

THE PRESIDENT HAS SEEN

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BUSINESS CHALLENGES IN THE U.S.-JAPAN RELATIONSHIP

Glen S. Fukushima
Vice President, American Chamber of Commerce in Japan
Former Deputy Assistant United States Trade Representative for Japan and China

The Japan America Society of Southern California
The California Club
Wednesday, December 20, 1995

This luncheon presentation to the Japan America Society of Southern California allows me to draw on my eight years of graduate studies at Harvard, three years of corporate law practice, five years as a government trade negotiator, and six years as an international business executive to discuss the challenges confronting the U.S.-Japan business relationship. Given the nature of this audience, my talk today will focus primarily on business issues. Those interested in the public policy challenges to the relationship are referred to a paper I presented last night at UCLA to the Southern California Japan Seminar entitled "U.S.-Japan Relations in Transition: The Need for a Post-Cold War Vision."

I. BACKGROUND

The end of the Cold War--symbolized by the collapse of the Berlin Wall on November 9, 1989--has fundamentally recast the international order. The reunification of Germany, the dissolution of the Soviet Union, the democratization of the Eastern European countries, and the emergence of the Asian economies are among the major features of the new international order as we approach the end of the twentieth century.

The rise of Asia has been widely documented. Whereas in 1960 Asian countries accounted for 4 percent of world GNP, by 1990 this had grown to 25 percent. Economists project that by the year 2000, the Asian share of world GNP will approach one-third of total world GNP. Japan's growth has been nothing short of spectacular. In 1955, Japan's share of world GNP was about 2 percent, the U.S. share about 36 percent. By 1990, the Japanese share had grown to 14 percent and the U.S. share had declined to 25 percent. The combined share of the two countries remained roughly the same--38 percent in 1955 and 39 percent in 1990--but in 1955 Japan's GNP was only 6 percent that of the U.S., whereas by 1990 it was 56 percent and growing rapidly. According to IMF statistics, in 1950 the U.S. economy was 26 times as large as the Japanese economy, but by 1994 it was only 1.4 times as large. By 1995, when the yen at one point reached a postwar record high of 79.75 yen to the dollar, the Japanese GNP stood at roughly 85 percent that of the U.S.; the U.S. was only 1.2 times the size of Japan.

The above two factors--the end of the Cold War and the remarkable rise of the Asian economies, most notably Japan--have contributed to the U.S. elevating economic issues to a higher priority in national policymaking than in the past, when military security and combatting Communism received the highest priority. Although the creation of an "Economic Security Council"--promised by the Clinton team during the 1992 presidential election campaign--was subsequently diluted in the Clinton Administration to a "National Economic Council," the intent to enhance the role of economic issues was maintained.

The Administration has placed considerable emphasis on global and regional multilateral frameworks for dealing with economic issues, including the conclusion of the GATT Uruguay Round and creation of the World Trade Organization (WTO); the creation of the North American Free Trade Agreement (NAFTA); and the promotion of the Asia Pacific Economic Cooperation (APEC) forum. Yet in dealing with economic problems with Japan, the Administration, the Congress, and the American business community have found that--with the exception of certain issues such as rice, which was handled in the GATT Uruguay Round--multilateral attempts at dispute resolution have proved less effective than bilateral negotiations.

II. U.S.-JAPAN ASYMMETRIES

There are at least six asymmetries in the U.S.-Japan economic relationship that the U.S. has identified as problems:

- (1) Japan's massive global current account surplus (roughly \$130 billion).
- (2) Japan's huge bilateral surpluses with many of its trading partners, including the U.S. (roughly \$66 billion).
- (3) Japan's low level of manufactured imports (about one-half that of the U.S., one-fifth to one-third that of the EU countries, and one-sixth that of South Korea) and low figures for intra-industry trade.
- (4) Japan's numerous sectoral barriers to imports (as documented in the *National Trade Estimate Report on Foreign Trade Barriers* issued annually by the Office of the United States Trade Representative).
- (5) Japan's numerous company-specific barriers to imports (as documented in the *U.S.-Japan Trade White Paper* issued annually by the American Chamber of Commerce in Japan).
- (6) Japan's low level of foreign direct investment (according to Japanese government data, Japan's outward foreign direct investment in 1994 was more than 14 times inward investment; the Administration has indicated

that whereas the U.S. share of world GNP in the early 1990s was 26 percent and the U.S. intake of world FDI was 29 percent, Japan's shares were 16 percent and an abnormally low--by OECD, let alone G-7 standards--0.8 percent, respectively).

It is true that with yen appreciation and a restructuring of certain industries in Japan, some of these six asymmetries are showing signs of change. Yet, to what extent the changes are fundamental is subject to debate. For instance, Japan's imports of manufactured goods is rising rapidly. Economists analyzing cross-border trade flows will conclude that Japan is "converging" and approaching other advanced industrialized countries in the level of manufactured goods imports. Foreign businessmen, however, will be less willing to assess this as Japan truly changing its import behavior, since much of the increase in manufactured goods imports come from Japanese-capital firms that have invested in Asia and other countries. Thus Japan may be importing more manufactured goods, but this increase is far less from foreign-capital firms than from Japanese-capital firms--since for Japan, ownership and control of the means of production, especially in what are considered "strategic" industries--are matters of the highest national priority. Americans wedded to the idea of a "borderless world" are fond of asking, "Who Is Us?", a question that Japanese government and business leaders find perplexing, since it challenges deeply imbedded Japanese notions of national interest.

III. THE "OPENNESS" OF THE JAPANESE MARKET

The ongoing debate about the "openness" of the Japanese market has seen little progress over the past two decades. The Japanese government and industry usually claim that the Japanese market is "open," whereas many foreigners would claim that the Japanese market is "closed," or at least not as open as that of other advanced industrialized countries, most notably the U.S.

In recent years, MITI has issued an annual report, similar to the USTR study mentioned above, entitled *Report on Unfair Policies by Major Trading Partners*. Interestingly, this report finds that the U.S. is the worst violator of international trade rules and imposes the most egregious restrictions on trade. This has bolstered public perceptions in Japan that the U.S. and other trading partners are merely "not trying hard enough" to penetrate the Japanese market and are scapegoating Japan by resorting to "unfair" and unilateral methods to force entry.

This debate can best be understood by analyzing the different definitions the two sides attach to the words "open" and "closed." To most Japanese, their market is "open" if there are few or no government barriers erected specifically for the purpose of excluding foreign products or services from the Japanese market. Thus, the reason Japan appears to be so "open" in the MITI study is that the criteria used to assess a country's "openness" is the number of GATT-defined border barriers.

It is true that, using this definition, Japan is one of the most open markets in the world. Thanks in large part to multilateral and bilateral trade negotiations over the past two decades, Japan's average tariffs are the lowest in the world, there are few import quotas, and the formal visible border barriers to trade have been dramatically reduced. Not a few have argued that Japan lowered this first level of barriers because it realized that the second and third levels of barriers were sufficient to keep the foreigners out.

The second set of barriers, below the government barriers, facing foreign firms wishing to enter the Japanese market are structural, organizational, and institutional. These include the *keiretsu* and other tight relationships between sellers and buyers that make it difficult for newcomers generally, and especially foreign newcomers, to enter the Japanese market. These structures may not have been erected specifically to exclude foreign entrants, but the effect is often to do so. In addition, many Japanese scholars have pointed out that in the 1960s and 1970s the Japanese government actively encouraged corporate cross-shareholding among Japanese firms as a defense against possible foreign takeover attempts.

The third set of barriers are intangible and may best be described as attitudinal and psychological. This includes a "buy Japan" mentality and the notion of *jimaeshugi*--placing a high premium on domestic (or at least Japan-capital) production and a distrust of reliance on foreign-capital production. Interestingly, these attitudinal predispositions are most pronounced in purchasing decisions by Japanese organizations--as opposed to individual Japanese consumers. That is, most Japanese as individual consumers appear to act in their rational self-interest and make their purchasing decisions based on price, quality, and other largely economic criteria. When Japanese companies or government agencies are the buyers, however, the "buy Japan" mentality seems to be pervasive.

IV. WHAT IS "COMPETITIVENESS"?

In addition to their differing definitions of "open" and "closed," Americans and Japanese differ--often without realizing it--on the conception of "competitiveness." Typically, American government and business representatives follow this logic: "American companies are restructuring, downsizing, enhancing efficiency and productivity, and producing high-quality products and offering them at low prices. These products are selling not only in the U.S. but in Europe, Latin America, and Asia. Why is it that they aren't bought in Japan? It's because the protectionist Japanese are unfairly excluding us from their lucrative market."

For most Americans, the notion of "competitiveness" is product-focused. That is, a product is competitive if, when compared to its competitors, it has superior quality and low price. In Japan, however, when the buyer is an institution (not an individual consumer) and the product is an industrial product, two sets of factors other than

product factors are crucial: (1) "support" factors and (2) "relationship" factors.

Support factors include presales information, advice, favors, entertainment, etc. provided by the seller to the potential buyer; delivery time and installation conditions; and postsales upkeep, service, and maintenance. These factors may be important in any market, but Japanese institutional buyers appear to give inordinate weight to them compared to buyers in other advanced industrialized markets. Of course, if the seller considers the Japanese market to be of high priority, it can invest the time, money, people, and other resources necessary to satisfy the demands of the buyers.

Relationship factors, however, are extremely difficult for any newcomer to fulfill from the start. These factors would include the track record and reputation of the seller in Japan; the perceived reliability and trustworthiness of the seller; cross-shareholding between the seller and the buyer; common banking relationships; memberships in the same *keiretsu* group; how the transaction may affect other ongoing transactions and relationships between the seller and the buyer; whether the buyer "owes" something (economic or noneconomic) to the seller as the result of a long-term relationship; school, family, marriage, or other ties between senior executives in the seller and buyer companies; etc. The Japanese term *anshinkan*--an often emotional and arbitrary feeling of assurance, comfort, and security based on familiarity and trust--sums up many of these nonproduct factors.

From the standpoint of the Japanese institutional buyer, this attachment to *anshinkan* is eminently fair, rational, and reasonable. But the weight given by Japanese institutional buyers to these "support" and "relationship" factors is greater than in any other industrialized country. This poses major challenges to both American policymakers and businesspeople. For policymakers, the fundamental question is the extent to which the adverse effects of these support and relationship factors can be minimized by using traditional trade policy tools. For businesspeople, the question is how to justify investing the tremendous time, effort, people, and other resources that are necessary in order to overcome the exclusionary effects of the support and relationship factors.

In some respects, one can see parallels between the efforts of American firms to enter the Japanese market and the efforts of women, minorities, and other disadvantaged groups to enter traditionally protected schools and corporations in the U.S. Both, for instance, involve a debate over the desirability, feasibility, and effectiveness of pursuing "equality of opportunity" rather than "equality of results."

V. THE RECENT EXPERIENCE OF AMERICAN FIRMS IN JAPAN

On July 9, 1993, the American Chamber of Commerce in Japan (ACCCJ) hosted a "Trade and Investment Forum" in Tokyo in which nine American businesspeople recounted their company's experience in Japan to an audience of 200 people,

including President Bill Clinton, Secretary of State Christopher, Secretary of the Treasury Bentsen, U.S. Trade Representative Kantor, and Director of the National Economic Council Rubin--all of whom were in Tokyo to attend the G-7 Economic Summit.

Representatives of three of the firms--Warner-Lambert, Pittman-Moore, and Domino's Pizza--expressed satisfaction with the Japanese market, pointing out that they faced no significant barriers to doing business once they were able to overcome the complex distribution system. Representatives of the remaining six firms--Intel, DEC, Apple, Teradyne, Chemical Bank, and White & Case--explained at length and with considerable documentation major barriers to conducting business in Japan. Even those firms among these six that are considered successful in Japan pointed out that they could be much more successful in the absence of such barriers. Some went on to assert that the extent of their success in the Japanese market was dependent more than anything on the U.S. government achieving "results-oriented" agreements with the Japanese government and assuring, through careful monitoring, that these agreements are properly implemented. The only clear precedent for this is the U.S.-Japan Semiconductor Agreement of 1986, extended in 1991.

Several inferences can be drawn from the experiences of these nine firms with regard to variables that contribute to business success in Japan. First, with regard to product, those firms selling light consumer products appear more successful than those selling heavy industrial products. Second, those firms selling to individual consumers appear more successful--once they overcome the distribution system--than those selling to institutional buyers, whether corporations or government agencies. Third, success for American firms in selling industrial products is more likely in specialized market niches or custom-made products than in mass-produced items. And finally, American firms attempting to sell products that Japan considers to be "strategic" are likely to face difficulties, no matter how competitive they may be.

All of this is not to deny that there are American companies doing well in the Japanese market--witness the success of such firms as Coca Cola, Procter & Gamble, and Amway. However, the pattern of success of American firms in the Japanese market is unlike that in other markets, owing in part to the fact that Japan is the only non-Western advanced industrialized country. The implications of this fact are twofold: first, unlike other non-Western countries but like other advanced industrialized countries, Japan has domestic producers of high technology industrial products that provide adequate--even if not superior--alternatives to imports, making entry by foreign producers difficult; and second, like most other non-Western countries but unlike many other advanced industrialized countries (although this is a matter of degree), the Japanese market emphasizes commercial practices and the importance of human and organizational relationships that prove disadvantageous to newcomers.

VI. REMEDIES

Various remedies have been proposed and attempted to address the acute economic asymmetries that persist between the U.S. and Japan. Thus far, however, none has proved entirely satisfactory.

The notion of creating a free trade area (FTA) between the U.S. and Japan was explored in the mid-1980s but rejected primarily by the U.S. From the U.S. perspective, any benefits derived from concluding an FTA with Japan would be outweighed by at least the following three considerations: (1) An FTA would focus on reducing formal, visible, government-imposed border barriers to trade and investment. As indicated above, Japan maintains fewer such formal barriers than the U.S., so it stands to gain more from mutual reduction or elimination of barriers. (2) Attempts to harmonize internal rules, policies, or procedures--such as competition and antitrust policy--are likely to produce little substantive change, given the fundamental differences in economic structure and behavior between the two countries. (3) One of the greatest attractions to Japan of an FTA--the creation of a dispute resolution mechanism that will eviscerate certain U.S. trade laws such as Section 301 and the dumping laws--will be resisted by the U.S.

Between 1989 and 1990, U.S.-Japan trade negotiations centered on the Structural Impediments Initiative (SII), in which the U.S. focused on the following six issues: (1) increasing Japanese infrastructure investment to stimulate domestic demand; (2) rationalizing the distribution system; (3) reforming land use policy; (4) reducing the differential in the pricing of products in Japan and abroad; (5) loosening *keiretsu* ties; and (6) reducing exclusionary business practices. Although the first four U.S. requests were welcomed by the Japanese public (who indicated in opinion polls a 60 to 70 percent support level for the U.S. requests and who praised the U.S. for representing Japanese consumer interests), there was little support in Japan for the last two items, which had the most direct impact on the ability of American firms to gain access to the Japanese market. Thus the two stated U.S. policy objectives in pursuing SII--reducing Japan's external surplus and promoting the entry of foreign products into Japan--were largely unrealized.

"*Kisei kanwa*" has become a fad word in Japan over the past two or three years. Although usually translated into English as "deregulation," the two concepts are in fact quite different. The Japanese term connotes that regulation (*kisei*) will always remain; the issue is to what extent it should be relaxed (*kanwa*). Deregulation is closer to the concept of *kisei haishi* or *kisei teppai*--the removal or elimination of regulation--although these two Japanese words are often consciously not used in discussing regulatory change. In the U.S., the notion of deregulation implies reducing the role of government, stimulating private sector activity and competition, and benefiting consumers with a wider range of choices and lower prices. In Japan, however, the emphasis is often more on stimulating national economic growth and

enhancing international competitiveness. Thus foreign observers who equate deregulation in Japan with market opening are likely to be sorely disappointed.

If the objective of trade negotiations is market access (as distinct from reducing Japan's trade surplus), there is no substitute for painstaking, detailed, sector-by-sector or product-by-product trade negotiations. This is borne out by the experience of the past two decades. Among the most successful U.S.-Japan trade agreements during this period are the following: (1) the Tobacco Agreement of 1986, in which the elimination of a 20 percent tariff on imported cigarettes led to an increase in market share for foreign cigarettes from 2 to over 20 percent; (2) the Beef Agreement of 1988, in which the transition from import quotas to tariffs led to a dramatic drop in beef prices in Japan and a significant increase in beef imports not only from the U.S. but from Australia, New Zealand, Argentina, and other countries; and (3) the Semiconductor Agreement of 1986, extended in 1991, which led to an increase in the foreign share of the Japanese semiconductor market from 8 percent to 26 percent, this increase being not only from the U.S. but also from Europe and Korea.

The first two agreements, dealing with products bought primarily by consumers, did not require any "goals" or "results-orientation"; tariff elimination (cigarettes) and quota elimination (beef) were sufficient market-opening measures. The third agreement, however, dealing as it did with a strategic industrial product bought by organizations (companies) required the statement of a "goal": "slightly more than 20 percent market share by 1991." Although the date slipped by one year, so that the 20 percent was not achieved until December 1992, this can be attributed to the fact that the Japanese government was slow to start implementing this agreement, which was initialed on July 31, 1986 and officially signed on September 2, 1986. It was only after the U.S. found Japan to be in violation of the agreement and on April 17, 1987 imposed tariffs of \$300 million on Japanese laptop computers, small television sets, and power hand tools that the Japanese government began to implement this agreement in earnest. Thus implementation was delayed by almost one year.

Although the Japanese government has denounced this agreement, not a few in Japanese industry believe that such results-oriented agreements are effective in resolving trade disputes between the U.S. and Japan. An example of this kind of thinking can be found in the writings of Kazuo Inamori, Chairman of Kyocera, who wrote an article entitled "I Propose the Setting of Quantitative Import Targets" in the April 17, 1995 edition of the *Sankei Shimbun*.

VII. PROSPECTS

Pursuant to the Clinton-Miyazawa announcement of July 10, 1993, the U.S. and Japan engaged in a year and a half long series of negotiations known as the Framework Talks. These and other negotiations produced 20 trade agreements between the two countries during the first 34 months of the Clinton Administration.

2/5/96

THE WHITE HOUSE
WASHINGTON

rec'd 8:30am

2/3/96

February 2, 1996

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: RAHM EMANUEL R.E.

SUBJECT: WEEKLY REPORT

WELFARE:

To be frank, the Washington Post article could have been worse, but it has raised the possibility of passage of the Senate Welfare legislation. If our intent was to prevent the Senate bill from coming to the President's desk, then we have not done a very good job.

I cannot stress enough the need for a small meeting to decide what our strategy should be and what the President's bottom line is. The lack of an overall strategy and a clear bottomline will lead to fewer choices of our own making. The administration's luck on welfare may run out sooner rather than later.

* } The Governors are very close to reaching a compromise on welfare that would be better than the Senate bill in a number of areas. A bipartisan compromise by the governors that we support would give us cover with the Congress if we decide to veto any future legislation and would enhance our hand in any negotiations with the Congress.

✓ This week I worked with HHS to complete all outstanding waivers. I was very clear with Secretary Shalala that the President could not attend the NGA meeting with so many outstanding waivers.

✓ I also worked with HHS on two upcoming studies. On Monday, they are going to release a report that shows child support collections have hit a new all time high. I think we will receive ABC news coverage on the report.

Second, I have asked HHS to work on a new study on teen pregnancy rates which is not too different from the Child Support Collection report. I want to use the study for a future Presidential event on teen pregnancy.

In case all else fails, I have asked HHS to look into what other executive action the President can take in the area of welfare. My concern is that it is important that we establish enough of a record in the area of welfare reform before the campaign, in case we do not get any national legislation.

✓ At this preliminary stage, it looks as if by executive action the President could make benefits for teen moms conditional on their school attendance and make every eligible adult sign a personal responsibility contract. These reforms were part of the President's welfare reform legislation and a part of the reform legislation being debated today in Congress.

CRIME:

I worked last week with the Wall Street Journal on their anti-gang story. Overall the story was positive, but it raised the spectre of future static around any anti-gang coverage.

✓ The school uniform guidelines are complete and ready for the radio address. In the meantime, we continue to receive very good coverage on the SOTU announcement on uniforms.

✓ Next week, I will be convening a meeting between HUD and Justice to develop national guidelines on the President's "One strike your out" proposal. The goal is to have this complete in the coming weeks.

✓ The national Domestic Violence hotline will be operational by the week of February, 20, at which point we should hold a presidential event.

General McCaffrey's Hill visits are going very well. To date he has met with Senators Biden, Hatch, Simpson, Feinstein, and Thurmond. The problem we have now is the General's concern that we follow through on our staff level commitment.

IMMIGRATION:

The workplace presidential directive is ready for the President's signature. I think the event ~~should include Doris, the AG, and GSA.~~

⊗ In addition to the Directive, the Washington Post has three backloaded stories on immigration. Two of the stories deal with the border and one deals with the workplace. In general, the stories show good work by the INS with some much needed results. However, the Mexican depression may be too powerful a force for all our good efforts.

✓ Lately, I have noticed a shift in the GOP rhetoric concerning the border. Because of our efforts on immigration, they are now focusing on drugs coming over the border. I need some leverage here to work with Customs like I have with INS. We are about to face a number of bad articles on Customs not doing their job at the border and going so far as to fool around with the way they report their anti-narcotics efforts. I am not sure people at Treasury see this in the same light or bring the same level of political sensitivity to this issue.

✓ I will also meet this coming week with the INS staff to review press and operational activities for the coming month. The focus should be the new agents at the border, worksite enforcement, and roll-out of the Florida plan.

POLITICS:

If you look at the Washington Post series on disaffected public, I think we have a different problem than the Republicans. The GOP's disaffected voters are male and respond to a cutting

taxes, less government message.

* { The Democrats face a different problem which requires a different message. Our potential at the pool of disaffected voters is somewhat limited to women. In addition, the message is not the same as the GOP message and must be adapted to their particular needs. Although they have the same low expectations from what government can provide and are alienated from the system, they do identify unmet needs in their lives. Our message is more nuanced, requiring a message of empathy as well as shared values.



THE PRESIDENT HAS SEEN
2/1/96

Four Corners School of Outdoor Education

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

JIM DORSKIND:
Please coordinate
the reply.

*As per copy for me -
BC*

January 10, 1996

Dear President Clinton,

I am writing to you via Chelsea and my friend and business associate Doug Capelin, Director of Deer Hill Expeditions, to ask you to consider something of great importance to the American people. I am requesting that you veto the Utah Delegation's Public Lands Act of 1995 (H.R. 1745 /S. 884), and support the America's Redrock Wilderness Act (H.R. 1500). Because Chelsea has taken a course within the wildlands in question, I am asking her to deliver this letter to you personally.

During Chelsea's month at Deer Hill Expeditions she backpacked and rafted within some of the acres that the Utah Delegation is excluding from wilderness designation, but are included in the bill proposed by Maurice Hinchey, (H.R. 1500), which recommends 5.7 million acres of wilderness in Utah. She spent a week in White Canyon and a week rafting on the San Juan River, both areas not included in the Utah delegation's bill. These lands speak for themselves, should you ever have the pleasure of visiting them, but I am sure Chelsea can speak to you on their behalf as well.

The Utah Delegation's bill will greatly impact the most spectacular wildlands left in the United States, and also set an extremely bad precedent for all wilderness lands in the country. It is meant to protect only a small fragment (1.8 million acres) of the wildlands that qualify for wilderness designation in Utah and will allow roads, pipelines, vehicles, low-level overflights, and powerlines within these supposedly protected acres. It also includes hard release language, prohibiting any acres released from designation to ever be considered again.

I am personally qualified to speak on behalf of Utah wildlands, and have testified on their behalf on a number of occasions. As an employee of the Bureau of Land Management in 1979, I helped to conduct the Intensive Wilderness Inventory on some these lands. Having lived in Southern Utah for 18 years, I have hiked and explored many of the acres in H.R. 1500, and know firsthand of their spectacular beauty and qualifications as wilderness. I am also a founding Board Member of the Southern Utah Wilderness Alliance (SUWA), and have spent the last eleven years of my life trying to protect these areas. And finally, I am Founder and Director of the Four Corners School of Outdoor Education, whose mission is to educate people of

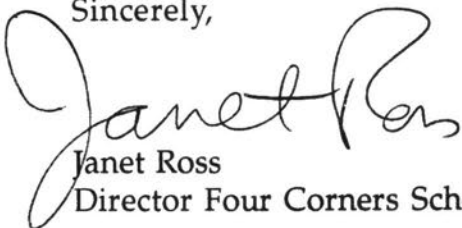
all ages and backgrounds about the need to protect the natural and cultural treasures of Utah.

I have dedicated my life to wilderness education and protection in Utah and surrounding areas. These lands speak to me and are my spiritual home. A large number of the American public share my feelings. Over a ten year period, SUWA has built a membership of 17,000 members who are committed to the protection of Utah wildlands. Add to that the membership of the Sierra Club, Wilderness Society, and other organizations, and you probably have half a million Americans who have been fighting and will continue to fight to protect Utah's most precious natural resource--wilderness.

I know that you have many big battles before you right now, and that you are trying to stand behind the principles you believe in. This may appear to be a small battle in light of all that, but it is not. It is the front line of a major battle in terms of how we view ourselves as a species in the natural world and the management of the ecosystems that support life as we know it. Please, Mr. Clinton, veto H. R. 1745/S. 884 and support H.R. 1500. If you want a first hand look, Doug and I would be happy to show you around. Or just ask Chelsea.

Thank you for taking the time to read this letter.

Sincerely,

A handwritten signature in cursive script that reads "Janet Ross". The signature is fluid and elegant, with the first name "Janet" being more prominent than the last name "Ross".

Janet Ross
Director Four Corners School

C. Acuña
BZ

FyH

PS

THE WHITE HOUSE

WASHINGTON

February 1, 1996

John Sexton
New York University
School of Law
40 Washington Square South
New York, New York 10012

Dear John:

Thanks for writing and sending a copy of your letter to Senator Reid. The culture of ad hominem attacks is all too prevalent here, and I regret that you were unfairly caught up in it.

As always, I'm grateful for your wise counsel and your support. Please give Hillary's and my best to Lisa, Jed, and Katie.

Sincerely,

Bar Clinton

John Sexton
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John Sexton

Dean

January 3, 1996

Nothing was attached
to his letter, so
I called for
the attachments.

-mr

President William J. Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500-2000

Dear Mr. President:

I am confident that you know that my scholarly positions are not influenced by donations to NYU -- and that positions I expressed to you are especially important to me. Nonetheless, because either Senator Reid's statements or the Washington Times piece might be mentioned to you at some point, I thought I would share with you the letter I have just sent to Senator Reid.

In the days since the Wall Street Journal reported that my views may have played a part in your decision, the Vice President of our Alumni Association (who is at Coopers and Lybrand) has resigned, and an investment banker (after citing the article) has cancelled the meeting at which we were to finalize his (in aggregate, \$2 million) gift. Such reactions have made me keenly aware of the stakes those folks see in the PSLRA -- and have made me all the more confident of the views I expressed to you.

Politics aside, you did the right thing in vetoing the bill. I regret that the politics were such that your veto was overcome in Congress.

As you enter this critical New Year, please know that you and Hillary have the support of all of us in the Sexton family. Lisa, Jed (who wears your fortieth birthday t-shirt with pride every summer), Katie and I all send love to both of you.

Sincerely,


John Sexton

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John Sexton
Dean

January 2, 1996

The Honorable Harry M. Reid
United States Senate
Washington, D.C. 20510

Dear Senator Reid:

It has come to my attention that on December 21, in the context of the debate on the Private Securities Litigation Reform Act, you rose on the Senate floor (and on national television via C-Span) to launch an ad hominem attack on me, apparently basing your remarks on an article from the Washington Times. The gist of the article was that my opposition to the bill had been purchased by a gift to a public interest program at NYU by a member of the plaintiff bar. Since the article offered no basis for its ad hominem attack, and since (as far as I know) we have not met and you know nothing about me, I was quite startled that a man of your stature would choose to behave in this way.

For your information, the first conversation I had with anyone on the concept of what became the PSLRA was (at his request) with Chairman Arthur Levitt. In that conversation, over eighteen months ago, Professor Samuel Estreicher of NYU and I expressed our misgivings about the procedural reforms proposed by the fourth participant in the conversation, the SEC's General Counsel.

Over the ensuing months, two of my coauthors, neither of whom has an interest in NYU's fundraising, expressed strong opposition to the procedural aspects of the bill -- generally along the same lines indicated in my communication with President Clinton. They are Professor Arthur Miller of Harvard Law School, with whom I have written the most widely-used casebook on Civil Procedure, and Alan Morrison of Public Citizen, with whom I have edited a book on American law which will be published by Oxford University Press.

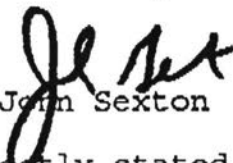
Since you stated that Mel Weiss's \$1 million dollar gift */ to NYU's public interest program explained my position on the bill, let me add some facts about NYU's fundraising -- facts that any reasonable person probably would assume. Over the last three years I have raised nearly \$90 million dollars for our school, nearly all of it from supporters of the PSLRA. Indeed, just a week before your remarks (and just after I visited the White House), I discussed positively a gift totalling \$2 million with a major supporter of the bill. Parenthetically, in the days since the Wall Street Journal article appeared alleging that I played a part in the President's decision to veto the bill, a substantial number of graduates (all of them in investment banking or accounting firms) have indicated they will refrain from making their anticipated gifts to the school. A poll of my trustees or big contributors would have favored the bill by a large margin; thus, if my scholarly opinions were available to the highest bidder, I clearly would have supported the bill.

Of course, Senator Reid, you are not responsible for following the evolution of my scholarly views or the progress of fundraising at NYU. You are responsible, however, for your own actions; and I assume you hold yourself to some minimal standard of decency in dealing with others. I try always to assume the best of others: when I hear negative things, I reserve judgement until I have proof. You, of course, have developed your own standards for processing negative allegations about others. But, whatever your standard, you were wrong to engage in an ad hominem attack of the sort you made here. When it is asked why persons of quality sometimes are reluctant to be part of the political process, your conduct here will be part of the answer.

I stand by my view that the procedural elements of the PSLRA are retrogressive and ill-advised. The President was right to veto the bill as reported by the Conference. The disingenuous and strident reaction of the bill's proponents (even in the small world of NYU fundraising) only confirms my opinion.

I am sharing this letter with my former client, Senator Joseph Lieberman, who does know something about my integrity and character. I urge you to think twice before attacking another person; next time, make your argument on the merits of the case.

Sincerely,


John Sexton

*/ The Washington Times incorrectly stated that Mel Weiss had agreed to attempt to raise an additional \$5 million dollars, an error which you magnified on the Senate floor by stating that he actually had raised an additional \$5 million dollars.

cc: Senator Joseph Lieberman

NEW YORK UNIVERSITY

SCHOOL OF LAW

FACSIMILE TRANSMISSION FORM

DATE: 1 . 30 . 96TIME: 9:30 a.m. • p.m.

TO:

Fax: 202/395-4198Name: Maureen LewisOrganization: The White House

Address: _____

Telephone: _____

FROM:

Name: Karen Stember

New York University School of Law
40 Washington Square South
New York, New York 10012

Telephone: 212/998-6000Fax: (212) 995-3150Number of pages (including cover sheet): threeMESSAGE: Attachment, as requested.

THE PRESIDENT HAS SEEN

2/2/96



Derek N. Shearer

Ambassador of the United States of America

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212/96

NATO ENLARGEMENT: AN ALLIANCE STRATEGY FOR THE BALTIC STATES

by Ron Asmus + Bob Nulick

How to deal with the Baltic states in the context of NATO's planned enlargement is one of the most delicate and difficult questions in the entire enlargement debate. The Alliance needs to develop a credible strategy for dealing with the Baltic issue in order to maintain regional stability in Northern Europe, to facilitate both NATO and EU enlargement and in order to pursue a viable strategy for managing relations with Russia.

The point of departure for this paper is the assumption that NATO will officially decide in the near future, perhaps in early 1997, to enlarge to Poland, the Czech Republic and (perhaps) Hungary around the end of the decade. It is in this political and strategic context that the Alliance will also have to define its strategy for the Baltic states. Such a strategy will also have to take into consideration the domestic implications of dealing with the Baltic issue--in Russian, American and in European politics.

If mishandled, the Baltic issue has the potential to develop into the proverbial train wreck which could potentially derail NATO enlargement as well as poison the West's relations with Russia. History has shown us that events in the Baltics almost always have repercussions well beyond the region. For all of these reasons, developing a policy for the Baltic states should be a central part of NATO's pre-accession strategy designed to prepare the Alliance for successful enlargement.

NATO ENLARGEMENT: WHY NOT THE BALTIC STATES?

On paper the Baltic states would appear to be strong candidates for eventual Alliance membership. Their declared policy is to become full members of both the European Union (EU) and NATO. They are already associate members of the EU and associate partners in the West European Union (WEU). They have made considerable progress in implementing political and economic reform. Many observers consider at least Estonia to be a potential candidate for the first tranche of EU enlargement. In principle full WEU membership is open to all members of the EU. NATO,

in turn, has adopted the view that in principle all countries who join the WEU should also join NATO in order to avoid the emergence of so-called 'back door' security guarantees.

At the same time, the current political reality is that the Baltic states are not going to be included in the first tranche of NATO enlargement for one basic reason: They currently do not have sufficient political support for their candidacy. Simply put, they don't have the votes. While one can envision Poland mustering sufficient support among current NATO members for enlargement, a quick survey of attitudes across the Alliance reveals that there is currently little support for Baltic membership in NATO.

Apart from Denmark, which has championed the Baltic cause in Alliance circles,¹ it may well be the United States where senior officials have shown the most high-level support and sympathy for Baltic concerns and aspirations, albeit support that is limited. Germany, perhaps the country with the greatest stake in NATO enlargement, has for historical and strategic reasons been reluctant to support Baltic membership in the Alliance. Although the United Kingdom has traditionally been an active security player in Northern European security, it has not actively supported Baltic aspirations vis-à-vis the Alliance. France, while defending the principle that all members of the EU should also join the WEU, has also shown little enthusiasm for full Baltic membership in the WEU or the extension of the explicit security guarantee this would entail.

Why is there currently so little support for Baltic membership in NATO? The reasons are fairly straightforward: They include:

•The Strategic Factor. Whereas Poland's future is considered by many to be vital to the security and stability of Europe as a whole, many in the West--rightly or wrongly--do not see the Baltic states as an area of vital Western strategic interest.

¹On Danish policy see Hans Haekkerup, "Cooperation Around the Baltic Sea: Danish Perspectives and Initiatives," *NATO Review*, May 1995, pp. 14-18. See also Haekkerup's speech at a NAA conference on Cooperative Security in the Baltic Region in Vilnius, October 26, 1995.

•*Russian Political and Strategic Sensitivities.* Western conventional wisdom today assumes that the vast majority of Russians have accepted the independence of the Baltic states (in contrast to Ukraine where many, if not most, Russians have not). Nevertheless, the incorporation of a former part of the USSR into NATO would undoubtedly touch a very sensitive political nerve in Moscow. In geostrategic terms, the Baltic states occupy a geopolitically important part of the Baltic littoral, potentially checking access to St. Petersburg and separating the Russian enclave of Kaliningrad from the main body of the Russian federation. Russian commentators have openly said that Moscow will not accept Baltic membership in NATO and that they would take countermeasures to prevent it. No one in the West is eager to challenge Moscow on this issue.

•*Minority Issues and Border Disputes.* While the Alliance is reticent to take in any new members who have minority problems or border disputes, the issue is especially sensitive with the Baltic states since these minority disputes involve Russians and Russia. Even if they can be resolved, it is difficult for some in the West to imagine a NATO country with a Russian minority--especially since Russian national security doctrine makes the protection of Russian minorities beyond Russia's current borders a top priority.

•*Defensibility.* A quick look at the map and at even residual Russian military power underscores the problems that would be involved in extending a credible security guarantee to the Baltic states. The small size and populations of the Baltic states coupled with the proximity of Russian military power underscores the defensibility dilemma. Defensibility is obviously subject to interpretation and deterrence can come in different forms. Nevertheless, it is clear that this is major source of Western reluctance if not opposition to Baltic membership in NATO, especially among Western militaries.

•*Kaliningrad.* Kaliningrad and the Russian military presence in Kaliningrad only reinforce these concerns. NATO enlargement to the Baltic states would, in effect, encircle a piece of Russian territory, one that currently continues to host a major concentration of Russian military power.

Listing these factors is not meant to suggest that the Baltic states should not or never will join NATO. NATO has embraced the goal of a Europe whole and free. It has embraced the principle that security across the continent is "inseparable." It has repeatedly said that Russia does not have a veto over who joins the Alliance. It has said that membership in the EU and NATO should in principle overlap.

But NATO countries have also made it clear that there is no automaticity when it comes to extending Alliance membership. The Alliance reserves for itself the right to choose just when and where it extends a security guarantee. The unique circumstances surrounding the Baltic states inevitably make them a special case. This list simply underscores that the hurdles for Baltic membership in NATO are high--and considerably higher than for many other countries.

THE IMPERATIVES FOR A BALTIC STRATEGY

The fact that the Baltic states are unlikely to be in the first tranche of NATO enlargement, however, does not negate the imperative for the Alliance to have a Baltic strategy. On the contrary, it magnifies the need for a credible Alliance strategy as an alternative to enlargement to sustain their independence and security and integrate them into the West through other means. Such a strategy is needed first and foremost to reassure the Baltic states and to insure stability around the Baltic littoral and in Northern Europe.

There is widespread concern not only within the Baltic states themselves, but in much of Northern Europe that a NATO enlargement to East-Central Europe which excludes the Baltic states will inevitably leave those states outside of the Alliance vulnerable to increased Russian pressure. Pressure on the Baltic states might be one of the few instruments available for Moscow to demonstrate its displeasure with NATO, thus turning the region into a new confrontation zone in the decades ahead. Alternatively, NATO enlargement could simply provide the pretense for a nationalist revanchist Russian government already intent on reestablishing its influence over the Baltic states. Thus, many observers in Northern Europe--including in non-NATO countries--oscillate between skepticism about or even opposition to NATO enlargement on the

one hand, and insistence, if it is to occur, that it also include the Baltic states in the first tranche, on the other.²

However, the need for an effective Alliance strategy toward the Baltic states is also rooted in a set of Western internal political requirements as well as linkages between the behavior of key regional actors. This list includes the following factors:

- The Alliance has pledged that enlargement will be conducted in a fashion that will enhance the stability of Europe as a whole, not only for new members. The Baltic issue will be seen as a litmus test of the success of NATO's oft-repeated pledge that enlargement will enhance stability in Europe as a whole, not only for those members to whom the Alliance will enlarge.

- The Baltic issue has always had a disproportionate impact in U.S. political life. It will be difficult if not impossible in political terms for a U.S. President to enlarge NATO to East-Central Europe without a credible strategy on the Baltic issue. The U.S. never recognized the incorporation of the Baltic states into the USSR during the Cold War, and the Baltic-American communities remain a well-organized and effective political force in American politics. No U.S. President can run the risk of appearing to have "sold out" the Baltic states and to have contributed to a "new Yalta" in the context of enlargement.³

- The political requirement to be responsive to Baltic concerns will be equally if not more true for NATO allies such as Denmark whose own vital interests are directly affected by developments around the Baltic littoral. A Danish Prime Minister will find it difficult to support NATO membership for East Central Europe if this move is seen as degrading security in the Baltic region.

²Carl Bildt, "The Baltic States Belong Inside the Line Between NATO and Russia," *International Herald Tribune*, May 5-7, 1995.

³For example, former Secretary of State James Baker's memoirs contain several examples where he notes that Baltic-Russian tensions threatened to torpedo U.S.-Soviet relations because of the repercussions such events had in American domestic politics and on a U.S. President. See James A. Baker, III, *The Politics of Diplomacy: Revolution, War & Peace 1989-1992* (New York, G. P. Putnam's Sons, 1995.)

•While Sweden and Finland are not in the Alliance, they, too, are concerned lest NATO enlargement to East-Central Europe potentially do damage to their own security interests. A situation where Swedish or Finnish leaders publicly expressed skepticism or even opposition to NATO enlargement would be awkward for NATO to say the least. There is a strong concern in these countries that NATO enlargement to East-Central Europe and the Russian reaction to it could make the Baltic littoral and Northern Europe a new East-West confrontation zone. At the same time, a significant deterioration in the security environment in Northern Europe could have a major impact on the security debates in these countries, especially Finland. These new dynamics, should they emerge, could conceivably spark a Finnish push for NATO membership. This, in turn, would be likely to catalyze a more serious and polarizing debate in Sweden over the same issue.

•The Baltic states are already on track for EU membership and are currently associate partners in the WEU. If current trends continue, Estonia (at least) may well qualify in economic terms for the first tranche of EU enlargement. Membership in the WEU is, in principle, open to all members of the EU. Thus, the issue of Western security commitments (or the lack thereof) is already or soon will be on the agenda in any case. Although the EU could conceivably find a way to deny the Baltic states full WEU membership, such a process could be politically damaging to the EU and destabilizing for the Baltic states.

•How the EU deals with the Baltic issues, however, will also depend in part on how the security side of the equation is handled by NATO. While the Alliance has been careful not to link EU and NATO enlargement, the political reality is that the EU is unlikely to enlarge to include any of the Baltic states until and unless there is a coordinated strategy with NATO on how to handle Baltic security. In short, if the U.S. wants EU enlargement to extend to the Baltic states, it must help ensure that the Gordian knot of security is untied.

•The Baltic issue will also be one of the most delicate in NATO's future relations with Russia, as well as in U.S.-Russian relations. Russian officials and commentators have warned that Moscow will not accept Baltic membership in NATO and that, if NATO enlarges, they will

take countermeasures to insure that the Baltic states are not included. Given the political sensitivity surrounding this issue in both Russian and American domestic politics, it has the potential to poison U.S.-Russian relations and to undercut efforts to create a 'privileged partnership' between NATO and Russia.

These factors underscore the stakes involved and the need to develop a credible strategy on the Baltic issue--and the consequences if the Alliance does not. Without such a strategy, it will be difficult to reach political consensus within NATO on enlargement to East-Central Europe. Without such a strategy, it will be difficult for the EU to enlarge to the region as well. Without such a strategy NATO also runs the risk that enlargement would destabilize the Baltic region and spark a new realignment in Northern Europe. Finally, absent such a strategy, the Baltic issue could put U.S.-Russian and NATO-Russian relations on a collision course. The question, therefore, is what should such a strategy look like?

DEVELOPING A STRATEGY

The purpose of an Alliance strategy toward the Baltic states must be, first and foremost, to guard against a new 'window of vulnerability' opening up for the Baltic states when NATO enlarges to East-Central Europe. Second, such a strategy must provide an interim package aimed at accelerating the integration of the Baltic states into Western institutions. And, third, while accepting the current political reality that at present there is no consensus in favor of Baltic membership in NATO, such a strategy must keep this option open as a longer-term perspective and put in place policies aimed at changing this state of affairs by mitigating the obstacles for Alliance membership over time.

Such an Alliance strategy for the Baltic states must be based on multiple pillars which complement each other and whose total impact is greater than the mere sum of the individual components. Although many Western policymakers would prefer to sidestep the issue of security commitments, they must realize that it will be difficult if not impossible to build a realistic strategy in the region so long as the

security issue is not addressed. Such a strategy should be based on the following pillars:

Pillar #1: Expanded Baltic Defense Cooperation. Baltic security needs to start with the Baltic states themselves. These countries are still in the process of creating and building their national defense establishments. The top priority of such a process will obviously be to insure the independence and territorial defense of the Baltic states. The degree to which that independence is threatened is, of course, a matter of dispute. Although a Russian attack against the Baltic states is currently unlikely, it is certainly not implausible, especially if relations with Russia deteriorate and a nationalistic revanchist regime comes to power in Moscow. The specific worry for the Alliance is that enlargement to East-Central Europe will contribute to a new window of vulnerability for the Baltic states around the turn of the century.

Against this backdrop, the Alliance should encourage the Baltic countries to expand their existing security and military cooperation among themselves. Although the Baltic states themselves are at times divided on the desirability of, for example, a defense union, such steps should be encouraged as stepping stones towards a more effective regional security and defense arrangement.⁴ A joint defense effort would be more efficient and deliver more "bang for the buck" as well as making the Baltic states more serious partners for cooperation with NATO, regardless of whether they eventually become members. Finally, in political terms it is important for the Baltic states to show that they are serious and committed to defense and that they are not "free riders."

Some commentators suggest that geography, the small populations of the Baltic states and Russia's overwhelming power mean that the Baltic states are "indefensible" and that military capabilities can therefore hardly play an important role in their national security policies since resistance to a Russian attack would be futile if such a move were to occur. Security in Europe, however, is much more than a game of simple

⁴Some Baltic leaders are concerned that a Baltic Defense Union would be perceived as an alternative to NATO membership, thus harming their chances of joining the Alliance.

force balances. Deterrence comes in many forms. One can also conceive of attempts at political intimidation or limited conflict short of a massive and deliberate aggression in which modest military capabilities could be quite important.

Some experts believe that it may not be unreasonable for the Baltic states to acquire over time military forces of a couple of brigades each. So long as the Russian military presence in the area south of St. Petersburg is limited to a couple of divisions, it is plausible that the Baltic states could generate the capability to impede a Russian attack using only local forces. Deterrence at this level would stabilize the region insofar as it would deny Moscow the option of a lightning quick and painless military option. This would force an aggressive Russian intent of attacking the Baltic states to initiate a military build-up which would take time, bring CFE into play and create warning time for the Baltic states and the West to undertake appropriate countermeasures.⁵ It is for these reasons that the Baltic and Nordic states expressed such strong concern over a revision of the northern flank issue on CFE.

Against this backdrop, the objective of Baltic national defense must be something less than the ability to defeat an attack by overwhelming force. Their national defense doctrine should be aimed to creating a light and effective national defense system that could, within modest funding constraints, significantly raise the price that a potential aggressor would have to pay and deny him the option of a quick or painless military victory. This in itself would create an element of deterrence. The most promising model for Baltic defense is a version of the Finnish national defense system.

Such a defense system should be created in a fashion so that it can be integrated into and contribute to broader regional and international cooperative security efforts. By participating in broader efforts, such as the peace implementation plan in Bosnia, the Baltic states underscore

⁵This option, however, would quickly disappear if the Russian military presence in the Pskov region--and perhaps even Novgorod--were to be allowed to grow to such a level that the military situation in the Baltic states would appear hopeless.

that they are both "producers" as well as "consumers" of security. The successful experience of BALTBAT, for example, should be expanded in the years ahead. Baltic airspace should be integrated with that of the West in a fashion akin to the Central European Regional Airspace Initiative. Such steps should lead over time to a state of affairs where the Baltic states start to approach the defense status currently enjoyed by countries like Sweden or Finland--countries with modern militaries with a heavy emphasis on a national self-sufficiency doctrine--but also countries enjoying very close relations with NATO and which are capable of being integrated into NATO on relatively short notice if and when that political decision is taken.

Pillar #2: Nordic Security Cooperation. The ability of the Baltic states to achieve this status will depend, in no small part, on expanded security cooperation with the Nordic states. To be sure, the Nordic states are a diverse group. In principle and in practice, their roles and interests vis-à-vis the Baltic states vary. Within the Alliance, Denmark has played the lead role in coordinating BALTBAT and in championing the cause of NATO enlargement to the Baltic states while Norway has adopted a low profile. Outside the Alliance, Finland has sustained a low-profile public role while quietly and pragmatically helping to train the Baltic militaries. Although the current Social Democratic-led government has backed off some of the more forceful statements made by Carl Bildt when he was Prime Minister regarding Swedish interests in the Baltic states, in practical terms Stockholm has remained active in promoting security cooperation.

An essential pillar of this strategy is, therefore, to encourage the Nordic countries to further increase their own political, economic and military involvement in and cooperation with the Baltic states. The Nordic countries today are not willing or able to extend a formal security guarantee--and this strategy does not require them to do so. Nevertheless, the Nordic countries are ideal suppliers of a wide range of security and military cooperation.

Today the Nordic countries are reluctant to expand their role much beyond what they are currently doing. In Denmark, for example, there is a quiet debate about whether Copenhagen is not already pursuing a too

high profile course on Baltic issues. Although Finland has since renegotiated its treaty with Russia and joined the EU, cautiousness and a careful balancing act remain the hallmarks of Finnish diplomacy. Sweden today faces major cuts in defense expenditures as Stockholm moves to bring its domestic financial house in order.

The current constraints on the willingness of the Nordics to provide more assistance, however, are first and foremost political. These countries fear that more active involvement in the Baltic states will at some point provoke a Russian reaction to their efforts aimed both at the Baltic states as well as at them. They are especially concerned that such efforts--unless they are backed up by the support of the major European powers and the U.S.--could leave them dangerously isolated in a future disagreement with Moscow.

To be sure, a more active engagement by the Nordic countries in the Baltic states on security matters could lead to Russian irritation. But in some areas at least the risk of an undesirable Russian reaction to Western security assistance would clearly be much greater if, for example, non-Nordic countries such as the United States or Germany assumed this role. The Nordics are the logical partners because their presence in the region is more natural and more easily acceptable to Moscow and because it is the Nordics' defense doctrine and system that Western strategy should encourage the Baltic states to emulate.

Similarly, these countries also face resource constraints and reductions in defense expenditures. Several of them feel that they are already providing significant amounts of assistance and can hardly be expected to do more. At the same time, the Baltic issue is arguably the top national security issue facing these countries in the years ahead. Nordic strategists have always pointed out that the collapse of communism and the former USSR did not have as beneficial an impact on the Northern balance as it did, for example, in Central Europe. In Central Europe Soviet military power was withdrawn nearly 1000 kilometers eastward, creating a double zone of newly independent states separating the Alliance from Russia. In Northern Europe, in contrast, there were no major shifts of a similar magnitude in the regional

military balance.⁶ A critical geostrategic shift that has taken place and which has immeasurably improved Nordic security has been Baltic independence. Preserving that gain in security and strategic depth must logically be a top national security priority for these countries, and resource decisions should be restructured accordingly. Against this background, it should be possible for them to come up with additional resources, especially if they focus, concentrate and coordinate their efforts.

Finally, the Nordic connection also offers another opportunity to bring the Baltic states closer to NATO. Denmark has clearly taken the lead in this regard. But Finland and Sweden are also expanding their ties with NATO countries. Each is actively involved in PfP as well as in peace support activities. Thus, expanded cooperation between the Nordic countries and the Baltic states also brings the latter closer to NATO as well. Through this link, Sweden, Finland and the Baltic countries are all working closely with NATO forces in Bosnia. This helps create the broader web of ties and cooperation that contributes to security around the Baltic littoral.

Pillar #3: EU Enlargement. EU enlargement is in many ways the central pillar of this strategy. It sets the enormously important precedent of making at least one Baltic state "part of the West." It de facto extends an element of deterrence since any Russian intervention in an EU member country--or even threats thereof--would have serious consequences for its relations with Europe as a whole. Thus a form of linkage between Russian behavior vis-à-vis the Baltic states and the EU's overall relationship with Russia would be established.

The EU has announced that, following the conclusion of the IGC in 1996, it will extend invitations to candidate countries to initiate accession negotiations in early 1997. Estonia should be included in the first tranche of EU enlargement.⁷ At the same time, the EU would need to work out an understanding with Estonia that it would not opt for full

⁶See Krister Wahlbäck, Europa Archiv, to be provided.

⁷EU enlargement should not, in principle, be limited to Estonia. The working assumption of this paper is simply that Estonia will qualify for the first tranche and that Latvia and Lithuania probably will not.

WEU membership. Indeed, the agreement would be that WEU and NATO membership for the Baltic states would come, if at all, as a package.

Although NATO and the EU have carefully avoided linking their respective enlargement processes, the political reality is that prospects for the two are intertwined. For example, if the prospects for EU enlargement to East-Central Europe falter, it will make it harder for NATO to enlarge as well. On the other hand, a carefully coordinated orchestration and harmonization of EU and NATO enlargement would reinforce the shared political and strategic goal of extending stability to the region.

Regarding the Baltic states, the equation is different because NATO membership is currently not in the cards for them. At the same time, the political reality is that the EU is unlikely to enlarge to the Baltics unless there is an accepted overall Western strategy on how to handle the security issue. Few members in the EU will be willing to enlarge unless they know exactly what security commitments they are assuming--either implicit or explicit--as well as how NATO plans to handle this issue. Since NATO has a strong interest in seeing the EU enlarge to the Baltic region for the reasons discussed above, it must coordinate its strategy with that of the EU.

In an ideal world, the EU flag would go up in Estonia at the same time that the NATO flag goes up in Warsaw. That no longer seems possible as the EU timetable increasingly slips to past the turn of the decade. If the EU cannot match NATO's timetable, it is crucial that it announce its intent and a target date early on in order to create the perception that enlargement is a done deal. This depends on the EU's ability to work out a compromise on a number of issues at the upcoming IGC that would open the door for enlargement.

The prospects for Estonian membership in the EU also hinges upon the ability to put together a sufficiently strong coalition of countries willing to make this a top priority. At the moment, this group includes the Nordics (Denmark, Finland and Sweden). Although Germany, France and the United Kingdom all support Baltic membership in the EU in principle, it is important that they support the inclusion of at least one Baltic state in the first round of EU enlargement if this strategy is to work.

Pillar #4: Keeping the Door Open for NATO Membership. If current plans hold, in early 1997 NATO is likely to announce that the Alliance is extending invitations to a handful of countries. One doesn't need to be a prophet to know that the most likely candidates for NATO's short list are currently Poland, the Czech Republic and perhaps Hungary. Accession negotiations could presumably then start in mid-1997. These could take up to twelve months and would have to be followed by ratification. Against this backdrop, one appropriate target date for the accession of these countries might be April 5, 1999--the 50th anniversary of the establishment of the North Atlantic Treaty Organization.

Although some suggest that the Alliance should explicitly rule out Baltic membership in this context in order to ease Russian anxieties on this neuralgic point, doing so could have several negative consequences. This conclusion is based on the judgment that:

- not to leave the door open on the NATO membership issue could have a strong negative political impact in the Baltic states and undercut the reform process.

- to explicitly 'close the door' on eventual Baltic membership in NATO runs the risk of being interpreted by some political forces in Moscow as a green light for political pressure and/or military moves against the Baltic states (the 'Korea syndrome').

- it will be politically difficult for the United States and some European NATO allies to support NATO enlargement to East-Central Europe if it is perceived as "selling out" the Baltic states.

At the same time that the Alliance announces its intent to enlarge to East-Central Europe, perhaps in early 1997, the U.S. President should publicly confirm that the door remains open for eventual membership in NATO for the Baltic republics. Senior Administration officials should make it clear that this is not just a passive and rhetorical commitment, but that Washington is truly committed to working to create the conditions that will eventually make Baltic membership in NATO possible.

In parallel to these steps, NATO should announce an expanded program of PfP activities in the Baltic region. The emphasis of this program would be to expand cooperation between NATO and non-NATO members

such as Sweden, Finland, the Baltic republics--and to also include Russia. This cooperation program must be in place and functioning well before NATO actually enlarges.

At the same time, key Alliance members should sit down with the Baltic states and start to develop a strategy aimed at chipping away or mitigating the obstacles to eventual Baltic membership in NATO outlined at the outset of this paper. This effort must acknowledge that the Baltic states cannot resolve many of these issues on their own, and that both NATO countries and non-NATO countries such as Sweden and Finland must play a central and credible role in addressing these issues and developing specific strategies on each of the obstacles listed earlier in this paper.

An Alliance strategy toward the Baltic states must also take into account the broader dynamics underway in the region. This is especially true regarding key regional actors such as Finland and Sweden which occupy pivotal roles in overall Alliance strategy. NATO must initiate its own review of where the Alliance is headed in Northern Europe more generally. In recent years Alliance debates have understandably focused on Central as well as Southern Europe and the Balkans. Northern Europe has become somewhat of a forgotten region in Alliance circles. But a new set of dynamics may be emerging in Northern Europe as well. As mentioned earlier, Finland has its own quiet debate about the conditions under which it might want to seek Alliance membership. Helsinki currently faces no immediate security concerns. It has joined the EU and expanded its security cooperation with Western countries and the Alliance. Should the security environment in Northern Europe deteriorate, Helsinki could always seek to join the Alliance as well.

The Finnish concern, however, is that this comfortable state of affairs could change rather quickly and that Helsinki might eventually decide to opt for NATO membership only to find the door closed. The key issue is what impact NATO's actual enlargement to East-Central Europe--as well as the Russian reaction to this--will have on Northern European security dynamics. The reality of Polish membership in NATO is likely to fuel that debate. While few Finns believe that NATO enlargement to Poland, for example, could catalyze a Finnish desire to join the

Alliance, it is possible that a harsh Russian reaction to NATO enlargement--especially if it is directed against the Baltic states, could catalyze pressure in Finland to seek new security guarantees.

While the notion of Swedish membership in NATO remains heresy for Stockholm officialdom, especially in the current government, one can find a growing number of Swedish voices in the media and elsewhere who are raising the issues of Swedish membership in NATO, too. Neutrality is much more firmly anchored in Sweden and Stockholm has the luxury of having Finland as a buffer between itself and Russia. At the same time, many Swedish experts realize that a Finnish debate over and move towards NATO would inevitably force the same set of issues to the fore in Stockholm. As a result, it may be Helsinki, not Stockholm, which will be the real motor behind future developments in the region.

Against this background, there is a need for the Alliance to both understand and to help shape developments in this region. This requires the Alliance to first sort out its own interests and priorities. Many in the Alliance today might be skeptical about if not opposed to the prospect of Finland with its 1200 kilometer border with Russia in NATO. Others, however, would support the prospect of the entry of Finland, Sweden and the Baltic states as a Northern package at the appropriate time. In the final analysis, the Baltic issue should be imbedded where it belongs--in this broader reassessment of NATO's strategy in Northern Europe.

Pillar #5: Dealing with Moscow. The Alliance strategy outlined above seeks to enmesh the Baltic countries into a web of bilateral, multilateral and institutional ties with the West, without provoking a Russian reaction which increases the security threats to those states or which seriously undermines other key Western policy objectives towards Russia. This will not be easy to achieve, especially when the wounds from the NATO expansion debate remain raw and when the security alignments of the Baltic states have themselves become a highly neuralgic issue in Russian politics. Indeed, Moscow can be expected to resent any strategy that it views as further marginalizing its role in Europe or as indifferent to its legitimate security concerns there; it

will react especially harshly to a strategy that it perceives as a stepping-stone to Baltic membership in NATO.

Even Western-oriented and reformist Russian governments are likely to press for official or unofficial assurances from Western countries that Baltic accession to NATO will not occur, and to warn of the consequences both for Russia's domestic transformation and for East-West relations if their entreaties are ignored. Some officials will continue to threaten to take steps to prevent it, and a future nationalistic government might conceivably act on such threats. The potential costs for Russian-Western relations are thus considerable. A key task for NATO will be to minimize those costs as much as possible. This suggests several considerations for Western policy.

First, quiet diplomacy will be at a premium. This applies in particular to the implementation of those activities designed to address the obstacles to Baltic membership in NATO. Keeping them low-key will not necessarily be easy: the Baltic states will understandably want to advertise them, both for domestic political reasons and to send a message to Moscow. Doing so, however, will virtually guarantee the harsh Russian reaction which this strategy seeks to avoid.

Second, Western governments will have a very strong interest in ameliorating the major irritations and potential flash-points in Russian-Baltic relations. Perhaps the most sensitive from the Russian point-of-view is the treatment and status of the Russian-speaking community in Latvia and Estonia. Though Estonia in particular can legitimately point to considerable recent progress in this area, some real problems do remain. For some of these problems, greater infusions of resources from outside can help--for example, by expanding access to native language instruction for Russian speakers, and by supporting economic development in the Estonian northeast and other regions where the Russian "diaspora" is heavily concentrated. In any case, it will be especially important to keep the OSCE and other relevant Western institutions fully engaged in monitoring the situation--to demonstrate that the West is not indifferent to legitimate Russian grievances, to work with the Nordic countries in pressing the Baltic states where necessary to take further initiatives so as to dampen the risks of real

conflict, to document the real progress that has been achieved and to make it more difficult for Russian political forces so inclined to exaggerate and exploit the issue for their own purposes.

Third, where possible the West should also seek to address the stark military disparities in the region which most heighten the sense of insecurity felt by the Baltic states. At a minimum, this means taking care with the resolution of the CFE "flanks" dispute. The West can and should be flexible in accepting arrangements necessary to ease the real Russian burdens which resulted from the withdrawal of their forces from Eastern Europe, or designed to accommodate reasonable force requirements stemming from the new security threats emerging in Russia's south. What should be avoided, however, are permanent arrangements which allow for *increased* Russian force levels in the north--as if the West accepted the notion that Russia faces new security threats from the Baltic region as well.

Dealing with the over-concentration of Russian military forces in Kaliningrad oblast may prove an even more difficult nut to crack, at least in the short term. Over the longer run, however, the Russian military may find the alleged strategic benefits of its Kaliningrad "bastion" to be a distinctly waning asset; some officers are already beginning to question whether the value is worth the price. Local pressures for economic liberalization--and thus demilitarization--may also grow. Evident Western readiness to invest in the area could help encourage such processes, though in view of some lingering Russian suspicions of American and especially German intentions in the Kaliningrad region it would probably be advisable for other countries quietly to take the lead.

Fourth, as mentioned earlier, Russia should be included in the emerging web of multilateral security cooperation wherever possible and the West should look for ways to encourage constructive Russian-Baltic interactions in the security field. For understandable historical reasons, the Baltic states may well resist such initiatives. Russia may resist them as well. But precisely because both Baltic and Russian wariness on these matters is so deep-seated, it is in the West's interest to begin to break down old reflexes on both sides. The routine

scheduling of joint Russian/Baltic participation in Partnership for Peace exercises is one obvious potential vehicle. More difficult, but perhaps equally important in political terms, would be to find ways to allow for Russian participation in broader cooperative security arrangements specifically designed for the Baltic area, such as the standing Baltic Sea Force recently proposed by the WEU Assembly.

In addition to serving the purposes noted above, arrangements of this sort might also help to soften Russian attitudes toward security cooperation among the three Baltic states themselves. So far, Russian reactions to initiatives of this sort have tended to be negative, if only because it is difficult for the Baltic countries to articulate a compelling rationale for such cooperation that is not transparently based on a fear of an aggressive Russia, or else is linked explicitly to their desire for NATO membership.

It will also be important for the West to manage the development of its multilateral institutions in a way which demonstrates to Russia that the integration of the Baltic states into the EU need not unduly or unfairly complicate Russia's own dealings with it. The reason is straightforward--an underlying concern among some Russians that the ingrained hostility of Baltic governments will inevitably impart an anti-Russian bias to decision-making within the EU itself. (This, they believe, is the meaning of Russia's recent experience with the Council of Europe.) Russia does not now officially object to Baltic accession to the European Union; and a hardening of its position in this regard could significantly complicate any Baltic security strategy which relies heavily, as this does, on the EU role.

We should be under no illusions. Squaring this circle will be difficult and may be impossible. Managing the competing demands will require some forbearance by both NATO and the Baltic states themselves--many obstacles will have to be overcome and will often require low-key and quiet diplomacy. It will also require a consistent and clear message to Moscow that Russian policies and behavior towards the Baltic states will affect its overall relations with the West, either for better or for ill. In the final analysis the real source of leverage that the West has in its relations with Russia is its willingness to tie

the continuation of the broader political, economic and financial web of Western relations with Moscow to Russia's behavior vis-à-vis the Baltic states.

ASSESSING THE STRATEGY: THE BENEFITS

This strategy offers several clear benefits. First, it elevates Estonia to a status similar to that currently enjoyed by Sweden and Finland--full membership in the EU, partial membership in the WEU, membership in PfP and expanded cooperation with NATO under PfP's auspices. Thus, Estonia would take a major step towards becoming part of the West. Estonian membership in the EU would represent the crossing of a symbolically important rubicon--a former part of the USSR will have joined "the West." While Estonia would not have an explicit security guarantee, EU membership in and of itself would create an important element of deterrence. It is difficult to imagine the West not reacting to an aggressive move against an EU member. Similarly, while only one of the Baltic states has joined the EU, this should help stabilize the region as a whole.

Second, this package should create a powerful impetus toward reform elsewhere in the region. Estonian success should create a very powerful incentive for both Latvia and Lithuania to accelerate their own reforms in order to obtain these same benefits for themselves. The fact that the door to NATO membership has also been kept open for all three countries should also reinforce the trend toward reform and Westernization.

Third, this strategy deliberately sidesteps the "back door" security guarantee issue which would be raised by full WEU membership. This would make it easier for the EU to accept them, easier for the Russians to acquiesce to EU membership for these countries and easier for NATO countries to support this overall process. Again, this requires working out an understanding with Estonia that it will not opt for full WEU membership when it joins the EU.

Fourth, this strategy involves the Nordic countries in a balanced and appropriate fashion. Both Sweden and Finland are apprehensive lest NATO declare the Baltic issue a Nordic issue--thereby implying that it

is theirs to deal with, something these countries are not capable of. They are concerned that NATO will enlarge to East-Central Europe, the Baltic states will be left in a vulnerable position, the Russians will react harshly and that their own security will be eroded as a result.

Many NATO countries, on the other hand, are concerned that Helsinki and Stockholm will not "pull their weight" and make an adequate contribution to security in the Baltic Sea. They are afraid that Sweden and Finland will remain strategically insular, and not do enough to help stabilize the region, leaving the burden to the Alliance. What this strategy does is share these burdens. Nordic, EU and NATO strategy must be seen as complements to each other, not alternatives.

Fifth, this strategy acknowledges the need for NATO to rethink its own Northern European strategy--and makes the Baltic issue a key part of that process. It acknowledges the real obstacles to eventual Baltic membership in the Alliance and tries to develop strategies that mitigate those obstacles. In some cases, it is the Baltic countries themselves who have to carry the burden of mitigating those obstacles. In other cases it is imperative that the West play a crucial role. By taking this responsibility seriously, the Alliance can show the Baltic countries that it is serious, can channel Baltic energies into solving real problems and counter the view in the Baltic states that the Alliance is only seeking a pretense not to let them into NATO.

Sixth, this strategy seeks to acknowledge Russian sensitivities while avoiding "deals" that would compromise the principles NATO has embraced as the basis for future European security. Moreover, there are ways in which Russia, too, could potentially benefit. EU membership for Estonia, for example, might serve to increase the amount of EU resources directed not only to Tallinn but towards the region as a whole, including parts of northwest Russia. There are already signs that the contiguous regions of Russia are benefiting economically from Finnish EU membership. Estonian membership would further this process. Moscow would also be invited to cooperate in many of the key multilateral security cooperative measures that would start to emerge between the Baltic states, NATO and the Nordic countries. The West would seek to

avoid a major clash with Moscow over Baltic membership in NATO by postponing a decision on this issue.

The reality, however, is that Moscow is unlikely to view this strategy in such benign terms. It is likely to oppose any Western policy that it perceives as increasing the likelihood of eventual Baltic membership in NATO. Writing in *Foreign Affairs* several years ago, Carl Bildt stated that the Russian attitudes toward the Baltic countries would be a litmus test of whether Moscow had truly abandoned its neo-imperial ambitions in the region.⁸ By creating a package that tries to further integrate the Baltic states into the West while deferring final decisions on institutionalized security commitments, the West would indeed be testing Russian attitudes, and the answer we receive would be an important data point for determining future Western policy towards Russia.

Seventh, this policy buys time, time for the Baltic countries to try to build political support for their own objectives, time for the West to develop a better idea of which way Russian policy is headed, and time for Russia to continue to adjust to the new political and strategic map in Europe. Many Baltic leaders currently fear that time is not on their side. Their nightmare is that their moment of greatest vulnerability will come when NATO actually enlarges to East-Central Europe and they are not included. This strategy seeks to put into place policies to minimize that risk while building toward a longer-term solution.

CONCLUSION

If one of the purposes of NATO's recently declared 'pre-accession strategy' is to identify and remove possible obstacles to NATO's successful enlargement, then a strategy on the Baltic issue should be a central part of any strategy designed to prepare the Alliance for successful enlargement. It is essential if the Alliance is to reach political closure on enlargement, if it is to encourage the EU to enlarge and if it is to have a viable strategy for managing relations

⁸See Carl Bildt, "The Baltic Litmus Test," *Foreign Affairs*, September/October 1994, pp. 72-85.

with Russia. Given what is at stake as well as what needs to be done, it is important to start now in developing such a strategy.

THE PRESIDENT HAS SEEN
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THE WHITE HOUSE
WASHINGTON

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January 31, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: DONALD A. BAER *DAB*
SUBJECT: ARTICLES

Attached are two articles by John Leo and Alan Murray which I thought you might find interesting.

cc Ann Lewis
GS
cc HURC
Brown
Murray

JOHN LEO

If you go to a panel discussion in Washington, D.C., on "Reframing Family Values," do not expect much attention either to family or values. Instead, you will be flooded with charts and graphs about heads of household and income distribution. The point of this exercise is to show that behavior and values have nothing to do with the crisis of the American family. Everything is economic. If the awkward term "family values" comes up, it will be discussed gingerly as some sort of mysterious and optional product that some households have, while others do not. Then back to the charts.

This was true last week on a panel at the Woodrow Wilson Center. When my turn came, I attempted a few chart-free comments: To bolster the family, we certainly have to come to terms with '90s economics but also with '60s values, particularly the core value that self-fulfillment is a trump card over all obligations and expectations. By breaking the taboos against unwed motherhood and casual divorce, we have created the world's most dangerous environment for children—a new fatherless America filling up with kids who are so emotionally damaged by their parents' behavior that they may have a lot of trouble making commitments and forming families themselves.

The Murphy Brown argument is now over, and Dan Quayle has won—an avalanche of evidence shows that single-parent kids are way more vulnerable than two-parent kids to all sorts of damage, in all races and at all income levels, under all kinds of conditions. The mountain of evidence is just too high to keep arguing that different family forms are equally valuable or that "the quality of the home is the important thing, not the number of parents in it."

Barbara Dafoe Whitehead, who wrote the "Dan Quayle Was Right" article in The Atlantic Monthly, says that as she travels around the country to colleges, she is struck by the number of angry, emotionally scarred children of divorce she runs into. They can function and often get high marks, so researchers may not pick up the social cost, but it is being paid. And these are the privileged ones.

Since the obvious tends to come as a thunderbolt on Washington panels, much umbrage was taken at my comments. In closing the panel, the co-moderator, a well-known economist, said that a woman's right to have a baby without having the father around is what feminism is all about. In shaking her hand afterward, I remarked, perhaps a bit ungraciously, that intentionally planning to have a fatherless family was like setting out intentionally to build a Yugo.

It's impossible to overestimate how deeply our intellectual and cultural elite is implicated in the con-

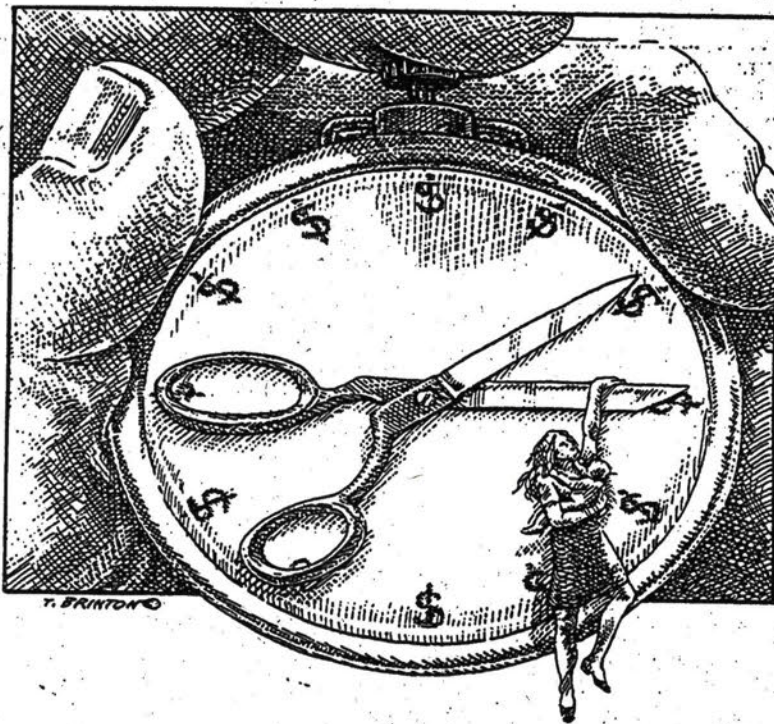
Winding down the marriage clock

tinuing decline of the American nuclear family. It's not just the constant jeering at the intact family as an Ozzie-and-Harriet relic of the Eisenhower era. It's the constant broadening of the definition of what a family is (a New Jersey judge said that six college kids on summer vacation constituted a family), and the equally constant attempt to undermine policies that might help the intact family survive.

in 1994, the convention gave a major press award to a magazine article arguing that fathers weren't necessary in the home. At last November's 1995 convention, the status was still quo: two mentions for "marital" on the entire program, none for "marriage."

This is an odd business. The therapeutic custodians of marriage don't believe in it any more and seem determined not to bolster, promote or even talk about it much. The M-word seems to have disappeared from the association's basic vocabulary. Why? Probably because the association is committed to a non-judgmental culture, in which all relationships are equally valuable, endlessly negotiable and disposable. So talking about marriage as a long-term serious commitment that must be shored up or preferred over other "lifestyles" becomes dicey and embarrassing.

The next skirmish in this continuing war between the elite and non-elite worldviews will be divorce reform. The elite will depict it as a



Maggie Gallagher, in her forthcoming book "The Abolition of Marriage," says that marriage "has been ruthlessly dismantled, piece by piece, under the influence of those who... believed that the abolition of marriage was necessary to advance human freedom." Demoted to one lifestyle among many, marriage is no longer viewed by the elite as a crucial social institution but as a purely private and temporary act.

There are many ways to show this worldview in action. At the 1992 annual convention of the American Association for Marriage and Family Therapy, the word "marriage" appeared only twice among the 200-plus topics and subtopics to be discussed. In 1993, the word didn't come up at all, and

punitive, backward and religious attempt to lock people into bad marriages. But that's not it. The point is that wide-open, anything-goes, no-fault divorce has unexpectedly created its own accelerating culture of non-commitment. Under no-fault divorce, marriage increasingly carries no more inherent social weight than a weekend fling in the Bahamas. The goal is not to halt divorce but to make it rarer by trying to restore gravity to both marriage and separation. But given the attitudes of our elite, the battle will be uphill all the way.

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

Cynicism Run Amok

By ALAN MURRAY

The media verdict is in: Bill Clinton's smooth State of the Union address will produce "a bump in the polls" for him, while Bob Dole's clunky response may endanger his grip on the GOP nomination.

But what will either do for the state of the union?

Don't hold your breath waiting for that question to be answered. This is, after all, 1996—an election year. For the press, the State of the Union is not about the state of the union. It's about politics. The campaign is paramount and the condition of the American people an afterthought.

Budget Boredom

The media's election year priorities were underscored for me a few weeks ago, when I sat on a panel of print and television journalists discussing coverage of the coming election. The moderator posed the following hypothetical question:

Suppose you run a major newspaper, and the following two events occur: Sen. Dole announces that Colin Powell has agreed to be his running mate; and President Clinton announces he has reached a budget agreement with GOP leaders. Which story do you lead with?

The question was intended to provoke a lively argument. It didn't. All were quick to give top play to some variation of the Powell story. Newsweek's Howard Fineman informed the audience that last year's Powell cover story sold far more magazines "than the budget cover we never did." While acknowledging the historic implications of a Powell candidacy, I made a modest attempt to suggest that the budget story might be of at least equal, if not greater, importance, a suggestion that was quickly derided.

Perhaps I should face up to the fact that I am a hopeless policy wonk—a disease for which the only certain cure is becoming co-host of "Crossfire." But I can't help believing something is wrong here.

The federal government is in the throes of the most significant and, to my warped mind, the most interesting public policy debate since the 1960s. At its core lies not a petty squabble over digits on the federal ledger, but profoundly different views about the future of the country and the role of government in that future. Does the government have a responsibility to care for indigent children, or not? Does it have a role to play in remaking K-12 education, or not? Can the U.S. remain a great nation

while cutting the tiny fraction of its resources committed to foreign aid in half?

These are not small questions. And yet many of my colleagues apparently believe now that 1996 has begun, these questions must take a backseat to campaign tactics. Who's ahead this week? Who's behind? Never mind that the reason we hold elections is to form a government. The game is the thing.

The most trenchant fact of American public life today, known to every political reporter, is the profound cynicism Americans feel toward their government. When John Kennedy was president, three quarters of Americans trusted their govern-

The writings of many political reporters today read like a perpetual sneer. Little wonder that truly conscientious politicians from both parties are throwing in the towel.

ment to do the right thing all or most of the time. Today, it's below 20%.

Most journalists would acknowledge that decline in trust is not a good thing. The federal government, after all, is the way we organize ourselves as a nation. In a sense, it is us. Bookstores are brimming with books about the effects of low self-esteem in children. Can a lack of self-esteem be any less harmful to a great nation? But ask any journalist whether he or she feels responsible for fostering public cynicism, and the answer will almost always be a flat "no." We journalists are trained to reject responsibility for the consequences of our writing. "Don't blame the messenger" is a credo of the profession.

James Fallows's new book, "Breaking the News: How the Media Undermine Democracy," provides an anecdote that illustrates the point. The setting was a 1987 forum in which a number of journalists, including ABC's Peter Jennings and CBS's Mike Wallace, joined with prominent military men to discuss a hypothetical war between "North Kosan" and "South Kosan," with the U.S. supporting the south. The moderator asked Mr. Jennings whether he would accept an invitation from the North Kosanese to film behind enemy lines. Of course, Mr. Jennings replied. And suppose the North Kosanese soldiers began planning an ambush for American soldiers; would he roll tape? No, said Mr. Jennings; he would try to stop the ambush.

Mr. Wallace was quick to interrupt.

Other reporters "would regard it simply as a story they were there to cover." Then, to the horror of the military men—and probably much of the audience—Mr. Jennings backtracked and acknowledged Mr. Wallace was right. "I chickened out," he said. (Mr. Wallace now says it was an "asinine hypothetical.")

There are good reasons why journalists avoid contemplating the consequences of their actions. Reporters are not sadists, and holding people and institutions up to the light sometimes causes pain. The task of balancing the individual's pain against the society's right to full disclosure is too much for the average reporter. So as a

matter of shorthand, we assume that the public's right to know is paramount. Better that (we rationalize) than holding back news because it might contribute to public cynicism.

But Mr. Fallows's book suggests the time has come for journalists to contemplate their contribution to public cynicism. The thesis of the book, that the media undermine American democracy, is not a new one. Political scientists like Thomas Patterson of Syracuse University and Larry Sabato of the University of Virginia have made a similar case.

Mr. Patterson's 1993 book, "Out of Order," points out that the competitive nature of modern journalism pushes television and print reporters to provide ever more analysis. It's the only way high quality newspapers and TV programs can distinguish themselves from the pack. But at the same time, the traditions of American journalism force reporters to steer clear of ideology—a systematic set of beliefs and assumptions that could be used to analyze and evaluate policies and events. The result: Journalists feel far more comfortable analyzing the tactics of politicians than analyzing their policies and ideas.

With that sort of coverage dominating American journalism, it's no wonder Americans feel politics and government have little to do with their daily lives. As the press tells it, it's all a big game, filled with players whose only motive is to win.

The true picture, of course, is more complex. There is much about American politics that's deserving of public cynicism; but there's also much that appeals to our highest ideals. Whether you agree or not with this year's freshmen Republicans, they certainly demonstrated that not every member of Congress panders to opinion polls. And any reporter who's spent time on Capitol Hill knows there are many more seasoned members who struggle daily with important national issues, trying to do the right thing.

Yet most reporting seems to imply otherwise. The writings of many political reporters today read like a perpetual sneer. Little wonder that truly thoughtful and conscientious politicians from both parties are throwing in the towel—people like Bill Bradley, Sam Nunn, and Bill Cohen and Nancy Kassebaum (a disclosure: my wife worked for Sen. Kassebaum for nine years).

Ways to Respond

What's to be done? A start would be for those of us in journalism to acknowledge that we bear some blame for the public's overwhelming cynicism. And we should look for ways to respond. That doesn't mean lurching into ill-thought-out "public journalism" projects, or torturing readers with dry 10-part "issues" series. But it does mean moving away from the coverage of politics as a sporting event. Politics is the way a democracy responds to the legitimate hopes and fears of its people. Journalists could spend less time analyzing the tactical moves of politicians, and more time exploring those hopes and fears, and looking at how the candidate might ultimately address them.

While we're at it, we might also take some simple steps to shore up our own credibility. Journalists who accept honoraria from interest groups ought to disclose who's giving them money. If we're going to ask politicians for full disclosure, we ought to let the light shine on our own special interests.

If we do our jobs right, voters will still have plenty to be cynical about. But they'll also understand that politics is relevant to their lives, and that there are people out there who are devoting some portion of their time and energy to improving the state of the union.

Mr. Murray is Washington bureau chief of The Wall Street Journal.

2-2-96

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capital, as the growth strategy of the 1980s blithely assumed. It can, instead, start with upgrading the quality of our labor force. Such a human-resource-based strategy has several distinct advantages. It aims its fire directly at improving the lot of those who have been left behind—the working people of America—rather than relying on trickle-down. It disavows tax loopholes that redistribute income in favor of the rich while distorting free-market decisions. And perhaps most important of all, there is real evidence that it might work.

Early in the previous chapter, I outlined four flawed premises on which the Reaganomic growth strategy rested. They were:

- Private capital formation is the key to growth.
- Government is an obstacle, not a partner.
- Tax cuts are the main route to better incentives.
- America needs unfettered cowboy capitalism.

The growth strategy that I propose for the 1990s could not be more different. It is, in fact, based on diametrically opposed premises. First, it places the development and utilization of human resources—human capital formation, if you will—at stage center in the growth process. Second, it sees government as a facilitator, not a hindrance. Third, while it seeks better incentives, it does not look for them in tax cuts but rather in changes in the way work is organized and workers are paid. Finally, it emphasizes what might be called settler capitalism—a philosophy that says we are here for the long haul and, in an important sense, are all in it together. *

The choice, I must reiterate, is not between “doing something for capital” and “doing something for labor.” Just as the growth strategy of the 1980s promised gains for labor, so does the suggested growth strategy for the 1990s promise gains for capital. The choice is rather between a capital-first strategy with trickle-down and a labor-first strategy with percolate-up. If my arguments are correct, the human-resource-based strategy will boost the productivity of capital. And that will pull investment along as surely as snow brings out children on sleds.

Every military planner knows that the grandest strategy is only as good as the tactics used to implement it. Lofty principles are useless without effective ways to put them into practice. It is to the tactics that I now turn.

cc: MPerin / Schen
Ben
GS
Laura
Paer

Pretty good statement
of our economic
philosophy
THE PRESIDENT HAS SEEN
2-2-96

A. Blinder
Growing Together, 1991.



THE DIRECTOR

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

THE PRESIDENT HAS SEEN

2-2-96

January 31, 1996 JAN 31 08:08

MEMORANDUM TO THE PRESIDENT

FROM: Alice M. Rivlin *Alice*

SUBJECT: Welfare Reform

As you know, it is possible that Congress could send us a welfare bill in a form fairly close to the version that passed the Senate.

Attached are two tables that highlight key welfare reform issues. The first table details areas where the Senate passed welfare bill is an improvement over the Conference welfare bill (H.R. 4). The second table describes the shortcomings in the Senate passed welfare bill.

Alice Rivlin
C. R. 4

HOW THE SENATE PASSED WELFARE BILL IS BETTER THAN THE CONFERENCE BILL

	Conf. Bill	Senate Bill*	Admin. Bill**
Food Stamps:	-\$27.5	-\$24.3	-\$20.8
<u>Spending Cap</u> -- The Conference bill would place a spending cap on Food Stamps, destroying the key feature of the Food Stamp program -- its ability to respond to the changing circumstances of its participants. Across-the-board reductions would occur if the economy declines or cap projections are inaccurate. The Senate bill has no such cap. <u>Shelter Deduction Cap</u> -- The Conference bill would freeze the amount that low income families and participants could deduct as shelter expenses at the 1996 level, forcing families to choose between paying rent or eating. The Senate has no such provision. <u>Child Nutrition Block Grant</u> -- The Conference bill would allow one school lunch block grant demonstration in each of the seven USDA regions. The Senate bill would not.			
SSI Children's Benefits:	-\$12.4	-\$8.7	-\$8.8
<u>Benefit Reductions</u>. The Conference bill would cut cash benefits by 25% for three-quarters of the severely disabled children coming on the rolls. Specifically, children determined not to need personal care assistance to remain at home would be eligible for only 75% of the full benefit amount. The Senate bill would retain full cash benefits.			
Immigrants:	-\$19.5	-\$14.6	-\$5.8
<u>Bans</u>. Both bills would make most legal immigrants currently in the country (including those now on the rolls) as well as future immigrants ineligible for SSI. The Conference bill, but not the Senate bill, would add Food Stamps to this ban.			
AFDC, Work, Child Care, Child Protection, and Child Support:	+\$2.4	+\$0.3	+\$3.9
<u>Child Care & Work</u> -- The Conference bill's work requirements are underfunded, as well as stricter and costlier than the Senate bill for child care and work. The Conference bill would remove Senate bill's protections for those with young children who do not have child support. It would strike health, safety, and quality provisions from current law. <u>Child Protection</u> -- The Conference bill would block grant four open-ended child protection entitlements and eliminate two other mandatory programs. The Senate bill would maintain current law. <u>State Funding</u> -- The Conference bill would provide lower maintenance of effort requirements and allow States to reduce funding through transfers. The Senate bill's maintenance of efforts requirements are higher than the Conference bill's. <u>Performance Bonuses</u> -- The Conference bill would allow states to reduce their own spending as a "performance bonus," while the Senate more preferably would provide a cash bonus (although the bonus would be taken as a set-aside out of the block grant rather than as an addition to it). <u>Medicaid</u> -- The Conference welfare bill cuts the AFDC/Medicaid link. The Senate bill retains the link.			
All Other Areas of Welfare Reform:	-\$3.0	-\$5.9	-\$9.1
TOTAL:***	-\$60.1	-\$53.2	-\$40.6

* Based on 12/95 CBO pricing. ** Projected CBO pricing. *** Medicaid interactions are not included in Conference or Senate pricing. If included, Conference would be -\$64.1b and Senate -\$58.7b. In addition, Conference does not include savings from DA&A, which was moved to the earnings test bill. The Senate bill includes DA&A savings.

MAJOR SHORTCOMINGS IN THE SENATE PASSED WELFARE BILL

If, after all the debating is done, the Administration is presented with the Senate version of welfare reform, the decision whether or not to sign the bill would not be an easy one. The following details some of the major differences between the Administration's current position and the policies in the Senate bill.

	Conf. Bill	Senate Bill*	Admin. Bill**
Food Stamps:	-\$27.5	-\$24.3	-\$20.8
<u>Block Grant</u> -- The Senate bill would create an optional Food Stamps Block grant-- one worse than the conference-- which would eliminate the Program's ability to respond to changing economic conditions. <u>Time Limits</u> -- The Senate bill would make adults, aged 18-50 with no dependents, ineligible for benefits after 6 months of every 12, even if the individual was willing to work. States would be forced to cut off benefits even if they did not provide a training or workfare opportunity.			
Immigrants:	-\$19.5	-\$14.6	-\$5.8
<u>Ban</u> -- The Senate bill would make most legal immigrants currently in the country (including those now on the rolls) as well as future immigrants ineligible for SSI. Makes future immigrants ineligible for many Federally-funded programs, including Medicaid, during their first 5 years in the country. Exceptions are very limited with benefits denied to even those who become severely disabled after entry. <u>Citizenship/Legal Residence Test</u> -- The Senate bill would require most non-profits and community service providers to verify citizenship and report illegal immigrants, placing a massive burden on these organizations.			
AFDC, Work, Child Care, Child Protection, and Child Support:	+2.4	+\$0.3	+\$3.9
<u>Individual Entitlement</u> -- The Senate bill would eliminate the AFDC entitlement and provide no guidelines or protections for individuals. The current State matching would be replaced with inadequate maintenance of effort requirements. <u>Changes in Economic and Demographic Conditions</u> -- The Senate bill would essentially eliminate the countercyclical response to recessions or increases in poverty. Growth and contingency funds would be inadequate. <u>Child Care and Work</u> -- The Senate bill includes strict work requirements but would underfund work and child care activities.			
All Other Areas of Welfare Reform:	-\$15.5	-\$14.6	-\$17.9
<u>Poverty</u> -- The Conference welfare bill moves 1.5 million children below the poverty line; the Senate welfare bill moves 1.2 million children. (These numbers may be adjusted downward once CBO's new assumptions are taken into consideration.)			
TOTAL:***	-\$60.1	-\$53.2	-\$40.6

* Based on December CBO pricing.

** Projected CBO pricing.

*** Medicaid interactions are not included in Conference or Senate pricing. If they were included, Conference would be -\$64.1b and Senate -\$58.7b. In addition, Conference does not include savings from DA&A, which was moved to the earnings test bill. The Senate bill includes DA&A.



DEMOCRATIC NATIONAL COMMITTEE

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

96 JAN 30 P1:02

MEMORANDUM

DATE: January 29, 1996
TO: John Sutton
FROM: Faith Brown *Feb*
RE: DNC Copy approval

Attached is copy for two fundraising letters, as follows:

1.) **New Hampshire Urgentgram:** This letter goes to 15,000 donors who just joined the DNC in December in response to our Platform Poll prospecting mailing. The maildate is February 14. The majority of our donors will receive the Platform Poll Appeal, but since these 15,000 donors have already filled out their poll, we will mail this additional appeal for funds instead.

2.) **Presidential Photo Appeal:** As in 1995, we propose sending this Presidential photo to about 625,000 donors on March 13. Also attached is a copy of the photo we would like to use -- this is a photo the DNC is currently sending to donors and supporters who request photos from us. Production on this mailing is longer than usual, so quick copy and photo approval is also necessary.

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

☐ ok as is]
☐ ok with changes]

Ron Klain: _____ Date: _____

☐ ok as is]
☐ ok with changes]

Bruce Lindsey: _____ Date: _____

☐ ok as is]
☐ ok with changes]

Cheryl Mills: _____ Date: _____

☐ ok as is]
☒ ok with changes]

Todd Stern: ☒ Date: 2-2

☐ ok as is]
☐ ok with changes]

Doug Sosnik: _____ Date: _____

[CONTINUED]

January 29, 1996
Copy Approval Memo
Page Two

☐ ok as is]
☐ ok with changes]

George Stephanopoulos: _____
Date: _____

☐ ok as is]
☐ ok with changes]

Harold Ickes: _____ Date: _____

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

Date returned: _____

☐ OK as is]

Don Baer: _____ Date: _____

☐ OK with changes]

☐ OK as is]

☐ OK with changes] Evelyn Lieberman: _____ Date: _____

Senator Donald L. Fowler
Democratic National Committee
430 South Capitol Street S.E.
Washington, D.C. 20003

NEW HAMPSHIRE
URGENTGRAM

(Handwritten)

After receiving your responses to our recent Platform Poll, I knew you'd want to be part of this effort.

D.F.

Mr. John Donor
123 Any Street
Anytown, USA 12345-6789

Friday, 7:35 a.m.

Dear Mr. Donor:

I'm sending you this letter by the fastest means possible, and I ask for your immediate reply.

As you know, the Republican presidential primaries are now in full swing. And GOP challengers have been quick to exploit the free national media exposure the primaries receive to "pile on" with their attacks against President Clinton and Democrats in Congress.

At every photo opportunity and in every sound bite in Iowa and New Hampshire, Bob Dole, Steve Forbes, Phil Gramm, Lamar Alexander, Pat Buchanan and the other Republican challengers have been distorting the President's record, discounting his achievements and mocking the Democratic vision of quality education, a secure retirement and fair opportunity for all our citizens. And with Super Tuesday around the corner, the Republican media circus will only get worse.

That's why I'm urging loyal Party leaders such as you to make an emergency contribution to the Democratic National Committee today.

These primaries set the tone for the entire 1996 election. We cannot afford to let the Republicans' national attacks on our President and our Party to go unanswered.

We must buy national television time to make the President's message heard over the noise of the Republican challengers. We must defend the policies that have created the lowest inflation in over 30 years, cut the deficit in half, expanded education and taken deadly guns off of our streets.

But since we Democrats are busy governing -- not campaigning -- we cannot count on non-stop news coverage like the Republicans can during these primaries.

Instead, we will have to launch a costly media campaign to refocus this campaign on the

[I think this sounds silly -- He's the President & can get more coverage than anyone. But it's your call.]

issues. That's why your emergency support now is critical.

Our ability to keep the 1996 campaign focused on the real issues -- and off of the Republicans' political posturing -- depends on the action you take today.

The President and the Party greatly appreciate your loyal support in the past, and we're counting on your help again now. Please send an emergency contribution of any amount to the DNC today. Thank you so much.

Sincerely,

Donald L. Fowler
National Chair

P.S. Between now and mid-March alone, 23 more Republican primaries and caucuses will take place. That's 23 more golden opportunities for the Republicans to attack President Clinton and Democrats in Congress. And many more primaries will follow. We must keep voters' attention on the real issues in this race and off of the Republicans' political posturing. Please help Democrats launch a media blitz of our own by making an emergency contribution to the DNC within the next 14 days.

EMERGENCY REPLY TO:
Donald L. Fowler
Democratic National Committee
430 South Capitol Street S.E.
Washington, D.C. 20003

FROM:
Mr. John Donor
123 Any Street
Anytown, USA 12345

☐ YES, I will help get our message out. To defend the President and Democrats in Congress from attacks during the Republican primaries and to guide us to victory in the general election this November, here is my emergency contribution to the DNC in the amount of:

☐ \$HPC ☐ \$1.5HPC ☐ \$2HPC ☐ Other \$ _____

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

Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate in excess of \$200 in a calendar year.

Occupation: _____ Employer: _____
☐ Please check here if self-employed.

Home Phone Number: _____

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

**DONALD L. FOWLER
NATIONAL CHAIR**

PRESIDENTIAL
PHOTO
APPEAL

Ms. Jane Doe
123 Any Street
New York, NY 12345

Dear Ms. Doe:

President Clinton asked me to thank you and other important Democratic leaders from across the country for the support you've extended to him and to the Party during the first term of his administration.

That's why I'm sending you a personal copy of the 1996 Presidential Photograph -- with President Clinton's compliments.

Your support as a leader within the Party -- especially during the past, difficult year -- has meant much to the President.

Not only did you supply important, moral support in the aftermath of the 1994 elections, but your backing also made a major political impact. Through your support, the President and the Party have been able to effectively fight back against this Republican Congress -- preventing them from totally gutting over 60 years of Democratic progress.

This photograph is a small token of his appreciation -- to thank you for standing by him.

I need to assure the President and his staff that you received this photograph -- so please be certain to sign and return the enclosed confirmation of delivery form I have also included. It is important that you return this form so I will know that you received your photograph in good order.

And when you return your delivery confirmation form, I hope you will also consider enclosing a generous contribution to help us in this critical election year.

The Republicans are plotting a total takeover. They're determined to regain the White House while also solidifying their hold on the Congress. And to achieve this goal, they're throwing everything they've got into the battle -- in 1996 they plan to raise and spend more money than any other election in our country's history.

For the sake of the nation, we cannot allow them to succeed. The consequences of a government under the full control of the Republican Party will be nothing short of devastating.

That's why it's critically urgent that loyal Democrats such as you act today. The Republican primaries will wind down very soon, and then the real campaign will begin in earnest.

It's critically important, especially in the coming weeks, that we raise as much money as possible. Campaign money raised early in the campaign season can be put to far more effective use than any amount raised at the last minute during the critical homestretch.

And we need as much as we can get, for not only will these funds be used to aid President Clinton in his re-election effort, but this money will also be used to support our congressional and senatorial candidates -- for we are determined to not only retain the White House, but to also regain Congress as well.

And we can do it. We will have to win back only 5 seats in the Senate, and only 20 seats in the House to regain Congress. And with an extremely high number of freshman Republicans in high-risk districts, we stand a great chance of retaking Capitol Hill ...

... but only if we have your continued support.

The GOP is raising record sums of money ... and we must match them dollar for dollar to win. Without your support now, we will quickly fall behind -- and once we do, it will be impossible to catch up with them.

As I stated before, your support as a leader within the Democratic Party has been crucial the President.

And now, as we face this crucial election year, he needs your support more than ever.

In the future, 1996 will be viewed in our great-grandchildren's history books as one of the most important elections of this century -- for so much depends on the outcome.

Let's make certain that those kids read about a great Democratic victory that set our nation on a new, positive course into the new century -- and the new millennium.

So please, when you return your delivery confirmation form, include a generous contribution to aid our efforts in this critical election year. And once again, let offer the President's thanks for your crucial, and loyal support.

Sincerely,

Donald L. Fowler
National Chair

P.S. The President hopes that you and your family will enjoy this small token of his appreciation. Please be certain to let us know you received it in good condition by returning the enclosed delivery confirmation form as soon as possible. And also please consider enclosing a generous contribution to aid our election year efforts. Your support is desperately needed at this critical time.

PHOTO:

Full color of President Bill Clinton

Bottom 2 inches blank

Graphic of White House in Gold

ON PHOTO:

Personalized message:

To (full name, no title), Your support and friendship during my first term has meant much to me and my family. Thank you.

(Signature)

Bill Clinton

REPLY:

GOLD COLOR GRAPHIC OF WHITE HOUSE

**1996 PRESIDENTIAL PHOTOGRAPH
DELIVERY CONFIRMATION FORM**

TO: Donald L. Fowler, National Chair Democratic National Committee 430 South Capitol Street, S.E. Washington, DC 20003	FROM: Ms. Jane Doe 123 Any Street New York, NY 12345
--	---

MEMBERSHIP IDENTIFICATION NUMBER: ID CODE

PHOTOGRAPH REGISTRATION NUMBER: SOURCE CODE

DATE SHIPPED TO RECIPIENT: MARCH X, 1996

PLEASE CONFIRM DELIVERY BY: APRIL X, 1996

() YES, I received my official 1996 photograph of the President on the following date: _____.

() YES, I also want to aid the President and the Party at this crucial time with a generous contribution. Please use my support to support our election efforts to retain the White House and to regain Congress.

Enclosed, please find my contribution in the amount of:

() HPC () HPC + 50% () HPC + 100% () Other \$ _____

Signature

Please make your check payable to the DNC/Federal Account and return it with this form in the envelope we have provided. Mail to: DNC, 430 South Capitol Street, S.E., Washington, DC 20003.

Please fill out the required federal information on the reverse side.

Your contribution may be used in connection with federal elections and is subject to the limits and prohibitions of the Federal Election Campaign Act. Your contribution is not tax-deductible for federal income tax purposes.



Bill Clinton

2/1/96

To Denstond
for reply?

Yes ☒

No ☐

C.

To Secretary Betty Curie

1/27/96

From ^{Ms} Marie S. Calice

98 FEB 1

P.O. Box 110241

Cambria Heights N.Y. 11411-0241

phone #

718-740-1318

TO

The President of the United States
and your Wife:

Honorable I've been looking forward
to write you this letter concerning my situation
I'm a citizen in the United States. I need your
help. This is a critical situation.

I will appreciate if you can send me
an appointment plate; because I cannot give
too much details in the letter. But I'm looking
forward to see you and talk to you.

May the Lord bless you and your strong
wife that I admire very much. She is an
inspiration for me. Sincerely Marie Calice

Marie J. Calice

P.O. Box 110241

Cambria Heights N.Y. 11411-0241



% Secretary Betty Curie
White House Oval Office
Washington D.C. U.S.A

THE PRESIDENT HAS SEEN

2/1/96

JANUARY 30, 1996

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: DOUG SOSNIK and KAREN HANCOX

SUBJECT: DAILY REPORT

1996 PRESIDENTIAL

Poll

AMERICAN RESEARCH GROUP (NH)

Their poll, conducted 1/27-1/29 among 464 likely GOP primary voters, found Dole with an eleven point lead over second-placed Forbes.

GOP CHALLENGERS

Dole	29%
Forbes	18
Buchanan	13
Gramm	7
Lugar	7
Alexander	6
DK/other	16

Bob Dole

Campaigning in Iowa yesterday with Senator Grassley, Dole predicted Forbes is "losing some steam" and overplaying his negative TV ads. Dole, however, sounded frustrated by his declining numbers. Dole: "I didn't get there [in the Senate leadership] because I was stupid, because I didn't keep my word, because I didn't know how things worked. None of the other candidates have been in a position of leadership." Dole also criticized the press and questioned their integrity: "We're not going to let one poll and the liberal media change our message." "Maybe he owns stock in all those networks and Time and Newsweek," Dole said. "Somehow they don't seem to bother him. They'd rather focus on Bob Dole, the frontrunner."

Dole issued a release today accusing Forbes of squandering public funds while chair of the Board for International Broadcasting. Dole accused Forbes of authorizing a \$500,000 golden parachute for his aide, Eugene Pell, and authorizing \$250,000 in government funds to renovate two apartments in Europe for Pell.

Commenting on his ties to Iowa, Dole said "I know about this part of the country. I know about agriculture. I'm from a town of 5,500 people and I know a lot about values." That same message is the theme of a new, positive TV spot airing in Iowa which prominently features Senator Charles Grassley (R), who travelled with Dole all day yesterday.

Dole also included the First Lady in one of his broadsides. Referring to her role in health care reform, Dole said "it's very risky business, I believe, for President Clinton to put his wife in charge of some big policy program when she's not accountable to anyone."

Handwritten notes:
Dole should challenge Clinton
Forbes, or maybe even Clinton
could win 6 in Maine - Dole
Forbes 39, Clinton 20, and Gold 19
CD3

Steve Forbes

Forbes is downplaying expectations for New Hampshire and Iowa. "Senator Dole must never be underestimated," Forbes told reporters in Nashua. Forbes also assailed opponents of his flat tax, and said "My opponents in Washington are out and starting to throw a lot of fear and a lot of mud the flat tax way. The only ones who lose are the Washington political culture and those who feast off it." Forbes also repeatedly answered questions from reporters by starting each utterance with the phrase, "Only in Washington..."

Forbes will be a guest on Larry King Live tomorrow evening. He is also scheduled to host the second fundraiser of his Presidential campaign on Friday in Philadelphia. Friday's event will be the first of 6 events across the country in coming weeks.

Attached are two radio ads (from Gramm and Alexander) attacking Forbes' flat tax proposal.

Phil Gramm

Gramm questioned Forbes' conservatism at a campaign stop in Manchester, and said Forbes "looks more like Nelson Rockefeller than like Ronald Reagan." Gramm also said Forbes magazine supported eliminating the ban on gays in the military and backed Ford's 1976 campaign over Reagan. On the flat tax, Gramm predicted Forbes' plan would lower home values by 15 percent.

Alaska

Buchanan was given a victory yesterday in Alaska's GOP presidential straw poll, and Forbes came in a close second. Dole was soundly beat by both of them by nearly 2-1.

GOP CHALLENGER	Votes	Percent
Buchanan	2,988	33%
Forbes	2,818	31
Dole	1,565	17
Keyes	901	10
Gramm	786	9
Alexander	53	1

Buchanan and Keyes have both visited Alaska twice in recent months, and Forbes has made numerous stops there as a guest lecturer over 15 years. Neither Dole or Gramm campaigned in Alaska but each sent their spouse to the state.

New Hampshire

More on the Pew Research poll discussed yesterday which shows Forbes leading Dole 29%-24%: the poll is being called into question because it may have been too heavily weighted towards independent voters. Forty-six percent of the respondents in the Pew sample are independents, and although independents are permitted to participate in the GOP primary, state officials report that the previous high water mark for Independents participating in the New Hampshire primary was 16%. Among registered Republicans, Dole leads Forbes 31%-24% while among Independents, Forbes leads Dole 34%-17%.

Forbes' campaign responded to the poll by saying that "we don't have any indication at this point that we're ahead of Senator Dole" while Dole said "I'm not going to let one poll and the liberal media change our message." Phil Gramm's spin on the poll is that the "poll shows very clearly that there is really no frontrunner in this race. Bob Dole's frontrunner status is tissue paper thin."

In general election match-ups (902 registered New Hampshire voters were questioned), the poll reports that you lead Dole 54%-40% and lead Forbes 50%-44%.

Vice President Gore was in the State Saturday and received very good reviews for his speech at the environmental forum and received the endorsement for the Clinton/Gore campaign of all the Democratic elected officials in the Legislature (114 House members and 6 Senators). There was an overflow crowd at the Legislature and David Strauss said it was "as good a trip as we've done anywhere." We will do follow-up with the group of moderate Republicans concerned with the Republicans' inaction and position on the environment whom the VP met with.

Miscellaneous

The Commission on Presidential Debates announced proposed sites and dates: Washington University (St. Louis, MO) on Sept. 25, St. Petersburg (FL) Bayfront Center on Oct. 9, University of San Diego on Oct. 16, and a VP debate at the Hartford (CT) Civic Center on Oct. 2. The proposed debates will be 90 minutes long and will have a single moderator. The first debate will be seated, the second will be town hall style, and the last will feature the candidates behind podiums.

STATE-BY-STATE REPORT

Oregon Senate

With the special Senate election set for today, the Oregon Secretary of State's office reports that 60% of all registered voters have cast a ballot. The five largest counties have reported the following voting percentages:

Clackamas (Portland Suburbs):	63%
Lane (Eugene):	58%
Marion (Salem):	63%
Multnomah (Portland):	61%
Washington (Portland Suburbs):	58%

Ballots are to be returned via mail or at official drop-off sites by 8:00 p.m. (P.S.T.) today. Under the vote-by-mail law, local election offices can begin tallying the ballots at anytime today, however results cannot be released until 8:00 p.m. (P.S.T.).

Arizona

An independent poll of 667 registered voters in Arizona found that 38% of respondents believe Governor Fife Symington (R) should resign from office; 52% believe he should not resign; 10% were undecided or had no opinion. Symington was re-elected to a new four-year term in 1994, but has since come under fire for alleged illegal income tax activity, and his recent filing of Chapter 7 personal bankruptcy protection.

California

The debate over the University of California's affirmative action policies continued into another day when the UC President apologized for postponing the affirmative action ban until 1998. He is now saying that the ban can be implemented as early as 1997. This apology comes after a highly publicized summons from Governor Wilson to Sacramento on Friday and increasing pressure from the other regents, i.e., Ward Connerly who is heading up the CCRI campaign.

Maine

Representative John Baldacci (D-02) announced he will not run for the seat of retiring Senator Bill Cohen (R). Baldacci came close to announcing last week that he would run, but reconsidered after former Governor Joe Brennan (D) announced he would run. In his announcement, Baldacci said that he felt that he would not be able to run a "full-scale" primary and still fulfill his obligations to his Second Congressional District constituents. Conventional wisdom is, though, that Baldacci knows that if he were to run and lose the Democratic nomination for the Senate seat, he would also lose his House seat which was previously held by a Republican. Currently, Baldacci is likely to be re-elected. Baldacci's announcement disappointed many Democrats in the state who feel that Brennan can not pull off a general election victory. With Baldacci out, Brennan is considered the front-runner for the Democratic nomination among the four currently announced candidates: former State Senator Phil Merrill, journalist Jean Hay, and businessman Jerald Leonard. House Speaker Dan Gwadosky (D) and Democratic State Senators Rochelle Pingree and Sean Faircloth are also mentioned as likely to enter the race.

Massachusetts

A Boston Herald/WCVB poll conducted January 26-27 of 416 likely Massachusetts voters found Senator John Kerry and Governor Bill Weld in a dead-heat in this year's Senate race:

<u>General Election</u>	<u>Now</u>	<u>Dem</u>	<u>Ind</u>	<u>GOP</u>	<u>11/95</u> (all)
Kerry	44%	67%	49%	12%	46%
Weld	44%	18%	48%	85%	38%
Undecided	12%	15%	12%	3%	16%

<u>Job Approval</u>	<u>Favorable</u>	<u>Unfavorable</u>
Kerry	55%	28%
Weld	53%	34%

The poll questioned respondents on whether or not there should be a spending limit on the Senate race, 79% said yes, 16% said no and 5% had no opinion.

The *Boston Herald* reports today that Kerry has blown an early lead over Weld. In the past couple of months, Weld has been gaining popularity among moderate and independent voters by addressing the issues of welfare, crime, taxes and middle class job insecurity. While Kerry has been attempting to portray Weld as a "soulmate" of Newt Gingrich, it appears that Weld may be aware of the dangers of being aligned with Gingrich and is distancing himself from him. For example, Weld has declined an invitation from Speaker Gingrich to appear at a GOPAC conference this weekend in New Hampshire.

New York

Following the report yesterday in the *New York Post* that Lieutenant Governor Betsy McCaughey Ross (R) was thinking of challenging Senator D'Amato in 1998, Ross held an impromptu press conference saying that she was not running against him and offered lukewarm support of D'Amato, calling him "a very important leader." Today, however, the *Post* reports that Governor Pataki has repeatedly refused to say if he wants Ross on the ticket with him again in 1998, fueling speculation that he will remove her from the ticket.

Misc:

Senator Bill Bradley

Bradley was interviewed this morning on CNN to promote his new book, Time Present, Time Past. When asked if he would run for President as an independent candidate, Bradley said that he has currently ruled that out and went on to say that running as an independent would be financially difficult. Bradley says that his only plans now are to focus on campaign finance reform and issues of importance to America's middle class.

Inside Politics

In what may be a precursor to an endorsement announcement, Inside Politics reports today that Jack Kemp is due to meet with Senator Dole tonight and with Steve Forbes tomorrow. The last time Kemp appeared on Inside Politics, he said that he would endorse a GOP presidential candidate before the Iowa caucuses.

CNN conducted a telephone poll in Oregon after ballots were mailed and found that 28% of respondents said they cast their ballots as a show of support for you, 25% cast their ballots as a show of opposition against you while 43% said you had no effect on their vote in the Oregon Senate race.

Pat Buchanan was interviewed by Bernard Shaw who asked Buchanan what he thought was wrong with Bob Dole's campaign. Buchanan replied that Dole is a "career politician" who still believes in the "politics of the deal." Buchanan went on to say that Dole is forgetting the important elements of campaigning like communication, and that Dole lacks the "vision and poetry" of Reagan and Kennedy that voters wants in a candidate.

When asked what happens if Dole gets the GOP nomination, Buchanan replied that they should get Perot in the race.

Scripts of Gramm and Alexander Radio Commercials

By The Associated Press=

Scripts of two recent radio ads in the race for the Republican presidential nomination. Each runs 60 seconds:

Sen. Phil Gramm of Texas:

Announcer: ``A flat tax? Good idea. But Phil Gramm and Steve Forbes differ on what's flat and what's fair.

``Forbes' plan would take away our home mortgage deductions. Take away our church and charity deductions. And Forbes' flat tax isn't flat. Under the Forbes' plan, wealthy investors pay no taxes while working families pay 17 percent.

``Phil Gramm's flat tax plan is different. It's fair. It preserves our home mortgage interest deductions and our deductions from church and charities. Eliminates inheritance taxes. And the Gramm plan has one low rate of 16 percent for all Americans.

``So Phil Gramm is visiting New Hampshire families, around our kitchen tables, sharing his plan for lower taxes, less government and more freedom.

``Call 1-800-96-Gramm for your family's copy of the Gramm flat tax plan. Phil Gramm. A president for working families.''

Former Tennessee Gov. Lamar Alexander:

Announcer: ``Malcolm 'Steve' Forbes has a new name. Meet Malcolm 'the Mudslinger.' This week, Forbes is attacking Lamar Alexander. Why? Alexander has the courage to tell voters the truth about the Forbes tax plan.

``Did you know under the Forbes plan you can't deduct your property taxes? You also lose your home mortgage interest deduction. Experts say that will cause another terrible real estate crash.

``Forbes even wrote a special loophole into his tax plan for millionaires. Under the Forbes plan, millionaires can live on their investments and never pay a single nickel in federal income taxes.

``Who makes up all that money to the Treasury? You do! That's why for many in the middle class, the Forbes plan is really a tax increase.

``Lamar Alexander wants to cut taxes for everybody. A conservative, he kept Tennessee taxes the fifth-lowest in America.

``The choice is clear. Malcolm 'the Mudslinger' Forbes. Or Lamar Alexander. The real tax-cutter.''

Portland Press Herald 1/30/90

Baldacci backs out of race for Senate

● His decision leaves many Democrats disappointed.

By STEVE CAMPBELL
Staff Writer

WASHINGTON — Rep. John Baldacci backed out of the race for the U.S. Senate on Monday, fearing a difficult and divisive Democratic primary contest against former Gov. Joseph Brennan.

Baldacci came close to announcing his candidacy for the Senate last week. But he reconsidered after Brennan announced his bid for the Senate on Thursday.

"I was very torn, and it was a difficult decision for me," Baldacci said Monday night.

"But once it became more than a nuisance primary, I knew that it

would require a lot of my attention. I just didn't think I could run a full-scale primary and do my work as a congressman at the same time."

Baldacci's decision disappointed many Democrats, some of whom scrambled Monday to find another candidate to challenge Brennan in the June primary.

There are four Democrats seeking the party's nomination for the seat being vacated by Republican Sen. William Cohen — Brennan; Phil Merrill, a Hallowell lawyer; Jean Hay, a Bangor journalist; and Jerald Leonard, a Falmouth businessman.

Brennan, a fixture in Democratic politics for more than three decades, is a former two-term governor and former two-term congressman. He is considered the

Please see BALDACCI, Page 4A

BALDACCI

Continued from Page 1A

front-runner for the Democratic Senate nomination, but some Democrats think he can't win a general election. Brennan lost elections to become governor in 1990 and 1994.

Victoria Murphy, the chairwoman of the Maine Democratic Party, predicted more candidates would run for the Senate. Murphy earlier tried to dissuade Brennan from running.

"I think there's a desire to have a spirited primary about the future of the Democratic Party," said Murphy.

So far, three candidates are discussing the race - House Speaker Dan Gwadosky of Fairfield, state Sen. Rochelle "Chellie" Pingree of North Haven and state Sen. Sean Farello of Bangor.

"I think there's a concern among Democrats in the state about whether Joe has the capacity to win a general election," said Gwadosky.

Baldacci's decision Monday was a turnabout from the decision he was set to announce a week ago.

Baldacci had met with and talked to dozens of supporters across the state about running for the Senate seat being vacated by Cohen. He had all but announced he would run when Brennan began talking up his candidacy.

Baldacci tried to persuade Brennan to stay out of the race and urged others to do the same. But their

CHURCHES IN THE AREA.

Most Baldacci supporters say the freshman congressman made a tactical mistake by not announcing early last week. They figure an early decision by Baldacci would have kept Brennan out of the race.

Brennan's decision to run prompted Baldacci to postpone the expected announcement of his Senate candidacy on Friday.

Over the weekend, Baldacci met with his family and friends. He had dinner Sunday night with his seven brothers and sisters.

The family got together again Monday morning. They were joined by Larry Benoit of Cape Elizabeth, Baldacci's chief of staff and a former top aide to Sen. George Mitchell. For more than six hours, the group talked about the pros and cons of running.

Baldacci thought he could beat Brennan, though it wouldn't be easy.

The former governor has proven to be a strong vote-getter in Democratic primaries. In 1994, he received 56 percent of the vote in an aggressive five-way primary race.

The primary would be all the more difficult, Baldacci figured, because he would have to stay in Washington when the House of Representatives was in session. Baldacci figured that he could campaign in Maine for only 75 days before the June primary.

Furthermore, Baldacci was worried about money. Assuming he won the primary, he would be left without much money to run against a well-financed Republican

Rep. John Baldacci

"A difficult decision"

candidate.

He would also have to give up a House seat, which he is favored to win in November.

On Monday, as Baldacci talked with his family, most of his brothers and sisters urged him to run for the Senate. But Baldacci, always cautious, didn't think it was the right move for himself or his congressional district.

"Undoubtedly, this decision will disappoint some," Baldacci said at a news conference in Bangor. "But I hope they will understand that providing service to the people of Maine is what matters most, and that I do not want that level of service diminished by a long and hard-fought campaign."

Instead, Baldacci said he would run for a second term in the House. He will probably be challenged in November by former state Rep. Paul Young of Limestone.

Brennan, in an interview from his home in Portland, said the decision must have been "very difficult for John."

"I wish him the very, very best," said Brennan.

Political analysts say Brennan is the odds-on favorite to win the nomination, though other Democrats could emerge before the March 15 filing deadline.

"I think he probably has a lock on the Democratic nomination. I can't think of another Democratic candidate who is available and who has the statewide name recognition to take on Joe Brennan," said William Coogan, a political science professor at the University of Southern Maine.

"But I can't imagine that he would win a general election. There's so much voter fatigue with Joe Brennan," said Coogan.

The Senate race will be Brennan's 14th campaign in the last 32 years, not counting his primary campaigns.

L. Sandy Maisel, a professor at Colby College, said none of the three candidates in the race, and none of those who are considering the race, was likely to beat Brennan in a primary.

"I don't think any of them are people Joe Brennan would lose any sleep over," said Maisel. "But others may still run. I just don't think it's over yet."

2 of 2

Portland Press Herald

1/30/96

CITY&STATE

State & Local

Poll shows Gramm treading water in Texas

By **ALAN BERNSTEIN**
 Houston Chronicle Political Writer

U.S. Sen. Phil Gramm's presidential campaign still has not taken command in his own state, according to a Houston Chronicle/News 2 Houston Poll.

The survey found Gramm and Senate Majority Leader Bob Dole of Kansas ranked equally among Texas voters planning to cast ballots in the March 12 Republican presidential primary.

A larger, random sample of likely Texas voters was evenly split in a would-be contest between Gramm and President Clinton.

The survey was conducted Saturday through Monday, before the president's State of the Union speech, by Mason-Dixon Political/Media Research Inc. of Columbia, Md.



Participating in the poll were 819 registered voters, and 261 of those people

said they probably will vote in the GOP primary. Questions of all poll participants carry a margin of error of 3.5 percent. Questions of

the likely Republican voters have a margin of error of 6.5 percent.

Among Republican voters, 34 percent said they back Gramm and 32 percent back Dole. The poll indicates Dole would have a slightly better chance than Gramm of defeating Clinton in Texas.

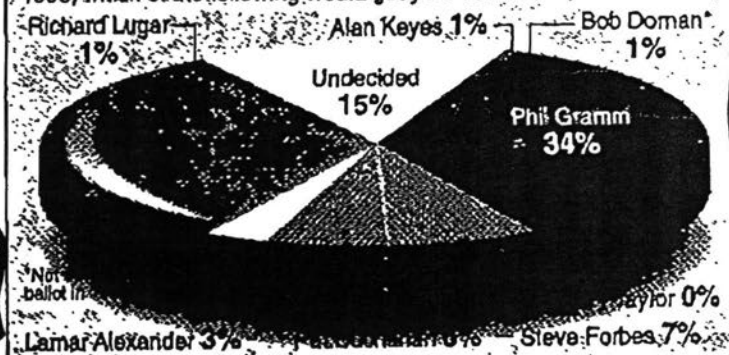
Magazine publisher Steve Forbes, whose "flat tax" proposal has generated intense publicity, registered at 7 percent and the other GOP candidates trailed.

In the sample of all Texas voters, 43 percent said they would vote for Gramm, 41 percent for Clinton — a statistical tie. In a

See POLL on Page 29A.

Houston Chronicle/News 2 Houston Poll

If you were voting today for the Republican nominee for President in 1996, which of the following would get your vote?



Chronicle

Gramm	37%
Clinton	26%
Perot	15%
Undecided	12%

The Houston Chronicle's Texas 2-Houston Poll was conducted Jan. 20-22, 1995, by Mason-Dixon Polls & Research Inc. of Columbia, Md. The poll is registered Texas voters, 18 and older, randomly interviewed by telephone. The margin of error is no more than 3.5 percentage points for the entire sample group and no more than 4 percentage points for smaller groups, such as the 261 likely Republican voters, 16 to 30 percent of the poll.

"These numbers are very close, and the reason is that Bill Clinton continues to represent the mainstream values of most Texans," she said.

THE WHITE HOUSE
WASHINGTON

Februry 1, 1996

MEMORANDUM FOR RON SALEH

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

SUBJECT: New Staffing Memorandum

Ann Fleischman had previously ordered our staffing memorandum for us. I have been informed that possibly you would be able to help us. We would like to order 250 of the attached revised staffing memorandum and of course we need them as soon as possible. Thank you.

Attachment
Revised Staffing Memorandum

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: _____

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McCURRY	☐	☐
PANETTA	☐	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☐	☐	QUINN	☐	☐
LIEBERMAN	☐	☐	RASCO	☐	☐
RIVLIN	☐	☐	SOSNIK	☐	☐
BAER	☐	☐	STEPHANOPOULOS	☐	☐
CURRY	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	STREETT	☐	☐
GIBBONS	☐	☐	TYSON	☐	☐
GREEN	☐	☐	WALLEY	☐	☐
HALE	☐	☐	WILLIAMS	☐	☐
HERMAN	☐	☐	<u>Hilley</u>	☐	☐
HIGGINS	☐	☐	<u>Reed</u>	☐	☐
KLAIN	☐	☐	_____	☐	☐
LAKE	☐	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS:

RESPONSE: _____

THE PRESIDENT HAS SEEN NORMAN LEAR

2/1/96

VP/Leon
winning
killed on rules
R

January 30, 1996

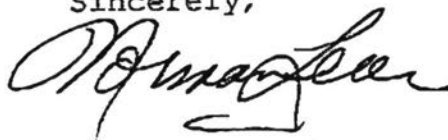
Dear Mr. President,

Further to a letter I sent to you some months ago -- please consider making the cure of our disastrous Air Traffic Control System a high priority right away.

Ask Bill Gates to lead a task force. Pledge the government to fund 50 percent of the billion dollars it may cost and ask business to come up with the rest.

It will take this kind of collaboration everywhere to solve so many of our country's problems. Please be The President who seizes this -- and acts.

Sincerely,



NL/la

President Bill Clinton
The White House
1600 Pennsylvania Avenue
West Wing
Washington, D.C. 20500-2000

DATE: 2-1-96

TO: Laura Tyson
George Stephanopoulos

FROM: Staff Secretary

FYI



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

February 1, 1996

THE DIRECTOR

6 FEB 1 12:30

MEMORANDUM FOR THE PRESIDENT

FROM: Alice M. Rivlin
Director

Alice

SUBJECT: Major Decisions for the 1997 Budget

On February 5, we will send to Congress a budget "preview" that formalizes your January 18 plan to balance the budget in seven years and reinforces the investment themes from the State of the Union. This memorandum seeks to confirm with you in broad terms how we plan to fulfill your commitments to education and training and the environment -- rhetorically in the February 5 document and in much greater detail on March 18.

To the extent that we can understand what will fulfill your commitments in these areas, we can strengthen the presentation on February 5. We are not asking you to make line-by-line decisions at this time. We have scheduled time in mid-February -- after notifying agencies of OMB's tentative decisions on February 6 and allowing time for appeals through February 9 -- for you to look at all of the significant policies in more detail.

This memorandum also describes the levels we are currently carrying for defense spending over 1997-2002, which we adjusted for lower inflation estimates starting in 1998. Those inflation adjustments made room for additional spending on your domestic priorities. However, we want to make sure that you are comfortable with the new spending path.

Funding priorities with lower aggregate non-defense discretionary spending

The January 18 offer includes discretionary savings of \$297 billion over seven years. These cuts are \$121 billion deeper than those in the June budget. Reaching this target means lower spending levels in every part of the government relative to your June budget. Our challenge is to provide enough money for your top priorities -- in education and training, the environment, crime, and science and technology -- but not so much that we have to cut the rest of government by an unacceptable amount.

To finance increases in your top investments, your budget proposes adding \$5 billion in non-defense discretionary (NDD) outlays to the Congressional budget resolution in 1996 and another \$10 billion in 1997 (over the 1996 level), the levels discussed at the budget negotiations and confirmed in the January 18 offer. Under this "5 and 10" strategy, 1997 NDD outlays will

still be \$285 billion, \$6 billion below your June budget but \$27 billion higher than the GOP's April budget resolution.

With \$6 billion less available in 1997, reverting to the investment levels in your June plan would force even larger cuts in the rest of government. Instead, we have applied the year-to-year growth rates from the June plan to provide increases over 1996 appropriations, which produces somewhat lower spending than the June balanced budget plan.

Education and Training

The recommended level for education and training is \$29.2 billion in 1997, \$1.6 billion (6%) more than 1996 appropriations plus our addbacks. After 1997, this budget adopts the growth rates for education and training programs from the June plan. In total, education and training programs keep pace with inflation; some programs will receive increases larger than inflation (such as Head Start, to meet enrollment goals), while others would grow less.

With \$29.2 billion in 1997, we will be able to:

- enable 25,000 young people to participate in AmeriCorps, the same level as in 1995;
- reach another 15,000 to 20,000 children through Head Start over the 750,000 served under the appropriation-plus-addback level in 1996 -- steady progress toward our goal of 50,000 new slots by 2002;
- finance 574,000 summer jobs for youth and increase funding for dislocated workers and other "GI Bill" programs in Education and Labor; and
- add \$45 million to Goals 2000 and \$200 million to Title I, plus fund four initiatives in the State of the Union: charter schools, education technology, merit scholarships, and college work-study.

In addition, we would raise the Pell Grant maximum award to \$2,700, \$260 (11%) above the level in the last continuing resolution.

While the recommendation for education and training is 4% (\$1 billion) above the 1995 enacted level, it is 7% (\$2.2 billion) *less* than the 1996 level in the June plan. Moving more money into education and training programs would mean less for other parts of government, both the other investments we care about (e.g., Indian health services, AIDS treatment, etc.) as well as the basic functions of government, which are cut substantially to make room for your highest priorities. Our preliminary calculations are that the recommended levels for your most important priorities will result in a 25% cut in the rest of government by 2002, compared to 1995 enacted

levels. Each additional \$1 billion we move into education and training or the environment will increase the 2002 cut by 1 percentage point.

Environment

The recommended level for high priority environment programs is \$16.7 billion in 1997, or \$1 billion (7%) more than 1996 appropriations plus our addbacks and 14% above 1996 appropriations without our addbacks. The EPA operating program, the environmental community's highest priority, increases 9% over 1996 conference levels. The EPA enforcement program increases by 32% over the conference level, reversing Congress' 25% cut in enforcement that you challenged in the State of the Union. The recommended level also includes a \$75 million initiative for restoring the Everglades, and \$25 million for the discretionary spending part of the Brownfields initiative. (There is also a tax piece, as yet not fully specified.) Over 1998-2002, these environment programs rise with inflation.

As in education and training, adding \$1 billion to these selected environment programs in 1997 is not enough to bring the total (\$16.7) above the 1996 level in the June plan (\$18.1 billion). The recommended level is \$1.4 billion (8%) below the June plan. As in education, moving more money into these programs in 1997 would force even larger cuts in the rest of government.

Unlike education and training, where the scope of protected programs has been clear for some time, the specific programs protected as environment priorities has been somewhat less specific. The more narrow the category we identify as high priority environment programs, the better the comparison between the June plan and the 1997 budget. The programs in the \$16.7 billion recommendation include all of the environment investments, the rest of the EPA operating program and other selected programs (e.g., some international activities, parts of the Forest Service, etc.). The \$16.7 billion estimate is about half of the total spending on environment and natural resource programs, which totaled \$35 billion in the 1996 budget.

Defense Spending and Rescissions

New inflation assumptions and unrequested 1996 appropriations for defense have altered your defense spending path, although the underlying policy remains unchanged.

- The policy you announced last year was for defense to increase by 1% real growth in 2000 and 2001 to finance recapitalization of defense hardware, and that is still true. However, because our inflation estimates are lower than they were last year, buying the same defense programs will cost \$41 billion less over 1998-2002 than we projected last year. We did not take these savings out of 1997 because the Congressional add of \$7 billion in 1996 causes increased second-year outlays of roughly \$2 billion. We allowed Defense to retain the inflation savings to accommodate this problem. However, we have repriced the defense budget

starting in 1998, and spend the inflation savings on your domestic priorities (and to meet our \$297 billion savings target in the January 18 plan). Defense may appeal this out-year adjustment. Any outlay adjustment we make to increase defense would then need to be offset with further reductions in non-defense discretionary outlays.

- Your June plan had defense spending dropping \$4 billion from 1996 to 1997 and increasing from 1998 through 2001. Congressional appropriations raised the 1996 base, turning the \$4 billion into an \$11 billion difference (see attached table). Moreover, our 1997 total is \$14 billion below the budget resolution voted by the Congress last spring. We may be vulnerable to the charge that we are hitting defense hard in FY 1997, though this spending path reflects a return to your original defense program, which we continue to support. We want to make sure that you are comfortable with the "optics" of a budget submission at this level. We do not think it makes sense to raise the 1997 level, since the Department could not sensibly accelerate its recapitalization program to spend these dollars. Defense is not expected to appeal this issue.
- We can mitigate the drop from 1996 to 1997 somewhat by proposing to rescind some of the unrequested Congressional appropriations in 1996. We propose sending up a rescission list, totaling roughly \$1.6 billion, with the March 18 budget. We will discuss this list -- which now includes the 1996 B-2 bomber money (\$493 million) -- with you in detail as part of the preparation of the March 18 budget.

Review of the budget schedule

OMB has been working with the NEC and other White House offices to prepare a brief version of the 1997 budget for release on Monday, February 5. The purpose of the February 5 release is to acknowledge the statutory deadline for transmittal of the President's budget to Congress, and to notify Congress officially that you intend to send them a full budget (i.e., one that meets each of the more than 60 requirements in law) on March 18.

The February 5 document will include aggregate spending and savings levels by major category (e.g., discretionary, Medicare, Medicaid, poverty programs, etc.), as scored by OMB, as well as a table that measures these policies against CBO's baseline using CBO's economic and technical assumptions.

The only new information released on February 5 will be the year-by-year aggregate savings levels (not included in the January 18 offer), and the new economic assumptions. The February 5 budget will **not** include information on defense vs. non-defense discretionary spending, nor will it provide specific spending levels for education, environment programs, or other priorities. These specifics will be spelled out in detail in the March 18 budget.

On Tuesday, February 6, OMB will notify the agencies of OMB's tentative 1997 decisions. Agencies may appeal OMB's decisions up until the 9th, after which OMB will prepare final decision materials for your review February 10 through 13. We need to resolve all issues by February 13th to stay on track for a March 18 transmittal.

Attachment

1/31/96

FY1997 Budget -- National Defense Function 050
(\$ in Billions)

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	TOTAL FY1997-02
BASE -- June Budget								
BA	258.2	253.8	260.1	266.7	276.5	286.9	286.9	1,630.9
OL	261.5	257.1	254.8	260.1	268.3	275.7	281.1	1,597.2
January 18 Budget Amended*								
BA	264.8	254.1	254.6	260.0	268.2	277.0	275.9	1,589.8
OL	263.2	259.1	254.4	256.8	262.6	268.1	271.9	1,572.9
Difference from June Budget								
BA	6.6	0.3	-5.5	-6.7	-8.3	-9.9	-11.0	-41.1
OL	1.7	2.0	-0.4	-3.3	-5.7	-7.6	-9.2	-24.2
Budget Resolution								
BA	265.4	268.0	269.7	272.4	275.1	277.8	280.7	1,643.7
OL	264.0	265.7	264.5	267.9	271.6	270.8	270.8	1,611.3
Difference from June Budget								
BA	7.2	14.2	9.6	5.7	-1.4	-9.1	-6.2	12.8
OL	2.5	8.6	9.7	7.8	3.3	-4.9	-10.3	14.1
Difference from January 18 Budget Amended								
BA	0.6	13.9	15.1	12.4	6.9	0.8	4.8	53.9
OL	0.8	6.6	10.1	11.1	9.0	2.7	-1.1	38.4

* NOTE: The 050 totals reflect current economic assumptions and FY1997 increases to 053 of \$295 million in BA and \$49 million in outlays.
The 050 total does NOT reflect \$636 million in possible additions to the Department of Energy's FY1997 defense activities.

Budgetary

D. Baer

THE PRESIDENT HAS SEEN

2/1/96

BRB- 1

**FOLLOW-UP MEMORANDUM TO OUR JANUARY 7, 1996 BLIZZARD DINNER;
TO PRESIDENT CLINTON, JANUARY 10, 1996
FROM: BENJAMIN BARBER (908-932-6861)**

By fax, to the President, via Don Baer (202-4565-1213)

Initially, I had little to add to my pre-dinner memo of December 21, 1995 and my observations at the dinner itself. However, thinking about our discussion Sunday night, and realizing that there is a growing (and I think welcome) likelihood that the debate over the philosophical principles underlying the budget confrontation are going to permeate the election year -- even if some agreement is reached on the balanced budget -- I want to offer one more possible take on the State of the Union. There was general agreement at the dinner that the speech needs to signal fresh and broader concerns and get beyond the budget haggles of the past few months. But there may be a powerful rhetorical leverage to be had from using the budget impasse as a bridge to a much larger philosophical debate, as Mark Shields suggested in his Washington Post column today. In other words, rather than choose between talking about the budget or talking about the future, why not use the budget to raise the larger issues of the future. This not only helps nail the leadership issues I wrote about in my earlier memo, but it allows the State of the Union to frame the agenda for the election year in a fashion that is both political -- it really challenges the Republicans on specific policy issues; and is at the same time high-minded and visionary -- it permits a fundamental discussion of American ideals and values.

Here is a sense of how the framing might work:

"My fellow citizens, once every fifty or a hundred years, our nation comes face to face with history. We are asked to make fundamental decisions about the nature of our society, the role of our institutions, the future of our ideals and aspirations in a changing world. Such critical moments of passage have come only rarely: the first time for us came on the heels of our new Constitution when, just two hundred years ago, President Washington was contemplating his 1796 State of the Union Address during the formative years of the new nation, which had been shaken by crisis and uncertainty.... [a quote from materials Cisneros sent?]. And then once more in the 1850s when we had finally to face up to the brute legacy of slavery and answer the question of whether a nation half slave and half free could survive. Or again at the end of the last century, when the trusts and cartels of the gilded age were threatening America's sense of justice and imperilling our free competitive capitalist economy and we had to decide whether an activist anti-trust

government was the appropriate response to the monopolies; and in the 1930's when, with 'one third of a nation' in hunger and need, Americans in free fall with no safety nets in sight, we reframed government as the guarantor of public welfare, employment and social justice.

"This evening, approaching the end of the twentieth century, creeping towards the new millenium, confronted by an unpredictable and radically uncertain world, America has come to another such profound turning point. Nothing less than the future of liberty, the future of justice -- the future of American democracy -- is at stake.

"Yet you have heard little about these larger issues in these past months. Instead, you have watched with growing impatience our quarrels here in Washington over the balanced budget, over Medicare and education, over whether a time of belt tightening is also a time for tax cuts. In a time of uncertainty and insecurity for many Americans, you have seen your government semi-paralyzed, you have watched dedicated public officials kept at home while the government services you pay for have been suspended. And perhaps it has seemed that the only thing we politicians inside this frozen beltway have wanted to talk about is who is to blame.

"Well, my fellow citizens, sometimes it is the petty that drives the profound. For our quarrels are not really over numbers. We can have a balanced budget in seven years based on the conservative numbers provided by our friends across the aisle. [or if a budget bill is passed "we have a balanced budget... etc."]. What no technical budget resolution can give us is a full debate about what America is going to look like in the coming years: whether we are to be a nation in which justice guides profit or greed undoes equality; whether American ideals will help shape the world or whether those ideals will be passively shaped, perhaps corrupted, by a world in which -- because we have withdrawn from our international commitments -- we have ceded our influence; whether America will be an open and hopeful nation, welcoming to the immigrants who have always refreshed our sense of possibility, inclusive of the Americans who have too often in the past been left out of the dream; or whether we will yield to fear and become an anxious and closed society, scape-goating our neighbors as "alien others," reviling the illegal immigrant and the ghetto drop-out, ridiculing the Christian fundamentalist, despising the teenage mother and the HIV positive actor.

"We will have to choose too whether we are to view our democratic institutions as conspiratorial hierarchies that aim at locking us into dependency and servitude or whether we can refashion them as servants of our common goods and public virtues, the instruments by which we do together those things that we cannot do one by one. Can we own our government, take responsibility for it? Or are we to be owned by it, counting for nothing the free elections that women and men in other countries have died to win, writing off as our enemies the very representatives we elect from among ourselves to serve us. Will government be cast as a bureaucratic "IT" to be reigned and and disempowered? Or can it be recreated as a sovereign "WE" that empowers us to act on behalf of our common American dreams?

"It is because I have place these questions at the center of my vision that I have been so stubborn on certain critical issues, issues that skeptics think affect only some Americans. It is why I have been stubborn on Medicare which, though some will say it is only an issue for our senior citizens; or on education, that the critics insist affects only the young; or on the environment -- some would see it as the special interest of a few groups like the Sierra Club; or on Bosnia, which is surely somebody else's problem you may think and surely not something than immediately endangers American security interests. Well that is not how I see these problems.

"I understand that politics requires compromise, that you have elected a Republican Congress and expect your Democratic President to work with it. Yet I have refused compromise on these matters because I believe they are issues that will define our future, define what it will mean to be an American in the twenty-first century. I could not do my job as your President if I permitted impatience to dictate decisions with such profound consequences. Let me tell you why these issues are to me turning point issues about which we need to conduct a national debate:

[here can follow a discussion of these or other select issues, chosen to allow you to portray the linkages, show the relationship to the common, national interests, weave the larger vision, and to demonstrate how the choices we make on these issues and thus on the budget apportioned to them will in turn shape our vision of the American future. This "big picture" thus becomes the context for each specific policy discussion, and each policy discussion is a contributing piece to the big picture.]

[Then, at the end...]

"This is my vision of America in the coming years, of the America our children will live in and our grandchildren will inherit. I know it is not the only possible portrait of our future. There are honest differences among us about where we ought to be headed. A pluralism of visions and a multiplicity of values has been one of our strengths. It defines our liberty. I invite my colleagues across the aisle to heighten the civility of our discourse by focusing on and debating before and with the American people what we will stand for in the next century. Will we become only the world's first and foremost shopping mall or remain the last best hope for democracy? Will we be known for our wealth alone or continue to be recognized for our liberties? Do we demand only a society in which the rich can become richer or one also in which no one willing to work must stay poor?

"At this historical moment, we are mired in today's detail and oblivious to tomorrow's possibilities. Let us stop accusing one another of bad faith and talk about our competing visions of the good -- of the commonweal: in place of partisan rancor, civic talk; instead of accusation, deliberation. Less invective, more invention. The future demands no less of us. As long as you allow me to be your President, I will stand face to face with history and seek an American future that lives up to the highest aspirations of our past; I will seek principles that by serving tomorrow, secure today."

January 10, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: BILL GALSTON

SUBJECT: STATE OF THE UNION/1996 AGENDA

I believe that the consensus that emerged during the January 7 dinner was correct and important. You did extraordinarily well in 1995 by standing against the excesses of a Republican congress that outran its mandate and scared the American people. But 1996 will be different. In addition to defending the achievements of past generations that continue to be essential today, you must advance an optimistic, affirmative, concrete, and carefully focused agenda that speaks to the present and the future.

Let me suggest a framework and three specific areas.

Framework. In my judgment, you are absolutely on the right track in drawing parallels between our present situation and the Progressive era. We are undergoing a new Great Transformation every bit as momentous as the transition from an agricultural to an industrial economy, and from a rural to an urban society. This transformation is destabilizing and traumatic for many Americans, and it makes it difficult for them to experience in their daily lives the full force of your administration's accomplishments.

The point of the comparison with the Progressive era, however, is optimistic and affirmative. A century ago, our country was beginning the task of putting in place new institutions and policies (as Bob Putnam pointed out, civic as well as governmental) that would allow more Americans to share in the fruits of the new industrial order and stabilize the most severe social dislocations it had spawned. We've done it before, and we can do it again. We are the greatest nation on earth because we have the capacity to apply old values to new realities, and to change as necessary while conserving the best of our past. Yes, we must do it as responsible individuals; but we must also do it together.

In this context, the response to Newt Gingrich's argument (which you formulated more cogently and attractively on Sunday night than he ever has) has two parts. First, it is true that in the emerging new era, top-down hierarchical bureaucratic structures are much less functional and that we're going to have to change the way we operate in every sphere of our public and economic lives. But second, it is not true that we can carry out this change simply by dismantling government and cutting people loose to deal with new realities as best they can. Instead, we need public policies that empower individuals to become more self-reliant, to care for themselves and their families, and to cope with the challenges of the new Information Age.

These policies can and should be presented as part of something even larger--a New American Common Ground. I certainly don't have the evidence to prove it, but my gut tells me that your continuing call to seek common ground is what the people want. And it's certainly what our country needs. You are resisting extremism in the name of a common-sense common ground to which the majority of the people can subscribe.

Now for some specifics. I believe, as I have for some time, that there are three central concerns on the minds of the people today: **economic anxiety**, as wages stagnate and once rock-solid corporations downsize; **social disintegration**, as families, neighborhoods, and communities weaken; and **political dysfunction**, as our political system seems increasingly dominated by big money and organized interests at the expense of average citizens. I believe that your agenda for 1996 and beyond, starting with the State of the Union, should address these concerns head-on.

Economic anxiety. You can't promise the people that economic change will stop. But you can help make it less terrifying and more manageable. You should propose a New Compact for Opportunity and Security, including: access to funds for education and training; fully portable pensions; and the guarantee of continued health coverage for an extended period after the loss of a job. Every working American who wants to become an entrepreneur should be able to use unemployment benefits to start a small business. And every employed American--not just stockholders and CEOs--ought to have the chance to participate directly in the growth of productivity and profits. I don't think you can mandate corporate responsibility; but you could certainly invite to the State of the Union, and hail as an example, the Massachusetts factory owner who vowed to keep faith with his workers, remain in his community, and rebuild after a devastating fire that destroyed his factory.

Social disintegration. The epicenter of social concern is the family. You should declare that America cannot be strong if our families are weak, and that the alarming rise of juvenile crime and violence is a ticking time-bomb that reflects our failure to shore up families. In addition to pro-family economic policies (you should continue to hit the EITC hard as well as whatever family tax relief the budget talks will permit), you should return to the National Campaign against Teen Pregnancy you initiated in the 1995 State of the Union. Singling out and hailing some community-based programs that have made a difference would be a good start. I also believe that you should follow up on the pro-marriage, anti-divorce theme. Recognizing John and Diana Cherry last year was a good start; the First Lady's new book mentions other important individuals and programs. (As you may know, I've recently become something of a notorious radical on this topic, but I've been astonished at the responsive chord I seem to have struck.)

Political dysfunction. As you know all too well, trust in government and public institutions continues to wallow along at rock-bottom levels. This problem took thirty years to develop, and it won't be solved quickly or easily. My recommendation: start by going as far as possible to reduce the influence of big money in politics. Free TV time in large chunks (not 30-second spots) for political candidates to have serious discussions with the people would be a good start; this proposal could be placed in the larger context of media responsibility.

To summarize my recommendations: build on the Progressive analogy; strive to make the changes that we cannot avoid less terrifying and more manageable; continue the emphasis on common ground; and offer a limited number of concrete affirmative proposals to address the three principal concerns of the people today--economic anxiety, social disintegration, and the dysfunction of the political system.

**OUTLINE OF CHALLENGES
STATE OF THE UNION
Sunday 1/21 4am Draft**

I. EDUCATION

A. Education Technology

1. Technological literacy by the year 2000
2. Technology Matching Fund
3. Challenge to software producers to create better educational software

B. Standards

1. High competency standards for teachers
2. Challenge states to pass public school choice and charter laws
3. Challenge teachers to upgrade their skills
4. Challenge parents to insist on ethics and values in schools & at home

C. College

1. Expand work-study 50% to 1 million students by the year 2000
2. \$1,000 merit scholarship for top 5% of all high school graduates
3. \$10,000 tax deduction for college tuition

II. ECONOMIC SECURITY

A. Training

1. Pass the GI bill for training

B. Incomes

1. Raise the minimum wage
2. Preserve the EITC
3. \$500 children's tax credit

C. Pensions

1. Pension simplification
2. Don't raid pension funds

D. Health care

1. Insurance reform -- pre-existing conditions
2. Protect Medicare and Medicaid

E. Business and labor

1. Challenge business to see workers as assets
2. Challenge labor to abandon rigid work rules and job classifications

III. CRIME AND DRUGS

A. Crime

1. Don't cut 100,000 cops
2. Don't repeal Brady bill or assault ban
3. Challenge states to meet 85% truth-in-sentencing
4. Challenge communities to do more crime prevention

B. Gangs

1. Direct FBI and investigative agencies to wage war on gangs that involve juveniles in violent crime
2. Challenge local housing authorities and tenant associations: One strike & you're out
3. Pass legislation to prosecute juveniles as adults

C. Drugs

1. Don't cut anti-drug money
2. Appoint McCaffrey as Drug Czar

IV. ENVIRONMENT

A. New Initiatives

1. Brownfields initiative to clean up abandoned sites in inner city
2. Challenge business to find cheaper ways to meet tougher standards (Project XL)
3. Pass expanded community right-to-know laws

B. Do No Harm

1. Make polluters pay (Superfund retroactive liability)
2. Don't cut environmental enforcement by 25%

V. FOREIGN POLICY

A. Initiatives

1. Ratify Start II
2. Pass comprehensive nuclear test ban treaty
3. Approve Chemical Weapons Convention
4. Give us the resources we need to remain leaders for peace
5. Pass the anti-terrorism bill

VI. RESPONSIBILITY

A. Business

1. Invite entertainment industry to White House meeting on TV violence
2. Challenge tobacco industry not to market cigarettes to children
3. Executive order to revoke federal contracts of businesses that hire illegal workers

B. Welfare Reform/Teen Pregnancy

1. Pass welfare reform with work requirements, minor mothers, time limits
2. Challenge business to hire people off welfare, and banks to invest in inner city
3. Announce leaders of national campaign against teen pregnancy

C. Fathers

1. Challenge fathers to care for their children, pay child support
2. Ask every American man never to lift his hand against a woman

D. Political Reform

1. Pass McCain-Feingold campaign finance reform bill
2. Codify Administration's policy against top officials becoming foreign lobbyists
3. Pass the line-item veto

E. Reinventing Government

1. Fewer regulations, more devolution, smallest workforce in 30 years
2. No public servant should ever threaten the full faith and credit of the U.S.
3. No public servant should ever shut down the government again

21Jan96

MEMORANDUM

TO: The President

FROM: Guy L. Smith

SUBJ: **Marketing the State of the Union**

Dear Mr. President:

Attached is a suggestion for **Marketing the State of the Union**.

I just had a conversation with Don Baer about it and he suggested that I fax it to you.

This would be in addition to, not instead of, the current plan to send out surrogates.

This marketing effort would use the power of the Presidency and the White House to draw attention to the myriad specifics that are covered in the State of the Union.

This plan can be pulled off, even though its a big task. I urge you to do it. It will bring focus and attention to the specifics you are mentioning in the speech.

If I can be of help in bringing it together I come down there right now.

Sincerely,

Guy

(Home Tel: 203-629-1264)

21Jan96

MEMORANDUM

TO: Don Baer

FROM: Guy L. Smith

SUBJ: State of Union

DON:

First, some general observations about the State of the Union draft (I have the 2 pm, 20January draft):

1. It is too long. I guess there's not much we can do about it being too long, but to the extent you can shorten it, all the better.
2. The Bosnia mission should be explained, in the President's words...it's a national audience. Use an anecdote from the visit to the troops about a young soldier and peacemaking. Have the President call the soldier's mother Tuesday before the speech and make reference to the call in the text.
3. The foreign policy successes in Haiti, Northern Ireland, the Middle East, and Haiti aren't getting enough play. They are all very much successes, identified as such by most leading commentators, and they position the President as a leader.
4. Make the reference to no missiles being pointed at the US more dramatic. Hark back to when most people in the chamber were teenagers...the height of the Cold War, the Cuban missile crisis...back when it was real, and real scary. Today, it's history, partly because of Bill Clinton's leadership. Let him celebrate it.
5. Drop the reference to "golf leagues"...it will just invite derision.
6. The section on the "Fourth Challenge...American family" is too preachy. The same points can be made, but in a more Presidential manner.
7. Insert a bit more flag and patriotism into the conclusion. If the language is lofty, and if the President delivers it slowly, with passion, it will have a lasting, positive impact.

REDRAFT OF STATE OF THE UNION

Mr. Speaker, Mr. Vice President, Members of Congress, distinguished guests, my fellow Americans:

I want to begin by saying to our men and women in uniform, and especially those helping peace take root in Bosnia, to these warriors for peace, I say: we are proud of you.



Tonight, I report on the state of our union. Not simply on the government, or even on the state of individuals alone. I want, to reach out to all of America. To civic groups, religious, business, and charitable organizations, to the entire American community and to each individual citizen to enlist our common efforts to solve our common problems. To make a more perfect union.

The State of our Union is as strong as it has ever been.

Our economy is the healthiest in three decades with the lowest inflation and unemployment in 27 years. Home ownership is at its highest rate in 15 years. Detroit is winning the competition against Japan.

Our leadership in the world is strong, bringing new hope for peace.

This is an age of possibility -- a time of challenge and change. A hundred years ago we moved from farm to factory. Now we move to technology, information, global competition. Americans are living better lives. But we are paying the price in work and worry about our families, our children, and our country. We must answer the two key questions: how to keep opportunity and our values of responsibility alive for our children in this new age? How do we move to the future and apply our old and enduring values?

Of course, we cannot look to government for all the answers. Of course, we don't need a program for every problem.

ON POLITICS

BY MICHAEL BARONE

Needed: A rendezvous with history

One way a leader shapes his times and those that will come after him is by writing history, setting out a narrative that tells the country where it is, how it got there and where it is headed. "Fourscore and seven years ago," Abraham Lincoln began his remarks at Gettysburg, linking his fight to free the slaves with the Founding Fathers' fight to free the Colonies. This generation "has a rendezvous with destiny," proclaimed Franklin Roosevelt, using the old frontier fur trappers' name for their annual gatherings to depict his presidency as a collection of diverse strands of U.S. history. Roosevelt often invoked Lincoln and Thomas Jefferson, suggesting that their ideas led in a straight line to his New Deal. A school of historians of whom Arthur Schlesinger Jr. is the best known wrote beautiful narratives of the New Deal, portraying it as both the logical culmination of 150 years of American democracy and the paradigm of political movements to come.

It is one measure of Bill Clinton's weakness as a leader that he has no convincing narrative, no story of his own place in American history. Schlesinger himself, writing a week after the 1994 elections, conceded that the vote poked a hole in his cyclical theory of American history. Every 30 years, he has long argued, reformers seeking "public action" are voted in, and Clinton in 1992 appeared to be the latest in a line going back to Jefferson, Jackson, Lincoln, the two Roosevelts and Kennedy. But 1994 was an "apparent repudiation of public action." Schlesinger blames a "deep, free-floating anger" that is "probably a consequence of the insecurity generated by technological change"; i.e., the voters were irrational.

Angry voters. Bill Clinton took a similar line in a speech last month to the Democratic Leadership Council. The critical voters identified by his pollster Stan Greenberg—white males without college educations—were "angry," Clinton said, and they voted Republican even though "they're the very people I ran to help." Like Schlesinger, the president thinks politics is largely an economic exercise, and so these voters should be grateful for the government training and tax programs he says will redistribute incomes. He admits that he has to assure this target group that he "got their message" but quickly adds that he won't change his principles or programs.

This is liberal elitism: A Rhodes scholar and Yale Law School graduate knows what's best for white male non-college voters, and if they don't agree, it must be because he

did not talk down to them eloquently enough. But it is Clinton and Schlesinger who don't get it. As Mickey Kaus demonstrates in *The End of Equality*, programs such as Clinton's can do little or nothing to reverse the growing gap between the elite and the less privileged. And Republican voters object not only to big government's cost but also to the cultural values they think it fosters—the disregard for traditional morals, the reverse racial and gender discrimination of affirmative action programs, the tendency to reward victimhood instead of responsibility.

Cultural issues often cut deeper than economics in American politics, and many voters think Clinton's policies are hostile to their traditional values. Clinton's stab at class warfare politics in his December 15 TV speech missed the fact that voters are angry not at the economic elite who voted Republican but at the cultural and educational elite, many of whom voted Democratic.

Some of Clinton's opponents, meanwhile, are developing a new narrative of U.S. history. It can be found in Republican strategist James Pinkerton's "New Paradigm," in Newt Gingrich's soliloquies and in a speech Republican presidential candidate Lamar Alexander delivered as Clinton was puzzling over the election returns. This new narrative begins in the early 1900s, when Progressive reformers built bureaucratic government to regulate giant corporations; the narrative continues as politicians built a bigger, more active government to meet the challenges of World War I, the Depression, World War II, the cold war and civil rights. Now those

challenges have been met, but government keeps getting more intrusive. Big bureaucracies managed by a new mandarin class stifle the creativity of small entrepreneurs, while new technologies make old hierarchies unnecessary.

This narrative will seem more persuasive to some voters than to others. But it does help explain, as the New Deal narrative does not, why a country that was happy to support a growing government for half a century is now demanding smaller government. It explains why most voters don't want Schlesinger's "public action" to solve problems they think the public sector has failed to solve, or has even created. This new narrative is not entirely familiar to most voters yet, and it is about to be tested in the heat of political battle. But right now, it seems a more coherent and rational explanation of where we are and how we got here than Schlesinger's, and a more persuasive argument for where we ought to be heading than Clinton's.



FDR in 1940. Author of the New Deal

Clinton has not yet learned the real lesson of 1994's elections.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

THE PRESIDENT HAS SEEN

2/1/96

96 JAN 22 P1:22

January 22, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: SECRETARY ROBERT E. RUBIN *R. E. R.*

FROM: MICHAEL BARR *Michael Barr*
SPECIAL ASSISTANT TO THE SECRETARY

SUBJECT: YOUR REQUEST LAST NIGHT FOR ADDITIONAL MATERIAL FOR
YOUR STATE OF THE UNION ADDRESS

In your conversation last night with Secretary Rubin, you requested additional information on two subjects for inclusion in your State of the Union address:

1. Access to capital for small businesses, particularly in urban areas.
2. Data showing that the U.S. has accounted for nearly all the job creation in the major industrial nations over the last several years.

1. Access to capital

Dealing with the problems of our cities is critical to the economic and social health of our nation. Your empowerment approach to move inner city residents into the economic mainstream includes investment in human capital and access to financial capital.

We have a real opportunity, given sufficient resources, to take your community development banking initiatives to scale over the next five years. The CDFI Fund provides seed capital and leverages private capital through loans, grants and equity investments to community based banks, credit unions, loan funds, and even new community development venture capital funds. In turn, these entities make loans and investments to help grow small businesses and rebuild neighborhoods, and they help people find jobs and start businesses.

Moreover, we are taking steps to advance micro-enterprise lending, an approach that you and the First Lady have encouraged since your days in Arkansas. Micro-enterprise lending puts money into the hands of low income entrepreneurs who need very small amounts of capital, for example, for a tailor to buy a sewing machine or a mechanic to buy special tools.

It has had remarkable success in low income areas in other countries and might well here too if applied on a broad scale. As you pointed out in your conversation with Secretary Rubin

To Laura/CC Guns

last night, US AID is providing small loans to over 60,000 poor Hondurans. About 89 percent of the borrowers are women entrepreneurs who receive loans of less than \$300, to invest in agricultural and other micro-enterprises, and educate their children.

You have asked Treasury to launch a new domestic micro-enterprise project through the CDFI Fund, including the coordination of programs in other parts of the federal government. Moreover, at your direction, the CDFI Fund will soon establish a Presidential awards program for micro-enterprise lending, just as large American corporations now compete for the Baldrige Award.

We recently issued our first call for CDFIs and mainstream financial institutions around the country to apply to the Fund for assistance and incentives, and the response thus far has been encouraging. Unfortunately, so far Congress has only provided \$50 million for the CDFI Fund (in the rescission package), and they have zeroed it out in this year's budget.

The themes embodied in capital access for community development -- locally-driven partnerships with the private sector, entrepreneurship, jobs and economic opportunity -- are a perfect foil to the Congressional majority's efforts to dismantle both human capital investments and economic opportunity programs essential to rebuilding these communities.

Moreover, you could use your address to challenge all Americans to do their part. In helping to rebuild our nation's communities, no one can afford to sit by the sidelines. That fact has driven remarkable progress in the last decade, as community-based development has brought homes, businesses, jobs, and renewed hope to neighborhoods across the country. Businesses and banks, nonprofit intermediaries and foundations, community groups and civic organizations, state, local and federal government, have joined together to make it happen.

2. Job Creation

In Secretary Rubin's memorandum to you of January 16, he noted that the United States has accounted for nearly all the job creation in the major industrial nations over the last several years. Last night, you asked Secretary Rubin for additional information.

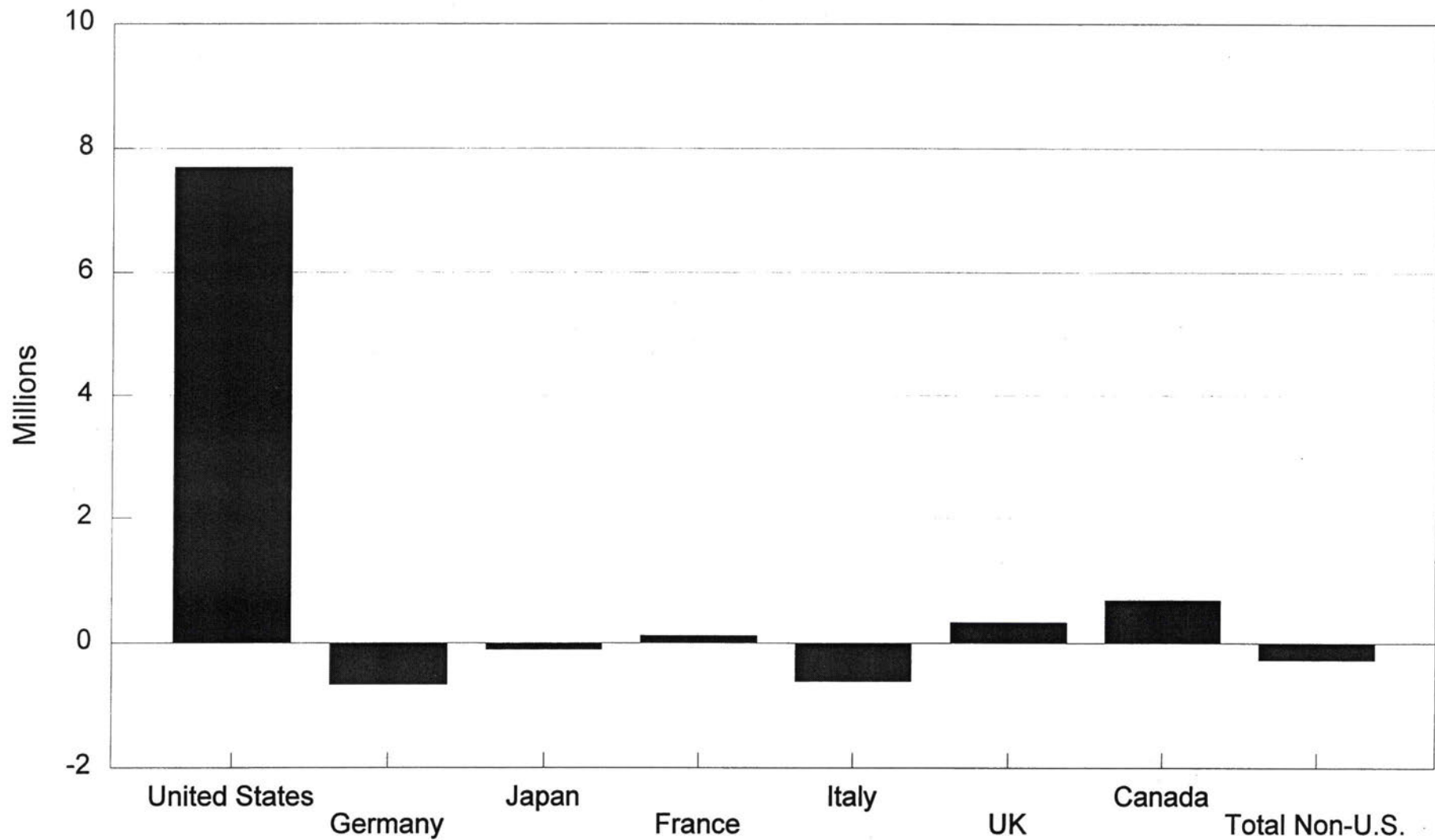
During the last three years, the United States has created 7.7 million new jobs, while the rest of the G-7 combined has seen a net job loss of around 300,000.

Among the G-7, only Canada comes close in showing the rates of job growth that we have enjoyed in the United States. Much of Europe has seen job losses over this period and continues to struggle with high structural unemployment rates.

cc: Bruce Reed
Don Baer

Job Growth in the G7

(End 1992 to Latest Available)



Source: OECD and National Sources
Civilian Employment

THE PRESIDENT HAS SEEN

2/1/96

To: Don Baer, 202-456-1213

From: Bruce Ackerman

Fax: 202-357-4439

Phone: h:338-3710; o:357-1604

Re: State of the Union Address

This Address has consistently disappointed Woodrow Wilson's hopes. President after president has allowed federal departments and interest groups to lobby their favorite paragraphs into The Speech. The result has been a quasi-bureaucratic roll-call of mission-statements, interspersed with a few "City on a Hill" paragraphs. There are few better examples of the bureaucratization of charisma.

But, pace Weber, there is nothing inevitable about this. Especially this year. You have two goals. First, and foremost, the President's performance should suggest that he has now mastered the challenges of his office. This means, above all, that the Speech should be short and to the point, since everybody expects it to be too long and diffuse. Second, if you intend to move beyond a purely defensive campaign in the Fall, you should use the speech to develop one or two -- no more -- affirmative issues for later elaboration.

The Speech should have four parts. First, a summary of accomplishments, domestic and foreign. Second, an elaboration of the basic values the President is defending in the budget controversy. Third, moving beyond the budget, to define one or two affirmatives. Fourth, upbeat conclusion (Buzzwords here:

Baer to Baer/CC UP
McGuire
Kamenech
BC

reasoning together, common ground, responsible reform).

As indicated at the dinner, my nominations for Part Three are the environment and campaign reform. The President's position amongst his other major constituencies is pretty solid. But he has a very weak profile amongst environmentalists, who are, of course, very numerous amongst the Northern suburban voters who are going to decide this election. In contrast to other issues, the Republicans have dug themselves into a hole on this one, and cannot defend themselves effectively if the President chooses to go on the offensive.

Environmental law is ripe for reform. Our system of command-and-control regulation is obsolete and inefficient. Instead of confronting cumbersome regulations, polluters should be required to pay for every pound of pollution they generate. This will not only yield ten (or more) billion dollars in extra revenue each year, making it easier to balance the budget or fund the environment or cut other taxes. It would also cut costs of compliance by one-third or more -- a sum that is also measured in the tens of billions annually. (If you would like support for the statements made in this paragraph, I can easily supply them).

What is more, there is broad bipartisan consensus in support of this reform. Indeed, Gingrich himself would favor it, but for the fact that his right-wingers want to gut environmental law entirely. Buzzwords for speech: "Polluters should pay. Replace

bureaucrats with the market.""We charge companies when they want to use the airwaves, or drill for oil. We should charge them when they use our waterways or the air we breathe." "Taxing pollution is like taxing cigarettes and alcohol."

While campaign reform is also a good issue, I do not think that either Republicans or Democrats have much credibility here. I have, of course, already sent you a reform proposal in this area, but the time is not ripe to go forward with it in the context of this speech. The best you can do is to repeat the outstanding invitation to Gingrich; and say that, until we have real campaign reform, it will be much harder to make responsible reforms in the environment and other areas.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 7-1.

TO:

Leon
Ruhm
Bruce

FROM: Staff Secretary

fy1.

Tracy



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

THE DIRECTOR

January 31, 1996

MEMORANDUM TO THE PRESIDENT

FROM: Alice M. Rivlin

Alice

SUBJECT: Welfare Reform

As you know, it is possible that Congress could send us a welfare bill in a form fairly close to the version that passed the Senate.

Attached are two tables that highlight key welfare reform issues. The first table details areas where the Senate passed welfare bill is an improvement over the Conference welfare bill (H.R. 4). The second table describes the shortcomings in the Senate passed welfare bill.

HOW THE SENATE PASSED WELFARE BILL IS BETTER THAN THE CONFERENCE BILL

	Conf. Bill	Senate Bill*	Admin. Bill**
Food Stamps:	-\$27.5	-\$24.3	-\$20.8
<u>Spending Cap</u> -- The Conference bill would place a spending cap on Food Stamps, destroying the key feature of the Food Stamp program -- its ability to respond to the changing circumstances of its participants. Across-the-board reductions would occur if the economy declines or cap projections are inaccurate. The Senate bill has no such cap. <u>Shelter Deduction Cap</u> -- The Conference bill would freeze the amount that low income families and participants could deduct as shelter expenses at the 1996 level, forcing families to choose between paying rent or eating. The Senate has no such provision. <u>Child Nutrition Block Grant</u> -- The Conference bill would allow one school lunch block grant demonstration in each of the seven USDA regions. The Senate bill would not.			
SSI Children's Benefits:	-\$12.4	-\$8.7	-\$8.8
<u>Benefit Reductions</u>. The Conference bill would cut cash benefits by 25% for three-quarters of the severely disabled children coming on the rolls. Specifically, children determined not to need personal care assistance to remain at home would be eligible for only 75% of the full benefit amount. The Senate bill would retain full cash benefits.			
Immigrants:	-\$19.5	-\$14.6	-\$5.8
<u>Bans</u>. Both bills would make most legal immigrants currently in the country (including those now on the rolls) as well as future immigrants ineligible for SSI. The Conference bill, but not the Senate bill, would add Food Stamps to this ban.			
AFDC, Work, Child Care, Child Protection, and Child Support:	+\$2.4	+\$0.3	+\$3.9
<u>Child Care & Work</u> -- The Conference bill's work requirements are underfunded, as well as stricter and costlier than the Senate bill for child care and work. The Conference bill would remove the Senate bill's protections for those with young children who do not have child care. It would strike health, safety, and quality provisions from current law. <u>Child Protection</u> -- The Conference bill would block grant four open-ended child protection entitlements and eliminate two other mandatory programs. The Senate bill would maintain current law. <u>State Funding</u> -- The Conference bill would provide lower maintenance of effort requirements and allow States to reduce funding through transfers. The Senate bill's maintenance of efforts requirements are higher than the Conference bill's. <u>Performance Bonuses</u> -- The Conference bill would allow states to reduce their own spending as a "performance bonus," while the Senate more preferably would provide a cash bonus (although the bonus would be taken as a set-aside out of the block grant rather than as an addition to it). <u>Medicaid</u> -- The Conference welfare bill cuts the AFDC/Medicaid link. The Senate bill retains the link.			
All Other Areas of Welfare Reform:	-\$3.0	-\$5.9	-\$9.1
TOTAL:***	-\$60.1	-\$53.2	-\$40.6

* Based on 12/95 CBO pricing. ** Projected CBO pricing. *** Medicaid interactions are not included in Conference or Senate pricing. If included, Conference would be -\$64.1b and Senate -\$58.7b. In addition, Conference does not include savings from DA&A, which was moved to the earnings test bill. The Senate bill includes DA&A savings.

MAJOR SHORTCOMINGS IN THE SENATE PASSED WELFARE BILL

If, after all the debating is done, the Administration is presented with the Senate version of welfare reform, the decision whether or not to sign the bill would not be an easy one. The following details some of the major differences between the Administration's current position and the policies in the Senate bill.

	Conf. Bill	Senate Bill*	Admin. Bill**
Food Stamps:	-\$27.5	-\$24.3	-\$20.8
<u>Block Grant</u> -- The Senate bill would create an optional Food Stamps Block grant-- one worse than the conference-- which would eliminate the Program's ability to respond to changing economic conditions. <u>Time Limits</u> -- The Senate bill would make adults, aged 18-50 with no dependents, ineligible for benefits after 6 months of every 12, even if the individual was willing to work. States would be forced to cut off benefits even if they did not provide a training or workfare opportunity.			
Immigrants:	-\$19.5	-\$14.6	-\$5.8
<u>Ban</u> -- The Senate bill would make most legal immigrants currently in the country (including those now on the rolls) as well as future immigrants ineligible for SSI. Makes future immigrants ineligible for many Federally-funded programs, including Medicaid, during their first 5 years in the country. Exceptions are very limited with benefits denied to even those who become severely disabled after entry. <u>Citizenship/Legal Residence Test</u> -- The Senate bill would require most non-profits and community service providers to verify citizenship and report illegal immigrants, placing a massive burden on these organizations.			
AFDC, Work, Child Care, Child Protection, and Child Support:	+2.4	+\$0.3	+\$3.9
<u>Individual Entitlement</u> -- The Senate bill would eliminate the AFDC entitlement and provide no guidelines or protections for individuals. The current State matching would be replaced with inadequate maintenance of effort requirements. <u>Changes in Economic and Demographic Conditions</u> -- The Senate bill would essentially eliminate the countercyclical response to recessions or increases in poverty. Growth and contingency funds would be inadequate. <u>Child Care and Work</u> -- The Senate bill includes strict work requirements but would underfund work and child care activities.			
All Other Areas of Welfare Reform:	-\$15.5	-\$14.6	-\$17.9
<u>Poverty</u> -- The Conference welfare bill moves 1.5 million children below the poverty line; the Senate welfare bill moves 1.2 million children. (These numbers may be adjusted downward once CBO's new assumptions are taken into consideration.)			
TOTAL:***	-\$60.1	-\$53.2	-\$40.6

* Based on December CBO pricing.

** Projected CBO pricing.

*** Medicaid interactions are not included in Conference or Senate pricing. If they were included, Conference would be -\$64.1b and Senate -\$58.7b. In addition, Conference does not include savings from DA&A, which was moved to the earnings test bill. The Senate bill includes DA&A.



THE PRESIDENT HAS SEEN

2/1/96

Four Corners School of Outdoor Education

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

January 10, 1996

Dear President Clinton,

I am writing to you via Chelsea and my friend and business associate Doug Capelin, Director of Deer Hill Expeditions, to ask you to consider something of great importance to the American people. I am requesting that you veto the Utah Delegation's Public Lands Act of 1995 (H.R. 1745 /S. 884), and support the America's Redrock Wilderness Act (H.R. 1500). Because Chelsea has taken a course within the wildlands in question, I am asking her to deliver this letter to you personally.

During Chelsea's month at Deer Hill Expeditions she backpacked and rafted within some of the acres that the Utah Delegation is excluding from wilderness designation, but are included in the bill proposed by Maurice Hinchey, (H.R. 1500), which recommends 5.7 million acres of wilderness in Utah. She spent a week in White Canyon and a week rafting on the San Juan River, both areas not included in the Utah delegation's bill. These lands speak for themselves, should you ever have the pleasure of visiting them, but I am sure Chelsea can speak to you on their behalf as well.

The Utah Delegation's bill will greatly impact the most spectacular wildlands left in the United States, and also set an extremely bad precedent for all wilderness lands in the country. It is meant to protect only a small fragment (1.8 million acres) of the wildlands that qualify for wilderness designation in Utah and will allow roads, pipelines, vehicles, low-level overflights, and powerlines within these supposedly protected acres. It also includes hard release language, prohibiting any acres released from designation to ever be considered again.

I am personally qualified to speak on behalf of Utah wildlands, and have testified on their behalf on a number of occasions. As an employee of the Bureau of Land Management in 1979, I helped to conduct the Intensive Wilderness Inventory on some these lands. Having lived in Southern Utah for 18 years, I have hiked and explored many of the acres in H.R. 1500, and know firsthand of their spectacular beauty and qualifications as wilderness. I am also a founding Board Member of the Southern Utah Wilderness Alliance (SUWA), and have spent the last eleven years of my life trying to protect these areas. And finally, I am Founder and Director of the Four Corners School of Outdoor Education, whose mission is to educate people of

Handwritten note:
As do reply for him - BC

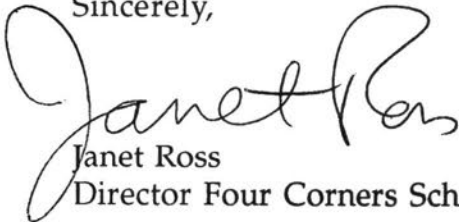
all ages and backgrounds about the need to protect the natural and cultural treasures of Utah.

I have dedicated my life to wilderness education and protection in Utah and surrounding areas. These lands speak to me and are my spiritual home. A large number of the American public share my feelings. Over a ten year period, SUWA has built a membership of 17,000 members who are committed to the protection of Utah wildlands. Add to that the membership of the Sierra Club, Wilderness Society, and other organizations, and you probably have half a million Americans who have been fighting and will continue to fight to protect Utah's most precious natural resource--wilderness.

I know that you have many big battles before you right now, and that you are trying to stand behind the principles you believe in. This may appear to be a small battle in light of all that, but it is not. It is the front line of a major battle in terms of how we view ourselves as a species in the natural world and the management of the ecosystems that support life as we know it. Please, Mr. Clinton, veto H. R. 1745/S. 884 and support H.R. 1500. If you want a first hand look, Doug and I would be happy to show you around. Or just ask Chelsea.

Thank you for taking the time to read this letter.

Sincerely,

A handwritten signature in cursive script that reads "Janet Ross". The signature is fluid and elegant, with the first name "Janet" being more prominent than the last name "Ross".

Janet Ross
Director Four Corners School

THE WHITE HOUSE
WASHINGTON

February 1, 1996

TO: SKIP RUTHERFORD
FROM: TODD STERN

Skip --

Could you take a look at this
citation language and let me
know what you think?

Todd

BERNICE YOUNG JONES

Bernice Young Jones has spent a lifetime sharing her time, vision, and resources with others. Working alongside her husband, Harvey, she helped build a thriving transportation business, all the while devoting the fruits of their labors to the betterment of their community, their State and their country. With a generosity equalled only by her humility, Bernice Jones has given of herself tirelessly, helping to build or support a wide variety of hospitals, colleges, family centers, and community and religious institutions. She exemplifies our nation's finest tradition of service. Guided by her strong faith and quiet compassion, Bernice Jones has given gifts of hope and inspiration that will enrich Americans for generations to come.

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Skip Rutherford

Fax Number: 501-516-6045

Phone Number:

FROM: Todd Stern

SUBJECT: Citation

DATE: 2/1/96

NUMBER OF PAGES (including cover sheet):

3

MESSAGE:

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

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TO Bob
Nash -

CC. Dorpint
to coordinate
V1 Nash

THE PRESIDENT HAS SEEN

2/1/96



96 FEB 1 9:45

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

PAUL E. PATTON
GOVERNOR

*Copy -
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your folder
1/20/96*

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

January 23, 1996

The Honorable Bill Clinton
The White House
Washington, D. C. 20500

Dear Mr. President:

I am pleased to ask you to give closest consideration to appointing our mutual friend, former Congressman Ron Mazzoli of Kentucky, as Chair of the U.S. Commission on Immigration Reform to succeed Congresswoman Barbara Jordan.

No one can truly replace Ms. Jordan whose talents and abilities are legendary and whose death was the nation's loss. Ron could most assuredly discharge the duties of that panel based upon his work product during the 24 years he ably represented the Louisville-Jefferson County area in the House of Representatives, particularly the 12 years he chaired the House Immigration Committee. During that period, all the important immigration and refugee legislation in modern times came before his panel and bear his name and/or mark.

In his years in Congress, Ron collaborated with all the House and Senate members who, today, are principals in the immigration-related issues pending the 104th Congress. He has maintained contact with Attorney General Reno and Immigration Service Commissioner Meissner, as well as officials in the State, Labor and Treasury Departments who are making the Administration's case on immigration matters.

Most notably, Ron has just completed a one-semester Distinguished Visitor Professorship at the University of Louisville Law School during which he taught an Immigration Law course to second and third year students. He is not only well-grounded in the public policy and political aspects of the immigration issue but also with the constitutional and legal aspects.

THE HONORABLE BILL CLINTON

January 23, 1996

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Based on Ron's experience, reputation for fairness, temperament, work ethic, background and positive relationships on both sides of the political aisle, I firmly believe he would discharge the responsibilities of Chair of the Commission on Immigration Reform in a manner which will address the controversial and vexing issues presented with thoroughness and balance and in a manner which will reflect creditably on himself and the Administration.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Patton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul E. Patton

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR
700 CAPITAL AVENUE
FRANKFORT
40601

THE PRESIDENT HAS SEEN

2/1/96

Mary Jo D. Wood → To Dad

The Honorable Bill Clinton