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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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001. letter	F. Pang to Strom Thurmond [parital] (1 page)	02/00/1996	b(6)
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COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7695

FOLDER TITLE:

Chron Files March 10-16, 1996: Thursday, March 14, 1996

2019-0774-S

rs3312

RESTRICTION CODES

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

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

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

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

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

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

RR. Document will be reviewed upon request.

THE PRESENT HAS SEEN
3/14/96

~~Leon (Lander)~~

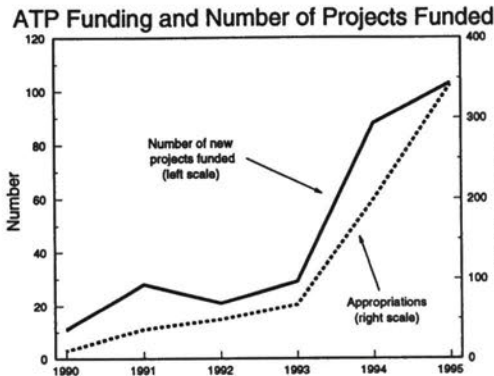
Use shadow number
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to ATP project + show this
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PR

3/14/96

ARTICLE**Advanced Technology Program: Early Evidence is Promising**

The Advanced Technology Program (ATP), begun in 1990, was designed to encourage innovation in "precompetitive technologies." The Administration increased ATP funding substantially (see chart) to partly address our nation's shortfall in spending on research and development (R&D). Early evidence



suggests that ATP is raising industry spending on R&D while maintaining the necessary incentives for firms to choose projects with high payoffs. Nonetheless, Congress tried to eliminate ATP in the original 1996 Commerce, Justice, State, and Judiciary Appropriations bill.

Federal technology investments are essential. Economic theory suggests that industry will underinvest in R&D

because it often spills over into other technologies or uses. While these spillovers can yield benefits to the nation that outweigh costs, the benefits to an individual firm may not. Studies confirm this market failure, finding social rates of return to R&D averaging close to 50 percent—far exceeding private rates of return of 20 to 30 percent. Underinvestment can be exacerbated because firms may be unable to raise sufficient funds in capital markets for fear of reducing future private gains by releasing information about their ideas. Federal investments help mitigate the underinvestment problem not only through direct spending, but also because, as many studies have shown, Federal R&D spending stimulates additional private R&D expenditures.

Features of successful Federal technology programs. Federal technology programs should fund projects with potentially high spillovers. Such programs should also lead to a net increase in R&D, particularly by stimulating additional private spending. However, the government should not fund projects that would be funded in the absence of Federal support. ATP, with its rigorous proposal evaluations and cost-sharing requirements, is designed to meet these goals.

Evaluating ATP. Although detailed economic studies directly evaluating ATP are not yet completed, both ATP and the General Accounting Office (GAO) have undertaken and analyzed surveys of firms involved in ATP to help gauge the program's success thus far.

The ATP-sponsored survey revealed overwhelmingly positive responses from nearly all firms receiving funding. The survey found:

- The vast majority of firms said they invested more of their own resources in the ATP-sponsored technology as a result of winning an award. Forty percent of winners said they had attracted additional outside funding.
- Almost all the firms planned to release non-proprietary information about their research, and viewed information-sharing as an essential component of technological progress (suggesting that ATP-sponsored research could yield significant spillovers).
- Many firms reported creating new jobs as a result of their awards, although hiring researchers to work on ATP projects is not a primary goal of the program.

The recent GAO report surveyed both project winners and a sample of “near-winners”—firms whose projects received the highest ratings in evaluations, but did not ultimately receive funding. The report found:

- Among near-winners, half of applicants continued their projects without ATP funding, although they had to delay project goals. This result is consistent with the ATP philosophy: projects that would take place without Federal support should not be funded.
- About half of applicants that looked for funding elsewhere before turning to ATP were told that their projects were too risky or “precompetitive”—traits that fulfill ATP funding requirements.
- ATP was very successful in encouraging joint-ventures.

Summary. ATP is not perfect, and may fund some projects that would have been funded anyway by the private sector or that ultimately will be unsuccessful. The uncertain nature of research almost guarantees such a result. Nevertheless, ATP appears to be doing a good job of addressing a market failure and promoting additional private-sector expenditures on R&D. Ironically, one indication of ATP’s success may be the beating it is taking on Capitol Hill. Because ATP targets no one particular industry or group, it has not developed any special-interest support.

THE WHITE HOUSE

WASHINGTON

March 14, 1996

Leon --

Donna has sent in a memo on possible executive actions that could be taken on the welfare front. Specifically, she is recommending that the President direct HHS to take action in four areas. Rahm is also pushing for executive action on welfare.

There are two overarching questions -- (i) are any of these good ideas, and if so, (ii) how do they dovetail with our legislative strategy -- are they a substitute for legislation? do we think taking these actions will help or hurt our legislative position? I think it would make sense to have a meeting before sending this memo forward. George also recommends a meeting.

The proposed executive actions:

- *Personal Responsibility Plans.* Require states, as condition of receiving JOBS funding, to reorient participants' "individual employability" plans from education and training to work, to achieve quicker movement to work force. Also urge states to do this for non-JOBS participants. Note next state submissions for JOBS program are due this summer.
- *Stay in school.* JOBS participants who are minor parents already must stay in school to get benefits, and states have option to require that they live at home. Donna proposes requiring states to describe how they'll ensure that minor parents stay in school, and urging states to exercise the live-at-home option.
- *Work requirements.* Strengthen work requirements by (i) the action outlined in first paragraph, above; and (ii) redefine "participation" and establish new participation goals of 30% in 1997, 35% in 1998, 40% in 1999.
- *Focus on performance.* Urge states to spell out participation goals. Reallocate quality control money -- which now monitors compliance with eligibility requirements -- toward broader performance goals, such as employment and placements. White House ceremony in May or June to recognize state progress in increasing work participation.

Please let me know how you want to proceed.


Todd

cc: John Angell

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3-6 ACTION/CONCURRENCE/COMMENT DUE BY: 3-7SUBJECT: Executive Action on Welfare Reform

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
PANETTA	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☐	☐
LIEBERMAN	☒	☐	RASCO	☒	☐
RIVLIN	☒	☐	REED	☒	☐
BAER	☒	☐	SOSNIK	☒	☐
CURRY	☐	☐	STEPHANOPOULOS	☒	☐
EMANUEL	☒	☐	STIGLITZ	☐	☐
GIBBONS	☐	☐	STREETT	☐	☐
HALE	☐	☐	TYSON	☐	☐
HERMAN	☒	☐	WALLEY	☐	☐
HIGGINS	☐	☐	WILLIAMS	☐	☐
HILLEY	☒	☐	<u>Angell</u>	☒	☐
KLAIN	☒	☐	<u>Apfel</u>	☒	☐
LAKE	☐	☐	<u>Speerling</u>	☒	☐
LINDSEY	☐	☐		☐	☐

REMARKS: Please advise.

RESPONSE: _____



MAR 6 1996

96 MAR 6 P1:23

MEMORANDUM TO THE PRESIDENT

SUBJECT: Executive Action on Welfare Reform

Our Administration has made considerable progress in reforming the federal welfare system, even as congressional action has been stalled. As you noted in January in your State of the Union address, AFDC caseloads are down. Food Stamp rolls are down. Work participation rates and child support collections are up. And 37 governors--Democrats and Republicans--have taken advantage of demonstration waivers issued by HHS to demand work, require responsibility, and protect children.

We now have the opportunity to take further executive action in the areas of work and responsibility, and to address the special needs of teen parents, even as we continue to work with Congress on bipartisan legislation. The actions I have outlined below would not only highlight your commitment to welfare reform, but could genuinely encourage the states to step up their own commitments to change. I believe these executive actions would spur Congress forward on bipartisan national legislation, and, if legislation is not forthcoming, would enhance the Administration's independent progress on welfare reform.

I propose four areas of action. While these proposals are severable, we see them as a package. I recommend that you issue a Presidential Memorandum instructing the Department to take action in all four areas as soon as possible.

Background

A major goal of welfare reform is to help AFDC recipients achieve economic self-sufficiency. This focus also underpinned the Family Support Act, which established the JOBS program in 1988. HHS has the authority to implement immediately proposals that strengthen the states' JOBS obligations and affect the recipients participating in JOBS programs and to urge similar changes for AFDC recipients not in the JOBS programs, bringing closer together activities and expectations for the two groups. New regulations would be required in order to place additional mandates on states and recipients in the AFDC population who do not participate in the JOBS programs.

Personal Responsibility Plans

Proposal: Require States to have Personal Responsibility Plans in place for most welfare recipients.

As a condition of receiving JOBS funding, every two years, states must submit State Plans for administering their JOBS programs. The submission and review of State Plans provide a forum for shaping the administration of the JOBS programs. As one element of program administration, states must ensure that JOBS participants receive employability status assessments and have individual employability plans. Typically, these individual plans have been oriented significantly toward education and training.

The next State Plan submissions for the JOBS programs are due this summer. We propose to require states, in their summer submissions, to commit to a work-based reorientation of their JOBS participants' individual employability plans. Prior to the summer State Plan submissions, the Department would prescribe the components of employability plans necessary to transform them into genuine Personal Responsibility Plans focused on job search, work and activities directed at quick movement of JOBS participants into the labor force.

At the same time, we would urge states to institute similar, work-based Personal Responsibility Plans for all recipients who can work, even for those who are not JOBS participants. States implementing that practice would significantly expand the scope and reach of work-based planning for their beneficiary population. Through regulation, we could make Personal Responsibility Plans a requirement for all AFDC recipients who are able to work.

Require Teens to Stay in School

Proposal: Seek to keep minor parents in school, and encourage States to make minor parents live at home.

The Family Support Act requires that JOBS participants who are minor parents and who have not graduated from high school stay in school as a condition of receiving benefits. That Act, in addition, permits states to require minor parents to live at home and to receive assistance in the form of protective payments to their own parents. Because the latter is an explicit State option in the statute, living at home could not be made a federal requirement through executive action.

As part of the executive action, HHS would have states describe how they will ensure that JOBS-participating minor parents stay in school. In addition, we would strongly urge states to take advantage of their option to require minor parents to live at home whenever appropriate and could provide public recognition for States exercising that option.

Work Requirements

Proposal: Establish and strengthen work requirements.

Two distinct actions are necessary in order to establish and strengthen work requirements: One, our new Personal Responsibility Plans should be extended to cover all AFDC recipients able to work and should be reoriented toward work. Two, new and expanded state work participation rates should be established.

The Family Support Act required that states have specified percentages of their non-exempt AFDC recipients participating in the JOBS program each year. Those participation rate standards expired in 1995. (AFDC-UP participation rates, which cover a very small part of the caseload, are currently at 60 percent, and remain in place through 1998.)

Rather than set new participation rates for just the JOBS programs, all states should aim for participation by all non-exempt recipients in work or activities leading toward work. States should set performance goals for participation and for placements. We can implement these goals incrementally.

First, in structuring this summer's round of State JOBS Plans, we would require states to incorporate the new work focus, as noted above. Additionally, we would urge states to create individual employability assessments for non-JOBS participants and to direct those employability plans, too, toward work. Second, we would redefine "participation." We would make clear that both unsubsidized and subsidized work count as participation, and that those who leave the caseload for work should be counted for six months. The requirement of 20 hours per week of work would continue to provide the basis for the participation rate.

We would establish new participation goals. In calculating the rate of participation, we would ask the states to report not only data on JOBS participants but also information on the whole non-exempt caseload working or directly preparing for work. We would suggest that participation goals for that combined population (i.e., JOBS participants and others) be set at 30 percent in 1997, 35 percent in 1998 and 40 percent in 1999. (We would separately retain the currently established requirement for the AFDC-UP recipients.)

These goals would serve as guidance to states as they plan to meet the obligations that regulations would impose on them and their recipients once such regulations are published and gain the force of law.

To ensure that these work requirements do not become unfunded mandates, states would be reminded that, under current law, they can draw down federal funding not only for

their JOBS programs but also, as they need it, for the administration of work programs for those who are not JOBS participants, and for child care expenses for all participants.

Focus on Performance

Proposal: Reallocate quality control (QC) resources toward employment-related goals, and recognize high performing States in a White House ceremony.

We do not have the authority under current law to institute a performance bonus for job placements. We can, however, take three important steps to focus on performance.

First, as noted above, we would urge that State Plans spell out participation goals. We would work with states on their plans to ensure reporting consistent with state flexibility. The Department would develop regulations that would make this proposal legally enforceable.

Second, we can reshape our Quality Control (QC) system to focus on performance. The current QC system is designed to assess payment accuracy and focuses exclusively on monitoring compliance with eligibility requirements. Substantial state and federal resources are devoted to carrying out extensive case reviews and assessing penalties against the states for overpayments. A Federal-State workgroup (our "QC Academy") last year recommended that we redirect some of these monitoring and auditing resources toward broader performance goals, such as employment and placements. As part of the executive action, HHS would modify the QC requirements so that the states and the federal government redirect resources to monitoring and improving performance.

Third, we could hold a White House ceremony in May or June to recognize the progress states have made in increasing work participation, and to give special recognition to those States with the best performance or the most improvement in 1995. ─

Recommendation

These executive actions, combined with our ongoing work to facilitate state-by-state reforms would make significant, additional progress toward national welfare reform even if the Congress fails to pass an acceptable bipartisan bill. Prior consultation with the Governors would help to ensure successful implementation of these actions.

Page 5

I recommend that you issue a Presidential Memorandum directing my Department to take the actions outlined above.



Donna E. Shalala

*through
gift*



American Embassy

Itäinen Puistotie 14A
00140 Helsinki, Finland

Fax Cover Sheet

DATE: March 11

TO: Nancy Henrich
Office of the President

FROM: Ambassador Derek Shearer

RE: Attached

Number of pages including cover sheet: 2

Nancy,

I'm Fed Ex'ing you the original of the attached letter, plus some gift items for the President from the Finnish Jazz Archives: 4 CD set History of Finnish Jazz, Finnish Jazz '95 CD, "Cool from the North," and a book, What About Jazz from Finland. Pls. pass to the Pres. after appropriate cataloging. He might enjoy them.

When you have a moment, please draft an acceptance letter to the Jazz Archive and mail 'co of my office. Thanks. - and thanks for passing on today's earlier letter.

Regards,
Derek

3/14/96
Send to Dorskind? ☒
Yes ☒
No ☐

Coordinate w/NSC
~~and Council~~

C.

SUOMEN JAZZ-ARKISTO

Pihlajatie 43 A
00270 Helsinki
90-4771252*Orig in mail with gifts.*

Helsinki, March 11th, 1996

Bill Clinton
President of the United States
The White House
Washington D.C.
USA

Dear President Clinton,

We write to you in the hope that you would be good enough to consent to become a life member of the Society of the Supporters of the Finnish Jazz Archives.

We are well aware of your keen interest in jazz and other popular music which you yourself practice playing the saxophone. This has been a source of inspiration to jazz-fans all over the world, not least here in Finland.

We are pleased to inform you that we have secured the membership of the Finnish President Martti Ahtisaari, who also is a keen fan of jazz and recently arranged at the presidential residence an nationally televised concert with the Count Basie (memorial) Orchestra and some top Finnish jazz musicians.

The largest Finnish daily, the Helsingin Sanomat, feted the event by publishing a cartoon of which a copy is enclosed.

We sincerely hope that you, Mr President, will be able to accept our invitation to become a life member of our society.

on behalf of

the Society of the Supporters of the
Finnish Jazz Archives

Yours sincerely,

Jukka Haavisto
archives manager

WALTON
2525 N AVE.
NATIONAL CITY, CA 91950
FAX 619/477-0321 PHONE 619/477-3311

96 MAR 14 48:55

through info see
Pete must
Spre

March 5, 1996

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

Dear President Clinton:

I deeply regret not visiting with you about the voucher component of the recent D.C. appropriations bill which, chiefly because of your opposition, has failed to pass the Senate.

As we both agree, no single element is as crucial to our nation's future as a well-educated population, which requires a responsive, highly motivated education industry. We will never achieve such responsiveness and motivation without some basic changes in the way the education industry is run.

We simply cannot afford to ignore consumer empowerment/choice--a mechanism which works so well in every other facet of our lives. What better way to achieve the two conditions every educator in America agrees are necessary for improved student outcomes: parental involvement and accountability?

The bill you helped defeat would have begun to catalyze true reform within our public system and, far from harming it, would have helped avoid its ultimate demise as a result of public outrage over an unresponsive, unaccountable system.

Education cannot be politicized. Parents must be empowered.

I am willing to commit very substantial resources to supporting legislation and candidates that promote parental choice and public school deregulation (i.e., strong charters).

I sincerely apologize for not contacting you sooner, but your opposition did surprise me.

Respectfully,

John T. Walton
John T. Walton

3/14/96
Send to Derskind to
do a BC sign?

Yes ☒

No ☐

ASAP

check substance
V/10003

EMON A. MAHONY, JR.
P. O. BOX 17004
FORT SMITH, AR 72917-7004
TEL: 501/783-3181, EXTENSION 2203
FAX: 501/784-2095

96 MAR 14 4:55

3/14/96

Send to Donskind?
Yes ☒
No ☐

March 6, 1996

The Honorable Bill Clinton
President of the United States
Attention: Ms. Nancy Hernreich
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Coordinate w/OMB?
Yes ☒
No ☐
C.

Dear Mr. President:

As you are aware, a major part of my responsibilities 25 years ago, when I was working for Senator McClellan, were Corps of Engineer projects. Because of that, the McClellan-Kerr Arkansas River project and its history have long been a part of my work experience. When you appointed me to the Arkansas Soil & Water Conservation Commission, it was my pleasure to find the matters I had worked on for Senator McClellan had me 90% informed on what was going on in the Arkansas world of water some 15 years later.

It is my understanding that there have been difficulties (as there always are) in convincing the OMB of the need to proceed rapidly with the Montgomery Point Lock and Dam project. It is my understanding that it is essential to include \$16 Million in your budget for FY '97 if the project is to be expeditiously completed and minimize the cost of the project.

As I am sure you are aware, the entire river system is subject to periodic shut-downs because of low water near the project. The McClellan-Kerr project (which is, so far, on schedule with regard to projected tonnage on the river) will fall behind if the river has to be shut down because of low water. Thus, it would fail to realize project benefits.

This project has been extremely beneficial, not only for all its intended purposes, but also because of the ability during low flow periods to provide irrigation water, which has prevented extreme crop loss on certain occasions. It has provided many environmental benefits, partially because its construction has helped expedite

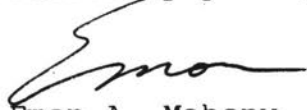
The Honorable Bill Clinton
March 6, 1996
Page 2

the cleaning of the river. The long and short of it is it has been more beneficial to fish and wildlife than the untouched river ever could have been.

Including this money in the budget would help secure its appropriation and prevent deterioration of a valuable national asset. The project is extremely important to both Arkansas and Oklahoma. If it were allowed to deteriorate further, I believe it will handicap our efforts in such related matters as the Arkansas-Oklahoma Arkansas River Compact Commission's environmental efforts to preserve, protect and enhance the water resources of both states.

We badly need your assistance.

Sincerely yours,



Emon A. Mahony, Jr.

EAMjr:lap

Enclosure (AOARCC Resolution No. 96-02)

P. S. The Arkansas-Oklahoma Arkansas River Compact Commission endorsed the expedition of work on this project on February 29, 1996. Enclosed is a copy of the Resolution.

**BEFORE THE
ARKANSAS-OKLAHOMA ARKANSAS RIVER COMPACT COMMISSION**

RESOLUTION NO. 96-02

***A RESOLUTION EXPRESSING SUPPORT FOR THE
FUNDING OF MONTGOMERY POINT LOCK AND DAM***

WHEREAS, the efficient functioning of the McClellan-Kerr Arkansas River Navigation System is intertwined with the goals and objectives of the Commission; and

WHEREAS, adequate funding of the Montgomery Point Lock and Dam, on a timely basis, is essential to the efficient functioning of the river system; and

WHEREAS, there appears to be a need for both Congressional and Executive Branch commitment to expeditious funding of the project.

NOW THEREFORE BE IT RESOLVED, BY THE ARKANSAS-OKLAHOMA ARKANSAS RIVER COMPACT COMMISSION, meeting in teleconference on the 29th day of February, 1996, that the Compact Commission encourages the President of the United States, through his Office of Management and Budget, to support further funding of the Montgomery Point Lock and Dam, on a timely basis, so that the financial and operational integrity of the system is preserved.

FURTHER, the Congressional delegations of the states of both Oklahoma and Arkansas are also encouraged to be fully supportive of timely, adequate appropriations for Montgomery Point Lock and Dam.

Emon A Mahony, Jr.
Federal Commissioner and Chairman



96 MAR 11 AM 8:59
Department of Political Science
Rochester, Michigan 48309-4401
(810) 370-2352

*Plus has not
seen -*

March 11, 1996

Mr. Andrew Friendly
The President's Aide
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

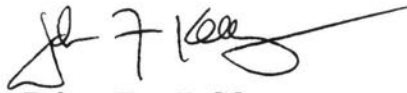
Dear Mr. Friendly:

I spoke with the President on March 4th in Detroit. It is imperative that he receive this letter immediately. The subject must be addressed before March 13th.

Thank you for your consideration.

Very truly yours,

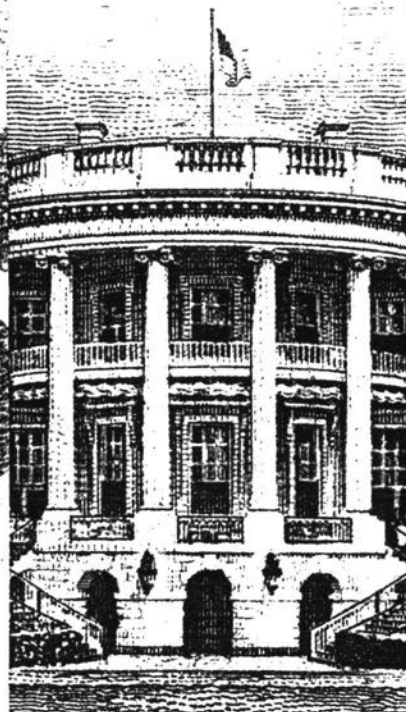
SOMMERS, SCHWARTZ, SILVER
& SCHWARTZ, P.C.


John F. Kelly

JFK/kb

3/14/96

Send to Derskind ?
Yes ☒
no ☐
Coordinate w/USC ?
NSC



THE MICHIGAN PRESIDENTIAL LUNCHEON

PROGRAM

Monday, March 4, 1996

PRESIDENTIAL LUNCHEON LEADERSHIP COUNCIL

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The Honorable Dennis Archer
Chairman Bernard Boushor
The Honorable John Dingell
David Hermelin

The Honorable Edward McNamara
Faylene and The Honorable Larry Owen
Frank Vallecorsa
Steven Yokich

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Sam Hart
Robert Liberatore

The Honorable Jim Sharp
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Mark Weiss

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Arnie Mikon
Sheldon Miller
Mayer Morganroth
North Macomb Democratic Club
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James Papas
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David Smydra
Sharon Snyder
The Honorable Woodrow Stanley
Jim Stapleton
Richard Stein
Ronald Thayer
Donald Tucker
Flora Walker
Marc Whitefield
Sam Yono



Department of Political Science

Rochester, Michigan 48309-4401
(810) 370-2352

March 11, 1996

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

Dear President Clinton:

You asked me to write you and I do so with great urgency since the consultations between all parties to the Irish peace talks are scheduled to be complete on March 13th.

First, I want to express to you again my thanks for your comments to me on issuing the visa to Sinn Fein's Gerry Adams. We discussed it briefly at the March 4th VIP reception in Detroit in the picture taking line. I hope you realize that Irish Americans know the peace negotiations have survived only because of the fortitude you displayed in keeping the issue a high priority at considerable political risk to yourself. History will reflect that you alone used Presidential capital to bring equality to the Irish side in negotiations with Britain over the future of the island.

I was present in Dublin at the Dail with the U.S. Congressional delegation for your speech last December and on the streets outside Trinity College. As one of your early supporters, and a lifelong student of the Irish question, please allow me to offer the following suggestions:

A new element should be injected into the consultation process through Ambassador Smith that could produce a second IRA cease fire. It should revolve around removing the Lilliputian strings that have constantly surfaced to stall the multi-lateral negotiations that must occur for production of a permanent solution. If it can be offered at this juncture of the consultations, it may contribute to a permanent formula for peace.

The major stumbling block to Sinn Feins support of the talks is the integrity of the British commitment to actually entertain an all-Ireland solution to the present division of the island. This is highlighted by the U.K. parliaments imposition of a "Loyalist

veto" on Irish reunification. The "veto" was imposed on the nationalist cause in retaliation for the Irish governments withdrawal from the British Commonwealth following World War II and it remains as a major irritant to the nationalist community. Under the Ireland Act of 1949, the British government guaranteed that northern Ireland would remain a part of the United Kingdom until its provincial parliament voted otherwise. The suspension of the Stormont parliament in 1972 converted the contingency of legislative assent into a requirement for a popular referendum in order to change the status of the six counties. Since it is unlikely that a Loyalist majority would vote itself out of union with the U.K., this procedural veto has been viewed from the Nationalist perspective as an intentional British escape hatch to avoid meaningful plenary negotiations.

Nationalists now perceive that the government of Prime Minister Major is further compounding the problem of the Loyalist veto with the precondition of May elections in Ulster. This new British precondition contains the unusual proposition that the U.K.'s negotiating responsibility on the future of northern Ireland be assigned to locally-elected delegates rather than Ministerial level diplomats. It is not illogical for Sinn Fein to believe that Loyalist delegates will be elected on a platform of maintaining the status quo, and protection by the Loyalist veto would allow them to be opposed to any form of compromise that would be required of all parties in a sincere dialogue. This seemingly intractable circumstance does present a unique opportunity, however, to reconfigure Prime Minister Major's proposal into a positive, strategic, electoral opportunity to advance the peace process.

The British government has declared that following close of consultations on March 13th, the U.K. government will propose legislation to authorize the May elections.

Only the President of the United States can suggest that the U.K. combine the legal purpose of the local elections for peace conference delegates with the referendum on the release of the six counties from the British constitutional union. If a majority of the electors in the six counties participate in the election of delegates their vote should legally empower the delegates to negotiate freely on the status of the province without having to go back to the U.K. parliament. The combined vote for delegates from all parties to the proposed intergovernmental peace conference should be counted as approving termination of the union if they equal 50.1%. The May elections would then be the equivalent of calling a constitutional convention and simultaneously construed as

the required Loyalist plebiscite on the status of the province. It should not rule out some newly proposed constitutional relationship with Britain, but, in the alternative it should also provide tacit approval for any new institutional framework that talks produced. Freed of this externally imposed veto limitation on their authority, the delegates so elected would be compelled to produce a complete agreement on all outstanding issues involving the two Irish communities.

Elector's votes would in effect have three values in the peace process emanating from one plural vote. First, for the referendum on severing the constitutional linkage with Britain. Second, for the scope of the negotiators' authority to fashion any form of institutional arrangement the delegates may wish to democratically produce. Third, to select the constitutional convention delegates themselves, who would actually participate in the talks on the future status of the six counties in relation to the rest of Ireland.

The Irish government must assume some risk as well. Concurrent to the elections in the six counties, the 26 counties should be encouraged to elect their own delegates to participate in the intergovernmental conference on the future status of the island. Their election also, should have the triple meaning assigned to the delegates from the north. These delegates too should be construed as constitutional convention delegates free to produce an all-Ireland solution. Approval of delegates by a majority of the people in the Irish Republic should likewise suspend their constitutional, territorial claim to all 32 counties of the island. This will produce an equally high-risk factor to all parties concerned to achieve the maximum consensus.

In effect, the result could produce an all-Ireland constitutional convention between the two communities. They would be able to engage in a discussion of options to include a new federal state, reunification, power-sharing, ratification of the status quo, repartition, or any other form of consensus settlement.

Delegates from both North and South could meet in a single convention setting with British and U.S. observers. As official observers, British concerns over civil liberties for Irish loyalists could be addressed as well as U.S. concerns over the shadow of British duress on conference participants. The result would be the first equalized discussion on the constitutional solution for justice in Ireland since the 1916 war for

President William J. Clinton
March 11, 1996
Page 4

for independence. All sides would share in equal risk and equal promise.

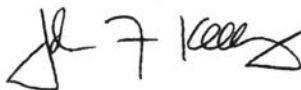
Extremists from both the nationalist and loyalist communities would take enormous risks in opposing such a proposal. If they boycott the elections they have no voice in the conference. If they participate, they have an irreversible hand in lifting the impediments to the all party talks and are left without an excuse for recrimination. The narrow slice of intercommunal peace advocates and electors would hold the balance of power in selecting delegates and all voices would be heard. Those who sit out the election would have no claim to challenge the process or advocate violence as an alternative.

I would very much appreciate the opportunity to explore this concept with your staff if you believe it represents a realistic option to overcome the Sinn Fein stumbling block on the negotiations process. As a U.S. Army Reserve officer with expertise on these matters, if I can be of assistance in the June 10th talks, I am requesting assignment to those efforts. I am enclosing my resume for your consideration if I can be of help to you.

Please advise me of anything else I can do to continue your great work. As 1996 progresses it is my hope that permanent peace in Ireland is one of the greatest accomplishments of your First Term. It goes without saying that it also would be a happy ending to the Irish quest for self-determination started over 80 years ago.

I remain committed to your Presidency and am prepared to do whatever is required.

Sincerely yours,



John F. Kelly

JFK/kb
enclosures

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 3-14

Evelyn
George
TO: John A.

Jack

FROM: Staff Secretary

Does this give
anyone any heartburn?

Ref

THE WHITE HOUSE

WASHINGTON
March 7, 1996

96 MAR 7, P2:51

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK *J*
FROM: ALAN P. SULLIVAN *Alan P. Sullivan*
DEPUTY ASSISTANT TO THE PRESIDENT AND
DIRECTOR, WHITE HOUSE MILITARY OFFICE
SUBJECT: General Officer Nomination

Forwarded for your approval and signature is a nomination containing the name of one Air National Guard officer for promotion to the grade of brigadier general in the Reserve of the Air Force.

This nomination is submitted by the Deputy Secretary of Defense after considering adverse information pertaining to the officer which has been provided by the Assistant Secretary of Defense (Force Management Policy) (Tab A). If you approve this nomination, the adverse information will be provided to the Senate Armed Services Committee.

This nomination is based on the results of a Federal Recognition Board staffed by the Secretary of the Air Force and was approved by the Deputy Secretary of Defense.

Recommendation

That you approve and sign the attached.

Attachment



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010



29 FEB 1996

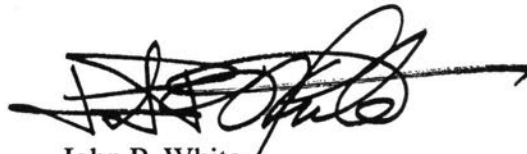
MEMORANDUM FOR THE PRESIDENT

SUBJECT: General Officer Nomination

On behalf of the Secretary of Defense, I recommend you nominate Colonel Christopher J. Luna, Air National Guard of the United States, for appointment to the grade of brigadier general in the Reserve of the Air Force. This nomination is based on the results of a Federal Recognition Board.

I have personally reviewed adverse information concerning Colonel Luna and will provide the information to the White House Military Office separately. Should you approve this nomination recommendation, I will provide the same information to the Senate Armed Services Committee.

This action will not cause the Air Force to exceed the number of officers authorized to be serving in the grade of brigadier general in the Reserve of the Air Force.



John P. White

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	F. Pang to Strom Thurmond [parital] (1 page)	02/00/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7695

FOLDER TITLE:

Chron Files March 10-16, 1996: Thursday, March 14, 1996

2019-0774-S

rs3312

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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



ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000



FORCE MANAGEMENT
POLICY

Honorable Strom Thurmond
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I am writing in reference to the nomination of Colonel Christopher J. Luna, Air National Guard of the United States, for appointment to the grade of brigadier general in the Reserve of the Air Force. The Deputy Secretary of Defense considered adverse information regarding Colonel Luna.

(b)(6)

We have carefully considered this information; it should not preclude favorable consideration of this nomination. This disclosure represents an isolated period in Colonel Luna's career. When considered in light of his past performance and future potential, proceeding with the nomination is clearly in the best interest of the Department of the Air Force and the Department of Defense.

The Department appreciates your assistance in facilitating the confirmation of pending nominations.

Sincerely,


F. Pang



THE WHITE HOUSE
WASHINGTON

March 14, 1996

Michael --

I know this isn't the most important message document of the year, but I still think it's worth a little work. Right now, our summary of the Clinton presidency for the first half of 1995 amounts to this: 1st, and foremost, Rego; 2d, foreign affairs (D-Day, visiting Russia and Ukraine, Haiti, the UN); 3rd Oklahoma City (with no mention of the counterterrorism bill); 4th, a balanced budget that reflects our values.

I think the emphasis here is out of whack. This forward ought to make the case for this presidency as compellingly as possible; that sure doesn't argue for a preeminent focus on Rego. I'd include Rego, but move it toward the bottom and put more emphasis on a balanced budget that protects our key priorities (environment, education, Medicare, Medicaid, no tax increase for working families, etc.).

Also, are there any other specific actions we took in this January-June period that could be usefully highlighted (e.g., on immigration, environment, whatever). Any significant executive actions? Any significant steps to open markets? It seems like pretty thin gruel right now. Has someone scrubbed the record?

Todd

cc:

Don
Vicki
Gene
George
Barry

rec'd 2/2/96
6:55 pm

PRESIDENT WILLIAM JEFFERSON CLINTON
FOREWORD TO THE PRESIDENTIAL PAPERS
VOLUME V - JANUARY - JUNE 1995

1995 was a year of challenge and change. The election of a new Republican Congress set the stage for a fundamental public debate over the role of government, the country's values, and the way we could move forward as one people. Throughout this debate, I remained firmly committed to this ideal: America is strong only when America is united, and when we leave no one behind.

As I made clear in my State of the Union address, we have an obligation to offer the American people a new kind of government for new times. Our New Covenant recognizes that there isn't a program for every problem, and that we can produce a government that works better and costs less. We launched a top-to-bottom overhaul of federal rules, in an effort to bring common sense to often complex regulation. We streamlined the regulatory process by abolishing 16,000 pages of regulations. We reformed environmental workplace safety and pharmaceutical regulation so that we trimmed red tape and business burdens, without hurting public safety and health. We eliminated the 10,000 page federal personnel manual.

As we celebrated the 50th anniversary of the end of World War II in Europe, we reaffirmed our commitment to America's global leadership as a force for peace and freedom, and rejected the siren song of isolationism. I visited Russia and the Ukraine, where I joined leaders of those two nations in pledging to work as partners for an undivided, democratic Europe. I also travelled to Haiti, where our troops helped clear the way for the transition from dictatorship to democracy. And at the 50th anniversary of the United Nations, we took stock of a half a century of achievement and pledged to adapt the U.N. for the challenges of the 21st century.

In April, our nation was shaken by the tragic terrorist bombing of the Alfred P. Murrah Federal Building in Oklahoma City. 169 Americans lost their lives. But moments of tragedy often bring out the best in people, as thousands of Americans turned their energy and prayers toward helping the people of Oklahoma endure and overcome their enormous loss.

Finally, In June, I introduced a balanced budget plan that reflected the values of the American people: opportunity, responsibility, the duty we owe one another, strong families, a strong America. This plan built on our success in reducing the deficit by nearly one half during the first three years of my administration. This reflected an attempt to reach out to the congress and find common ground on the budget. And it set the stage for a climatic debate: not whether to balance the budget, but how.

Clinton's cuts in weapons spending worry Pentagon and Republicans

By BRADLEY GRAHAM
The Washington Post

WASHINGTON — The pattern has become all too familiar to U.S. military leaders. Each year they see the administration planning to increase purchases for new weapons and equipment the following year, but then other pressing needs intrude and funds are siphoned from the procurement accounts.

It happened again last week, when the Clinton administration proposed its 1997 defense budget to Congress, recommending the lowest procurement spending in inflation-adjusted dollars since the start of the Korean War.

As in the past, administration officials are declaring next year will be different, that finally procurement will start a sustained climb to levels necessary to replace the military's aging fleets of ships, planes and armored vehicles.

But congressional Republicans recalled hearing the same assurances in previous years and indicated last week they were losing confidence in administration projections.

"Instead of turning the corner, we keep heading downhill," asserted Rep. C.W. Bill Young (R-Fla.), chairman of the House Appropriations subcommittee on national security.

"Why should we have confidence in this budget to fix this problem?" asked Sen. Strom Thurmond (R-S.C.), chairman of the Senate Armed Services Committee.

Top Pentagon officials profess to being as worried as others about the relatively low level of procurement spending, but they feel in a bind. If they are to finance a force large enough to engage in two regional wars nearly simultaneously, as U.S. policy requires, and if they are to fund training and maintenance to keep readiness high, they have had little choice, they say,

other than to shortchange procurement.

The Republicans also want to stick to the current two-war strategy and avoid reducing U.S. forces or compromising readiness. Their answer to the procurement dilemma is simply to raise the overall level of defense spending at the expense of other government programs.

But even the \$7 billion Congress added to the 1996 defense budget fell short of reversing the decline in procurement. And what concerns Pentagon

'We need to step back and take a look at the routine things we're doing that no longer make sense now that the Cold War is over.'

—Lawrence Korb,
Brookings Institution

leaders, looking at the GOP plan for achieving a balanced federal budget by 2002, is that Congress's largess for defense may be short-lived and end up exacerbating the procurement crunch later this decade.

That is because the Republicans' long-range plan shows a leveling off in defense spending by the turn of the century, while the administration's plan calls for a substantial boost then.

Actually, both the administration and Congress largely would spare defense spending from any deficit-reduction package — a fact that has prompted some defense experts to argue that both branches of government are pursuing ultimately unaffordable defense programs.

"We need to step back and take a look at the routine things we're doing that no longer make sense now that the Cold War is over," said Lawrence Korb, a senior fellow at the Brookings Institution. "Everyone is afraid it would send the wrong signals, but this is a time when we don't have a real threat to our national security and ought to be thinking more about where we're going."

For now, neither the administration nor Congress appears inclined to consider making further cuts in Army and Marine Corps divisions, Navy ships or Air Force wings.

Defense Secretary William Perry contends the decline in procurement can be turned around without changes in U.S. readiness, force structure or military strategy, provided savings begin to accrue from military-base closings and Pentagon acquisition reforms, and also provided the defense-spending levels called for in the administration's five-year plan are realized.

Yet even if the well-worn cycle of unrealized spending projections is broken, and future budgets do deliver the promised increases in procurement, the military chiefs have begun to acknowledge more will be needed.

In a memorandum to Perry last autumn endorsed by all the service chiefs, Gen. John Shalikashvili, chairman of the Joint Chiefs of Staff, urged that annual spending on purchases grow to \$60 billion by 1998, a roughly 50 percent jump over the next two years. Instead, the administration's latest budget plan would get to \$50 billion in 2001.

Republican lawmakers referred repeatedly to the chairman's memo last week in charging the administration with underfunding defense. But what Shalikashvili appeared to be doing by appealing for the \$60 billion was not so much taking issue with the administration as committing his uniformed brethren to a procurement goal.

Such a move could prove especially useful to Shalikashvili and his vice chairman in their nascent effort to exercise more central discipline over individual service budgets and force additional program cuts and new cooperative approaches that would free funds for modernization.

Urban leader pushes D.C. to strike a balanced budget

WASHINGTON (AP) — The head of the National League of Cities urged President Clinton and Congress yesterday to come to a balanced budget

budget and shift policy requirements to the states, municipalities and the private sector," said Lashutka, a Re-

3/14/96

Baci / Alano / RedAlanoRyt
This is good

Bz

B.C.
interesting speech

THE WHITE HOUSE

February 21, 1996

The Honorable Roy Romer
 Governor
 State of Colorado
 136 State Capitol
 Denver, Colorado 80203-2471

Dear Roy:

Thank you for sending me your eloquent and heartfelt
 State of the State address.

You asked for feedback on the end of the speech. I
 thought your image of a strong Masai warrior embracing the
 notion that life is good when the children are well was a
 powerful one. It conveys perfectly the message that our
 responsibilities lie with those who can defend themselves the
 least. I enjoyed the speech in its entirety and, as always, am
 grateful for your leadership and commitment to children.

With warm regards to you and Bea, I remain

Sincerely yours,

Hillary

Hillary Rodham Clinton

Thanks too for our conversation.
 I hope to continue talking with
 you at the next available chance.

STATE OF COLORADO

EXECUTIVE CHAMBERS

136 State Capitol
Denver, Colorado 80203-1792
Phone (303) 866-2471



Roy Romer
Governor

January 31, 1996

First Lady Hillary Rodham Clinton
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mrs. Clinton:

You will find enclosed a copy of my State of the State address as it was delivered on January 11.

I have set as a goal to make Colorado the best state in the nation to raise a child. You will find text of the speech outlining early childhood issues, concerns and programs on pages 2-8. We are especially excited about the new Bright Beginnings program which you will be hearing more about in the very near future. A portion of the speech, pages 9-13, also addresses public and higher education. I also would like to get your feedback on the images and symbols I used toward the close of my speech.

I am pleased to share this with you and to continue working toward a state and nation that place children as its highest priority. Best wishes to you.

Sincerely,

Roy Romer
Governor

Enclosure

STATE OF THE STATE
COLORADO GOVERNOR ROY ROMER
JANUARY 11, 1996

I'm really looking forward to this conversation.

And I want to bring greetings to all of you. Senator Norton, Speaker Berry, Senator Feeley, Representative Kerns, Mayor Webb, all of you.

I'd like to acknowledge the presence of my wife Bea a portion of my family. A lot of what I say today, comes from that experience.

I'd also like to remember Jeanne Faatz, this morning. I understand she's still in Chicago and has some serious injuries, and I think our hearts are with her.

Let me say, we have a lot to talk about.

Colorado is doing well.

Our economy is strong.

We live in one of the most beautiful places on earth.

And we are just blessed to live in Colorado, and we've worked hard to get where we are. We ought to be proud of what we've done together.

But I think we can do better. We cannot rest in our efforts to keep our economy strong.

We can't forget there are cracks in the foundation of this society that we need to try to heal. Not everyone has a seat at the table.

Now here's the central question, for me as Governor, for you as legislators, and for the citizens of Colorado: how can we take the good we have and reach for something higher?

Not all societies have that privilege; we do. And I think we can exercise that responsibility. How do we do it?

We've got to return to the basics.

Let me tell you a story. I called an old friend, John Murphy of Durango, a couple of months ago. We've been friends for 40 years; John was dying. I wanted to relate to him in a meaningful way, because I knew that this might be the last time we'd talked. And I wanted him to know that I was thinking of him and I wanted him to know how I was feeling. He interrupted me, because he knew what I was trying to do, and he said, "Roy, I feel good. I feel good about the life I've lived because I feel good about the way I raised my children. Not much else matters when you look back at life from that perspective."

Now, there are all kinds of ways that we could judge a society.

But I like John's way.

If we raise our children right, everything else will probably fit.

And so, as we look forward to our work together as we reach higher, I think we should commit ourselves – as a people in this community called Colorado – to make Colorado the very best place to raise a child.

Now, it's kind of a simple vision. It really is. But it will be the focus of my final term as Governor.

How can we make this the best place to raise a child?

Let's start by trying to look inside the mind of a typical Colorado family.

Parents – who are trying to do the best job they can, trying to raise their children, working one job, sometimes. Two, are going to ask these questions:

- is this job going to be here next year?
- can I afford housing and health insurance for my family?
- can I keep my family safe?
- will the values I try to instill in my children be overwhelmed by the peer relationships which they have, or by what they see on TV?
- can I find child care that I need, and can I afford it, and can I trust it, when I leave my child there?
- will my kids learn what they need to learn at school?

- can I take care of my parents when they're old and what about when I'm old?

How we – not just government, but as a people – address these anxieties, these needs, how we do it will define what kind of a place Colorado will become.

Now, I believe that we've got to focus ourselves – both as a community and as elected officials – on four challenges:

First, let's make the lives of young children our highest priority.

Second, let's make Colorado schools second to none.

Third let's be sure that we keep our economy the strongest in the nation.

And fourth let's keep our environment and natural beauty the envy of the world.

Now, if we do those four things, I think that we will keep faith with that vision of becoming the best place to raise a child.

I'd like to talk about each of these challenges.

Let me start with Early Childhood. I think our first challenge is to make the lives of our young children our highest priority.

Parents have always wanted the best for their children. But think about how much harder it is for parents today. Most of us grew up with a family nearby, where neighbors watched out for not just their children but our children. For many, that's no longer a reality.

There's a challenge of parenting, sometimes it's overwhelming. Those who need child care worry about the quality of that care. Every parent worries about being able to afford decent health care.

But let's start what are we doing.

Colorado has undertaken one of the most exciting and innovative strategies

to make this the best place for a child to be born and to grow up.

It's called Bright Beginnings.

It's a non-governmental program, it's volunteer, it's community-based. It's an effort to:

- support new parents;
- have universal access to health care for young children;
- to create "family-friendly" workplaces;
- have more effective support systems for teen parents; and
- to try to improve the quality of child care throughout Colorado.

Now, 55,000 babies are born each year in this state. They don't come with instruction books and they don't come with 1-800 numbers. Bright Beginnings therefore, is organized to provide what we call a "Warm Welcome." We want to get to the place where we can have a trained volunteer, non-government person, from the community visit everyone of those parents within 2 to 3 weeks of birth and show up and say 3 things:

- First, here's kind of a check list of what you may confront in the first year in the life of a child.
- Second, here is what's available in your community in your region to help you meet that check list; and
- Third, here's a mentorship, totally voluntary, that's available to you if you want it. So, that you can have somebody to consult with as you go through the first year of that baby's life.

Now Princess Di, in England, when she had her babies, she had such a visitor. That was very accepted in that culture. I think that is one of the steps that we can and we should make in beginning to help Colorado respond to the life of the early child.

Think about it: thousands of volunteers from churches, from service clubs, from the at-home moms, retirees, and others giving of themselves to care and nurture the youngest children among us.

We've already raised \$1 million in this effort. Brad Butler, the former chairman of the board of Procter & Gamble is Co-chairing it with us and Senator Tom Norton is also very supportive and is part of the leadership of this.

So this is a bipartisan government/non-government effort and it's one that I think has great promise.

Next, Child care.

In Colorado, most parents work. As a result, over 100,000 children spend 8-10 hours, five days a week, in child care.

And yet, they say most child care centers in Colorado are, at best average, sometimes mediocre, when you rate them in terms of safety, in terms of teacher training, in terms of equipment.

But the child care is too costly for many. Many parents take up to 23 percent of their incomes for child care. To help solve this problem I reached out to the business community and got some very, very good leadership and help here.

That business community has committed to work with us over a period of time, and they've made some suggestions already. They've suggested to me that we establish a voluntary child care check off on the state income tax returns to help improve child care facilities.

They have also recommended changing property tax assessments to allow child care facilities to be taxed at the residential rather than the commercial rates.

They suggested expanding opportunities for pre-school teachers to get training, and to apply quality standards to all child care programs that receive government support.

I'm also interested in their proposal to establish a refundable child care tax credit to provide financial support to working parents who need help in paying for child care.

These are good ideas and I would like to work with you on them and give them strong consideration.

Because it is critical to have more businesses involved in solving the child care crisis, this spring I'm going to ask business leaders to join me in a series of summits across the state to explore how the private sector can

better respond to the child care needs across the board.

Preschool.

In my first term, with your help, we established the Colorado Preschool Program. You know that we now are up to 8,500 children. And I would urge you to continue to support that program. And I also support opening it to three-year-olds as local need dictates.

The issue of fatherhood is a controversial subject; we've got to face it head on. An alarming number of children are growing up without fathers – 40 percent in Denver. Now being a parent is tough, but being a single parent is even tougher. Many do an outstanding job at that, but it's still tough.

Records show that kids without fathers are more likely to live in poverty, to commit violent crimes, to become teen parents at too early of an age and to leave their own children.

I convened a Task Force on Responsible Fatherhood that will make some recommendations that I hope you will consider along with me. Already, they've suggested that we revamp the cumbersome public assistance programs which has fathers paying the state to support their kids.

And they've proposed we re-think our approach to public programs, to the court system and to community resources to make sure that we are holding fathers responsible for their children, and not chasing them away.

Another thing that worries parents is the cost of health insurance for their own children.

Right now in Colorado 150,000 of our children don't have access to health care because their parents can't afford it through health insurance. Almost all of those children -- 87 percent -- have at least one parent who is employed.

Now think about that.

These are people who are employed and they do not have adequate coverage.

In a state that enjoys our level of prosperity, that's not right. That's just not right.

I understand that there is a lot of disagreement in this country about how to solve the health care problem. I'm not here to argue about that.

But can't we at least agree that in Colorado we have a collective moral obligation to hold our children harmless, and to provide each and every one of them with basic health care in the early years?

Can't we at least agree on that?

In the budget that I submitted to you, I have set aside \$14 million to begin to deal with this issue – an amount that we certainly can afford this year. It's not going to be enough but it's a start. I think we can be creative in how we use this money to reach the maximum number of children. We can build upon existing programs – like the Colorado Child Health Plan – or we can encourage innovative ideas to spring up in communities.

Representative Ben Clark is sponsoring legislation, I'm sure with others in the room, that supports a tax credit that builds on the insurance infrastructure already in place and gives incentives to businesses to be a part of the solution. I'm open to ideas and I'm sure that together we can solve this problem.

So, let's commit to one another today that, by the time this legislature adjourns 119 days from now, we will have put ourselves clearly on a path to provide health care to every child in Colorado.

Let me speak about it personally. I had some of our grandchildren in our home. You've been there, it's got marble floors. One of them the day before Christmas, running, 18 months old, bang, right on his head. Had a lump the size of my fist. I and the two parents rushed over to the emergency room of Children's Hospital, and the child was fine. We cared for the child, he got great medical care. His name is John Rockefeller Romer: No, no, not Rockefeller, (now that will make the news), John Firestone Romer. Once you get out of the country all those names sound the same to me.

But let me tell how I felt that morning.

I knew where that hospital was, I knew how to get there, I had a car. And I was trying to think of everybody else in the country the day before Christmas, who might not have the same knowledge.

You know, I have trouble eating, when I'm sitting next to a hungry person. I honestly do. And I think all of us need to think hard about this issue, of how can we, in a society as prosperous as ours, find a way to get some of the minimal elements of how you live the good life. And part of that is healthcare, that is available to all children. 150,000 in this state, do not have coverage. I think we can get that job done together.

If we are going to make Colorado the best place to raise a child, our first challenge is to make young children our highest priority.

Our next challenge is to make the schools that these kids attend second to none. Second to none in the world.

Every school day more than 650,000 kids go off to school. Many spend more time in school than they do with their parents.

But the parents are asking:

- Are my kids going to be safe when they get there?
- Are the values I am trying to teach them going to be reinforced, or undermined?
- Are they learning what they need to know to get a good job and be good citizens? Are they being challenged to be all that they can be?
- They are going to ask, what aren't they doing that we should be doing?
- Why aren't they bringing home more homework?

We've been on this issue a long time and we know there is no quick fix. All of you know that.

We're making progress, but we're not there yet.

Fundamentally, what matters most is improving student performance. We were right three years ago when we directed public schools to set high standards for student learning and to make sure students meet those standards. Your leadership was crucial on that struggle and it still is.

We now have model standards in place at the state level. Communities are setting their own standards, and we'll have the first measurement of our progress next year.

Now, Colorado's standards quite frankly are a model for the nation.

This morning, I was on a conference call with 5 other governors, Lou Gerstner and six other executives. (Lou Gerstner is the head of IBM), meeting in Chicago. Let me tell you what it's about. We are going to have a summit on Educational Standards and Assessments in March sponsored by executives and by governors. And we are trying to take the next step because this is crucial. If we are truly going to have good schools, we've got to set clearly what it is we expect a youngster to know and be able to do.

Then we've got to have clear measurement. That's just the start.

The next thing is we've got to tell parents: This is what your youngsters should know and be able to do in math in the fourth grade, and this is where he is. And if that youngster is on a failing course, we've got to blow the whistle for that youngster, for those parents and for that school. But then we've got to take further steps. We've got to give that youngster more time on task. We should not pass them from the fourth grade to the fifth grade if they haven't accomplished what they should do in the fourth grade. You know, let me tell you, I've said this before, it's kind of like an educational cat scan. You say this is where that youngster is. If he is failing, we've got to stop right there and do something because otherwise it accumulates throughout life.

Now, what do we do? We need to improve the amount of time the kids spend in school and on task. That's why in the budget I gave you on school finance I recommend that you put one percent for inflation - 22 million dollars.

I recommend you put another 22 million dollars out there, but make it available only if the school pledges to expand the amount of time kids spend learning.

You see it's only fair. It doesn't make sense to set high standards and do accurate assessment and then don't give the kid a chance to learn.

It's just not fair. So you've got to do this; the schools have got to do this.

Beyond that, we've got to have teachers that are better trained to do the job. I'm therefore suggesting that \$10 million of that increased money for public schools be absolutely set aside for improved instruction. I think teachers and schools will welcome that. But I think that we have a leg up on most people in the nation, and it's our responsibility to keep going down that course.

Now let me also speak about Charter Schools.

I think we need more innovation and more choices in schools; different students learn in different ways. One of the most promising efforts in this area has been charter schools – schools that teachers and parents can organize and run. And we should continue to support and expand charter schools, and a commission has been studying this and has examined some ideas and will share them for improvement and I think we ought to follow those recommendations.

We also need to do a better job of using technology as a tool of learning. I think it's amazing how many of us, particularly over Christmas, have our grandchildren coming to us showing us how to run the computer. It is absolutely unbelievable how fast this world is going to change in terms of the way we handle information. We need to get all our youngsters familiar with that information revolution. Familiar with the hardware and the software. But what a wonderful tool to learn.

Well folks we can't do it unless we think a lot more clearly than we have to date on how we do it.

I'm going to come back on technology when I speak about the economy.

But simply put, we need to get the right pipes going to the right place, you know the conduits for high data transmission. Then we need to find a way to share that cost. There's no sense of going in alone; a higher educational institution doing it this way, a public school this way, a hospital this way, the police and sheriff doing it this way and the private sector doing it another way. We ought to get together and get a plan. We ought to get a very firm plan in Colorado as to how we are going to put in the hardware and the piping. Then we ought to get standards so that each

system can talk to the other. Then we ought to make some collective purchasing. Collective purchasing, dealing with the private sector so that we can get this job done.

Many of you are dealing with this subject.

I've asked Andre Pettigrew, the head of Dept. Of Administration, to put this as one of his highest priorities.

And I'll tell you as governor, I am not going to approve one item going singular. I'm just going to put a stop to all the kinds of investments we make in this business until we can do it in a coordinated, efficient, cost effective fashion.

But the same way I'm going to say let's get with it, there is a possibility that we can use technology to improve learning.

But also just remember it's not a miracle cure. It's only a tool, it only follows what we ought to previously define is about what they should learn and how the learning takes effect.

Kids can't learn in a disruptive environment. Together, we've taken steps to bring discipline back to our classrooms.

Before that, we all know that no matter how well we educate our kids, their future will never be what it should be unless they are safe in their neighborhoods.

Over the past few years, we have worked together on the fight against crime. We've banned guns in the hands of kids.

We've strengthened our criminal laws.

In this session, we should maintain our funding for the youth crime prevention initiative. We also are revising the children's code. I support many of the proposed changes.

But I want to be very clear right up front: I will not support ending compulsory education. I'll veto it.

And, I challenge you – as I have before – to create alternative schools for expelled students. We can't throw away kids. I think we've got to be very disciplined. You've got to say, "if your not going to contribute to the learning atmosphere in this room - you're out of here." But we are smart enough to know just to say "you're out of here" is going to cost us thousands if not millions of dollars for that child unless we give them another way. We've got an obligation, both for the child and to the community to get another way.

We need to focus upon the critical transition between school and getting a job. And I want to compliment the Lt. Governor, Gail Schoettler, for the leadership that she's been giving to us in this area.

School-to-work is a community partnership of businesses, schools and community organizations coming together to fundamentally change the way we educate our children. It links a strong curriculum, based on rigorous standards, with career knowledge and experience.

Representative Foster, I remember visiting a plant in your community. It had three initials I can't remember the name of it, but it was a wonderful illustration of a youngster, a high school youngster, operating a very complicated lathe. And this youngster had not just learned to operate the lathe, he'd learned how to set the computer program for it. As I talked with him he said "Governor I want to, after I get this job under my belt, go for engineering". Absolutely a wonderful example in your community of what School-to-Work can do. We need to do more of that.

All right, I've been speaking about early childhood, about public education, let me turn to higher education.

If this is to be the best place to raise a child, then, in addition to reforming our public schools, we also must improve higher education in the state.

Post-secondary education has become a necessity for many. Our system must continue to be of high quality and focused upon the needs of the workplace. But it's also got to be affordable and assessable.

Now, I support legislation, and I believe it will be authored by Senator Meiklejohn and others, that will hold our higher educational institutions accountable for quality in both teaching and research. This legislation

insures that our investment in higher education is as effective as possible and it provides students and parents information they need to make better decisions about selecting an institution that fits for them.

I'd also like to speak about technology and higher education.

We need to take advantage of the opportunities that are presented by new technological forms. I'm excited about what can be done here. For students to get training and credentials now they have to attend a place called college or university. And they need to be accredited by that. I believe we are going to come to a way in which we can offer education beyond high school and we would call it a virtual university.

I am working with Mike Leavitt of Utah and some other Governors on this point. Let me describe it. Many companies now have within their corporate structure extensive training and they will give a certificate of mastery to their employees. You can see in the future where people will be learning -- from distant learning, CD-ROM and many other ways. But if they are reading, to get acknowledgment of what they know, they need some kind of examination and accreditation. We can develop that. So that whether or not you're out there studying with distant learning, CD-ROM, or what ever, you can come to a place and say, "I want to have you verify my knowledge and I want you to accredit my knowledge." That will be a way in which we can not only make education more assessible but at lower costs.

Now, let me tell you one other kicker that comes from that. When we began to be able to verify what is the value added -- what you've began with and what you've got now and get certified -- then we go to the college and university community and say "Can you apply this to your group?" It will be a very interesting way for us to measure quality and we need that.

There is some exciting things out there for us and the use of technology.

I'd like to turn to the economy.

If this is going to be the best place to raise a child in Colorado, we need to nurture an economy to provide best jobs and the best wages we can find.

It's simple. You can't raise a child without a job.

Now, let's talk now about this challenge – How can we keep our economy strong?

Right now it's probably one of the healthiest ones in the nation.

We have 3.8 percent unemployment. More Coloradans have jobs – 2 million of us – than at any time in our history.

But in the new world economy in which we compete, we can't be complacent. We've got to change as times change. We've got to maintain that economic advantage.

That's why we're restructuring our economic development programs to make them more efficient. We've got a wonderful new person heading it: John Dill.

That's why we are targeting businesses to provide high quality jobs, such as telecommunications, environmental restoration -- jobs that pay good wages.

That's why we are reforming the way government deals with businesses. I want to really compliment the Health Department for the way in which they have reached out to businesses and said "We are going to have a user friendly Health Department, but we are still going to do our jobs."

And that is why we need to re-examine the enterprise zone program this year. It's helped us in the past; it's clearly gotten out of bounds. It needs substantial reform. And if you can't reform it, you probably ought to get rid of it. And I challenge you to do that this session.

Now, these measures will provide a climate for continued success. But we need to do more. We need to make sure that our infrastructure improves and improves people's lives and keeps pace with our economy.

People are stuck in traffic. Too many of our roads are in bad shape -- and there are not enough transportation alternatives for people who want them.

Now, at a minimum, we need to allocate an additional \$100 million from our general fund reserves in each of the next five years, to help fund highways and other transportation projects.

But even this is not going to be enough. Local communities around the state have identified needs that far outpace our current funding capacity.

And for that reason, I've appointed a Blue Ribbon Transportation Panel of community leaders statewide group to assess transportation and funding alternatives. Now, the specific recommendations will be available to us in February.

And we need to find a way to meet these needs together. But whatever we do in this process should not take away from our other priorities. That's why I will oppose any effort to reinstate the Noble bill. I'll veto it.

Now, let me tell you why. It's very important you know where I am on this as you begin this session. We have good times right now for this general fund. I can't tell what our times are going to be four years from now and I can't tell you fully what the federal government is going to do.

But I don't want to take money away from educating kids to fill potholes.

I'm quite willing to work with you. Annually, you may want to look at your budget and say "OK we will move some money over to highways." But I'm not going to erode that tax base permanently. It's the wrong thing to do. We have had historically a division here and I think you ought to keep it. I think our highest priority is to maintain our capacity to make this place the best place to raise a child and that means to sustain that general fund's ability to support education.

We also need to focus on air and rail transport systems.

And infrastructure obviously, is not just highways and rail and air. I said it's telecommunications, and I spoke about that earlier. I think that as we work that out together we will find a truly creative way to make the new infrastructure of telecommunications a useful tool.

The fourth challenge: growth and the environment.

The growth we have experienced in recent years has us nearly busting at the seams in many areas, and Coloradans are genuinely concerned about whether we are going to be able to preserve our open spaces, keep our air clean, protect

our wildlife, and preserve the uniqueness of our different communities and our different regions.

From our farms to our mountains, to our rivers, to our valleys, this is truly one of the most beautiful places on earth. We have, in my judgment, a sacred obligation – to ourselves, to our children and to future generations not to lose that beauty.

Last year at this time, we started the Smart Growth and Development initiative to go to Colorado's communities to identify specific and effective ways to make growth work for us, not against us. We have focused on an agenda that has been driven by citizens from the bottom up, not the top down – from the community level and not the state level.

Thousands of Coloradans have participated in this process to better their communities. We need to keep faith with those citizens, and we need to take their recommendations seriously, and we need to act on them this session.

The recommendations cover dozens of important issues from economic development to education to transportation to agriculture to the environment and provide a road map of how we maintain our high quality of life in Colorado.

I've already discussed many of these issues but I'd like to highlight two recommendations.

First, we need to give counties better tools to address land use issues. Now I've listened very carefully to your comments and when you say this is a matter we should leave to local government and local communities. I agree with you. I just want to give local governments and local communities the tools they have to have to deal with it on a local level. So if we are serious about giving them great ability to grow smart we need to challenge the so called 35- acre rule, which restricts a local community's ability to manage its own growth effectively. Now I believe, through this Smart Growth process, citizens have developed a balanced set of suggestions, and I urge you to act on them. We've worked very hard to try to get all perspectives in on this solution.

Second, we need to reform the structure and mission of the Land Board so that it responds to a broader set of community values. The Land Board manages 3 million acres of state land. Because of the narrow constitutional mandate to

manage these lands for maximum revenue, the Land Board's actions too often conflict with local plans and local priorities. Now, allowing the Land Board more flexibility will require a change to the state Constitution, and I ask you to act to refer that measure to voters.

Now there are some other challenges in the environment. We have made great progress in cleaning up the air. Twenty years ago, for instance, the metro area violated the federal standard for carbon monoxide over a 100 times a year. Now, it's only one or two times a year, and the trend continues downward. This year, for the first time since federal air quality standards were set, we will be in compliance with the standard for ozone.

What we have done has worked, and we cannot afford to reverse course. We must demand that the programs work effectively and efficiently. But it is not too much to ask metro area drivers to have their cars inspected once every two years to make sure they don't pollute our air.

And we need to continue to broadly support locally driven efforts to clean up the Brown Cloud in Denver – not because the federal government tells us to do it, but because it's the right thing to do.

Now, I'm very excited about the partnerships – with the help of Great Outdoors Colorado – that are being creative to preserve open space. I particularly would mention the Yampa Valley, we have some wonderful possibilities of working together to preserve those values.

Now, I said we should make Colorado the best place to raise a child. And I was talking about our four key challenges. Let me review them.

First, make the lives of our young children our highest priority.

Second, build the very best education system in the nation.

Third, keep our economy the strongest in the nation.

And fourth, keep our environment and natural beauty the envy of the world.

Now, I think we know how to do this. We have worked on this agenda before, we've worked on it together and we need to continue that work.

But there is another challenge that I've got to mention; and that's the challenge of our relationship to the federal government.

The budget debate is critical to Colorado and our nation's future. I believe in a balanced budget. I believe in a balanced budget in seven years. But what changes the federal government make are crucial for Colorado.

We don't yet know the final result of this budget debate, particularly in the areas of Medicaid and welfare reform.

But it is likely we will be handed more responsibilities and fewer resources.

We will have to decide what, as a state government, we can pay for, and what will have to be taken care of by individuals and by communities.

We shouldn't kid ourselves. It won't be easy. And, it isn't going to be done quickly.

Now, I can't predict what is going to happen in Washington or when it will happen. But we should continue the welfare reforms that we began two years ago; they are working. We should expand them state wide. We are on the right course here and we did it together in a bipartisan way. I just want to say we should continue to do that.

Secondly, we should continue to work toward efficiencies in Medicaid, to an extension of managed care. And I will be working with you also on that.

Let me put this on the table. Any decisions on reappropriations of federal funds for Medicaid and welfare ought to be done jointly by the executive and legislative branches. I think you've all had that question on your minds. I as a governor, believe that the issue of how you allocate welfare and Medicaid funds is one that a legislative body and a governor ought to both have responsibilities for. And I think that may have been a doubt in your minds let me clear that up.

But let me say we, I can give you some I think some information that will be helpful. We started this with the federal government talking about a cut of \$182 billion; in Medicaid. As of three days ago the proposal put on the table by the majority in Congress on Medicaid was a cut of \$85 billion. Now think a moment about that. We initially were faced with a bill that passed Congress that cut Medicaid \$182 billion; now we have a proposal on the table that says \$85 billion. That is real progress. I was looking for a letter, I don't have with me that I wrote in August of this year to my fellow governors. And the essence of that letter was the first thing we've got to do on Medicaid is reduce that cut.

It's paralysis, it's wrong. They have not done that. so whatever your projection was for what you've got to is reduced by half.

Now secondly, there's still a lot more decisions to be made. I will predict to you that you will have a great deal of more flexibility.

I want to begin to conclude.

And as you know, that's an honest statement, when I say begin to conclude.

I want to tell you a story. I've been working the last few weeks with three Republican governors and two Democratic governors on one of the toughest issues -- Medicaid.

We met last Friday and made substantial progress. Not total; don't know if it will hold together; but we made substantial progress.

The governors in the room were Engler from Michigan, Thompson from Wisconsin, Leavitt from Utah, Wilson from California was on the phone, myself, Chiles from Florida and Miller from Nevada. Now the key to our progress that we made last Friday was that we trusted each other. We had very honest differences, but we were trying to stand in the other persons' shoes, in the other states' shoes, trying to find common ground.

Let me just say from Colorado's point of view, we're a state that's going to grow. We have a whole different cut on how you put that formula together in a state like New York or Michigan whose population may not grow.

I was there trying to represent Colorado's interest and the nation's interest and the interest of people who are served by that program.

But back to this: we were trying to stand in each others' shoes trying to find common ground. And by common ground I don't mean just coming half way between two opposite positions. I mean continuing to push our minds so that we can discover a true common purpose, a win for both sides.

And more important, a win for those that depended upon us to solve the problem.

Now there is a lesson in this, as we do our work in Colorado, whether as executives side or as legislators, whether as Republican, or as Democrats, whether it's rural or urban, we need to understand that there is a community of interest, a common good that we all need to reach for, to try to find.

We have to decide what is most important to us – our ideology, or the community of which we are a part.

If our *ideology* is the most important to each of us, then chances are we won't trust one another enough to solve our problems and we'll end up destroying our community.

But if our *community* is most important to each of us, then we will find a way to work together and to trust each other enough to solve our problems.

Our ideology will guide us, *guide us*, but it will not control us. In the end, it's our community – our finding a way to live together – that must come first.

This is what our job is in this assembly. This is what we mean when we talk about restoring trust in our institutions, civility to our public discussion.

Part of this is to honor the diversity of people – the diversity of their lives, their heritage, their cultures.

We need to get away from the narrow public debate about who “real Americans” are, and focus instead on a debate about what America's real problems are.

We ought not focus on what separates us, but on what unites us.

And what ought to unite us is making this the best place to raise a child. Now we have a role to play as legislators, as governor, as citizens. But in this, business of raising children we all have another role to play. And that's the personal role model that children use us for.

All of us have gone through this where that child is looking at us and is learning about what it is to be adult. I want to close with a couple of comments on this area. Let me read you a song - it's a 60's and early 70's song by Harry Chapin, “Cats and the Cradle”. Bear with me.

A child arrived just the other day,
He came to the world in the usual way.

But there were planes to catch and bills to pay,
He learned to walk while I was away,

And he was talking before I knew it, and as he grew, he'd say,
"I'm gonna be like you dad, you know I'm gonna be like you,

My son turned 10 just the other day,
He said, "Thanks for the ball dad, come on let's play."
"Can you teach me to throw?"

I said, "I not today, I got a lot to do."
He said, "That's okay."

He walked but his smile never dimmed and said,
"You know I'm gonna grow up just like him."

Well he came from college just the other day,
So much like a man I just had to say,
"Son, I'm proud of you, can you sit for awhile?"

He shook his head and he said with a smile,
"What I'd really like dad is to borrow the car keys,
see ya later, can I have them please?" I've long since retired, my sons
moved away,
I called him up just the other day and I said,
"I'd like to see you if you don't mind."

He said, "I'd love to dad if I could find the time."
"You see the new job's a hassle and the kids with the flu,
and it's sure nice talkin' to you dad, it's been sure nice talkin' to you."

And as I hung up the phone it occurred to me,
He's grown up just like me, my boy was just like me.

Why do I share that? I think all of us have this experience of role models. I
want to share a little bit with you. I had a role model. It was my own father.
He paid a lot of attention to me, but it was in a interesting way. I was born in

1928. When I was 6 years of age, he began to keep a journal with me about what I earned and what I spent. I want to give you four short items from that journal, so that you can get the role model that I had and what was the message.

Now let me read it to you:

January 17th. There's a column, plus and minus, in and out. For 38 A's in your reading book, five cents. OK. Let's look at the next entry. This is January 4, 1935. "Singing well at the Church program, 25 cents." Now, there was a judgment there.

But then there's this entry: December 5, 1935, you see my father was my banker, and he kept a count, and what I had I got interest on. And he religiously for a year, added up what the interest was at the end of the year. Entry, December 5, 1935. "Interest paid to date, 26 cents; less amount spent for Christmas shopping, 40 cents, deficit in Christmas shopping over interest, 14 cents," subtracted from the column.

That was my first confrontation with a Republican philosophy of life.

One last note. This is October 1, 1938, for things I did not do minus 25 cents.

Now, I only share this with you because it was another illustration of what mentoring is and the importance of a role model.

As I try to understand the world of children, when I enter a room, I often get down on the floor and try to see the world as they see it.

Recently, I've tried to imagine what I do with an eight year old by my side, observing not only what are the decisions that I make in public life, but also the way in which I conduct my private life.

Let us, let me throw out a challenge to you, as we go through this legislative session: every once in a while let's imagine that eight year old standing at our side asking us these questions.

- What kind of world are you creating for me?
- Is it a world in which I'm going to be able to learn all that I should learn?
- Is it a world in which I'm going to be healthy?

- Is it a world in which I don't have to eat next to somebody who is hungry?
- Is it a world in which I'm going to have safe streets?
- But particularly is it a world in which the values, the way in which you treat other people, are things that I respect?

You know I never told John Murphy this story, but I think he would have liked it.

Among the most accomplished and fabled tribes of Africa are the Masai. They are considered to have warriors more fearsome and more intelligent than all others. And it's still the tradition, among the Masai, even those with no children of their own, that when they greet each other, they say "and how are the children?"

The traditional answer is "all the children are well."

It means that life is good. That our daily struggles do not preclude us from placing our highest value on children.

Now that is our standard.

This is how our work will be judged.

If our children are not well, then what could possibly be right?

If the children are well, then what possibly could be wrong?

Fifty years from now, if the answer in Colorado "all the children are well," then we will have done our work.

Thank you very much.

SAM NUNN
GEORGIA



United States Senate
WASHINGTON, D. C. 20510

February 26, 1996

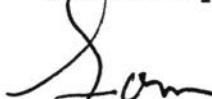
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Starting with a meeting last summer of the Aspen Strategy Group that was devoted to the subject, I have been giving a lot of thought to the relationship between the United States and China.

I am attaching a copy of a floor speech that I gave last Friday on U.S.-China relations and the Taiwan issue. I hope that it will be of some use to you. I intend to give a second speech in the near future on other U.S.-China issues, including arms proliferation, trade disputes, and human rights.

Sincerely,


Sam Nunn

Attachment

00/leon/tony/sam

This is very
thoughtful with
reading

BC
THE PRESIDENT HAS SEEN

3/14/96

Floor Speech of Senator Sam Nunn (D-GA)

Re: U.S./China Relations

February 23, 1996

Mr. President, I rise today to talk about the relationship between the United States and China.

Last summer the Aspen Strategy Group - co-chaired by Ken Dam and myself - under Director Michael Armacost and Associate Director Bruce Berkowitz met in Aspen, Colorado for four days. We had an intensive and productive discussion with a number of China experts participating, including Michel Oksenberg, Chas. Freeman and Stapleton Roy. The views of all three of these American China experts and my subsequent discussions with Michel Oksenberg, Chas. Freeman and others have been very helpful in my own analysis of United States - China relations.

I also made a recent trip to Asia that included a stimulating and informative forum in Malaysia sponsored by the Asia Policy Group under the leadership of Doug Paal and hosted by the Deputy Prime Minister of Malaysia, Anwar Ibrahim. During this conference - attended by Senator Kit Bond, Senator Bill Cohen and myself from the Congress - we had broad and stimulating discussions with government and business leaders from the ASEAN countries and the entire Pacific region.

I have greatly benefitted from these meetings and discussions with Deputy Prime Minister Anwar Ibrahim, the other leaders from throughout the region and with Doug Paal. During my trip to Asia, I joined Senator Dianne Feinstein and Senator John Glenn in China for a series of meetings with the top Chinese leadership.

Mr. President, the growing importance of China in world affairs demands a purposeful, coherent and consistent American policy toward China. History is littered with the uninformed and ineffective responses of an established power towards a rising power. Often the rising power suffered from its own ambitions seeking to accelerate its rise through military means. In modern history, we need only recall the pre-World War II rise of Germany and Japan and the former Soviet Union and the opportunities and mistakes our country and the free world made in coping with their rise.

History should teach us that established powers must provide consistent and credible signals about their expectations and set forth reasonable terms on which they are willing to incorporate the rising power into the international system.

We are now watching the rise of China - a development of at least equal historical significance and implication as the rise

of Russia, Germany, and Japan. This is occurring with the important background of the rapid industrialization of Asia. Within 25 to 50 years, the lives of 3.5 billion people who live in the arc from Korea to India to Pakistan are being transformed. This development is as significant for humanity and for the citizens of our country as the Renaissance or the Industrial Revolution which transformed our people into the most productive, wealthy and free people on earth. At the center of Asia's rise is China, a nuclear power with the largest military forces, in terms of manpower, in the world, and a permanent member of the United Nations Security Council. China is a nation with 1.2 billion people, an economy growing at nearly 10 percent a year over the last decade, and as we too often forget - a distinctive civilization of great antiquity.

China is in the midst of four major transitions:

- (1) From a planned economy to a state guided market economy.
- (2) From rule by the long march revolutionaries who established the communist regime to a rule by bureaucrats, technocrats, and military professionals.
- (3) From a rural and agricultural society to an urban, industrial society.
- (4) From a largely self-sufficient, largely isolated economy to one that is moving into the international economy and increasingly dependent upon it.

Each of these alone is an enormous transformation. These transitions are occurring at varying speeds and with a scope unprecedented in history.

The process and outcome of China's transformations are unknown. Much about the Chinese future is unknown. What will the nature of the political system be a decade or a generation hence? Will the succession to Deng Xiaoping continue to be an orderly one? Will there be wide-spread social disorder? What about China's military? What will be its force structure a decade hence? How is its military doctrine likely to evolve as it acquires new weaponry? What are and will be China's foreign policy proclivities? Will the communist party remain in power? What are the chances for democratization in China? Can the Central Government remain in control or will China fragment or break apart, as we saw with the former Soviet Union? What would happen to its nuclear arsenal under such a situation? There is no consensus on the answers to these questions among the experts, either in or outside the government.

The uncertainty about the Chinese future has several important implications. In light of China's growing importance, it is imperative that our country make a maximum effort to understand it. This entails ensuring that our government has

sufficient means to collect and analyze information about China, including extensive contact with Chinese leaders and bureaucrats at the national and provincial levels. Mr. President, our nation must prepare itself intellectually for China's more extensive involvement in world affairs.

It is difficult to conceive of the international community effectively addressing a number of pressing issues such as the proliferation of weapons of mass destruction and their means of delivery, international terrorism, narco-trafficking, environmental challenges, and the regulation of trade, without China's participation.

Because of the profound Chinese transition, American engagement is essential. We are not likely to significantly affect events over the short run, but -- by engaging in dialogue about our mutual interests and our grievances; by speaking in clear terms in this dialogue; by participating in China's development; by greater military transparency between our countries; by helping to educate China's next generation of intellectuals; by assisting it in alleviating some of its economic and institutional problems -- its evolution is more likely to be in directions favorable to peace and stability and to American interests.

China's transition is likely to be protracted. The experts do agree on one point: uncertainty is a permanent quality of modern China. Even were China to embark upon a process of democratization, the development would be a lengthy one. History shows it takes a long time to create a legal system, guarantees for private property, a parliamentary system, a vigorous and free press, and the political culture that can sustain a pluralistic and tolerant civil society. As the American and British experience demonstrates and as we can now see in the former Soviet Union, that process takes decades.

Not only must our expectations be realistic, but we cannot wait to engage extensively with China until it has become more like us or until it has settled down and its future is more certain. Realistically, we must engage with China and its current leaders now rather than remaining aloof from this vast, complex, ancient, and proud civilization until it becomes to our liking. In short, China's transition and its potential impels America, in so far as possible, to be actors on the scene.

Mr. President, as I mentioned earlier, I visited China last month with Senators Dianne Feinstein and John Glenn and had an opportunity to meet with President Jiang Zemin, Executive Vice Premier Zhu Rongji, Minister of National Defense General Chi Haotian, Vice Foreign Minister Li Zhaoxing, and others within China's leadership. We had cordial, informative and frank discussions on a number of issues relating to the relationship

between our two countries and stability in the entire region. Our discussions were greatly facilitated by Senator Feinstein's long-standing friendship with President Jiang Zemin, a friendship that grew out of their being mayors of sister cities - San Francisco and Shanghai.

In recent weeks, China has stepped up its military exercises in areas close to Taiwan. It has mobilized a large number of forces on the Mainland across from Taiwan. There have been credible reports that China has provided nuclear technology to Pakistan in contravention of the Nuclear Non-proliferation Treaty and its solemn treaty obligations to over 150 State parties to the Treaty. If those reports are verified, sanctions would be triggered automatically under U.S. law, unless waived.

In recent months, China's behavior has raised concerns in Asia and in the United States. The concerns which have been expressed not only in this country, but also in Asia include:

China's military expenditures continue to rise along with its economy. It continues to test nuclear weapons despite the protests of its neighbors. It has made territorial claims far into the South China Sea. It has adopted an unyielding posture toward Hong Kong and has repeatedly threatened Taiwan. Its record on missile sales to Pakistan is troubling and in probable violation of its assurances to both the Bush and Clinton Administrations that it would respect the Missile Technology Control Regime (MTCR) even though it is not a Member. Its human rights record, including the sentencing of Wei Jingsheng, raises basic human rights concerns, affronting American sense of fair play as well. And its inability to crack down on violations of trade agreements, including intellectual property violations, raise serious trade concerns. It is certainly possible that these developments are harbingers of difficult relations between our nation and China in the years to come.

But there are also developments on the other side of the ledger. China has not obstructed UN and NATO peacekeeping operations and sanctions even though it openly doubted their appropriateness or efficiency. It has made important contributions to maintaining stability in Korea and in settling the Cambodian civil war. It continues to expand economic and cultural relations with Taiwan and, until 1995, it was regularly expanding people to people ties to Taiwan and reducing military tensions in the Strait. It is in the process of opening itself to foreign direct investment and to wide-spread consumption of U.S. consumer goods in ways that go well beyond the opportunities many other Asian countries allow. It has announced the reduction of tariffs by 34% and plans further reductions to the average of developing countries.

It has modified its social and cultural control over its

people, so that its authoritarian government, while still harsh, has moved far from the reign of terror of the cultural revolution days. While far from acceptable by our present standards, by every conceivable measure, China's treatment of its own people in 1996 is far better than at the time of President Nixon's opening in 1972 and President Carter's normalization in 1979. In the last 10 years, an enormous number of Chinese people have moved from poverty to a decent standard of living. I will have more to say on the subject of human rights in China in the weeks ahead.

China has pledged to cease nuclear testing, but not before the negotiation and entry into effect of a Comprehensive Test Ban Treaty. It has played a quiet but positive role in assisting our quest for a nuclear-free Korean Peninsula. In the Middle East, the Chinese have now developed ties with the moderate States, including Israel.

This combination of welcome and troublesome developments requires a U.S. policy that is carefully managed. Unfortunately, the United States government, the Executive Branch -- and the Congress, currently have not developed such a policy toward the most populous and the most rapidly developing country on earth. To allow this vacuum to continue would be both irresponsible and dangerous.

As we begin to think about a China policy, perhaps we should begin, not just with our litany of concerns about China, but also with some understanding of China's concerns about us. China has its own list of grievances about the United States. Although I believe that most of these complaints are due to misperceptions and misunderstandings, we must be aware that if China's leaders conclude rightly or wrongly that the U.S. looks upon them as adversaries, they will respond in kind. We have a right to demand that the Chinese keep their agreements - we must also keep ours.

America is seen by many in China as attempting to isolate, divide, encircle and contain China. They cite, among others, the following list of grievances:

- 1) Delay on China's application for membership in the World Trade Organization which they believe is a violation of our 1992 bilateral agreement on market access.
- 2) Refusing to grant China permanent, unconditional, most favored nation treatment.
- 3) Constant US criticism on human rights.
- 4) Preventing China from hosting the 2000 Summer Olympics.

- 5) 1992 sale of F-16s to Taiwan.
- 6) Visits to Taipei of US Trade Representative Carla Hills in the Bush Administration and Transportation Secretary Federico Pena in the Clinton Administration.
- 7) Visit of Taiwan's head of state to the United States, after being assured by top U.S. officials that the visit would not occur.

Beyond these frequently cited grievances, the leaders of China have several broader concerns about the United States. They are concerned that the United States wishes permanently to separate Taiwan from the Mainland and perhaps to foster an independent Taiwan. They question whether the United States wishes them to be a full participant in the establishment of the post Cold War order. They cite Washington's reluctance to see them as a member of the World Trade Organization or to invite them to join other groupings that formulate policy for the international community.

Perhaps most important, though these words are seldom spoken directly, with communism dead as an ideology and with no real democratic process conveying power and legitimacy, the Chinese leadership is vulnerable to nationalistic sentiment at home if they yield to what is seen as American pressure and demands. As a result, China is reluctant to undertake the responsibilities that the United States expects her to fulfill as an emerging great power.

We should not, however, underestimate American strength in Chinese eyes -- economically, militarily and ideologically. They understand and respect our military strength. They understand the importance of China's access to the American market. They admire our technology, and assuming a positive relationship, I believe that they prefer buying from Americans over both Japanese and Europeans.

Thoughtful Chinese know the United States is not seeking to contain China. We have welcomed over 40,000 Chinese students now enrolled in our universities. We are one of China's principal export markets. American businesses have invested \$9.45 billion in China since 1978. We have welcomed Chinese participation in the World Bank, the International Monetary Fund, and regional multilateral organizations. With our government's encouragement hundreds of American foundations, philanthropic organizations, and education and research institutes now have wide ranging exchanges with counterpart Chinese institutions. This is the record of a partner, not an adversary, in world affairs.

China would like to build a stronger military-to-military relationship, and though it does not say so openly, it

understands the stability that the U.S. military force presence brings to Northeast Asia. I believe that with some notable exceptions, the Chinese military is more open to warmer U.S.-China ties than some other elements of the Chinese leadership and these inclinations have been strengthened by the visit and the leadership of Secretary of Defense Bill Perry. Thus America has many strengths in dealing with China, yet there are serious limits on our ability fully to utilize these strengths.

First, China is embedded in Asia, politically and economically, and the United States cannot pursue a successful policy toward China in isolation from the rest of the region. Our allies in Asia would not be prepared or willing to follow America's lead if we decided to isolate China nor are they willing to employ economic sanctions. Our friends in Europe and Japan will be most delighted to fill any Chinese need which develops if the United States employs economic sanctions.

America is still viewed in China and in Asia as a land of wealth and opportunity. But, in China and elsewhere in Asia, among even US friends, many believe and privately say, that we are a declining power economically and culturally. The attraction of American society has eroded not only in China, but elsewhere in Asia as a result of our own social ills. In Asia, as elsewhere, perceptions matter.

The Chinese see much that is attractive in the Asian model of development pursued by Japan, Korea, Taiwan and Singapore.

The United States had a relationship with China that expanded and prospered from 1972 to 1989. We worked together in areas of common interest, exchanged views, tried to harmonize our views whenever we could, sought common policies, and sought to narrow and contain differences. Since 1989, we have been deferring discussion of common interests and emphasizing differences. To continue down this path is a prescription for posturing, animosity, brinkmanship, and danger.

Mr. President, our nation must develop a purposeful, coherent and consistent American policy toward China and a strategy to implement our policy. We must also explain in clear terms to both our own citizens and to the Chinese the underlying rationale for our policy and our actions.

In the absence of a clear policy, it is inevitable that we in the Congress will chase off in separate directions with different priorities, while the Executive Branch lurches from one transitory issue to the next, addressing each problem in an ad hoc fashion. In the absence of an overall policy framework, policy becomes fragmented, the captive of single issue constituencies.

Those in the Executive Branch bear the primary responsibility for enunciating our policy, but as we see from Taiwan's President Li's visit to the United States, the actions of Congress often influence U.S. policy, for better or worse. U.S. policy towards China must be developed in close consultation with the Congressional leadership of both parties.

In the immediate future, we should begin a dialogue between China and the United States at all levels, including the highest levels -- to discuss and where appropriate to act in unison in addressing these areas. Both the United States and China must get away from the current practice of diatribe and criticism. This dialogue should not be portrayed as "resolving our differences" but rather beginning to find common ground and to reserving our different views for those issues that cannot be immediately resolved. Similarly, established channels for dialogue between Washington and Taipei must be utilized and strengthened so that there is a clear understanding of our respective views.

And may I remind my colleagues that seven years have passed since an American president or vice president has journeyed to Beijing or the president or premier of China has been in Washington. During that time, the leaders of China have been to every major capital in the world, and the leaders of other major countries have visited Beijing on many occasions. Misunderstandings and misperceptions are bound to flourish in the absence of dialogue. Meetings do not guarantee agreement. But they reduce the chance of conflict through miscalculation.

It would be irresponsible and dangerous for the United States and China to continue on our present course. It is time to end the period of estrangement between the United States and China. President Clinton's recent meeting in New York with President Jiang Zemin was a step in the right direction. Hopefully, it will be the first of many top-level meetings.

This high level dialogue can inspire mutual confidence and understanding, but only if we display an unambiguous willingness to be firm when China's leaders do not meet their responsibilities and commitments, as well as a meticulous management of our China policy to ensure that we adhere to our commitments.

Mr. President, I do not pretend today to offer a comprehensive China policy but I do offer a few observations and suggestions:

First, the Clinton Administration should develop a broader policy framework regarding U.S.-China relations and stability in Northeast Asia and a strategy to advance that policy.

Regarding this framework, I believe some of its components are clearly visible:

(A) A continued and robust American military presence in Asia is fundamental to the stability of Northeast Asia and peace in the region.

(B) We should approach China in close coordination with Japan, Korea and our Asian partners. We cannot pursue a successful China policy unless that policy is supported in the region. We must make clear that the cooperation we seek from our traditional allies and friends is not for the purpose of confronting or containing China, but for involving China more extensively and constructively in regional affairs. We should strengthen the linkages between China, the United States, and the rest of Asia so that China becomes firmly integrated with the United States in the emerging Pacific community. We must reverse a widespread perception in Asia that America's role in the region is in decline.

Second, we should make it clear that we are prepared to facilitate China's participation in the international economy and international security arrangements in the expectation that China will abide by the norms of those international regimes. The incorporation of China in the world community will entail some mutual adjustments, but China cannot expect to derive the benefits without bearing the burdens of its newly acquired status. China's admission to the various international institutions will be facilitated and accelerated if they are able to demonstrate a solid record of compliance with their international commitments, including trade agreements, the Nuclear Non-proliferation Treaty and the guidelines of the Missile Technology Control Regime. In the non-proliferation arena, China should be involved in formulating the policies we expect them to abide by. Our strategy should be to welcome and incorporate China in the world community at a relatively early stage in its rise, with the explicit Chinese commitment to abide by international standards and to develop the domestic institutional capacity to do so.

This approach should serve not only America and international interests, but China's interests. Our strategy should be intended to elicit Chinese cooperation rather than to compel Chinese behavior.

Third, a framework for China must be based upon mutual dignity and mutual respect. We must seek to identify our important mutual interests and make progress in these areas while striving to ensure that our points of disagreement do not dominate every agenda. If we proceed in this fashion, the areas of disagreement are likely to be put into a broader perspective where progress can be made toward resolution. In spite of our recent disagreements, there are clearly crucial areas of strong

mutual interests including:

- avoiding an arms race in Northeast Asia;
- avoiding confrontation on the Korean peninsula and preventing a nuclear weapons buildup by either North or South Korea;
- avoiding the introduction of nuclear weapons in the Persian Gulf area;
- avoiding the proliferation of weapons of mass destruction and their means of delivery;
- easing tensions in South Asia between India and Pakistan;
- maintaining stability in Northeast Asia and the general area of the Pacific;
- maintaining stability in Southeast Asia, including the emergence of a peaceful Vietnam and ending and healing the conflict in Cambodia;
- enhancing the efforts of the United Nations Security Council to maintain international peace and security;
- keeping sea lanes open for commerce;
- addressing transnational problems, such as illegal narcotics and terrorism;
- protecting the environment, including the seas;
- enhancing the rule of law in China; and
- maintaining the prosperity of Hong Kong and Taiwan.

Our two nations will not always agree on how to address these interests, but we have enough mutuality to find significant areas of common approach and cooperation. Without this framework for the discussion of mutual interests, little progress is likely to be made on the issues where we differ. With this framework, I believe that progress can be made even in difficult areas of disagreement.

Finally, Congress should pass no laws or concurrent resolutions on China or Taiwan at least until after the elections in Taiwan which take place on March 23rd. I believe that members of Congress should speak their views on these issues frankly and candidly, but in the present tense atmosphere Congressional legislation or resolutions are likely to create more heat than light. I also hope that our China policy will not become a partisan political issue during the U.S. Presidential election campaign. Each time that has happened in past Presidential campaigns, our China policy has been the victim rather than the beneficiary.

Mr. President, we have a number of important differences and misunderstandings with China which must be discussed firmly and frankly within our overall strategic framework. These issues include arms proliferation, trade disputes, and human rights concerns, which I will discuss in the next few weeks.

The most dangerous of these differences is the issue of Taiwan.

The Chinese leaders by their words and by their actions make it abundantly clear that any attempt by Taiwan to establish its independence from the Mainland will result in a confrontation with the Mainland. It is clear that the Chinese do not desire a military clash, but it is also clear that they believe that their national sovereignty and national pride are at stake on the question of Taiwan's future. Neither America nor Taiwan should take lightly this Chinese position. Beijing has drawn a firm line on this question.

It is essential that America also should make our policy and our intentions clear. The framework for American policy on Taiwan already exists in the three joint communiques under President Nixon in 1972, President Carter in 1979, and President Reagan in 1982 and the Taiwan Relations Act of 1979. The joint communiques establish that the Government of the People's Republic of China is the sole legal government of China, that there is but one China, that the U.S. acknowledges China's claim that Taiwan is part of China, and that the resolution of the Taiwan issue is a matter to be worked out peacefully by the two sides themselves. This is America's solemn agreement with China entered into by Presidents Nixon, Carter, and Reagan and followed as U.S. policy by Presidents Ford, Bush and Clinton.

President Reagan stated our policy very clearly in his letters of April 5, 1982 to Vice Chairman Deng Xiaoping and Premier Zhao Ziyang. In his letter to Vice Chairman Deng Xiaoping, President Reagan stated "There is only one China. We will not permit the unofficial relations between the American people and the people of Taiwan to weaken our commitment to this principle." In his letter to Premier Zhao Ziyang, President Reagan stated "The differences between us are rooted in the long-standing friendship between the American people and the Chinese people who live on Taiwan. We will welcome and support any peaceful resolution to the Taiwan question."

The Chinese should understand that the Taiwan Relations Act is the law of our land. This Act, passed in 1979, underscores that America's relations with the People's Republic of China rest upon the expectation that the future of Taiwan will be determined by peaceful means; that we would consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to peace and security of the Western Pacific and of grave concern to the United States. This Act also declared it to be our policy to provide Taiwan with arms of a defensive character; and to maintain the capability of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan.

This framework of the three communiques and the Taiwan Relations Act has served both sides of the Taiwan Strait as well as the United States and the Pacific region well for almost seventeen years. For example:

- It made possible the relaxation of tensions in the Strait which allowed trade and interaction of the two sides to take place.
- It encouraged Taiwan to abolish martial law and become a prosperous democracy.
- It made available to the Chinese on the Mainland the talents and capital of the people on Taiwan.
- It played a major role in the success of China's drive for modernization.
- It produced a sense of security that allowed the emergence of critical conditions in which both Taiwan and the mainland could prosper.

Americans have applauded the building of economic and people-to-people ties across the Strait. These ties have not just been between individuals and families but also between businesses and academic institutions. We have applauded the efforts of both sides to build on those ties toward an expanded relationship. Such an expanded relationship advances the realization of long-standing American hopes for the peaceful settlement of the dispute between the people on both sides of the Taiwan Strait.

A military confrontation between China and Taiwan would harm both China and Taiwan. It would have long-term consequences for Northeast Asia and the Pacific and would likely set off a serious arms race in Asia. As Chas. Freeman pointed out in his OP-ED piece in the New York Times last week, a war in the Taiwan Strait "would not only threaten Taiwan's democracy but also finish any hopes of America's building a constructive relationship with China." And, in commenting upon a U.S. decision to either intervene or not do anything in the case of a war, he stated that "(t)he results in either case would probably be Japanese rearmament, military rivalry between Tokyo and Beijing, a loss of confidence between Tokyo and Washington and alarm throughout Asia." And as Michel Oksenberg points out, while war is not the primary danger at this point, a protracted military confrontation could produce many of these same results. It would also disrupt the economies of China and Taiwan and would result in a tragic loss of life and property. Surely we all wish to avoid a repeat of Quemoy-Matsu tension.

Americans feel close to the people of Taiwan and are proud of their accomplishments. The people of Taiwan have made enormous strides economically and politically. They are an example to much of the developing world.

It is important for the United States, as a friend, to be clear with the Taiwanese that they must not misjudge China on the question of Taiwan independence.

It is important that the people of Taiwan understand that a unilateral declaration of Taiwan's independence would be inconsistent with United States foreign policy as set forth and followed by President Nixon, President Ford, President Carter, President Reagan, President Bush, and President Clinton.

It is also important for the Chinese to understand that the United States values its friendship and relationship with the people on Taiwan. It is crucial that the Chinese understand that if China uses force to resolve the Taiwan issue, the United States will not stand idly by but will surely respond.

For our part, the U.S. should make it very clear that we will oppose either side's attempt to change the status quo either by the use of force by Beijing or by unilateral declaration of independence by Taiwan. The United States position should be clear that we are prepared to live with any outcome negotiated in good faith between China and Taiwan. The future of Taiwan must be settled by mutual agreement between the parties, not by the unilateral actions of either. For that to happen, Taipei must stop its political provocations and Beijing must stop its military provocations.

The people of China and the people of Taiwan should resume a high-level dialogue to foster clear understandings and increased cooperation. Enormous progress has been made in economic cooperation and people-to-people contacts and visits on both sides of the Strait. While economic development and people-to-people cooperation are emphasized, political questions are complicated and emotional and their resolution will require a long-term effort. This will involve a trait for which the Chinese people are famous -- patience.

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