9,237
March	2,193,890	-4,047	5,190
April	2,186,245	-7,645	-2,455
May	2,186,755	510	-1,945
June	2,198,963	12,208	10,263
July	2,183,131	-15,832	-5,589
August	2,178,540	-4,591	-10,160
September	2,156,844	-21,696	-31,856
October	2,138,358	-20,486	-52,342
November	2,127,496	-8,862	-61,204
December	2,120,463	-7,033	-68,237
1994			
January	2,113,692	-6,771	-75,008
February	2,123,448	9,756	-65,252
March	2,119,019	-4,429	-69,681
April	2,117,292	-1,727	-71,408
May	2,110,334	-6,958	-78,366
June	2,112,533	2,199	-76,167
July	2,107,582	-4,951	-81,118
August	2,099,555	-8,027	-89,145
September	2,085,492	-14,063	-103,208
October	2,061,515	-23,977	-127,185
November	2,048,493	-13,022	-140,207
December	2,039,882	-8,611	-148,818
1995			
January	2,028,078	-11,804	-160,622
February	2,033,404	5,326	-155,296
March	2,030,048	-3,358	-158,654
April	2,027,480	-2,566	-161,220
May	2,037,427	9,947	-151,273
June	2,051,719	14,292	-136,981
July	2,047,573	-4,146	-141,127
August	2,037,190	-10,383	-151,510
September	2,011,870	-25,320	-176,830
October	1,984,170	-27,700	-204,530

Notes: By Executive Order 12839, on February 10, 1993, the President ordered a reduction of 100,000 full-time equivalent positions during the FY 1993-1995 period.

In a memorandum to Department/Agency Heads in September 1993, the President increased this number to 252,000 through FY 1999.

The Work Force Restructuring Act of March 30, 1994 further increased this number to 272,900 through FY 1999.

SOURCE: U.S. Office of Personnel Management
Office of Workforce Information
Monthly Report of Federal Civilian Employment (SF 113-A).

TREND OF FEDERAL CIVILIAN ON-BOARD EMPLOYMENT FOR EXECUTIVE BRANCH (NON-POSTAL) AGENCIES

Average Employment by Calendar Year

CALENDAR YEAR	EXECUTIVE BRANCH
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1960	1,814,766
1961	1,814,225
1962	1,877,131
1963	1,895,670
1964	1,877,940
1965	1,891,580
1966	2,035,515
1967	2,206,636
1968	2,220,369
1969	2,235,199
1970	2,177,246
1971	2,123,176
1972	2,107,628
1973	2,068,135
1974	2,112,470
1975	2,134,410
1976	2,138,600
1977	2,145,771
1978	2,176,759
1979	2,181,739
1980	2,274,269
1981	2,180,837
1982	2,149,206
1983	2,164,132
1984	2,184,927
1985	2,218,346
1986	2,197,590
1987	2,222,589
1988	2,222,933
1989	2,237,528
1990	2,344,168
1991	2,228,974
1992	2,231,535
1993	2,171,277
1994	2,094,903

1995

M E M O R A N D U M

To: Kitty Higgins, Don Baer

From: Dan Porterfield, DAS for Public Affairs, HHS

Subject: State of the Union speech

Date: 12/21/95

Secretary Shalala mentioned two themes for the speech.

First, and most important, she believes the speech should be bold and visionary. The President should speak to the American people as citizens, and not simply as taxpayers. The speech should be about the future of our country, and about our obligation as Americans to protect the hard-won legacy of the 20th century while having the courage to address the new challenges of tomorrow.

This century we won two world wars and the Cold War. We met the challenge of Sputnik. We integrated our society and shattered glass ceilings. We built a strong safety net for children and transformed the experience of growing old.

How did this happen? At our best, we committed ourselves to bold and relentless progress. We put the common good and common ground first. And we moved forward in a true spirit of partnership -- with citizens, families, communities, and states all doing their part, and the national government helping and sometimes leading.

Today, this tradition has been placed under seige. There are some politicians and special interests who, under the misleading mantle of federalism, are really trying to abolish the partnership between the national government and its people. That may be an opportunistic campaign theme -- but it's be bad for the country. We need limited government -- not absent government.

Because we do have a national interest in ensuring that work pays in this country. In guaranteeing a quality education to every child. In making sure that seniors can see a doctor and poor children are able to eat. In keeping tobacco out of the hands of children and guns out of the hands of criminals. In preserving the freedom of parents to raise their children as they want. In opening new international markets for our products and preventing international anarchy when we can.

These are American values that define us as a nation -- and preserving and achieving them requires federal leadership. We have shown that leadership for three years. We have achieved truly national goals for all our people -- everything from lowering the homicide rate to lowering the welfare rolls; from

collecting record levels of unpaid child support to helping states increase the number of their citizens with health insurance; and from achieving the highest immunization rates in history to funding breakthrough discoveries against breast cancer and AIDS. This is good government, responsible government, limited government. We ought not give up on it.

Second, Secretary Shalala recommends that the President discuss the importance of a truly national partnership to help parents in the most important role any of us will ever: raising children.

The fact is, millions of parents are worried about the things their children are exposed to when they are outside the home: Alcohol. Tobacco. Drugs. Teen pregnancy. AIDS. Violence. As one parent said in The Washington Post, "I went from wanting my son to win the Nobel Prize to wanting him to survive." 

Even as they worry about their children, parents are frustrated that they have less control than they would like. Many parents are working longer hours with less job security. They have less time to spend with their children. They're finding it harder to pay today's grocery bills while saving for tomorrow's college bills.

There are more families in which both parents are working. There are more single-parent families. There are fewer families that feel connected to strong, supportive communities. And there is more competition for their children's attention -- too often from influences like tobacco ads or glamorized images of drug use.

Secretary Shalala recommends that the President speak directly to the hopes, dreams and fears of these parents. As parents of a teenager, he and Mrs. Clinton deeply understand these concerns.

The President should tell America's parents that he stands with them. That's why he has taken on powerful interests -- the NRA, the media/entertainment industry, and the tobacco industry -- to put power back in the hands of parents. That's why he and his Cabinet have sent a clear and consistent message that it is illegal, dangerous, and wrong from children and teenagers to use drugs, alcohol, and tobacco. That's why he has led the fight for a private sector campaign to reduce teen pregnancy and lent his voice to the cause of AIDS prevention. That's why he has fought for young people in the budget battles -- gaining victories to ensure that summer jobs, drug free schools, and college loans are always there to give young people real options to say "yes" to. And that's why he has reached out to young people himself with a message of opportunity and responsibility.

Teenagers aren't just our national future -- they are our national present. They deserve safe passages, and we all must help them.

Thank you.



Administrator
General Services Administration
Washington, DC 20405

December 21, 1995

MEMORANDUM FOR

KITTY HIGGINS

Secretary, White House Office of Cabinet Affairs

DONALD BAER

Director, White House Office of Communications

FROM:

ROGER W. JOHNSON

Administrator, U.S. General Services Administration

SUBJECT:

Call for Suggestions for State of the Union Address

Thank you for the opportunity to share with you my ideas for themes and ideas for inclusion in the President's 1996 State of the Union address.

Domestic Policy

The President is perhaps never stronger than when he appeals to the American people's higher self and better nature. The President can rise above the nasty noise level of present-day ideologues by elevating his discussion with the Congress and the American people to a broader theme of what is needed in our political system to move the country forward and meet the challenges of the next century.

Much as he did in 1992 and since -- although the message has been grossly distorted -- the President can speak to the fact that old ideologies, as well as the newer, harsher mix of populist-libertarianism couched as conservatism, will not provide the solutions to new challenges brought on by economic and cultural transformations. He can recognize that old so-called liberal solutions will not meet the challenges, while pointing out the fact that the calls to dismantle the federal government by "devolving" federal programs to the states without measurements or standards of accountability is nothing more than an abdication of responsibility. There is a need for a strong federal government, but one that works in partnership with state and local governments and the private sector, and one that is flexible and more responsive to changing needs. Then the President can easily transition into his accomplishments under the National Performance Review framing them into language to which working Americans can relate (see attached letter to the Vice President, Columbus Dispatch article and *GSA Message from the Administrator* as examples).

Foreign Policy

In explaining why American involvement is needed in Bosnia and other foreign trouble spots, the President's speech before the British Parliament last month, which called for fighting the "forces of destruction," was again an appeal to our higher and better nature as Americans (see "Clinton Calls for a War on 'Forces of Destruction,'" L.A. Times, November 30, 1995). It was a concise message that best explained why America cannot retreat from its leadership role in foreign affairs. In fact, the President should repeat this message constantly until it becomes known as the Clinton Doctrine.

If you would like to discuss these issues in greater detail, please do not hesitate to call.





Administrator
General Services Administration
Washington, DC 20405

December 19, 1995

The Honorable Albert Gore, Jr.
Vice President of the United States
The White House

Dear Mr. Vice President:

It is not The Washington Post, The New York Times, or The Wall Street Journal (yet) but it sells in Columbus! (see enclosed article) A week earlier we put out a press release reporting a \$600 million savings from the latest FTS-2000 negotiations and got no coverage, to speak of - but 3 1/2 cents per minute gets attention.

I believe we should expand this approach across all of N.P.R. activities including specific customer service improvements, as well as stating savings and service improvements in "people understandable units." One easy step would be to put out a weekly/monthly N.P.R. talking points bulletin focused on unit bites. Agency and White House speech writers should also receive the bulletin. If you have any questions, please do not hesitate to contact me. See you soon.

Sincerely,



Roger W. Johnson

Enclosure

cc:
Elaine Kamarck
Bob Stone
John Koskinen
Don Baer



Thursday, December 14, 1995

The Columbus Dispatch

Federal government is saving money, GSA chief says

■ Employees are making day-to-day savings that don't make news, Roger W. Johnson says.

By Darrel Rowland
Dispatch Staff Writer

For just a moment, forget the heated rhetoric over billions of dollars in the federal budget battle, says Roger W. Johnson, administrator of the U.S. General Services Administration.

Instead, consider a cheap plane ticket, an inexpensive long-distance call and an economical car rental rate.

Such little, publicized, day-to-day utili-

nity shows that real savings can be made in the federal government, he said.

"You can make government work better and cost less," Johnson told about 400 county officials yesterday at the Cavalier Columbus Convention Center.

Johnson, in his first public sector job after 35 years in business, is the highest-ranking Republican in the Clinton administration. He formerly was chairman and chief executive officer of Western Digital, a Fortune 600 computer company in California.

People have become so cynical about the federal government that they don't believe true accounts of money being saved, he said.

The plane ticket he cited cost \$242 to fly round trip between Washington, D.C., and Los Angeles, which normally costs about \$700.

The call he made yesterday to his Washington office from Columbus cost him 34 cents

a minute, compared with the best business rate of about 9 cents. And the rental car his agency provides to federal employees cost only \$136 a month for a four-door sedan.

These deals were negotiated by General Services workers who have brought competition and creative approaches to the business arm of the federal government, said Johnson, whose agency oversees \$80 billion in spending.

"Things do work better in Washington today," he said.

The more businesslike atmosphere gets little attention because "there's no political potency or reward in Washington for professional managing," Johnson said.

A lifelong Republican and "staunch moderate," Johnson openly complained about George Bush in an October 1991 article in the *Los Angeles Times* and speculated that he could support the right Democrat. A couple of

days later the governor of Arkansas called.

Johnson said Bill Clinton's reputation as a waffler is unjustified, calling him "the most issues-oriented president since Harry Truman."

Meanwhile, Johnson labeled the leadership of his fellow Republicans as "kind of nasty right now" and said the GOP push to balance the budget is really a subterfuge for dismantling portions of the federal government.

Johnson bashed Clinton for reducing the deficit for three consecutive years and hiring thousands of employees from the federal payroll. He said the federal government's operating budget (which doesn't include interest payments on the national debt) is balanced.

"The Democrats are the most marketers I've ever seen," he said. "Meanwhile, the Republicans are good marketers, but they don't have a quality product."

MESSAGE FROM THE *Administrator*

This year, GSA continued to make President Clinton's promise to make "government work better and cost less" a reality. Although the environment in Washington has made this past year difficult and sometimes uncertain, we have continued to focus on our mission using customer service and common sense management. While others try to paint federal employees as "faceless," we have never forgotten that GSA is an agency of people serving people. They are our customers, and we know that the better we serve them, the better we can all serve taxpayers. It just makes common sense!

Working together, we have been reshaping our agency and rethinking our business for over two years. And as you can see in the accomplishments outlined below, we are making real, lasting changes:

- ***Time Out and Review of Public Buildings Yields \$1.36 Billion in Savings, Better Construction Management***

Our "Time Out and Review" of the federal building program cut \$1.36 billion from new real estate projects. An outgrowth of the review is the new Courthouse Management Group to ensure cost-effective and efficient construction of federal courthouses. Adopting business-like real estate principles into our program will ensure long-term savings.

- ***Changing Major Computer Purchases Avoids Over \$7 Billion in Unnecessary Spending***

Taxpayers were not getting a good return on their investments in major federal government computer systems, so we imposed a "Time Out" that avoided spending \$7.4 billion for computer systems with cost overruns and other problems. Greater use of interagency teams, independent auditors, performance measurements, and Chief Information Officers will produce more efficient, less costly systems.

- ***Unrestricted Coast-to-Coast, Round-Trip Airfares for \$242***

Our unrestricted airfares with major airlines are on average 50% lower than commercial rates. Where else can you get a round-trip ticket from Washington to California for \$242 on short notice?

- ***Rent a Car for \$136 a Month***

We lease four-door sedans to other agencies for \$136 a month, plus 11 cents a mile for fuel and maintenance. Consolidating vehicles from other federal agencies into its fleet management program last year saved taxpayers \$7.2 million, and other management improvements have saved an additional \$22.8 million.

- ***Long-Distance Service for Just Over 3 Pennies per Minute***

Our common sense management of the FTS2000 long-distance network has drastically cut costs. Due to a recompetition in the contract, federal customers now pay just 3 1/2 pennies per network minute, saving taxpayers \$200 million a year. Overall costs under FTS2000 during the past 7 years have been reduced by 80%, saving nearly \$5 billion compared to the old long-distance program.

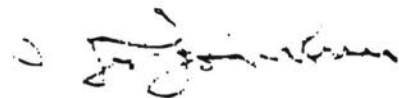
(more)

- ***It Pays to Use the American Express Government Travel Card – Literally!***
Our contract with American Express Travel generates affinity refunds every time federal employees use the card for official travel. These refunds -- estimated at \$20 million a year -- go back to agencies to offset travel-related expenses.
- ***Government Purchase Card Saves Money and Headaches***
With the increased use of the government purchasing card, federal agencies get better, faster service and will save \$475 million by eliminating administrative headaches.
- ***Expansion of Electronic Commerce, 'GSA Advantage!' and Other Initiatives***
We are a leader among interagency teams working to eliminate burdensome, costly paper-driven procurement, while increasing accountability in government spending by expanding the use of electronic commerce. In fact, with *GSA Advantage!*, federal customers can get supplies through the Internet and have them directly delivered to their desks with a few strokes of a keyboard. And our energy and recycling programs are proving that sound environmental policies can also save tax dollars.

So far, our customer focus and common sense have netted taxpayers over \$12 billion in savings or cost avoidances. We've done all this with a workforce streamlined by 20% -- with no layoffs -- and operating costs cut by 17%. Our efforts have been recognized by Vice President Gore and the National Performance Review. GSA employees have received 17 Hammer Awards from the NPR to recognize excellence and creativity in public service.

As impressive as these accomplishments are, we must continue to define and shape GSA. And we are doing that, as we dig deeper into our operations through the FORM analysis to search for ways to improve our performance and service. In the end, this analysis will set us on a path of continuous improvement to create a culture of common sense management to build a common sense government that works better and costs less.

It has been a challenging year, but we have met those challenges and are moving forward. I thank you for all your hard work and perseverance. Let us now take time during this holiday season to rejuvenate our spirits and to celebrate the season with our families and friends. I wish you and your loved ones good health and happiness now and for the coming year.



Roger W. Johnson
Administrator

December 21, 1995

Ellen Goodman

THE PRESIDENT HAS SEEN

1/8/96

'Personal Responsibility'

BOSTON—This one is for Priscilla Parten, the Derry, N.H., woman who had the temerity to ask Lamar Alexander who would care for the elderly if the budget is cut according to the GOP pattern.

The answer from the presidential candidate, one of the men hawking their wares across New Hampshire, was that "we're going to have to accept more personal responsibility in our own families for reading to our children and caring for our parents, and that's going to be inconvenient and difficult. . . ."

Happy New Year, Priscilla, and open up your calendar. Scribble down two rather large words under 1996: Personal Responsibility. They're going to be the watchwords of the 1996 campaign.

Personal Responsibility is the catch-all moral phrase uttered by politicians in favor of removing the guaranteed safety net and parceling out the money in incredibly shrinking block grants to the states. It's the all-purpose ethical disclaimer for those who equate the task of caring for the elderly sick with "reading to children," for those who blithely describe eldercare as "inconvenient," or "difficult," but character-building.

To know what they have in mind, get past the PR campaign and go to the fine print of the GOP's Medicaid Transformation Act of 1995. That's the Orwellian title for the bill that would "transform" Medicaid by eliminating its guarantee.

From the day Medicaid is block-granted, adult children earning more than the national median income—that's \$31,000 a year per household—may be held responsible for the bill if their parents are in a nursing home. If they don't pay up, these newly defined Deadbeat Kids may find a lien put on their incomes, their houses, their savings.

A secret of the current system is that Medicaid, the health program established for the poor and their children, now pays for 60 percent of nursing home care. That's because nursing care eats up the assets of elders at a rate of about \$35,000 a year until they are indigent.

Not surprisingly, the folks calling for Personal Responsibility draw on examples of personal *irresponsibility* to justify a change that is beginning to make middle-class eyes widen. They point to elderly millionaires who deliberately transfer their assets to the kids in order to go on the dole in nursing homes. They describe deadbeat kids who callously drop their parents at the government door and go off to the Bahamas.

But if and when states begin sending bills to the kids, those folks aren't the ones who'll suffer. Thousands of middle-aged "children" of

the three million elders in nursing homes may have to pay for their parents out of their children's education funds and their own retirement savings. Adult children, perhaps elders themselves, may have to choose between nursing sick parents at home and emptying the bank.

How neglectful are we, anyway? Despite the bad PR we are getting, families do not by and large look to nursing homes for their parents until they are overwhelmed. Elders do not, by and large, go there until they are too ill to be cared for at home. Only one-fifth of the disabled elderly are in nursing homes.

Daughters and daughters-in-law provide most of the care of elders, and they will shoulder the increased Personal Responsibility at the cost of their jobs, their pensions, their own old age. The daughter of a disabled 88-year-old may, after all,

"Families do not by and large look to nursing homes for their parents until they are overwhelmed."

be 66 herself. It is their characters that will be built on deteriorating lives. One politician's social issue is another woman's life.

There is enough guilt in every family to trip the responsibility wire, to push the button that says families should take care of their own. As a political slogan, PR passes what pollster Dan Yankelovich calls the "they have a point" test.

But there is an awful lot of Personal Responsibility going around already. As educational loans are cut we are told to be responsible for our own children. As company pensions are fading, we are told to be responsible for our own retirement. At the same time we are to be responsible for disabled parents and even grandparents.

Dear Priscilla, when the politicians up there start talking about Personal Responsibility, they mean *our* responsibility, not *theirs*. The GOP Congress isn't just trying to balance the budget; it wants to end the idea of government as an agent of mutual responsibility.

This is what you get in return for a safety net: a pair of bootstraps, a middle-class tax cut of less than a dollar a day and, oh yes, a nursing home bill of \$35,000 a year.

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GS/Bauer/Kim Wiers
very good - never
and he is always
on the way
PR

THE WASHINGTON POST
WEDNESDAY, JANUARY 3, 1996

THE PRESIDENT HAS SEEN

1/8/96

Who's Who

The campaign staff of **Bob Dole** recently asked focus groups to name animals the various candidates reminded them of. The most popular descriptions of **Phil Gramm** were weasel, fox, hyena, ferret, bulldog, and tortoise. **Pat Buchanan** was tagged as a pit bull, badger, and wolverine. Dole himself was likened to a mule, draft horse, German shepherd, elephant, kangaroo, zebra, and chameleon....

Bill Clinton continues to display his ignorance of military matters. According to **John McCaslin** of *The Washington Times*, Clinton, when referring to the bow of an aircraft carrier, pronounced "bow" as in "bow and arrow," and mistakenly identified the *USS Missouri*—World War II's most famous battleship—as an aircraft carrier....

I try to keep you updated on **Kenneth Starr**, the Whitewater independent counsel. The latest disclosure is a list of the private clients Starr has represented since taking over the Whitewater investigation. They include Brown & Williamson Tobacco Corporation, Philip Morris, General Motors, Apple Computer, Bell Atlantic, Hughes Aircraft, Amoco Oil, Southwestern Bell, United Airlines, and—love this one—the Republican National Committee....

Describing the justification by **Jordan Levy** for the critical vote he cast in the Massachusetts Governor's Council to make **Charles Fried** a member of the state Supreme Court, *The Washington Post's* **Al Kamen** writes that Levy "established a new standard for confirming judges, replacing the test set in 1970 by former Senator **Roman Hruska** who supported **G. Harrold Carswell's** nomination to the Supreme Court by saying even 'mediocre people are entitled to a little representation'."

"Charles Fried does not have horns and a long green tail," said Levy in explaining his vote. "He's not a rapist, a murderer or pedophile."...

Does **Bill Clinton** need to worry about the loyalties of his Bosnia negotiator? A recent picture in *Newsweek* shows **Richard Holbrooke** in a plane with a copy of **Colin Powell's** *My American Journey* on the tray in front of him....

Who is in the inner-circle of the presidential campaigns? At **Phil Gramm** headquarters, it's longtime political consultant **Charlie Black**, but on the Senate side his main advisers include his fellow Texas Senator **Kay Bailey Hutchinson** and Arizona's **John McCain**. **Dave Carney** and **Nelson Warfield** are top advisors to Senator **Bob Dole's** presidential bid. At the **Pat Buchanan** campaign the top dog is Pat's sister, **Bay**. But if you want to get :

THE PRESIDENT HAS SEEN

1/8/96

Done

Gerald W. Bracey

U.S. Students: Better Than Ever

On Nov. 2, a front-page story appeared in The Post under the headline "Knowing the Past May Be History, U.S. Test Reveals; Many American Students Ignorant of Basic Facts." The story claimed that American students had "received a dismal report card in American history," according to an Education Department survey of their knowledge of that subject. For some, the news was disturbing. For me, it brought to mind another such study conducted among recent high school graduates, which came to the following disturbing conclusions about the state of their education:

- A large majority of them displayed practically no knowledge of elementary aspects of American history. They could not identify such names Abraham Lincoln, Thomas Jefferson, Andrew Jackson or Theodore Roosevelt.
- Most of the students did not have the faintest idea of what this country looks like on a map. St. Louis was placed on the Pacific Ocean, on Lake Huron, Lake Erie, the Atlantic Ocean, Ohio River, St. Lawrence River and almost every place else.

Scandalous? The New York Times, which commissioned the study through the History Department of Columbia University, thought so. It headlined the results in large letters on the front page, right next to the other major headline of the day, "Patton Attacks at El Guettar," on April 4, 1943.

What really made these results disgraceful was the fact that they came from what was, in

1943, an elite group: college freshmen. The high school graduation rate was then about 45 percent, and only about 15 percent of those graduates went on to college. Yet this elite appears to have known even less than today's elementary and secondary students.

This is by no means to say that because we were historically ignorant then, it's okay to be historically ignorant now. But when studies have been conducted to determine what students know "now" (however "now" is defined) compared with what they knew "then" (however "then" is defined), the studies typically show that students know more now.

This result is not surprising, at least to me. I have researched the data on American education over the past century and have concluded that they show a record of almost continuous improvement (the decade from 1965 to 1975 appearing to be the sole exception). In a century, we have gone from a 3 percent high school graduation rate to an 83 percent rate. In spite of including all students in secondary school, achievement has climbed to record levels:

- Scores on many commercial achievement tests are at all-time highs.
- Scores on seven of the nine trends in the National Assessment of Educational Progress in reading, mathematics and science are at all-time highs.
- The proportion of students scoring above

650 on the SAT mathematics test (on the old scale) is at an all-time high.

- The number of students taking Advanced Placement tests has soared from 98,000 in 1978 to 448,000 in 1994.

American students had the second-highest average score among 31 nations in an international comparison of reading. Their 90th, 95th

Reading, math and science scores are at an all-time high.

and 99th percentiles were the highest in the world. Our best beat everyone else's best.

I am amazed at the media's apparently irresistible and insatiable urge to put a negative spin on results such as the history assessment. If American and Japanese students took the same test and the American children scored higher, no doubt the media would report the results with the following headline: "Japanese students second, American kids next to last."

It would be much more appropriate if the data from such studies were reported in terms of changes in comparison to the results of previous studies ("then and now" results) rather than in relation to some absolute and unreal notion of what students are expected to know.

Adults always have far-fetched memories of their own knowledge as students. But schools today stretch kids in ways that my generation was not stretched.

I recall that my son's high school math trajectory began with algebra in eighth grade and terminated with calculus in 12th. I was pretty good at math, but did not get to calculus until I was a sophomore in college. Both my kids studied biology in terms of DNA, RNA, complicated biochemical reactions, ecology and evolution. I memorized phyla.

A refrain from a song in the 1960 musical "Bye Bye Birdie" has adults lamenting, "Why can't they be like we were, perfect in every way?/Oh, what's the matter with kids today?" Adults concerned about the apparent ignorance of children should remember that as adults, they've had many more years to learn stuff than the kids have, and that when they were kids themselves they probably didn't know nearly as much as they think they did.

Gilbert Grosvenor, president of the National Geographic Society, once held a press conference to give American students another "dismal report card," this one in geography. Grosvenor declared that his assessment had located another "lost generation." "They don't know where they are," he said. A reporter asked him to name the states that adjoin Texas. He could not.

The writer is a research psychologist.

THE PRESIDENT HAS SEEN
1/8/96

BoVP ✓

score another
for you - Be

'95 the Hottest Year on Record As the Global Trend Keeps Up

A1

By WILLIAM K. STEVENS

The earth's average surface temperature climbed to a record high last year, according to preliminary figures, bolstering scientists' sense that the burning of fossil fuels is warming the climate.

Spells of cold, snow and ice like the ones this winter in the northeastern United States come and go in one region or another, as do periods of unusual warmth. But the net result globally made 1995 the warmest year since records first were kept in 1856, says a provisional report issued by the British Meteorological Office and the University of East Anglia.

The average temperature was 58.72 degrees Fahrenheit, according to the British data, seven-hundredths of a degree higher than the previous record, established in 1990.

The British figures, based on land and sea measurements around the world, are one of two sets of long-term data by which surface temperature trends are being tracked.

The other, maintained by the NASA Goddard Institute for Space Studies in New York, shows the average 1995 temperature at 59.7 degrees, slightly ahead of 1990 as the warmest year since record-keeping began in 1866. But the difference is within the margin of sampling error, and the two years essentially finished neck and neck.

The preliminary Goddard figures differ from the British ones because they are based on a somewhat different combination of surface temperature observations around the world.

One year does not a trend

make, but the British figures show the years 1991 through 1995 to be warmer than any similar five-year period, including the two half-decades of the 1980's, the warmest decade on record.

This is so even though a sun-reflecting haze cast aloft by the 1991 eruption of Mount Pinatubo in the Philippines cooled the earth substantially for about two years. Despite the post-Pinatubo cooling, the Goddard data show the early 1990's to have been nearly as warm as the late 1980's, which Goddard says was the warmest half-decade on record.

Dr. James E. Hansen, the director of the Goddard center, predicted last year that a new global record would be reached before 2000, and yesterday he said he

Continued on Page A3, Column 1

Continued From Page A1

now expected that "we will still get at least a couple more" by then.

Dr. Hansen has been one of only a few scientists to maintain steadfastly that a century-long global warming trend is being caused mostly by human influence, a belief he reiterated yesterday.

Other experts would go no further than the recent findings of a United Nations panel of scientists in attributing the continuing and accelerating warming trend to human activity — specifically the emission of heat-trapping gases like carbon dioxide, which is released by the burning of coal, petroleum products and wood.

The United Nations panel concluded, for the first time, that the observed warming is "unlikely to be entirely natural in origin" and that the evidence "suggests a discernible human influence on climate."

Previously, few scientists apart from Dr. Hansen had been willing to go even that far, contending that the relatively small warming so far could easily be a result of natural climate variability. Even now, most experts say it is unclear whether human activity is responsible for a

Last year's record temperature bolsters global warming fear.

little of the warming or a lot.

"I think we're beginning to see it," Dr. Phil Jones of the Climatic Research Unit at East Anglia said of the human influence on climate, adding that he agreed with the United Nations report.

"I don't think you can say much from one year's values," he said, "but this figure from '91 to '95 is quite illuminating." He said it was nearly half a degree above the 1961-90 benchmark average of 58 degrees.

Both the 1995 record high temperature and the strikingly warm half-decade of the early 1990's are "consistent with the sort of expectation we have of the interplay between natural and manmade influences," said Dr. Tom M. L. Wigley of the National Center for Atmospheric Research in Boulder, Colo. If things had not turned out that way, he said, "we would have been pretty surprised and maybe a little concerned" about the United Nations panel's conclusion. Nevertheless, he said, "it's not the sort of thing you want to overinterpret or overemphasize."

Dr. Wigley was a member of a subcommittee of the United Nations panel that dealt specifically with the question of detecting a human role in climate change.

The panel predicted that the heat-trapping gas emissions would cause the average global temperature, now approaching 60 degrees Fahrenheit, to rise by a further 1.8 to 6.3 degrees, with a best estimate of 3.6 degrees, by 2100.

By comparison, the world is 5 to 9 degrees warmer now than in the last ice age more than 10,000 years ago. The predicted warming, if it materializes, would likely cause widespread climatic disruption, the United Nations panel said.

The margin of seven-hundredths of a degree by which the 1995 global average exceeds that of 1990, according to the new British data, sounds small. But it represents an increase of nearly half a degree from the post-Pinatubo low, in 1992. As scientists had previously predicted, the recovery from the Pinatubo cooling became obvious last year, though no record was set.

The 1995 figure is all the more remarkable, Dr. Hansen said, because it was established at a time when two natural warming influences were neutralized. The solar energy cycle was at a low ebb, and the warming effect of El Niño, the pool of warm Pacific water that appeared in early 1995, was offset by a turn to cooler-than-normal conditions in the tropical Pacific later in the year.

A different picture emerges from an analysis of satellite measurements of global temperature by Dr. John R. Christy of the University of Alabama and Dr. Roy Spencer of NASA's Marshall Space Flight Center in Huntsville, Ala. While their data show temperature fluctuations roughly paralleling those in the surface measurements, the values are lower: 1995 was only an ordinary year compared with the data set's 1982-91 average.

But that was a warm period to start with, said Dr. Christy. And, Dr. Jones said, the satellite measurements combine temperature readings for the entire lower atmosphere, rather than measuring just at the surface, while the most prominent warming — over the Northern Hemisphere continents — does not extend very far upward. That explanation of the difference in the data sets "makes sense," Dr. Christy said, adding, "Of course we only live in the bottom" of the atmosphere.

In the past, skeptics about global warming have cited the satellite data. But Dr. Christy said that even the rate of warming measured from the satellites has begun to move into the range scientists expect to result from human-caused warming.

✓ ^{collected}
As requested
cc: Samir / CTS
Mexico / HRC
we should contact
her - (good with her)
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Republicans drive moderates from their fold



NANCY MACHEN

Recently I joined the Collin County Democratic Party, a difficult decision for a lifelong Republican. But after much soul-searching, I had no choice.

As president of the bipartisan Collin County Women's Political Caucus, I have attended numerous Republican and Democratic gatherings. The more exposure I had to both parties, the clearer the differences became.

First, Republican and Democratic candidate forums are different. GOP candidates generally spend most of their time at forums running down their opponents, criticizing Democratic elected officials, and repeating the latest "wisdom" from Rush Limbaugh as though it were Revealed Truth.

Conversely, Democratic candidates generally articulate their goals and vision for the future and discuss their plans to meet some vexing national problems. If a Republican opponent is mentioned at a forum, the comment is a humorous little volley, not a mean-spirited bombardment.

The second significant difference involves fund-raising dinners. After attending several GOP fund-raisers — including one where a 17-minute political diatribe was offered up in the guise of an invocation — I can say unreservedly that Republican dinners make their candidate forums seem high-minded.

The Democratic fund-raisers that I have attended were slightly more partisan than the candidate forums. But elected officials and party leaders still took the high road.

Democratic attendees were certainly more diverse, and the general feeling was one of being among friends. Dinner table conversations were thoughtful discussions of current issues, not the usual superficial chitchat interspersed with racial stereotypes about affirmative action and welfare and disinformation from talk radio one usually hears at Republican events.

The most telling difference was between the women's clubs. My former Republican women's club recently urged members to attend a fall meeting to pick up new membership directories.

I paid for my directory, but a woman whom I'd never met confronted me. "I feel very uncomfortable with you having a directory," she said. Somewhat taken aback, I asked what she meant.

"You have been pictured in the newspaper with Democrats," she responded. "Do you have an explanation for that?"

I explained to her that as president of the local Women's Political Caucus, I must attend numerous political events to find new members. She then replied, "It has also been reported that you have had a Democrat's sign in your yard." (Apparently, the GOP even has a yard sign Gestapo!)

That was entirely possible, I said, since I have always supported the person I felt was best for the job. She then said that if I supported Democrats, I could not belong to a women's club affiliated with the Texas Federation of Republican Women.

I told her that no person or organization was going to dictate with whom I could have my picture made, whose sign I was going to put in my yard, or for whom I was going to vote.

Following this incident, I reflected upon my GOP experiences. I remembered how at age 15, I excitedly became a "Young Volunteer for Nixon." I campaigned hard for him, despite the lukewarm reception from my Democratic Louisiana neighbors.

I continued to faithfully support the GOP after I was old enough to vote — until the party took its sharp turn to the extreme right. Even then I tried to work within the party, to no avail.

Fortunately, my parents encouraged me to thoughtfully consider all sides of an issue, to not follow the crowd, to have compassion for those less fortunate, to see people as individuals, not skin colors, and to always try to live by the Golden Rule. They gave me a foundation in traditional American values, for which I will always be grateful.

Yet I cannot remain in a party that has veered so far from the principles that originally attracted me. The GOP has come to repudiate the very values with which I had been raised. There is no room in the Republican Party today for anyone who thinks independently.

Like most Americans, I feel most comfortable with those voters who have more moderate political philosophies and who allow independent thought. The Democratic Party has become the party of moderation in Texas, especially in Collin County.

Nancy Machen is a former Republican task force chairwoman of the Texas Women's Political Caucus.

THE PRESIDENT HAS SEEN

118196

To Carolyn Huber
East Wing # 214

Got the's from the DMN
op-ed page. Thought you
all would like to have a copy
of it.

Happy New Year!

Gerald
Waco

The *Post* does deserve credit for recognizing that the economic, geographical, and educational isolation of its reporters poses a problem. Len Downie, for example, says affirmative action at the *Post* includes seeking reporters with diverse socioeconomic backgrounds. With floods of applications from the Ivy League, he says he makes a concerted effort to hire from state schools as well. But, as Downie points out, the *Post* is a prosperous company that pays competitive salaries; that means "people move into a higher income group just by working at *The Washington Post*."

The same is true throughout the media. Juan Williams evokes the image of presidential candidates who stumble when asked if they know the price of milk or bread to describe the economic insulation of reporters. When his wife asked him recently if he knew how much they paid for cable, he had no idea. "In another phase of my life I would have been very aware if those jerks raised the rates," he says. "If you're poor, or working class, and the kids want Disney, believe me you're aware if they raise the rates every six months."

In their youth, many of today's middle-aged journalists saw the world as a place full of injustice, and they saw themselves as people, blessed by birth and brains, with the power and obligation to change that. As they have advanced professionally, their outrage has mellowed, and their critical eye has given way to complacency. Now, they pay high taxes; perhaps their children are in private school, so they resent those taxes, and the government they finance, even more. They look back on their activist college years with a slight sense of embarrassment. Yet in conversation, Glassman, Samuelson, Ignatius, and Mathews all seem more complex and more compassionate than their work suggests—and that leaves open the hope that they may yet be moved to balance apathy with passion and their cynicism about government's failures with constructive alternatives.

The virtue of the Len Downie-era at the *Post*, Steven Pearlstein tells me, is its move away from trying to influence policy, as he claims the *Post* did in the past. "Now we write for readers and to tell the truth," Pearlstein says. In America, however, many truths coexist—businesses prosper, the middle class stagnates, the lower class struggles, the upper class flourishes, stocks rise, the job market churns. Truth matters, but it also matters which truths you choose to print. □

Bar McKinney
Worthington
too true - BC

THE PRESIDENT HAS SEEN

1/8/96

CC PUTS, Melanne. Maggie
O to me

Class, Not Race

The Washington Post's racial politics are making national headlines. What about that paper's—and the rest of the media's—neglect of the working class?

BY AMY WALDMAN

"His investigations often turned on the misuse of money, but since he had become rich himself, he discovered that money was more subtle than it had seemed when he was poor."

—Ward Just, *Jack Gance*

Now all my friends are rich. Curiously, they want me to be rich, too," wrote James Glassman, fresh to Washington, in a 1980 *New Republic* article called "Prisoners of Real Estate." He had missed the boat, he said, by not buying a house in the seventies, while his contemporaries—"the ones who railed against the Vietnam War and big business and private property in the 1960s"—profited from the housing run-up. Still, he mocked those friends as part of a real estate class "obsessed with money," with "no use for drug clinics in the neighborhood, for property taxes, for quaint bars or the trappings of progress. They climb on board and pull up the ladder."

"I guess there's a sort of irony there," says Glassman of that article today. Indeed there is. For Glassman is now not only a homeowner, but he is rich, very rich, having sold off a healthy stake in the congressional newspaper *Roll Call* and become a guru to the investing class. His hair has grayed; he wears sharp suits. He hosts two TV shows. He writes a personal finance column for *The Washington Post* and, since March, a weekly op-ed column as well—a column in which he often proselytizes for "pulling up the ladder," whether discouraging an increase in the minimum wage or lambasting the Earned Income Tax Credit, which benefits the working poor. Glassman is the market's cheerleader, and he is very much in vogue in Dick Arney's Washington.

Twenty-five years ago, Glassman favored a different sort of radical chic—that of the left. When he graduated from Harvard in 1969, anti-war fury and civil-rights agitation were consuming the campus. He wore a motorcycle jacket; he protested the Vietnam War; he railed against corporations. "They wanted to tear the establishment down," recalls Patrick R. Sorrento, production supervisor for the last 28 years at *The Harvard Crimson*, where Glassman was managing editor. "And Jim was right in the thick of it."

In a recent *New Republic* story on affirmative ac-

Research assistance provided by Jamie Peacock.

tion at the *Post*, Ruth Shalit asserted that the paper's top figures are fuzzy liberals whose sensitivity about race is compromising "the paper's traditional role as a gadfly." On questions of race, Shalit may have a point. But on economic issues the *Post* is far from a gadfly—because it's *not* liberal.

Something of the way the *Post* approaches these issues can be understood by looking at the background and views of the individuals who cover them—people like Glassman and his peers. He and several of his *Crimson* compatriots—economic columnist Robert Samuelson ('67), financial correspondent Jay Mathews ('67), and assistant managing editor for financial news David Ignatius ('72)—play critical roles in the way one of the country's most important papers covers some of the most important subjects: the economy and business.

Their personal stories are part of a broader phenomenon. They reflect the transformation of journalism from a craft into a well-paid profession. They were born into the middle class or higher and attended fine colleges. They have reaped the bounty of an age of media affluence. They also happen to work for a wealthy company, and in a newspaper business that has suffered an attrition in readership over the past two decades among lower-income readers.

Their individual arcs show how a paper can lose touch with the average worker: Its journalists lead ever-more comfortable lives, with minimal contact with less fortunate counterparts, even as they succumb to the subtle pressures of their employer's own corporate self-interest. Where many of the children of the sixties once burned to challenge the status quo, today they are complacent, even cynical. The idealists and radicals who thought they could change the world grew up and changed their minds instead.

Post-Naderism

After graduating from Harvard, David Ignatius wrote a story for the *Monthly* in 1973 in which he attacked the dean of Harvard Medical School for serving as a consultant to the pharmaceutical manufacturers, B.R. Squibb and Sons, and helping the

company get Food and Drug Administration (FDA) approval for a controversial drug. (Ignatius was an editor at the *Monthly* in the mid-1970s.)

As a college student, Ignatius—bearded, long-haired, and passionately anti-war—had worked for consumer advocate Ralph Nader, who remembers him as "a firebrand." Today, as a top editor at the *Post*, the well-groomed Ignatius is no longer a radical reformer. "I'm not embarrassed to have worked for Nader," Ignatius now insists, although I hadn't asked if he was. Nader, in turn, is frequently critical of his former employee's business section, which he feels lacks a commitment to covering the hazards of the marketplace.

Stories like the one Ignatius did on Squibb aren't likely to make the business section today. "I'm often amazed how significant wrongdoing by corporations is not always treated as a page-one story," says Howard Kurtz, the *Post*'s media critic. Once, the perception in the newsroom was that business "must be doing something bad," explains business reporter Steven Pearlstein. "Now," he says, "we don't assume that." The *Post* prides itself on its vigilant coverage of government and politicians, but its scrutiny of the private sector is less impressive. Take a few recent examples, all from August 1995:

- DuPont Co. was fined \$115 million for concealing evidence in a 1993 trial over one of its fungicides. "Put in layperson's terms," the judge wrote, "DuPont cheated. And it cheated consciously, deliberately and with purpose." Both *The New York Times* and *The Wall Street Journal* ran stories as the news broke, quoting the judge. The *Post* delayed the story a day, then buried it as a 53-word story in "Business Digest," a round-up of brief also-rans for business news. The brief did not quote the judge but did include the company response that the decision was "unreasonable."

- When Maytag agreed to pay \$16.5 million to almost 800 workers for breaking a promise to not close a plant about 50 miles from the District, the *Post* gave it 49 words in "Business Digest." Ignatius defended the DuPont decision on the grounds that it wasn't a local story, but the Maytag example shows even local stories that reflect critically on corporations can get shortshrift.

- After one of the largest FDA health care investigations in history, three former executives of C.R. Bard Inc. were convicted in U.S. District Court of criminal charges for concealing information about the use of faulty heart catheters in coronary surgery. The *Journal* ran a full story about the conviction, noting that the company had willfully ignored health and safety laws in an effort to raise profits. The *Post* buried the story as the fourth item in "Business Digest."

- Late in the month, when federal officials raided California sweatshops, where illegal Asian immigrants were working in slave-like conditions, and linked the sweatshops to organized crime, the *Times* ran a front-page story. The *Post* reported it as the ninth item in Business Digest. According to Executive Editor Leonard Downie, the *Post* uses its front page to tell readers what is important. Is that why a story about Roy Rogers introducing bagels on its menu made the front page?

It wasn't always this way. For two decades, the *Post* had a crusading reporter named Morton Mintz, who led a consumer jihad against morally-challenged companies. Mintz wrote lengthy investigative pieces not just on the lapses of drug, tobacco, or car companies, but on "where the legal and moral obligations of corporations begin and end," as he wrote in one story, and on whether regulatory agencies like the FDA and the Securities and Exchange Commission were doing their job to protect the public. On something like the DuPont fine, Mintz would have delivered a 2,000-word piece examining who lied, about what, and who it hurt.

But sometime in the mid-1980s, perhaps due to the growing political power of business in the Reagan years, such vigorous consumer and corporate investigations began to go out of fashion. Mintz retired in 1988, and no one has picked up his gauntlet. Under Ignatius, there has been some groundbreaking investigative work, such as a series that exposed the highly profitable Fannie Mae's tax-exempt deal with the District of Columbia. But much more of the business coverage serves as a press release-based bulletin board for company profits, mergers, and personnel moves.

The business section, Ignatius explains, now defines "consumers" as investors looking for advice in compounding and safeguarding their money. "Our area is so prosperous," he says. "We have so many two-income families, and they do have time to think about mutual funds, college, what to do

with their money." A promotional kit for would-be *Post* advertisers notes readers' \$53,435 average annual household income after taxes, and that the D.C. area is rated above the national norm in ownership of European luxury cars, stocks, securities, and investment property. To lure these readers, and the advertisers they attract, the *Post* has considerably expanded personal finance coverage. This is a national media trend, and guiding the increasing number of Americans with money in stocks and mutual funds is a public service. Ignatius points with justifiable pride to a recent front-page story exposing how brokers gunning for commissions give investors bad advice.

But to define "consumer" so narrowly leaves the many people who may never have large quantities of money to invest, but who do worry about their health, their ability to get insurance, or the safety of their cars, without a paper speaking to their needs. As Richard Harwood, a former *Post* editor and ombudsman, noted in the paper several years ago, which ballet to see, which restaurant to sample, which Lexus gets the best mileage to the gallon, all get covered, but "consumer news involving ripoffs, commercial fraud, product safety and the like has tended to fall between the cracks."

In light of the ferocious battles around regulatory reform, the business section did add a weekly column called "The Regulators." But the column rarely takes a tough look at where regulation is important and useful to protect workers, consumers, or the environment, or where it's truly frivolous or burdensome, as business so often claims. Instead, it is a melange of gossip about agencies and industries, and "business said/the FDA said" back-and-forth over regulations—on items like underwear and condoms—that make for cute copy.

The neglect of issues important to many Americans extends to broader economic coverage as well. "The *Times* has devoted much more attention to child poverty, changes in wealth and income distribution, wage distribution," says Gary Burtless, a Brookings Institution economist. "These are some of the most important issues affecting American political and economic life. I don't know why it hasn't received the same coverage in the *Post*." The *Post* has done several good stories on stagnating wages, and a front-page story on how GOP tax cuts could exacerbate the income gap. But they have given insufficient attention to the fundamental transformation in American life: The rich are

getting richer, the poor are getting poorer, and the middle class is disappearing.

In April, for example, the *Times* reported a new study by economist Edward Wolff documenting the growing inequality of wealth between the very rich and the rest of America. That study provoked a volcanic conservative reaction. Much of the vitriol wasn't due to the report's substance, but to the *Times*'s decision to put it on the front page—which made it impossible to ignore. Though the *Post* ran op-ed pieces, mostly attacking Wolff's study, the paper's readers would have been hard-pressed to find any mention of the study on the news pages. For Washington's leading daily and arguably the paper of record for policymakers in the nation's capital, the omission was peculiar.

Ignatius acknowledges that the paper is grappling with how to better cover the effects of economic shifts on "ordinary people." But too often, the *Post* forgets them, as it did in the coverage of the North American Free Trade Agreement (NAFTA). One study by Fairness and Accuracy in Media found that *Post* news coverage from April to July of 1993, when the debate was reaching its height, didn't quote a single member of the general public. The consensus in the Washington policy establishment was largely that NAFTA was positive, and therefore discontent from the heartland was minimized. ("Most journalists don't hobnob with the sort of people who might lose their jobs under a trade agreement," explains Kurtz. "So there wasn't the kind of emotional connection that you see when newspaper people are laid off.")

NAFTA was a close call, but the *Post*, like the rest of the mainstream press, portrayed it as a slam dunk. Now, Ignatius expresses mixed feelings on NAFTA: Though he became convinced of the virtues of free trade while covering what was then a heavily protected steel industry in the seventies, he is troubled by "the plight of the bottom two-fifths who won't thrive because of lower skills." Yet such ambivalence was only minimally reflected in the coverage. The FAIR study found that 71 percent of quoted sources in NAFTA stories in the *Post* were pro-NAFTA; only 17 percent were opposed. (The *Times* was only slightly better; their

ratio was 66 to 24 percent.) The imbalance in news coverage was exacerbated by the relentless pro-NAFTA drumbeat on the *Post*'s op-ed page, which in 1993 ran approximately 48 pieces in favor of the treaty, and only eight against. Nor has there been much subsequent coverage of whether the gains for workers the treaty's proponents promised have materialized.

The *Post* has been particularly remiss in examining the effects of major corporate moves on workers and consumers. Take the merger between

Citicorp and Chemical Bank, the lead front-page story on August 29 in both the *Times* and *Post*. In the headline, the *Times* reported that 12,000 jobs would be lost, and ran a separate story on how the merger could reduce bank service in poor neighborhoods. The *Post* only mentioned the job loss in the seventh paragraph; a possible reduction in

service was raised only to report a bank official's denial that service would be affected. The *Times* and the *Post* also ran front-page stories, on September 21, on the breakup of AT&T. Again, the *Times* indicated in the headline that 8,500 jobs would go; the *Post* mentioned it in the seventeenth paragraph. Ignatius defends the *Post*'s news judgment on the grounds that these weren't local stories. But if DuPont's malfeasance didn't get covered because it wasn't local, why did these non-local mergers make page one? And since the story did make the front-page, why give such short shrift to the potential losers in the deals?

On the whole, of course, the *Post* isn't unique in looking at mergers through a Wall Street prism. "There's an unfortunate tendency in the media to do upbeat stories about which huge corporation is swallowing another huge corporation and, by the way, 10,000 people will lose their jobs," Kurtz says. "There's a tendency to go to experts and analysts who applaud layoffs because stocks go up."

Such coverage doesn't result from callousness. Jay Mathews, who wrote the Citicorp story, says it's important to him to cover the human and social costs of such mergers. But journalists like Mathews are inured to the impact of the financial moves they cover on average Americans. Job insecurity isn't an issue for Mathews; his friends are more

"I'm often amazed how significant wrongdoing by corporations is not always treated as a page-one story," says *Post* media critic Howard Kurtz.

likely to be other journalists than bank tellers; there is probably no shortage of bank branches where he lives. That, combined with the pressure to conform to the conventional financial reporting Kurtz describes, makes such effects seem abstract.

17 Mathews is another Harvard alumnus, and like quite a few of his *Post* colleagues, a one-time liberal. "It was a radical era," he says of his Cambridge days. "We thought we were going to be running the country one day ... We were all Government majors, interested in how government could change things. The New Deal, the GI Bill, the post-war success, all were very influential. Now we see how that weakened the social fabric."

But Mathews also concedes that financial upward mobility has influenced his own—and his colleagues'—views: "I don't think you can rule out personal interest; we're a lot more comfortable financially than we were then ... I'm in a two-career marriage, much better off than my parents were. It's true for most members of my generation who've had the educational advantages we've had." Does Mathews's conservatism influence his news judgment? "Absolutely," he says. So does his class. He has, for example, written articles, and is writing a book, expressing concern about how the movement to equalize education funds among richer and poorer school districts is impacting well-off districts. He describes parents in wealthy districts, parents much like himself, as "cornered" and "under the gun financially." Through his journalism, the personal becomes the public, and the personal is heavily slanted toward the upper class.

Exit, Left

There's another reason that the paper's reporters and editors might not approach big business with skepticism: They work for a big business. The *Post* Company's revenues totaled nearly \$1.2 billion in 1994; it owns *Newsweek* magazine, six television stations, and more than 50 cable systems, including Post-Newsweek Cable. The *Post* provides a snapshot of the tensions between corporate ownership of a newspaper and coverage of business and the economy—coverage that can have a direct impact on that corporation's shares, its advertisers, and public policy that will affect its holdings.

This tension flared up during debate over the General Agreement on Tariffs and Trade (GATT) recently approved by Congress. While the paper

was editorializing in favor of GATT, it was revealed that a *Post* Co. subsidiary stood to save millions if the treaty became law. It was an illuminating moment, as was Don Graham's concession that he had lobbied Congress and the administration for the provision. "We had no choice but to lobby and assert our interests," Graham says.

This year, Post-Newsweek Cable stands to benefit from Republican-sponsored telecommunications legislation that would allow them to raise cable rates, and the *Post* Co.'s TV stations could benefit from a provision to give away broadcast frequencies for free. The Federal Communications Commission (FCC) wants to auction the frequencies because to do so could bring the government \$37 billion. Even the conservative *Journal* editorial page has railed against this "GOP Giveaway," but the *Post*'s editorial page has been conspicuously silent. "There is a dangerous line for the *Post* to handle—the relationship between the paper as a fine journalistic enterprise and the *Post* as a large business and part of the business community," says Juan Williams, a *Post* reporter for 19 years.

Indeed, some *Post* editorial decisions seem to be playing to a corporate peanut gallery. A front-page story on July 30 was headlined "Federal Rules Carry Weighty Responsibility; In Texas, Diaper Company Bears Burden of Compliance." The jump headline, spread across two-thirds of a page, read "Company Confronts a Mountain of Regulatory Paperwork." But the story said that the company's environmental and worker safety requirements were minimal—contrary to the rhetoric on Capitol Hill. And what the *Post* called the company's financial regulatory burden resulted largely from their decision to sell \$75 million worth of junk bonds, and their violation of patent law. Jay Mathews, who wrote the story, says he was surprised because his conclusions ran counter to conventional conservative wisdom. You never would have guessed that from the headline, or the first seven paragraphs. A story that undermined GOP attacks on environmental and worker protections was instead spun to suggest that regulation is overly burdensome—and it ran the day before congressional debate on regulatory roll-back began.

The Graham family serves the dual role of corporate chieftains and editorial supervisors. And while they could be expected to pay close attention to the bottom line, neither Donald Graham, nor his mother Katharine before him, has ever dictated

coverage to the editorial side. But it's natural that employees try to please him, especially when he has known some of those employees, such as Samuelson and Mathews, since their days at the *Crimson*, where they worked together. Don Graham, who succeeded his mother as publisher in 1979 and CEO in 1991, has had more exposure to people of less privileged backgrounds than most of his Harvard classmates—he went to Vietnam and worked as a police officer in Washington, D.C.—but he is now running a major corporation. That means that he's more likely to lean toward, say, regulatory or taxation policies that favor businesses' bottom line rather than workers' interests. He says the paper's editorial pages reflect his politics, and on economic issues in particular, those pages are increasingly conservative.

The op-ed page's tone—relentlessly centrist, moderate, and homogenous, what *George* magazine calls “post-partisan”—also reflects the thinking of Meg Greenfield, the editorial page editor. Her columns are largely confined to musings on the incivility of political and social discourse; with rare exception, she does not trumpet the cause of the down-and-out. And with the death of liberal Hobart Rowen last April, economic writing on the op-ed page has been dominated by the voices of two regular columnists, Robert Samuelson and James Glassman.

Samuelson, whose column also appears in *Newsweek*, graduated from Harvard in 1967 with a reputation as a juggernaut of reporting skill and brain power, which has followed him into his career as a columnist. Samuelson has exhibited a remarkable consistency of ideas since his college years. Unlike many of his classmates, who were caught up in the ferment of the war and the civil rights movement, Samuelson was not political; he was then, as he remains, interested in figuring out how things work, not what to do about them.

This interest was reinforced by one of his college professors, whom Samuelson calls the “best teacher I ever had,” a political scientist named Edward Banfield. “I can't overemphasize his importance as an influence on [Samuelson],” says Jay Mathews. Banfield achieved notoriety—and laid the groundwork for people like Charles Mur-

ray—by challenging liberal doctrine on the underclass, arguing that a pathology permeated the culture of poverty, and that government could not ameliorate poverty.

From Banfield, Samuelson took several principles that have shaped his writing on the economy and society: that the role of government must be narrowly defined according to the American political tradition, that the American poor are relatively well-off compared to those in other countries, or

The business section now defines “consumers” as investors looking for advice in compounding and safeguarding their money.

the poor in the past, and most of all, that “all problems do not have solutions.” That notion, combined with Samuelson's fervent rejection of Keynesian economics and the belief that booms and busts in the business cycle cannot be eliminated, has produced what can only be called an economic fatalism: No matter how bad things are, they really can-

not be any other way.

“The glory of [Samuelson's] column,” says Don Graham, defending his editorial page's economic slant, “is that he's very unpredictable.” But others disagree. Independently of each other, two prominent Washington journalists called Samuelson the modern incarnation of Voltaire's Dr. Pangloss. “The best of possible worlds” was Pangloss's constant refrain as plagues and wars raged around him. Nothing better captures the essence of Samuelson's philosophy and writing than the notion that this is, indeed, the best of all possible worlds. “It would have been nice if whatever is going on out there had produced a different result,” he says of growing inequality, “but it didn't.”

For well-off readers, Samuelson provides this reassurance: Economic have-nots are the inevitable, if unfortunate, result of a market economy. And lest his readers feel pangs of guilt, Samuelson musters statistics to show that the very poorest are slightly less happy, the richest slightly more happy, but otherwise income makes little difference in happiness. Americans, Samuelson believes, simply need to stop whining about their economic plight. “The paradox of our time is that Americans are feeling bad about doing well,” he writes in his forthcoming book *The Good Life and Its Discontents: The American Dream in the Age of Entitlement, 1945-1995*. He argues that Ameri-

can unhappiness largely stems from unrealistic expectations, a sense of personal and financial entitlement. Samuelson is right to an extent: Rising expectations are a social problem in the United States and elsewhere. But that does not account for all of the country's angst, nor should it provide an excuse for the comfortable to avoid addressing the problems of those who aren't.

Like many journalists and policymakers, Samuelson is more concerned with the macro-economy, and its long-term development, than with its immediate impact on Americans. That's understandable: Washington is a policy town, not a factory town. Samuelson, like many prominent journalists, earns a six-figure income. He works in a tiny cluttered office 12 floors above Washington. Except for what he finds in the news pages, he has little exposure to those who have no health care or have lost their jobs due to what he sees as healthy corporate competition. Samuelson does extensive reporting for his columns, but that reporting is largely confined to analysts, economists, and business owners.

Nowhere does this narrow view of the economy manifest itself more clearly than in Samuelson's obsession with preventing inflation. Over the past several years, he has urged the Federal Reserve Board to stave off always-impending inflation with hikes in interest rates that inevitably slow economic growth and job creation. The theory is that if unemployment is too low, workers will be in short supply and, therefore, they will be encouraged to demand higher wages. But the labor force that Samuelson is so sure is going to demand higher wages—and therefore put inflationary pressure on the whole economy—is in fact remarkably docile, as a result of global competition, the insecurity of new volatile markets, and trends such as the increasing number of part-time and temporary workers and the decline of unions. Operating from inflationary premises developed during the seventies, Samuelson seems unwilling to open his eyes and acknowledge that the balance of economic power has shifted away from labor.

On inflation, Samuelson's prescription is Federal Reserve Board intervention. But when it comes to the plight of the struggling, Samuelson does not discuss solutions—unless to dismiss them. He calls taxing the rich "punitive," argues that all federal job training programs ought to be scrapped because he doesn't think they've worked, and vocifer-

ously has opposed both the Clinton health care plan and the principle of universal coverage.

To his credit, Samuelson did attack Republican plans to cut the Earned Income Tax Credit; he calls the GOP effort "morally offensive." And in person, he seems much more compassionate, more doubting, than the harsh certitude his writing often conveys. "We have three kids, a good income," he says. "My wife is a wonderful mother. And it's hard work. I think about someone who's 19, has no partner, no permanent job, not even a high school education, and two kids, and I despair at how difficult it is for her."

But in print, Samuelson, like most pundits, sticks to his guns. As concern has mounted over the failure of wages to keep pace with productivity, for example, Samuelson has taken several unique tacks: For years, he denied that incomes were stagnating. When even his own newspaper reported otherwise, Samuelson finally reversed course and conceded that wages are indeed stagnating; but he insisted that living standards must inevitably rise, and in fact already are—it's just that the increases are "hidden." In other words, don't worry about declining standards of living because they're not really declining at all.

"Bunk," as Samuelson himself frequently writes. In any corner of America, you'll hear families complain that they are working harder, but earning less, running faster than ever, but still falling behind. But people listen to what Samuelson thinks—including his colleagues who write the news. Steven Pearlstein, for example, was dismissive of the Wolff inequality study partly because Samuelson (and James Glassman) attacked it on the op-ed page. Jay Mathews says he gave up long ago trying to figure out the economy. "I just listen to what [Samuelson] thinks." Mathews was relieved by Samuelson's column on wage stagnation. "I'm glad he came back with that rejoinder," Mathews says. "Of course, it's hard because the numbers [showing rising living standards] aren't in his favor yet."

A number of respected economists, of course, have quite different views of the economy, believing that the trend of growing inequality is stubborn enough to represent a change in the way the economy has worked, or profound enough to require some sort of intervention, or that even if the net outcome of this economic cycle turns out to be positive, the short-term pain caused by the market

requires attention. But you'll rarely find voices like that—people like Lester Thurow, Paul Krugman, or Paul Romer—on the *Post's* op-ed page. Robert Kuttner occasionally mounts a defense of traditional liberalism and government policies to help the have-nots; Richard Harwood provides the only remotely populist voice. But the only other weekly economic op-ed columnist is James Glassman. He was helped onto the op-ed page by David Ignatius, with Don Graham's approval. Once an agent provocateur from the left, Glassman now plays that role from the right.

Glassman's views on narrowing the scope of government often mirror Samuelson's, whom he calls a model. But Glassman goes farther. Several themes permeate his writing. First, "Stop picking on the rich." He has opined that "The Rich Already Pay Plenty" of taxes (he arrived at his figures by neatly excluding Social Security taxes, which impose the heaviest burden on people earning lower incomes). "It's not necessarily good fortune that made them rich ... More likely it was hard work, sacrifice, risk-taking, and brain power," Glassman writes, seeming to forget his own good fortune at being born into the well-off family of a Washington-area contractor. "It's envy season again," began one Glassman column in defense of exorbitant CEO pay.

Glassman's other habitual refrain is "alas." As in, yes, things aren't perfect, but—alas—there's nothing we can do; certainly there's nothing government can do. The answer to inequality, he writes, "is no more mysterious than better training. Alas, politicians and journalists can't much help here, but they can certainly hurt—by exploiting themes of envy and class warfare." In a column opposing an increase in the minimum wage, he lamented society's growing inequality but concluded, "What can [Robert] Reich and his colleagues do to help the working poor? Alas, not much. Like many economic problems, this one is not really amenable to a government solution. Government can help a bit through tax breaks for education—but ultimately the cure for low working wages may be nothing more mysterious than high personal diligence."

In the name of diligence, he would ultimately abolish not only the Earned Income Tax Credit, which plenty of liberals and conservatives alike agree rewards diligence, but also student loans—on the grounds that it's not fair for all taxpayers to subsidize college for some when college graduates will earn so much more over their lifetimes. "It comes down to sacrifice," he says. "People need to say, I personally am going to have to

suffer while I go to night school, sacrifice things I want to do—to get better-educated." I ask Glassman if he worked to pay his way through Harvard. "Me?" he answers with surprise. "No. Not at all. I didn't pay my way at all."

Glassman claims that his increasing conservatism and push for self-sufficiency resulted from his entrepreneurial experience starting a newspaper in New

Orleans in the early seventies, an experience he recounted in the *Monthly* in 1976. In that article, he noted that he and his wife had started the newspaper with "family money." Now, he seems to think it was solely the worth of his idea that convinced investors, and anyone with a good idea could do the same. Back then, he lamented the concentration of venture capital in "fewer and fewer hands" and the way that this was stifling American innovation and shutting out small businesses. Today that concern seems to have fallen off his radar screen—he certainly hasn't written on the plight of small businesses recently.

Glassman is an extremely smart man who has worked hard for his success. But in his insistence that anyone—Harvard-educated or not, backed by family money or not—could do the same through sheer diligence, he seems to forget some of the breaks he had. Glassman doesn't spend much time with the hoi polloi, and among Washington's elite his views on the futility of government and the virtue of the market are increasingly fashionable. His views are also conveniently self-interested. Glassman may feel, for example, that the flat tax would be more fair, but it would also reduce his income tax and eliminate all taxes on his investment income.

"People need to say, 'I personally am going to have to suffer to get better-educated,'"
Glassman says. I ask him if he worked to pay his way through Harvard.
"Me?" he answers.
"No. Not at all."

1/8/96

THE WHITE HOUSE
WASHINGTON

96 JAN 2 P3:06

Q: Should we
take any of

January 2, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN, DAVID SHIPLEY

SUBJECT: READING LIST FOR GEORGE MAGAZINE

George magazine would like to publish a list of approximately ten books you have recently read and admired. If you wish, you could also include a sentence or two of commentary about each book.

Don Baer and Mike McCurry recommend that you accept the invitation.

The list would appear in the March issue of George. The deadline is January 19.

Please let us know how you wish to proceed.

- (1) Two Ordinary Times Doris Kearns Goodwin
- (2) Lincoln David H. Donald
- (3) Thomas M. Wilson Benjamin Barber
- (4) Andrew Jackson Robert Remini
- (5) A Woman for Every Boy Wm. Manchester
- (6) How the Irish Saved Civilization T. Cahill
- (7) The Love of Troy Steven H. Green
- (8) The New Middle East S. Pines
- (9) Paradise, Three Walleys
- (10) David Solovay E. Abbey
- (11) Life of the Blues H. Thoreau
- (12) Middle Class Breaks, S. Grunkey
- (13) Public City Tales, J. Lee Bush
- (14) Remember Your Spiritual Path, G. Macdonald
- (15) The Road Ahead, Bill Gates

Have read all but
1, 11, 12, 13. Four August
vacation forward -

THE PRESIDENT HAS SEEN

1/8/96

96 JAN 4 P3:44

2 January 1996

MEMORANDUM TO THE PRESIDENT

CC: The Vice President
Leon Panetta
Doug Sosnik
Don Baer
John Emerson
Wendy Smith

From: Harold Ickes *HI*

Re: Peter D. Hart Research Associates, Inc. - - the
California electorate (date 21 November 1995)

Attached is a report from Peter Hart Research entitled "Findings From Focus Groups in California", dated November 1995 which is based on two focus groups among swing voters, one among southern California residents in the Los Angeles area and the other among residents of northern California in the Santa Clara region. Both focus groups were conducted prior to Colin Powell's decision not to enter the Presidential race. Most of the participants in these focus groups supported the President in 1992 and Pete Wilson in 1994. A few were Perot supporters in 1992. Only a handful are straight Democratic ticket voters.

Key "findings" include:

- President Clinton has a lot of work to do in order to ensure the support of these swing voters. In this regard, the latest polls may be providing the President with a false sense of confidence for his 1996 re-election campaign.
- Voters in California are down, skeptical, scared, and uncertain about what lies ahead for the nation, the state and their families. The kind of self certainty and self confidence that always seemed a mark of California's electorate has been replaced over the last five years with a sense of foreboding and nervousness. In 1992, challenger Clinton was the beneficiary of this mood of uncertainty; now incumbent President Clinton has to persuade these voters that his leadership and direction are what is needed for the next four years.

- At the heart of this uncertainty is the economy of California. The top line and the bottom line for these voters is jobs. Ironically the President gets little or no credit for his work on the economic front.

- One realizes that the increase in ratings for the President is masking many of the uncertainties and apprehensions voters feel about him.

- At the heart of the matter is participants' concern that the President lacks the strength of his conviction.

Participants' initial reaction to Bill Clinton goes to the character issue, thought this year the character issue is less about his personal morality and much more about his professional beliefs.

- Two other principle findings emerge: First, as participants discussed the budget issue, it is clear that the budget veto is less of a fiscal question then a character question for the President. The cuts in education are, however, the one element that unites both Democrats and Republicans - - cuts in this area are seen as cutting against the future potential of America and our ability to compete internationally. Second, voters give the President a grade of "C" for his performance so far. This surprising result comes when these participants were asked to name "the single biggest accomplishment of the Clinton Administration". The silence is deafening. These voters are not expressing their dislike for the President. They feel, however, that there is no focus to his administration, and so are left without an obvious answer.

- The bottom line for the President is that voters' attitude have not changed very much since the rocky days of one year ago. Yet these swing voters are more then willing to consider electing him to a second term, and many feel he deserves more time and more of a chance.

- Voters support General Powell, not because they know his opinions on the issues, but because they felt reassured and were confident he is a person who would not bend to the political winds.

- The front runner, Bob Dole, sparks little enthusiasm. There is no sense that the nation would be better off after his Presidency.

- The B-2 bomber is a critical issue for three reasons. First, while voters feel that the world in general is safer then it was a decade ago, they see the world situation as very volatile, i.e., a strong defense capability is still needed. Second, while most voters know very little about the B-2, they are interested and analytical in discussing it. The B-2 is the "Monroe Doctrine" for the 21st Century,

because these swing voters see the bomber as a deterrent to other nations. The third and most compelling element of the B-2 discussion is the economic information on what the B-2 means to California in economic terms. For the Clinton campaign, the issue of the B-2 potentially becomes important on two fronts. First, President Clinton's chances to win California are improved if the election revolves around domestic issues, but the President needs to develop his credentials on national defense. Second, since the B-2 bomber represents the future of the aerospace industry, this issue is vital to the economic health of the state.

Peter D. Hart Research Associates, Inc.

1724 Connecticut Avenue, N.W.
Washington, D.C. 20009
202-234-5570
202-232-8134 FAX

TO: Leon Panetta
Harold Ickes
John Emerson
Rahm Emanuel

FROM: Hart Research Associates

DATE: November 21, 1995

SUBJECT: The California Electorate

Throughout the year, Hart Research has been conducting focus groups in various states, but we thought you might find this analysis of where the presidential race in California now stands to be helpful. This project was sponsored by Northrop-Grumman, but the issues of national defense were not raised until we were nearly 90 minutes into each session.

If you would like to get more information on these sessions, please let us know. In the meantime, have a Happy Thanksgiving.

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: NW DATE: 9/14/94

2019-0774-S

~~CONFIDENTIAL~~

FINDINGS FROM FOCUS GROUPS IN CALIFORNIA

November 1995

Peter D. Hart Research Associates
1724 Connecticut Avenue, NW
Washington, DC 20009

Peter D. Hart Research Associates, Inc.

WINNING CALIFORNIA

In the wake of Colin Powell's decision not to run for president, there is a new urgency to take a look at the electoral map of a race between Bill Clinton and a traditional Republican such as Robert Dole to try to gauge exactly where this election stands as of today. California, with its 54 electoral votes, is the central thoroughway on the road to victory for President Clinton's 1996 campaign. In the early part of November, Hart Research Associates conducted two focus groups among swing voters -- one among Southern California residents in the Los Angeles area, and the other among residents of Northern California in the Santa Clara area. The results offer many insights as to where the 1996 presidential campaign stands one year before Californians go to the polls. Focus groups provide a look into the internal thinking of the electorate in a way that quantitative surveys do not. While focus group results are not projectable, these open-ended conversations do afford some excellent guidance as to what voters are really thinking and against what yardstick they will judge the candidates in 1996. Most of the participants in these focus groups supported Bill Clinton in 1992 and Pete Wilson in 1994. A few were Perot supporters in 1992. Only a handful are straight party voters.

These focus groups in California help remind us that elections are about fundamentals; for all the machinations that politicians and strategists go through, and for all the columns and analysis that the political media summon forth, elections always seem to come back to the basics. Elections are about such things as the mood of the country -- are things working or not? How do people

feel about the economic conditions of the country and their own family's economic situation. What are the personalities, character, values, and leadership of the candidates involved? And, finally, elections are about the central issues of the day as a way to gain a better understanding of the character and agenda of the candidates. The two dozen Californians we talked to earlier this month offer excellent insights into the methods voters probably will use to make up their mind when casting their ballot in November 1996. In the short period of time since the focus groups were conducted, Yitzhak Rabin was assassinated, Colin Powell decided not to enter the race, and the Capitol has been grappling with the budget showdown of 1995. Any number of other "politically defining" events will occur by the time we ring out 1995 and ring in 1996. Yet, to listen to these voices in California is to understand the yardstick by which Golden State voters will measure the President and his opponent. The results suggest that even without Colin Powell as his Republican opponent, President Clinton has a lot of work to do in order to ensure the support of these swing voters. In this regard, the latest polls may be providing the President with a false sense of confidence for his 1996 reelection campaign.

The Mood in California. Voters in California -- from Silicon Valley in the North to the San Fernando Valley in the South -- are down, skeptical, scared, and uncertain about what lies ahead for the nation, the state, and their families. The kind of self-certainty and self-confidence that always seemed a mark of the California electorate has been replaced over the past five years with a sense of foreboding

and nervousness. In 1992, challenger Clinton was the beneficiary of this mood of uncertainty; now, incumbent President Clinton has to persuade these voters that his leadership and direction are what is needed for the next four years. While in 1994 Governor Pete Wilson may have been able to battle through this mood to win reelection on a tactical decision, Bill Clinton needs to recognize just how corrosive and negative Californians' mood is and that voters are looking for help.

At the heart of this uncertainty is the economy of California. At the time of these sessions, the headlines read, "Nation's unemployment drops to 5.5%, while California's unemployment rises to 7.8%." It is no wonder then that when these voters talk about the economy in meteorological terms, they describe it as overcast, cloudy, or a brewing storm, and only a few believe that things are clearing. As one male participant in the Los Angeles group puts it:

Those numbers are all national averages, but here in Southern California, our aerospace has gone to other states. Everything is moving out. The state is driving people out. They are driving small businesses out. They are driving the large businesses out. Who's here to employ anybody?

The top line and bottom line for these voters is jobs. Ironically, the President gets little or no credit for his work on the economic front. Indeed, almost no one names the improved national economy as the greatest accomplishment of the Clinton Administration. The industries Californians look to as the pacesetters for the state are computer, agriculture, entertainment, and aerospace. Participants believe that all of these industries have declined rather than expanded in the past

five years. This is seen as particularly true of the aerospace industry, and it concerns these swing voters. These Californians feel that aerospace has a unique importance, because it represents good jobs and a high-tech future for the state. The degree to which these voters are sensitive to what is happening in the defense and aerospace industry is surprising. They applaud President Clinton for the C17 decision, but worry about the closing of Lockheed and other aerospace companies. As one Republican in Santa Clara states:

I don't think that people pay enough attention to the aerospace involvement from a high-tech standpoint. Back before Ford sold out to Loral, everything was booming. Silicon Valley was booming; the government spending was in California. Most of our jobs, and everything I deal with as far as high-tech, came as a result of the money spent for aerospace and high-tech, whether it be satellites, rockets, anything of that nature. That does give us, on a lower level in our immediate areas, all the technology from which we build our products, as well as the thousands and millions of jobs that come about. And once we go down in aerospace, we hurt our war effort, our defense effort, we lose all the money and the jobs, and the dollars which all trickle down.

Californians see aerospace not as an isolated industry that is struggling, but as a key industry that is leaving the state.

President Clinton. Listening to these voters and comparing their thoughts to the results of our most recent *NBC/Wall Street Journal* survey taken during the same period, one realizes that the increase in ratings for the President is masking many of the uncertainties and apprehension voters feel about him. The questioning techniques used in the focus groups were designed to get to people's core

feelings and perceptions of Bill Clinton, the man, and Bill Clinton, the president. On the positive side, voters give President Clinton credit for his responsiveness and compassion. In general, Democrats and independents feel his heart and priorities are headed in the right direction. All the trips and attention paid to California have been noted and appreciated, but alone are not enough to offset other concerns voters have.

The focus group results suggest that many of the basic problems and perceptions that were there in November 1994 have not gone away or been put behind Bill Clinton. At the heart of the matter is participants' concern that the President lacks the strength of his convictions. Voters in '94, and again today, think of Bill Clinton as a person without a fixed set of beliefs. When asked for a word or phrase to describe him, voters talk about President Clinton as being "a good talker," "a great salesman," "sincere, but no follow-through," "namby-pamby," "devoid of character," and "not strong-willed." Participants' initial reactions to Bill Clinton go to the character issue, though this year the character issue is less about his personal morality and much more about his professional beliefs.

Similarly, when we ask these voters what relative Bill Clinton would be if he were a member of their family, we find that their most frequent responses describe someone who lacks a completed, formed set of views or values. As one Los Angeles voter puts it: "He would have been me before my value system, me as a teenager." Participants in Santa Clara agree with this assessment: "[He would be] my teenage son. He needs better direction. Someone needs to shift him." "I

agree. He jumps into things too quick without really thinking them through." Others see Bill Clinton as a brother or a wild uncle. The positioning of the President always seems to come back around to convictions, leadership, and values.

Two other principal findings emerge from these sessions when voters talk about Bill Clinton. First, as participants discuss the budget issue, it is clear that the budget veto is less of a fiscal question than a character question for the President. **The cuts in education are, however, the one element that unites both Democrats and Republicans -- cuts in this area are seen as cutting the future potential of America and our ability to compete internationally.**

Second, voters give the President a grade of "C" for his performance so far, with very few honor roll marks or failing grades for his overall performance. The surprising result comes when these participants were asked to name "the single biggest accomplishment of the Clinton Administration." The silence is deafening. These voters are not expressing their dislike for the President. They feel, however, that there is no focus for this Administration, and so are left without an obvious answer. Some talk about peace or no wars, others mention something like lower interest rates, but there is no consensus that could form a theme for 1996. The themes of 1992 seem long forgotten and have not really been replaced by a new set.

The President gets a modest amount of credit for his role as commander-in-chief, though topics such as his position on gays in the military, Bosnia, and Haiti

are all raised during the discussion. Pictured against Colin Powell and Bob Dole -- authentic war heroes -- voters are taking a harder look at Bill Clinton on this dimension.

The bottom line for the President is that voters' attitudes have not changed very much since the rocky days of one year ago. Yet these swing voters are more than willing to consider electing him to a second term, and many feel that he deserves more time and more of a chance. The issues that would erase the question marks among participants are the following:

- ♦ First, a sense of a firmness of character;
- ♦ Second, a feeling that the President's policies make sense for California and the future of the country -- education and the economy are the two elements mentioned most often; and
- ♦ Third, a belief that Bill Clinton will be a "safe choice" in foreign affairs and national defense.

The Republican Opposition. These focus groups were conducted prior to Colin Powell's decision not to enter the presidential race, and voters' reaction to the General underscore some of the challenges that President Clinton will face in 1996. These participants see Colin Powell as a father or grandfather figure. His possible candidacy is well-received among these voters, because they believe that General Powell represents stability, a person with solid values, and someone who was outside the political system. Equally instructive, however, is the fact that these participants express concern that Colin Powell might not be effective with Congress, that he might not have a domestic agenda, and that his only experience

has been in the military. In short, while this new face on the American political scene may be well-admired, voters clearly have a lot to work through before they would be willing to elect Colin Powell as president. The discussion also is instructive for the Clinton campaign -- voters support General Powell, not because they know his opinions on the issues, but because they feel reassured and are confident that he is a person who would not bend with the political winds.

The front-runner, Bob Dole, sparks little enthusiasm among participants. He is seen, however, as a "safe choice" and a person voters feel that they know. Currently, these participants are less concerned about the Senator's age than about his temperament. Maybe the best insight into this can be seen when voters are asked to volunteer what family member Senator Dole might be, and the mean or controlling uncle is their description. Very few participants see Bob Dole as the avuncular type.

Somebody that definitely married into the family, probably married an elderly aunt, sort of like an old man. I wouldn't want him to be that close.

Female, waitress, Los Angeles

An eccentric uncle. He blows with the wind.

Unidentified female, Santa Clara

Politically, voters see Bob Dole as smart, but also clearly a politician, an opportunist, and a waffler. They do, however, respect him as a war hero.

When asked what a Dole presidency would be like, participants offer very little sense of the Senator as a leader with a dream that drives him or a true vision

of where he wants to take the country. There is no sense that the nation would be better off after his presidency. At best, participants can conjure up only an impression that Bob Dole might keep the budget under control. These swing voters have little reason to look to Senator Dole as their obvious choice, but they also have few reasons to look away. If the Republican nomination were won by someone other than Bob Dole, voters' focus would likely return to Bill Clinton.

THE B-2 BOMBER

The B-2 bomber is not mentioned at all in the first 75 to 90 minutes of these discussions. Yet, the issues of national defense and jobs are very much a part of the equation in the first part of these focus groups, and in that way, are very much a part of the electoral strategy to win California. Voters are not thinking about the B-2 or even that much about defense policy. Instead, it is the potential cast of characters and the concern about the California economy that could make the B-2 a much more central issue than one might expect.

There are three key elements that emerge from these discussions about national defense and the B-2 bomber. First, while these voters feel that the world in general is safer than it was a decade ago, they also see the world situation as much more volatile. Participants cite the many hot spots throughout the world that have flared up in just the past four years -- the Middle East, Somalia, Bosnia, and Haiti, among others. The Republicans and independents in these groups emphasize the importance of being strong and prepared when it comes to national defense. National defense and foreign policy will play more of a part in the '96 decision-making matrix for these swing voters than they did in 1992.

Second, most participants know very little when it comes to the B-2: nearly half of these swing voters rate their knowledge of it as next to nothing. Those with some knowledge mention that the B-2 is a long-range bomber, is state-of-the-art, is made in California, and that it has had cost overruns. Instead of having a skeptical or jaundiced view of a high-tech bomber, however, participants are both

interested and analytical in discussing the B-2. These voters were given specifications information about the B-2 -- which included the costs -- and a published column by Charles Krauthammer in support of the B-2. This information affects voters in different ways and helps explain how the public will approach the debate over this weapon system. Republicans are the most likely to feel that the B-2 is an effective weapon that is important in this new age of national defense, in which bases around the world are reduced but America still needs to be able to respond quickly. One 59-year-old male in Santa Clara argues: "If you have to deliver fighting power, this [the B-2] would probably deliver all-around more than anything else we have." A male Los Angeles participant enthuses:

I love this plane. It goes there, it delivers the weaponry, and then it comes back. It will go a long way. We can use it again and again, and it is awe-inspiring to the rest of the world. And the best weapon is one that is so awe-inspiring that you don't have to use it.

This technological superiority moves Republicans and some independents. Voters in the middle are most likely to be persuaded on the basis that the B-2 means a "home-based defense system," and that the United States can protect its vital interests from within our borders. The B-2 is "the Monroe Doctrine" for the 21st century, as these swing voters see the bomber as a deterrent to other nations, and the Gulf War proved that the B-2 has a purpose and can save lives.

I'd rather have our military people here at home than out in the world, exposed to much more danger. If we have our bases here within our own borders, they are not as open to attack, as a Marine base in Lebanon is open to a terrorist bomber.

Male, central station manager, Los Angeles

I think that is the best argument for [the B-2]. I mean, I don't want to have bases in foreign countries.

Female, private speech teacher, Los Angeles

The third and most compelling element of the B-2 discussion is the economic information on what the B-2 means to California. This information outlines a clear and decisive impact in economic terms, and shifts the moderate Democrats and others to the support column. These participants are aware of the exodus of the aerospace industry from California, and they know what that has meant to the state. They are swayed by economic information that tells them what the B-2 bomber represents to California in terms of jobs and economic growth. Many voters note what the closing of military bases in California has done to the economy, and the decision not to build additional B-2s could be seen as another base closing. One Los Angeles participant, a real estate agent, expresses her interest in the economics of the B-2 as "totally selfish. It's going to improve the economy, so more people buy houses." Another participant states:

I live in California, and I want it to be as nice a place as it can be to live. And I think where people are earning decent money, we've got a better chance. There are too many jobs going to people who are not earning enough to put back into the system.

Female, preschool teacher, Los Angeles

For the Clinton campaign, the issue of the B-2 potentially becomes important on two fronts. First, President Clinton's chances to win California are improved if the election revolves around domestic issues, and the President needs to establish his credentials on national defense. Most voters are of the opinion that the President would be against the B-2 and most new weapons systems. If the Republicans nominate Bob Dole or another Republican who is perceived as strong on national defense, Bill Clinton cannot allow the national defense issue to become the default rationale to vote Republican. Support of the B-2 can help the President neutralize the Republicans on the national defense issue, and by doing so, move the agenda to the domestic front.

Second, because the B-2 bomber represents both jobs and the future of the aerospace industry, this issue is vital to the economic health of the state. This makes it a Democratic issue, and in its own way, the B-2 represents the "bringing home the aerospace" to these voters who feel scared and uncertain about their economic future.

1/8/96

THE WHITE HOUSE

WASHINGTON

96 JAN 5 P6:22

January 5, 1996

DECISION MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WALLEY *AW*
STEPHANIE STREETT *sh*

SUBJECT: New York and Nashville

In reference to the night of January 11, we have discovered that the cost of spending the night in Nashville is equal to the cost of returning to the White House and departing the next day for Nashville.

You will gain about an hour of sleeping time if you stay in Nashville on the evening of January 11.

What is your preference:

1. RON at the White House on January 11

yes _____ no _____

2. ~~RON~~ in Nashville on January 11

yes ☒ no _____

THE PRESIDENT HAS SEEN
1/8/96

Wario

Is this a problem?

Box

Buying Snake Oil With Tax Dollars

By Robert L. Park
and Ursula Goodenough

It goes by different names now — biofield therapeutics, mental healing, homeopathy — but magic has been used to treat the sick throughout history. The shaman shakes his rattles, the faith healer lays on hands — sometimes patients die, some make surprising recoveries. The only thing that has changed is that the “healers” of today apparently have the endorsement of the National Institutes of Health.

In 1992, Congress directed the N.I.H. to create an Office of Alternative Medicine to evaluate “unconven-

Robert L. Park is professor of physics at the University of Maryland in College Park. Ursula Goodenough is professor of biology at Washington University in St. Louis.

tional medical practices.” Scientists hoped that the office would have a mandate to debunk superstition masquerading as science. Unfortunately, so-called alternative medicine has come to be cloaked in a mantle of N.I.H. respectability.

The office poses little financial threat to other biomedical research: the N.I.H. spends only about \$14 million of its \$11 billion annual budget on alternative medicine. But its impact on health policy is greatly out of proportion to the size of its budget.

The new respectability accorded to alternative medicine was evident at a recent conference on relaxation and spiritual healing in Boston, where representatives of health maintenance organizations mingled with snake handlers and spiritual healers. Alternative techniques appeal to H.M.O.’s because they are far cheaper than traditional medicine.

The Federal Government is not alone in buying into miracle cures. King County, Washington, recently

established the nation’s first government-subsidized “naturopathic” health clinic.

Health sections in newspapers and television news programs are filled with sensational accounts of amazing health benefits from touch therapy, spiritual healing and a dozen other remedies that were once the stuff of tabloids. The accounts tend toward new-age techno-babble about “universal energy” and “vortexes,” and testimonials from grateful recipients. Often someone from the Office of Alternative Medicine is quoted as saying the therapy is “interesting” or “worthy of study” — rarely is there a hint of scientific skepticism.

The real question is not whether alternative medicine is good science but whether it is science at all.

Consider so-called touch therapy. The therapist’s hands do not actually touch the patient; instead, they smooth out the “energy field” or “aura” surrounding the body. As with the emperor’s new clothes, only

the therapist can detect this aura. No evidence of this energy has ever been offered, yet touch therapy is being practiced in hospitals across the country.

Practitioners of homeopathy say they treat patients with “natural” substances such as minerals and organic extracts. But the active ingre-

Why is the N.I.H. touting alternative medicine?

lients in homeopathic medicines are usually so diluted that the chance of even one molecule of the substance remaining in a solution is less than one in a billion. Advocates claim that it doesn’t matter, that the water “re-

members” the ingredient and retains its supposed healing powers.

Shark cartilage, widely sold as a cure for cancer, can be ingested orally or by enema. Yet the alleged active ingredient is a protein, and proteins do not cross the lining of the intestines into the body.

This is not to say that some patients do not benefit from some alternative practices. To the extent that the treatment offers hope, comfort or relief from stress, alternative medicines can reduce blood pressure and release pain-relieving endorphins.

If this placebo effect sometimes works, why should we worry about the spread of such techniques? After all, no one has ever been harmed by having his aura manipulated.

Giving a Federal imprimatur to such techniques invites deception. The licensing procedures and scrutiny that the medical profession imposes on itself are not relevant in evaluating treatments that depend on belief. We can joke about people selling snake oil, but some are making a great deal of money selling it. About \$13 billion per year is spent by Americans on alternative treatments, many of which have no scientific basis. The money aside, to the extent that reliance on alternative therapies leads people to forgo valid medical treatment, it is dangerous.

There is an even more insidious problem. Biomedical research (much of it financed by the N.I.H.) is on a spectacular roll, with important new insights emerging daily. These gains, however, can alienate those who want to believe that events are not determined solely by physical laws. There is nostalgia for a time when things seemed simpler and more natural. The attention given alternative treatments can lead people to overlook that genes, enzymes, hormones and antibodies are natural.

Should there be an Office of Alternative Medicine to evaluate unconventional practices? Not one that elevates magical notions to matters of serious scientific debate. Scientists cannot afford to spend their time and taxpayers’ money testing every unlikely claim.

Humans love to believe that magic charms our lives. In many ways it does, as in the magic of love or kindness or sunsets. But it is important to distinguish these experiences from claims that ignore natural law. Scientific understanding of nature can expose charlatans and lead to the development of valid therapies. In the process, we experience the magic of awe and reverence as we come to understand how nature really works. □

THE PRESIDENT HAS SEEN

1/8/96

GS

Is this a problem?

Bo

Tobacco Industry Lambastes the FDA For Using Too Many Secret Documents

The tobacco industry launched an assault on proposed Food and Drug Administration regulations, arguing the agency improperly used internal company memos and other documents it never made public.

In a 12-volume submission to the FDA, prepared by a battalion of top Washington lawyers, the nation's five major cigarette

By Wall Street Journal staff reporters Timothy Noah, Milo Geyelin and Alix M. Freedman.

makers assailed the proposal — aimed at curtailing the sale and advertising of cigarettes to minors — on every possible front, including the science of addiction and the FDA's jurisdiction. A central line of attack was to open a tangled legal debate over the FDA's failure to disclose the contents of certain documents it reviewed, as well its use of damaging documents leaked from the industry's secret files.

The tobacco companies acted on the last day of the official comment period to defend themselves against the stiffest regulation of the industry ever proposed. They said the FDA accepted 75 documents for review but kept them from the public when it proposed its regulation last August by classifying them "confidential."

Under federal administrative law, any agency proposing a new regulation must disclose all the information it relied upon so the public can respond.

The industry also charged that the FDA erred by relying on internal tobacco-company documents to determine whether nicotine should be considered a drug. The industry maintained that the FDA should make that determination based only on advertising claims and statements to the public.

But the industry could face an uphill battle, because the laws and precedents it

is invoking aren't clear-cut, and the FDA is making a forceful rebuttal. It says the confidential documents included industry trade secrets, and the FDA could have faced criminal prosecution if it disclosed them. The industry also points to a 1980 federal appeals court decision offering a new standard for determining whether a product is a drug: how a consumer uses it.

Meanwhile, 32 U.S. senators urged the FDA to abandon its proposal, breaking what has largely been congressional silence on the matter. Democratic Sen. Wendell Ford of Kentucky sent a Dec. 28 letter to the FDA opposing the rule.

Criticizing the FDA's use of internal tobacco-industry documents, one industry lawyer says, "What they're doing is disclosing what they want to disclose and not disclosing what they don't want to."

Among the 32 senators who signed the letter were majority leader Bob Dole and Phil Gramm, both Republican presidential candidates.

The 75 undisclosed classified documents include trade secrets obtained from companies that asked them to be kept confidential. Others were unpublished reports and studies, some by well-known antitobacco advocates.

"This seems to be material that these people have pulled together that could not get published and that the agency is going to rely on in order to regulate the indus-

try," said Peter Grassi, a tobacco-industry lawyer at the Washington firm Arnold & Porter. "What they're doing is disclosing what they want to disclose and not disclosing what they don't want to."

The FDA responded that the industry is making too much of a relatively small portion of excised passages that don't deal with anything of substance. "There's clearly enough information for [the industry] to respond to," said FDA spokesman Jim O'Hara.

Moreover, the agency wasn't obligated to disclose the contents of the unpublished manuscripts it reviewed because it didn't rely on them in drafting its proposal, according to William Schultz, deputy FDA commissioner for policy. "There is a key distinction between what the agency relied on and what was considered," Mr. Schultz said. The unpublished drafts, he added, were merely considered.

In a second legal thrust, the industry insisted — as it has for years — that the only valid evidence the FDA can use to declare whether a product a drug is the product maker's advertising claims and statements to the public.

That position rules out any consideration by the FDA of internal tobacco-company documents, research findings and patent applications that have recently surfaced indicating that the tobacco industry manipulates nicotine in cigarettes.

"The issue is not what the research department or the patent department or even the marketing department thinks or says internally about the product," the tobacco companies said in their comment. "Rather, the issue is what the company, as an institution, says about the product to prospective users."

For years, even the FDA embraced this position, which strongly favors the tobacco companies because they have studiously

Please Turn to Page B2, Column 3

Continued From Page B1

avoided making any public health claims about cigarettes. More recently, however, federal law has evolved in a way that may give the FDA an opening wide enough to change course.

The federal appeals court ruling in 1980 established that the commercial intent of a product could be gauged by how it is used. Since then, volumes of internal tobacco-company records have surfaced in which industry officials explicitly characterize nicotine as addictive and cigarettes as drug-delivery devices.

The FDA is expected to argue that those documents are relevant to any determination of whether nicotine should be classified as a drug.

Some public-health officials also faulted the industry's legal argument. Matt Myers, an attorney with the Coalition on Smoking or Health and a leading advocate of the FDA proposal, said the industry is arguing "that by covering up what they knew about the role of nicotine in their products, they should be forever protected."

On the scientific front, the tobacco industry's submission reiterated longtime claims that the effects of nicotine aren't similar to those of other addictive drugs such as heroin and cocaine. The industry argued that millions of smokers have managed to kick the habit, and that smokers smoke not for nicotine but for taste. And it reiterated its position that it does nothing either in the growing of tobacco or in the manufacturing process to control levels of nicotine in cigarettes.

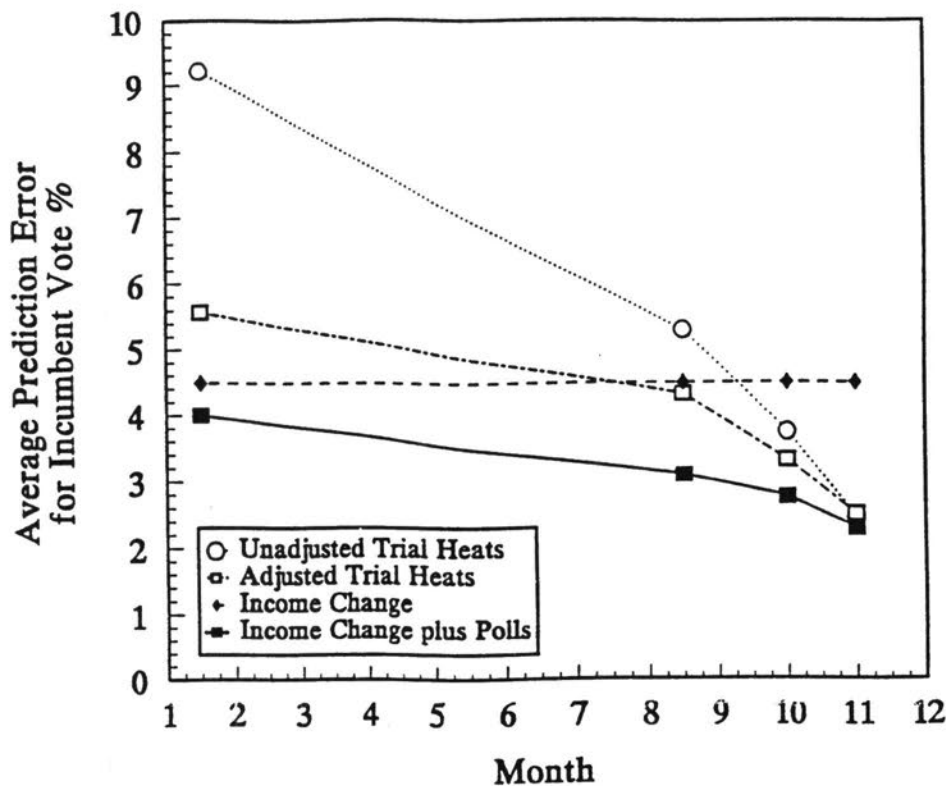
Undercutting one of the FDA's central arguments, the industry denied using ammonia-based chemicals to boost the pH, or alkalinity, of smoke, which in turn enhances the absorption of the nicotine smokers inhale. The submission stated that "virtually all of the nicotine in cigarette smoke is absorbed into the bloodstream regardless of the pH of smoke."

But these claims are directly at odds with past statements found in some internal industry documents. For instance, a confidential 1992 Philip Morris document compared the effects of nicotine to morphine and cocaine and stated that "the primary reason" people smoke is "to deliver nicotine into their bodies."

Philip Morris has also said that just because nicotine has "pharmacological effects" doesn't make it addictive and that smokers don't smoke just for nicotine.

According to the FDA, the proposed rule would cost manufacturers and retailers \$230 million a year over 15 years, and will yield benefits of \$2.9 billion to \$4.3 billion, measured mainly in lives saved. But the five tobacco companies — Philip Morris Cos., Philip Morris U.S.A. unit, RJR Nabisco Holdings Corp.'s R.J. Reynolds Tobacco Co. unit, Loews Corp.'s Lorillard Tobacco Co. unit, Brooke Group Ltd.'s Liggett Group unit and B.A.T Industries PLC's Brown & Williamson unit — are asserting the rule's cost would be much higher. Citing a report done for the companies by the Barents Group, a subsidiary of KPMG Peat Marwick, the companies asserted that the FDA's proposal will cost \$748 million to more than \$1 billion in one-time costs, and \$1.25 billion annually thereafter.

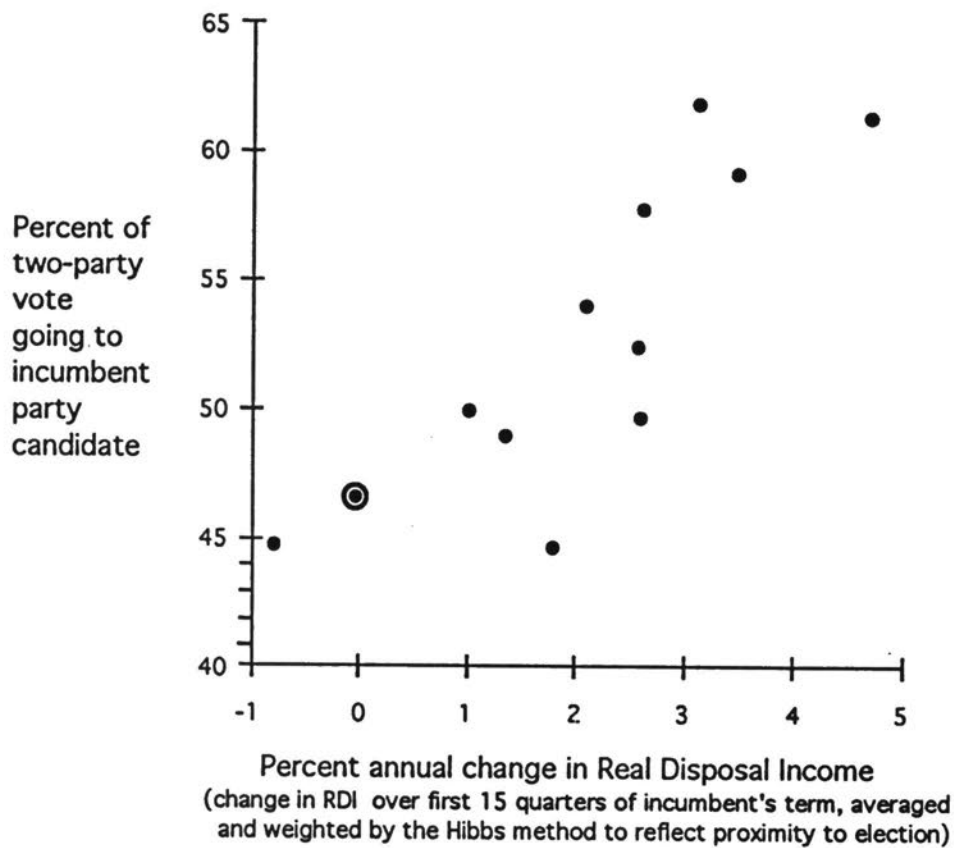
Early trial heats (and approval ratings) are only weakly related to final election outcomes. Most of the leading candidate's margin typically evaporates between Labor Day and Election Day, while election-year income growth in excess of 2 percent gives the incumbent a significant boost even by comparison with the last pre-election polls.



	January Trial Heat	First Post-Convention Trial Heat	Early October Trial Heat	Last Pre-Election Trial Heat
Poll Margin	.220 (.115)	.418 (.120)	.542 (.130)	.775 (.144)
Income Change	4.44 (1.37)	3.61 (1.11)	2.56 (1.10)	1.67 (0.99)
Income Benchmark	2.01 (0.95)	1.91 (0.91)	1.57 (1.20)	2.67 (1.50)
Regression Std Error	8.0	6.2	5.5	4.6
Average Poll Error	18.4	10.6	7.5	4.9

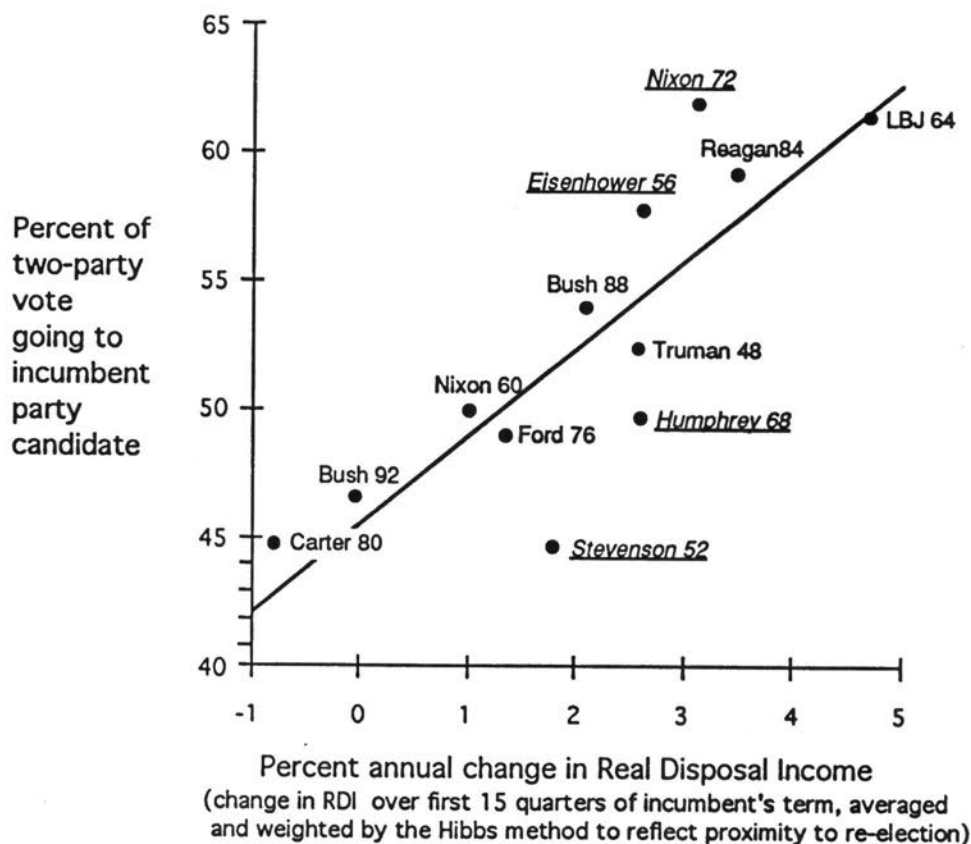
Dependent variable is incumbent party vote margin (%). "Poll Margin" is incumbent party margin (%) in Gallup trial heats. "Income Change" is election-year change in real disposable income per capita (%). "Income Benchmark" is the level of income growth (%) at which incumbent party neither gains nor loses votes. N=12 (1948-1992).

"It's the Economy, Stupid": The Effect of Economic Performance on Vote for the Party of the Incumbent President, 1948-92



Incumbent vote in 1992 is Bush = 37.4 = 46.5%
 Bush + Clinton 37.4+43

"It's the Economy, Stupid": The Effect of Economic Performance on Vote for the Party of the Incumbent President, 1948-92



Note: Cases that deviate most from the trend line are underlined.

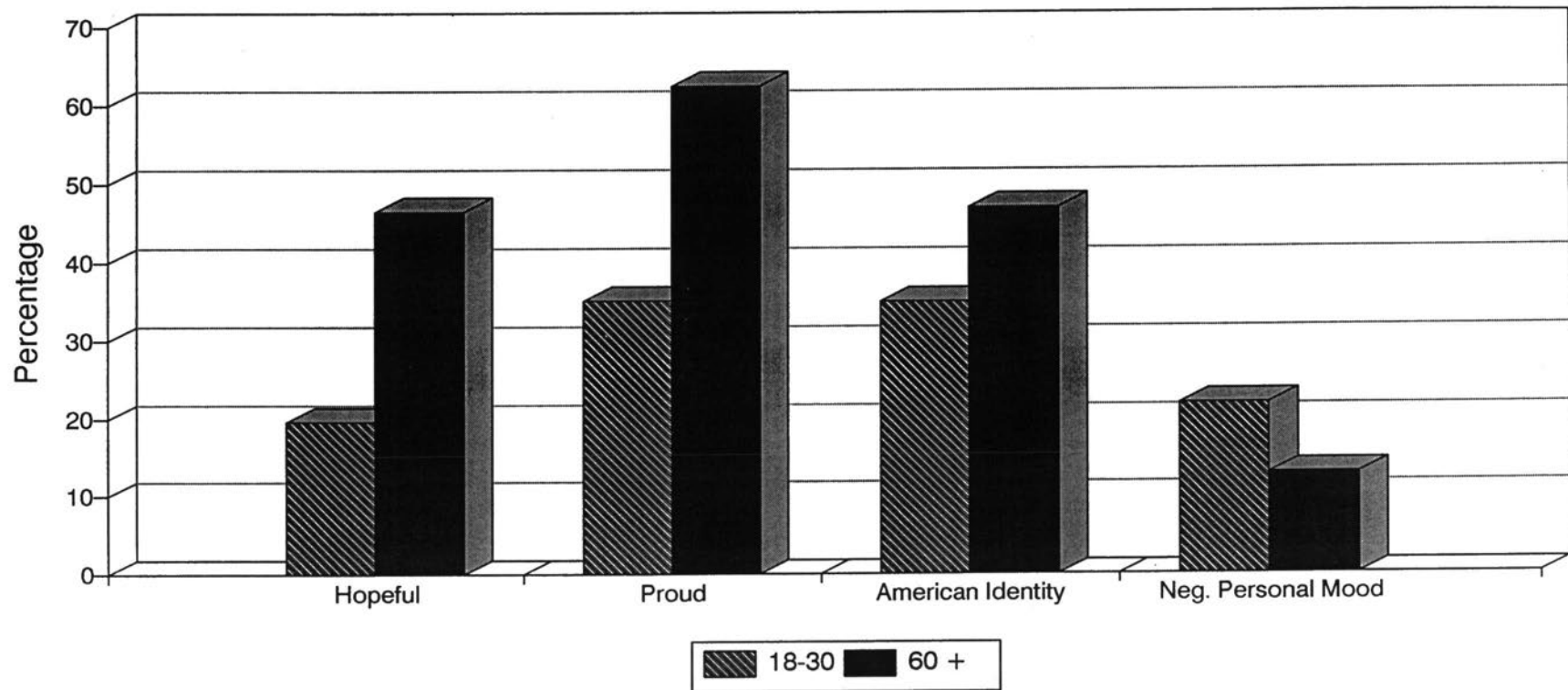
Primary Lesson : The performance of the economy is the single most important determinant of the re-election prospects of the incumbent presidential party.

Secondary Lessons : The two cases that deviate most from the trend line are 1952 and 1968, and are probably best explained as punishment of the Democratic party for Korea and Vietnam. The third and fourth most deviant cases are 1956 and 1972, and might perhaps be interpreted as cases in which Democratic nominees (Stevenson and McGovern) were too leftish/intellectual for the taste of Democratic core groups, though other interpretations are easily possible.

Dog That Didn't Bark : Reputations for personal charm or probity have no systematic effect. For example, Reagan, for all his affability, is close to the trend line in both of his elections. Meanwhile, Nixon managed to finish above the trend line in two of his three elections, including (barely) the election with the charismatic but Catholic Kennedy. Bush and Ford, though notably uncharismatic, finish right on the trend line in all elections. It is true that Eisenhower, another president with a reputation for personal charm, won more votes in both 1952 and 1956 than can be explained by economic performance, but his stronger showing was in 1952, when voter dissatisfaction over the Korean war seems a more likely explanation than personal charm.

Comparing Younger and Older Americans

Source: National Continuous Survey 1994



THREE OVERLOOKED SOURCES OF AMERICANS' DISCONTENT WITH THE POLITICAL SYSTEM

Wendy M. Rahn
University of Minnesota

- Decline in beliefs about the trustworthiness of others
- Decrease in positivity about the country
- Projection of negativity in personal life onto the polity, especially among men

Generational Differences

- Younger Americans are more misanthropic than older generations, although interpersonal trust has declined even in older generations
- Younger Americans report less frequent positive emotions than older Americans when "thinking about the United States." Younger Americans are less strongly identified with the political community, an additional source of their less positive affect.
- Younger Americans experience much more negative emotions in their everyday life than older Americans, including more anger, anxiety, and depression.

1/8/96

Boer
10 years with a lot of time

Boe

December 26, 1995

Memorandum to the President

From: Al From

Subject: State of the Union Themes

96 JAN 4 P5:33

The State of the Union Address is an opportunity for you to reframe the political debate for 1996 on your terms. I believe that is critically important both for your re-election and for the future of progressive (defined as forward looking as opposed to leftist) politics in America.

In 1995, through adroit positioning and Republican mistakes, you made a striking political comeback. But the reality is that for most of the year, the Republicans set the terms of and dominated the political debate. Had they -- and Gingrich, in particular -- not misplayed an essentially winning hand, your political fortunes in 1996 would look much less promising than they now do.

So, to me, the first priority for the State of the Union should be to reframe the debate -- to put it on terms that cut for you and not for them.

I believe you should try to achieve two political objectives in the State of the Union:

1. to appeal to the enormous group of disaffected voters in the political center who stand between you and an electoral majority. With no primary opponent and virtually all of your money in the bank, it's time to begin pursuing the voters in the political center, who are essentially unhappy with both political parties. Most public polling shows four out of ten voters consider themselves independents and six out of ten or more would consider voting for a third party candidate for President. They are likely to be the margin of difference in 1996. These voters have voted mostly Republican in Presidential elections over the past three decades and most of them voted for Republicans for Congress in 1994, but Republican overreaching in 1995 has opened a new window of opportunity for you -- and I believe you need to take advantage of it before it closes.

2. to lay the groundwork for making the 1996 election a campaign between our country's future and its past. You're likely to be running against a visionless septuagenarian whose focus -- indeed, his campaign theme, "Give my generation one last chance" -- is on the past. It seems to me that your greatest comparative advantage in that contest is to be the candidate of the future, who has the vision to tackle the problems we face as the millennium approaches. To me, that's reason enough to try to frame the 1996 debate as a contest between our country's future and its past.

The key to achieving the first objective is to address the frustrations of the disaffected voters -- whether they be in the angry radical middle to which Ross Perot appeals or the more sensible center that was looking to Colin Powell. I think there are three of them:

1. They see the American dream slipping away for themselves and their families. Despite, an overall good economy, for too many Americans upward mobility essentially stopped. In a survey taken just before the 1994 election, the *New York Times* found that about a third of all Americans believed that they were not as well off as they expected to be at their age. As you said in 1992, they're working longer and harder and earning less. They're mad about it and they want the political system to do something about it.

2. They're frustrated with a lack of order in their lives and in their communities. The old rules simply don't seem to apply any more. Part of it is economic uncertainty. But it's family breakdown, high divorce rates, illegitimacy, teenage pregnancy, and, above all crime and violence in their communities. In that same 1994 *New York Times* survey 42 percent of the people said they were afraid to walk in their own neighborhood at night. Too many Americans find themselves prisoners in their own home between sundown and sunup -- and they don't like it one bit.

* (3. They're disgusted that the big systems of government that affect their lives -- like public schools and law enforcement -- don't seem to work very well. In all too many places public schools are a disaster. Most Americans don't need the O.J. Simpson trial to tell them about the inadequacies of law enforcement; the crime rates are evidence enough. In most places there are no habitable parks or public spaces; they've been replaced by privately owned, well guarded suburban shopping malls as the places where people go for entertainment and even exercise. It tells you what people think of law enforcement when private security guards outnumber police by three to one.

While it may not touch everyone's life, welfare has become the symbol of failed governmental systems -- a system with misguided incentives that has arguably contributed to the problem it was intended to solve. And to complete the picture of political dysfunction, they see special interest money and influence flooding a political system that to ordinary people seems incapable of getting anything done -- let alone anything in their interest.

The key to reframing the debate as a contest between our future and its past is to get beyond the old political debate and to focus instead on the challenges America faces as we look ahead to the beginning of the 21st Century. The old political debate -- over more government versus less government -- is not only one that we usually lose, but is also one that has decreasing relevance to most voters.

To be sure there are times -- like the current debate over medicare and medicaid -- that that debate seems to cut for us, but I'm leery about our ability to sustain what is essentially a demagogic argument for another year, particularly if you make a deal (as you should) on the budget that includes health entitlements. There's often a very thin line between being perceived defender of a popular program and being seen as the guardian of an unacceptable status quo.

And, there's ample evidence that Democrats who try to be perceived as the former are all too often perceived as the latter. Voting patterns over the past 30 years indicate that despite what day to day polls say on individual issues, the Republicans have far and away the more potent side of the old debate. So, I'd urge you to bank your current political advantage on medicare and make the focus of the State of the Union a discussion of what we need to do to meet the great challenges we face at the dawn of the 21st Century.

It seems to me that the way to achieve both political objectives is to offer a forward looking approach -- a third way, if you please -- to dealing with the three main frustrations driving political disaffection in the center. I've been convinced for a long time that the candidate or party that does that will dominate American politics for some time to come.

Fortunately, you have a great opportunity to be that person. For no one else in politics today -- not the old Democrats or the new conservatives, not Ross Perot or Paul Tsongas' Gang of Three (and dropping) -- is offering anything that will have long term appeal to those voters.

Time and time again, voters have rendered their verdict on the old Democrats - that the programmatic status quo is unacceptable. But the new conservative agenda the Republicans offer doesn't fare any better. Not only have the Republicans overreached and been harsh and intolerant in pushing their contract, but their essentially negative agenda offers little hope of dealing with the frustrations of disaffected voters over the long haul. Perot appeals to their anger, but his program of nativism and protectionism with a little intolerance added hardly offers long term hope. And Tsongas' elitist mix of a balanced budget, social tolerance, environmentalism and campaign reform would sweep Marin County and is hardly objectionable, but it doesn't deal with the gut issues of upward mobility and crime that are driving political discontent.

All that being said, I suggest you build upon your themes in 1995 State of the Union Address and the successes you've had so far with your triangulation strategy. I believe the 1996 State of the Union should explain to the American people the new realities they face and new understandings between themselves and their government (the new social compact, if you may) necessary to tackle the challenges of the dawn of the 21st century and to restore upward mobility, order and civility and responsible government to our society.

While you may not want to call it the New Covenant (I would), the themes of opportunity, responsibility and community are still the most powerful (and politically successful) themes you've used. They define you as a New Democrat, and that is also important as we head into 1996.

In the State of the Union, I'd explain the rapid change the country is undergoing and the new context of the information age. Then I'd lay out the principles (values) that will undergird all of your policies and be the foundation of the new social contract (your New Covenant).

In our DLC-PPI efforts to fill the political vacuum I discussed earlier in this memorandum, we've come up with three fundamental principles that define our third way and separate us from both the old liberals and the new conservatives:

1. **Equal opportunity for all; special privilege for none.** This defining Democratic principle is still the strongest foundation for a new social contract. From it flows an opportunity agenda and efforts to curb the influence of special interests, whether they be beneficiaries of corporate or of entitlements to preferred social constituencies. The conservatives are not willing to make the public investments necessary to create opportunities for all and while they're eager to cut the EITC for low income people who work, they don't share that same eagerness for curbing tax subsidies for their corporate special interest friends. Too many liberals are unwilling to differentiate between equal opportunity and equal outcomes -- and, as a result, in their quest to achieve equal outcomes for some wind up quashing opportunities for many others.

2. **Mutual responsibility.** Simply stated, government, as society's agent, has a responsibility to organize public resources to create opportunities for ordinary citizens, and citizens have responsibilities too -- to themselves and their families to take advantage of those opportunities and to their community and their country to give something back to the commonwealth. Liberals, in your words, too often offered something for nothing. But conservatives are all too eager to ask for personal responsibility from citizens and all too eager to abandon public responsibility to create opportunity. Mutual responsibility is really the cornerstone of a new social compact.

3. **Enabling government -- a government that equips people to solve their own problems,** not one, as many liberals want, that tries to do every thing for people nor one, as many conservatives prefer, that abandons public responsibility.

From these principles, I believe you should lay out some new understandings that define what citizens and government should do to restore upward mobility, civil order, and responsible government as America looks ahead to the millennium. We are working to define those understandings in the Third Way Manifesto that we hope to have completed sometime in early January. Bruce Reed has seen a copy of an

early draft that is now being revised -- and I'd be delighted to share the revised version with you or him should you desire.

Finally, unlike previous years one of your strengths going into 1996 is foreign policy -- and you need a solid section of your speech on promoting peace and furthering democracy and market economics in the world. Contrary to popular opinion, I think you are doing the right thing in Bosnia -- and you ought to have a section of your speech on why you're pursuing the policy you are. And, contrary to conventional wisdom, I think Bosnia -- provided you continue to handle it with the resolve you've shown so far -- will prove a political positive for you, no matter what happens on the ground. Remember, that what people want from a President is leadership and strength -- even if they don't always agree with his individual policies.

Let me know if I can help you, as I did last year, in preparation of the speech.

Happy New Year. And, go Northwestern Wildcats in the Rose Bowl. I've waited 47 years, and I'll be there.

Baer

THE PRESIDENT HAS SEEN

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THE NEW YORK TIMES, MONDAY, AUGUST 21, 1995

The Wealth Gap Is Real and It's Growing

By Paul Krugman

TEN years ago, a skeptic could still question whether America was becoming a radically less equal society. But since then, the doubts of cautious economists have been swept away by an ever-growing torrent of evidence: Census data, household studies, labor-market surveys and, of course, the startling contrasts of wealth and poverty obvious to anyone with open eyes.

The reality of widening disparities is no longer a hypothesis. It is simply a fact. What, if anything, should we do about this surge in inequality? Reasonable people can disagree about the solution, but they cannot disagree about the fact.

Yet in the last few months, there has been a sustained effort by conservatives to deny this uncomfortable reality. The latest campaign was apparently initiated by anger over a new book, "Top Heavy: A Study of the Increasing Inequality of

Paul Krugman, an economist, is author of "Peddling Prosperity" and "The Age of Diminished Expectations."

Wealth in America," by Edward N. Wolff of New York University.

How can one deny the obvious? Let us count the ways.

Do spurious calculations. A favorite tactic of conservative writers is to produce data that purport to show that the wealth of the average rich family — invariably defined as any family with an income exceeding \$50,000 — has not risen as fast as that of less affluent Americans.

But their calculations are entirely spurious, for two related reasons.

First, \$50,000 a year does not make a family rich. More than one-third of American families can claim that income. But "rich" means something else: at the least, it means being part of the 10 percent of families who own 70 percent of the nation's wealth. Those who think that statistics about people who make \$50,000 or \$60,000 a year are getting at the truth about how the upper class is doing have no idea how rich the rich really are.

Second, Federal Reserve statistics on average wealth by category of income cannot be used to measure trends. The reason is that the categories mean different things in different years: half a century ago, someone with a \$50,000 income was upper class; today, he is middle class.

While Federal Reserve data that

track the concentration of wealth are vulnerable to creative misinterpretation, the statistics showing a drastic increase in the inequality of income — drawn from many different sources — are completely unambiguous. Whatever you think about the distribution of wealth, the inequality of income has increased.

Pretend that it's good news. A recurrent theme among conservative apologists for growing inequality is

**Conservatives
may deny it, but
facts are facts.**

that our society is not pulling apart but coming together. The upper class, they say, is not pulling away from the middle class; it is simply growing as more and more middle-class people gradually upward.

But the truth is the upper class is indeed pulling away from the middle class. In fact, income is becoming more concentrated all the way up the scale.

It's not just that the top 20 percent

have gotten richer compared with the rest. The top 5 percent have gotten richer compared with the next 15 percent; the top 1 percent have gotten richer compared with the next 4 percent, and there is pretty good evidence that the top 0.25 percent has gotten richer compared with the next 0.75 percent.

The idea that wealth is spreading rather than becoming ever more narrowly concentrated is comforting, but utterly untrue.

Invoke Horatio Alger. In his new book "The Freedom Revolution," the House majority leader, Richard Armey, offers numbers that purport to show that there is so much upward mobility that the distribution of income doesn't matter — that someone in the bottom 20 percent of the population is more likely to be in the top 20 percent after a decade than to remain in place.

Mr. Armey offers no source for his numbers, but they are familiar to researchers in the field. They come from a hastily concocted study done by Bush Administration officials in 1992, a study that experts immediately ridiculed. Some of the experts were reduced to helpless giggles when they realized that the median individual who moved from the bottom to the top 20 percent was only 22 years old at the beginning of the

study period. As one labor economist remarked scathingly: "This isn't your classic income mobility. This is the guy who works in the college bookstore and has a real job by his early 30's."

Blame the messengers. Many of the recent conservative tracts on income inequality attack those who bear the bad news as politically motivated. The targets include not only the economists who want to do something about it but the researchers who carefully construct the data — and even the reporters who write about the research.

The news about growing inequality comes not only from the Census Bureau (hardly a leftist clique) but also from studies published in such places as the Journal of Political Economy, a highly respected and often inscrutably technical publication of the University of Chicago, which has rarely been accused of fomenting class warfare.

The widening of inequality is beyond doubt. It has been as firmly established by evidence as the fact that smoking causes cancer. But many influential conservatives cannot bring themselves to acknowledge inconvenient facts. Is their doctrine so fragile that they fear it cannot survive the truth? □

1/8/96

ISSUES IN REFORMING ENTITLEMENT PROGRAMS

01/02/96

Handwritten notes:
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 need to be
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 to
 Be

AFDC

- Essential Program Elements. A reformed AFDC program must have tough work requirements, time limits, and increased State flexibility. It should also retain certain features of current law: It should provide a guarantee of assistance to all individuals who meet certain criteria. Its funding mechanism should respond automatically to changes in economic and demographic conditions. It should give States strong incentives to share in program financing and to match Federal funds, but allow flexibility in setting income eligibility and benefit levels. Individuals in like circumstances should be treated equally.
- Administration Position. The conference report on welfare reform converts AFDC and related programs into a capped block grant. The block grant fails to address many of the essential elements of the current program. The Administration supports the Coalition proposal, which replaces AFDC with a conditional time-limited entitlement and provides an automatic response to countercyclical increases in need while increasing State flexibility.
- Potential Fallback Position. If a cash assistance block grant were to be enacted, several modifications and more adequate protections for states and children would be needed. These would include a much more responsive countercyclical mechanism triggered by changes in child poverty, continued effective State financial participation, objective State-defined eligibility criteria, and guarantees of equitable treatment for families in like circumstances. Also needed would be: stronger performance bonuses, lower block grant transfer provisions, greater flexibility in setting family caps, vouchers for children of teen mothers denied cash assistance, guaranteed Medicaid eligibility for cash recipients, individual responsibility contracts, and higher time-limit exemptions.

Child Care

- Essential Program Elements. Current child care programs provide a guarantee for all AFDC recipients required to work or who are moving off welfare into work. Capped amounts are also provided for low-income families at-risk of going on to welfare. Federal and State governments share in program financing.
- Administration Position. The Conference report block grants three mandatory child care programs -- two of which are open-ended -- and increases Federal funding by \$1.8 billion over 7 years -- too little to meet the child care needs of those required to work. The Administration supports the Coalition bill, which maintains the child care guarantee for AFDC recipients required to work and those transitioning off welfare for work.
- Potential Fallback Position. If the new child care block grant were to be enacted, we would need an additional \$3-\$4 billion in Federal funds above the Conference level, which would be matched by States (as the Conference currently requires). Lower funding add-ons are possible if more realistic work requirements are established. Current law health and safety protections, which are dropped in the conference report, should be restored.

Food Stamps

- Essential Program Elements. The current Food Stamps program automatically responds to increases in need for assistance. It serves as the national uniform safety net for nutrition.
- Administration Position. HR 4 would allow States that met certain conditions to elect a Food Stamps block grant. It would impose a spending cap on the program that, while adjusting for some elements, would not preserve the program's ability to respond to changing circumstances (such as erosion of wages). It also permits States unprecedented authority to change the structure and rules of the national program. The Administration has no such proposals and is opposed to any proposal which would undermine this universal safety net program's ability to respond to increased need
- Potential Fallback Position. None.

Child Protection Services and Training Programs

- Essential Program Elements. The four foster care and adoption assistance services, training, and administration programs are open-ended entitlements to States and allow States to respond automatically to increases in need for services.
- Administration Position. The Conference block grants four currently open-ended foster care and adoption assistance programs for placement services, training, and administration. The bill also repeals the Family Preservation & Support and Independent Living programs. These provisions reduce funding by \$0.4 billion. The Administration would maintain current law in each of these programs. The Administration opposes block granting and capping the open-ended programs because of rising abuse and neglect problems. Caseloads could also potentially increase due to dramatic changes elsewhere in the social safety net, which make cuts in child welfare programs especially dangerous.
- Potential Fallback Position. None. *except perhaps some discretionary*

Child Nutrition

- Essential Program Elements. The child nutrition program ensures that millions of children get nutritious meals in schools and other settings.
- Administration Position. HR 4 would allow one state in each of the seven USDA regions to run a school block grant demonstration for five years. States that adopt this block grant would not be required to serve all needy students. The Administration is opposed to block granting these important nutrition programs nationwide.
- Potential Fallback Position. If a child nutrition/school lunch block grant demonstration were enacted, the Administration would prefer considerably reducing the number of States. Only minor changes would be needed in the structure of the demonstrations.

MEDICAID

- Essential Program Elements.

- **Federal Medicaid entitlement must be retained:** this requires a definition of mandatory beneficiaries and benefits, and enforcement of the entitlement through Federal courts:
 - Mandatory beneficiaries: must include AFDC and SSI recipients -- post welfare reform, low-income pregnant women, children, and elderly and disabled Medicare beneficiaries, as well as individuals transitioning from welfare to work and other post-welfare transitions.
 - Mandatory benefits: must include a Federally-required benefit package that could be negotiated so long as it remains comparable to the basic mandatory benefits under current law.
 - Right of action: the Federal entitlement requires that individuals ultimately have a right of action in federal court to enforce their eligibility to Medicaid.
- **Federal financial partnership must be preserved:** The Federal matching structure, coupled with a new per capita cap to limit the rate of increase in spending, is the mechanism through which the Federal government would maintain its guaranteed financial partnership with states as they respond to changing economic and demographic realities in their state.
- **Meaningful flexibility to States must be assured:** Within this structure, States must be given unprecedented flexibility in how to operate their Medicaid programs, organize their delivery systems through managed care and other innovative arrangements, and pay providers.

- Administration Position: The conference position does not preserve the Federal Medicaid entitlement to meaningful benefits or enforcement through the Federal courts. The block grant structure fails to preserve the Federal financial partnership through economic and demographic changes.

- Potential Fallback Position.

- **Medicaid entitlement:**
 - Beneficiaries: Eligibility simplification can be pursued in which some currently mandatory Medicaid coverage groups that are now classified as "grandfathered" could be made optional.

- Benefits:

- Mandatory benefits could be redefined so long as the core benefit provisions remain -- including such basic benefits as inpatient hospital, physician services, family planning, diagnostic services, nursing home and home health services, and child health screening, diagnosis and treatment (EPSDT).
- Substantial new state flexibility could be negotiated in how states make available optional benefits -- this would lessen current law constraints for optional benefits about comparability of benefits among groups and statewideness.

- Enforcement:

- Eligibility: there is no viable option to maintaining the individual's right of action in Federal court regarding their entitlement to Medicaid. However, it could be made explicit that a state administrative process must be exhausted prior to court-filing.
- Benefits: For disputes regarding benefits, deductibles, and copayments, a health plan or HMO process, and a state administrative process, could be required, with appeal only to state courts, unless the claim exceeded certain threshold amounts.

-- **Federal financing:** The administration cannot accept any fixed block or formula grant proposal, other than revision in the current formula cap on DSH.

- The administration could begin to consider variable caps based on state costs, but there is a great deal of uncertainty about the distributional impact of such a proposal.
- The disproportionate share (DSH) cut and remaining payment policy could be negotiated.
- Transitional and/or hold-harmless pools can be negotiated, as well as pooled funding for federally qualified health centers and rural health centers.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	From Harold Ickes re: October Expenses (2 pages)	01/02/1996	Personal Misfile

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7693

FOLDER TITLE:

Chron Files January 21-27, 1996 [2]

2019-0774-S

rs3304

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

To GS/Guns

Fyl - worth
review of your
haven't PK

THE PRESIDENT HAS SEEN

1/8/96

Book given to George Stephanopoulos.



AMERICA: WHO REALLY PAYS THE TAXES?

**Donald L. Barlett
and James B. Steele**
Authors of America: What Went Wrong?

THE WHITE HOUSE
WASHINGTON

January 9, 1996

TO: Leon Panetta
Laura Tyson
Gene Sperling
Alice Rivlin
George Stephanopoulos
Harold Ickes

FROM: Todd Stern

For your information.



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.