Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Sherri Smith to POTUS [partial] (1 page)	06/29/1996	b(6)
002. resume	[Personally Identifiable Information] [partial] (1 page)	11/01/1996	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8119

FOLDER TITLE:
Chron Files: Thursday, November 14, 1996

2019-0774-S
rs3338

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]

PB Man Takes Part In Presidential Debate

By Justin Wiser
Beach & Bay Press

THE PRESIDENT HAS SEEN
11-14-96

While most of Pacific Beach watched the final presidential debate on television, Duane Burns had a front row seat at the University of San Diego as one of 114 randomly selected audience members.

"It was something else being on the other side of things," said Burns, an instructor at Moon Tiger Martial Arts Academy on Garnet Avenue. "It restored a lot of my faith in the process."

Burns had the luck of being one of 20 participants who had the opportunity to ask a question of the candidates. The father of two, Burns asked Dole to outline his plan to expand the family leave act.



Pacific Beach resident Duane Burns, pictured with children Carly, 6, and Ryan, 3, participated in last week's televised presidential debate at USD.

photo by Sandor Kisfaludy

"I really wanted to hear Dole explain that," he said. "Some people think it was a softball question.

see Debate, page 7

Should do nice letter to this guy — positive support/fun

11-14-96
To Dorsking for Reply?
yes
no

On the day of the deba
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1:30 p.m. for a bus ride t
While reporters swarm
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the USD library, the Debat
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Burns explained.

"We were very sequestered," he

After the debate, Burns was
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"I'd like to encourage people to
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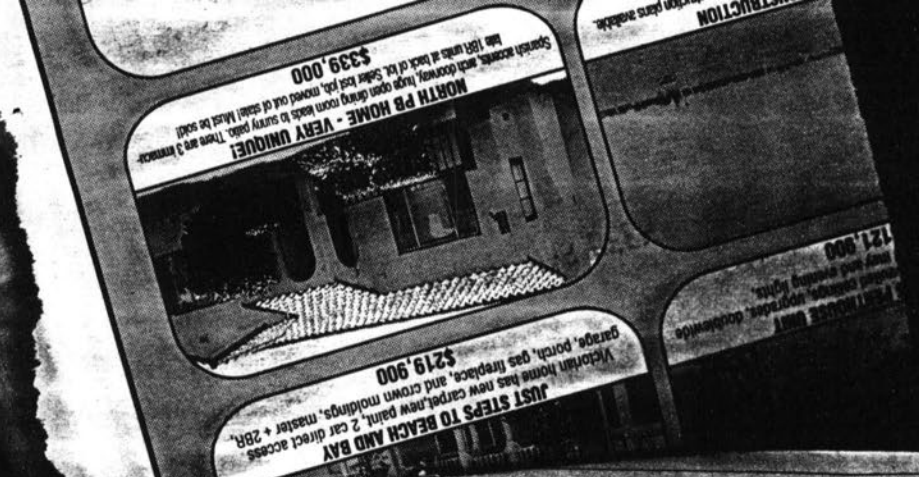
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CHRON

Phil has seen



from page 1

It wasn't."

Dole's response was not adequate, said Burns, who accused him of lying about existing family leave coverage. "I like to be loyal to my employer, but I like to be loyal to my family, too," Burns remarked. "One day I'm not going to wish I spent more time at the office. I'm going to wish I spent more time with my kids."

Gallup polls contacted Burns about a week before the Oct. 16 debate, he said. After they asked him a number of questions, he was selected for the event based on his responses, the most pivotal one being that he was an undecided voter.

Each member of the audience was instructed to come up with an original question for the debate. Every person selected had the freedom to ask whatever question they pleased, according to Burns.

"We were not screened. They didn't tell us to stick to any issues or anything," he said. "It was very impromptu and totally real."

On the day of the debate, those selected for the audience met at 1:30 p.m. for a bus ride to USD. While reporters swarmed the group both on the bus and later at the USD library, the Debate Commission attempted to keep the participants away from the media, Burns explained.

"We were very sequestered," he said. "It was like being on the O. J. Simpson jury."

Though undecided before the debate, Burns said he left the event as a decided voter. "I was very impressed with Clinton both during the debate and after. He was very dynamic, and he had a lot of energy," said Burns. "I could tell he believes in what he's doing. I'm a Republican waiting to happen, but they just haven't given us a candidate we can vote for."

After the debate, Burns was honored with the opportunity to meet both Clinton and Dole. All in all, he said, the debate was a very positive experience.

"I'd like to encourage people to get involved. You can drive two hours south to a place where people sometimes die trying to get to the polls and vote. It's OK to be critical, but we have a great country. As voters and citizens we need to take control."

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Bethine Church

October 31, 1996

'96 NOV 13 PM5:28

President Bill Clinton
Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear President Clinton and Mrs. Clinton:

I have been working hard on the campaigns here in Idaho. Since I'm always an optimist, I feel that you will do better than expected here. I feel very remiss because I haven't thanked either of you for all your kindness to me this summer and fall.

I deeply appreciate getting the invitations to visit the White House. And I thoroughly enjoyed the Senate Wives luncheon. It was quite magical talking to Mrs. Tydings. I knew her son when he was in the Senate. Her descriptions of being courted by her minister husband after the Senator died were hilarious. One can always learn a lot from the elder members of that group.

I love my pictures from past luncheons, and I especially want to thank you, Mr. President, for the picture taken that rainy day of the Kennedy Center Advisory Board group and guests. It's the only personal one that I have of the two of us and I shall cherish it.

I was very pleased that you temporarily defused a disaster by having Netanyahu and Arafat come to the White House. I speak frequently to Consul General Barkan in San Francisco and sent a letter by his pouch to the Prime Minister. I am taking the liberty of enclosing a copy of that letter. I feel so strongly about the deteriorating situation in the Middle East.

You have both run a splendid campaign. I just wanted to say this before the returns are in — that I am proud to have always supported you both, and know that the country will be better off when you are successful on Tuesday evening. May the three of you have a very Happy Thanksgiving and look forward to four more years with joy.

Most sincerely,

Bethine

Bethine Church

Enclosure

11-13
Phil
TO Ros Rhodes for Reply?

yes — NO

Maureen Lewis

Bethine Church

October 12, 1996

Prime Minister of Israel
The Honorable Benjamin Netanyahu
Office of the Prime Minister
Jerusalem
ISRAEL

Dear Mr. Prime Minister:

My husband was Senator Frank Church, who died in 1984. He was a long time supporter of Israel, as am I. Since returning to Idaho in 1989, I have been a member of AIPAC and have had good rapport with the Boise Jewish community.

I am writing this letter, because as a dedicated friend, I am very concerned about the erosion of the general public's support for Israel. With the hard line that has been taken during the election campaign and since, many feel that the support from your administration is not truly forthcoming for the peace plan. With President Mubarak's refusal to go to Washington and many of the hard-line statements, I feel that the pressure from more militant Arabs is making his support for an Israeli-Palestinian peace very shaky.

After the Oslo agreement, there seemed to be such a welcome moderation in the views of Israel's Arab neighbors, a movement toward declaration of Israel's right to exist.

I was pleased at your statements in the press conference after the Washington meeting. Having been in politics all my life, I understand the need to make actions live up to campaign rhetoric. However, the lack of consultation with Arafat since the election has heightened tensions; and indeed, it appears from out here in Idaho, it has put Mr. Arafat in a difficult position vis a vis Hamas and those who would prefer to not see real peace achieved.

I state the above because this is the perception that is generally conveyed to long time supporters of Israel in the United States. Our country has been a great supporter of the under dog for a long time. With Israel surrounded by unfriendly neighbors, and being our major friend in the Middle East, there's always been a feeling of good will — not only among Jews in the United States but also by the general public. From the conversations I've heard

October 12, 1996

— a teacher at one of our major universities saying that it is almost impossible for Palestine to exist with its lack of access to water for development — other articles I've read in *The International Herald Tribune* reflecting views around the world that Arafat is not being treated generously, or, in a way that will enable him to maintain his leadership —from all of this, I have a feeling that there is a great erosion of trust in Israel.

I continue to be a supporter. The only reason I've written this very frank note is out of deep concern for Israel and for the entire hope for peace in the Middle East. Since the New Year has just passed, please let me wish you the very best of the coming year and my hope that you will be able to stabilize the situation in Israel and Palestine.

Best good wishes,

Bethine Church

Bethine (Mrs. Frank) Church

480 N. Walnut Street
Boise, Idaho 83712

BC/kh

November 7, 1996

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

'96 NOV 13 PM6:28

Dear President Clinton:

On behalf of the 160,000 members of the American Association of University Women's (AAUW), I want to express my sincere congratulations on your decisive reelection victory. Your articulation and action on the issues about which women care, including education, Medicare, reproductive choice and economic security, accounted for women's overwhelming support of the Clinton/Gore administration. Your continued leadership on these issues will be crucial to the advancement of women and girls in all aspects of their lives.

For more than 100 years, AAUW has fought for equity for women and girls in education, the workplace, and all aspects of their lives. AAUW's members across the country continue to take the lead to ensure the advancement of women in every facet of our society.

11-13-96

Phil

- from OVAL
- to Dorothy for reply?

yes — no

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concern us all. Should you or your staff have any questions on our issues, please contact Nancy Zirkin, Director of Government Relations, at 202/785-7720.

Sincerely,

Jackie DeFazio

Jackie DeFazio
President

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
1111 Sixteenth Street N.W., Washington, DC 20036-4873 202/785-7700 FAX: 202/872-1425 TDD: 202/785-7777
E-MAIL: info@mail.aauw.org http://www.aauw.org

November 7, 1996

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

'96 NOV 13 PM6:28

Dear President Clinton:

On behalf of the 160,000 members of the American Association of University Women's (AAUW), I want to express my sincere congratulations on your decisive reelection victory. Your articulation and action on the issues about which women care, including education, Medicare, reproductive choice and economic security, accounted for women's overwhelming support of the Clinton/Gore administration. Your continued leadership on these issues will be crucial to the advancement of women and girls in all aspects of their lives.

For more than 100 years, AAUW has fought for equity for women and girls in education, the workplace, and all aspects of their lives. AAUW's members across the country continue to take the lead to ensure the advancement of women in every facet of our society.

AAUW's Voter Education Campaign, initiated in March 1995, was aimed at galvanizing women voters who voted in 1992, but not in 1994, by educating them on how the issues decided by Congress affect their lives. The vehicle for the information was the Women's Network for Change, which sent *Get the Facts* alerts on a bi-weekly basis to members and leaders of 42 organizations with the instructions to pass or post the alert in their communities.

In a separate effort, AAUW launched a GOTV drive entitled *What's at Stake for Women in '96*. Voter guides were produced in 50 congressional districts and six senatorial races on the issues. Massive phone banking and mailings reached over 750,000 disaffected women voters.

Thank you once again for your unyielding commitment to issues that affect women. We look forward to continuing to work together on the issues that concern us all. Should you or your staff have any questions on our issues, please contact Nancy Zirkin, Director of Government Relations, at 202/785-7720.

Sincerely,

Jackie DeFazio

Jackie DeFazio
President

AMERICAN ASSOCIATION OF UNIVERSITY WOMEN
1111 Sixteenth Street N.W., Washington, DC 20036-4873 202/785-7700 FAX: 202/872-1425 TDD: 202/785-7777
E-MAIL: info@mail.aauw.org http://www.aauw.org

11-13-96

WHAT'S AT STAKE FOR WOMEN IN '96



voter guide

california

congressional district #22



Andrea Seastrand (R)	ISSUES	Walter Capps (D)
supports	cutting student loans for middle class families	opposes
opposes	maintaining family planning programs	supports
opposes	keeping abortion safe and legal	supports
opposes	maintaining equal opportunity affirmative action programs for women and minorities	supports
supports	weakening protections for clean water	opposes
opposes	raising the minimum wage	supports
supports	cutting federal education funds	opposes
supports	cutting Medicare	opposes

vote on November 5

This voter guide is sponsored by the California American Association of University Women, the AARP of San Luis Obispo, the AARP of Santa Barbara, the National Organization of Women, San Luis Obispo Chapter, the National Organization of Women, Cal Poly, the Cal Poly Women's Programs and Services, and the Women's Resource Center of San Luis Obispo. Positions of candidates on issues were determined using voting records and/or public statements. This guide is provided as a public service and is not intended to be an endorsement of any candidate or political party. Any questions about this guide, please call 800/608-5286.

WHAT'S AT STAKE FOR WOMEN IN '96



voter guide

north carolina

congressional district #2



David Funderburk (R)	ISSUES	Bob Etheridge (D)
supports	cutting student loans for middle class families	opposes
opposes	maintaining family planning programs	supports
opposes	keeping abortion safe and legal	supports
opposes	maintaining funding for Head Start	supports
supports	weakening protections for clean water	opposes
opposes	raising the minimum wage	supports
supports	cutting federal education funds	opposes
supports	cutting Medicare	opposes

vote on November 5

This voter guide is sponsored by the North Carolina American Association of University Women. Positions of candidates on issues were determined using voting records and/or public statements. This guide is provided as a public service and is not intended to be an endorsement of any candidate or political party. Any questions about this guide, please call 800/608-5286.

EUROPEAN UNION

DELEGATION OF THE EUROPEAN COMMISSION '96 NOV 13 PM3:41

5 November 1996

Head of Delegation

Via fax :202/ 456-1210
501/ 376-2700

Dear Mr. President,

I have the honour to submit to you a personal message, of which the original will follow, from the President of the European Commission, as follows

" Dear Mr President

On behalf of the European Commission and on my own behalf, I have the honour to convey to you our warmest congratulations on your election victory. As you know, the United States Presidential election is watched with the keenest interest in Europe. Your many friends here will join me in extending our sincere congratulations on the great vote of confidence you have won today from the American people.

It is a source of great pride to me to have worked together with you, Mr President, in launching a new era in transatlantic relations. I look forward to the opportunity of continuing the important effort to implement the common agenda we agreed in Madrid last year. Together, the United States and the European Union will make the critical difference in securing peace, liberalizing global trade, and promoting economic development throughout the world. No less important are our joint efforts to tackle the transnational problems that beset our citizens, whether terrorism, transnational crime, illicit drugs trafficking, or the degradation of our fragile environment.

I feel sure that your resounding vote of confidence from the American people will help us work even harder together to make progress on the global issues that benefit so much from joint action by Europe and the United States. In turn, the work we are able to accomplish in your second term in cementing our plans for US-EU joint action will go a long way towards reinvigorating the transatlantic partnership for the 21st century and improving the lives of not only our citizens on both sides of the Atlantic, but of people throughout the world.

For these reasons in particlar, Mr President, I look forward with great anticipation to our forthcoming US-EU summit meeting, and I extend again my warmest congratulations on your election victory.

Yours sincerely ,

Jacques Santer "

2300 M Street NW Washington, DC 20037-1434 Telephone: (202) 862-9500 / Fax: (202) 429-1766

11-13-96

Send to Donsky

Yes ✓

No _____

11-05-1996 10:28PM FROM PAEMEN 202 298 8789

Coordinate w/NSC?

Yes

C.

Please accept my warmest personal congratulations on your election victory.

Yours sincerely,

Hugo Paemen
Ambassador

The Honourable
William Jefferson Clinton
President of the United States

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/14

TO: Leon Erskine

FROM: **Staff Secretary**

FYI - Rahm submitted the attached as his Weekly Report. I've forwarded it to the President

Phil Caplan

DRAFT

November 12, 1996

MEMORANDUM TO THE PRESIDENT

'96 NOV 13 PM5:37

FROM RAHM EMANUEL

SUBJECT DOMESTIC POLICY

As a follow up to our conversation, I have drafted some thoughts on White House organization and strategy concerning domestic policy issues.

DOMESTIC ISSUES:
Your working philosophy has always been to move beyond the either/or policy debates which in the past consumed Washington. For example you have stated that criminal justice policy is not a choice between punishment or prevention, but the collaborated effort of policing the streets, punishing criminals, and preventing crime.

In addition to being sound policy, this is good politics. By incorporating the opposition's rhetoric, you remove their policy claims.

Another key political part of this strategy is positioning. You have been successful when you position yourself on your strongest ground against your opponent's weakest position. (i.e. Police vs. NRA)

CRIME:
Since Nixon's Law and Order campaign, crime has been a staple in the GOP platform. Over the past four years, your policies have redefined the issue and allowed Democrats to achieve parity.

The question you now face is how do we build on the last four years?

I would redraft and then resubmit your Anti-Gang and Juvenile Violent Offender Act. The bill was an adequate place holder at the time, but lacked a single unifying policy initiative like the 100,000 new police officers in the Crime Bill.

During the State of the Union, you should propose your new Juvenile legislation with additional funding for 10,000 new anti-violent gang prosecutors. The money can come from the Block Grant funds in the Crime Bill.

The Anti-Violent Gang prosecutors is bold, it follows up on your

campaign pledge to put violent gangs out of business, it wins the allegiance of local prosecutors, and it costs no new money.

You have been endorsed and supported by law enforcement, gun control activists, and victims groups. This proposal would enable you to win the trust and support of prosecutors, traditionally a Republican constituency. The GOP Congress would not have a criminal justice group left to validate their policy, except the NRA.

Those who support gun control will interpret the Durbin and Torrecelli elections as a new mandate. Stick with your ban on cop killer bullets. Do not be taken in by their interest in a one gun a month restriction Do not over reach in their area. The NRA will oppose the cop killer bullet legislation and we should welcome that fight. The GOP will divide along ideological and geographic lines and we should foster the split.

The Community Schools Program should be your flagship crime prevention program. Re-name the program the Domenici School Grant program. He was the original sponsor and will fight for its continued funding in the future when he has a stake in it. When selling the program, think of it as a middle class program not an urban inner city effort.

DRUGS:
General McCaffrey is turning out to be an excellent choice. He provides the type of support and confidence we need on this issue.

In a memo I sent to you dated March 19, 1995, I noted that we have excellent policies but lack a message. I still believe that is true. Teen drug use will continue to rise in the near future. No new policy initiative or proposal will reverse that trend until we begin to influence adolescent attitudes.

You need to develop an identification with an anti-drug message that the public can recall. On September 14, 1995, you commemorated the one year anniversary of the Crime Bill by participating in the Red Ribbon campaign. Young kids stood and pledged to never use drugs, alcohol, or tobacco. You should make the Red Ribbon campaign a signature of your drug policy.

There are a number of community anti-drug coalitions. They will be angry at your identification with a single group, but you need an anti-drug message to have an impact on adolescent attitudes and for political cover.

I also believe the Vice President, Tipper Gore, and the First Lady should all participate so you are not out there alone. This campaign should enlist all four principles.

IMMIGRATION:
After the Crime Bill passed in 1994, we built a strong record on

crime. The illegal immigration legislation provides that same opportunity; now that the legislation is passed, we can build up a strong Administration record on immigration.

First, set the goal for Doris Meissner to expand the Institutional Hearing Program, to all seven states (California, New York, New Jersey, Texas, Florida, Arizona, and Illinois). You want this program fully operational by June 1997, at the state, county, and local level. This program will enable you to claim and achieve record deportations of criminal aliens.

Second, as I said in my weekly, you should call for a one month moratorium on naturalization. The time should be used to review past files for criminal misconduct and ensure future procedures. Force the Commissioner to be bold and demand corrective action. You will need such steps to get ahead of a bad story.

Third, the GOP Congress wants to fight the immigration issue out on Government benefits you want to take it to them on the workplace. The INS should be directed to expand the VIS to key industries, beyond meat-packers and poultry. Halfway through your term you want to claim a number of industries free of illegal immigrants.

Fourth, the border will receive its fair share of resources as the legislation authorizes. When appropriate you should announce new agents, technological support, etc.

I would recommend that INS secure key metropolitan areas along the border. The National Guard role should be expanded beyond its present functions. Today, 3,500 National Guard assist local law enforcement. You should dramatically expand this effort. The National Guard can coordinate with their Mexican counter parts. This avoids the charge of militarizing the border.

We should be honest, that if we want continued public support for trade and friendly relations with Mexico, we must be vigilant in our effort to curb illegal trade (e.g. narcotics and immigrants).

WELFARE:
There will be great pressure placed upon you to correct portions of the Welfare Reform legislation. Do not confuse fixing the legislation, with where, how, and what you do rhetorically. Your communication time must be spent on the area of work and responsibility. The editorial page and liberal elite will push you on fixing the legislation these are budgetary items. You must maintain a reform profile as you promised on work and responsibility.

EDUCATION:
I am working on a separate memo on education.

BUDGET:
As the groundwork is laid for our budget, we must change the

story line concerning the magnitude of our Medicare cuts. What our Medicare cuts will be is a no win situation for us. The one item that can alter the dynamics as we work towards a balanced budget is a significant cut in corporate welfare. As everyone is asked to tighten their belts, corporate America must contribute to the effort as well.

ORGANIZATION:
Rather than review individual offices and staff, I would prefer to list particular thoughts and observations.

Each council needs to be thought of as a mini think tank. They must force the departments and agencies to reach beyond the confines of what they think is acceptable. You want people to challenge their counterparts in the departments.

In addition, you should look for people who can manage an issue, a confirmation, a piece of legislation. The ideal person is Dennis Burke, in Domestic Policy, who I trust implicitly on crime and drug issues.

The Deputy Chief of Staff for public/political affairs should have political, intergovernmental, cabinet affairs, and public liaison office within their purview. They should be responsible for managing and coordinating the department outreach efforts.

When staffing these offices at the top and at the deputy level you should be thinking of individuals capable of managing special projects. You want people who can coordinate a Henry Foster nomination or manage the Waco hearings.

The Administration will always have matters pop up that if not properly managed can side track the over all operation. In generic terms, you are looking for the equivalent of a U.S. Senate campaign manager.

This takes me to a side point which is obvious, but needs to be reiterated. The White House is a political operation. I think that you should continue the Wednesday political meeting in order to maintain the Administration's edge. A political meeting sets a tone for the cabinet that you are not resting; the next 12 months are everything.

You can not afford a staff that has not been battle tested on the Hill or in the field. It is an honor to work at the White House and the type of people you recruit should reflect the level they will be competing at.

sent to: (Sue Smith)

September 9, 1996

MEMORANDUM

To: Nancy Hernreich

From: Rebecca Cameron

Re: Correspondence

THE PRESIDENT WAS SEEN
11-14-96

Attached is the correspondence which David Leopoulos mentioned to the President while in AR. The letter was received by the AR C/G office and was never "blue-dotted" to send to the White House. The C/G office sent a Presidential response shortly after it was received.

Clinton Gore '96

P.O. Box 2100 Little Rock, AR 72203-2100
Phone (501) 375-1290
Fax (501) 374-2102

FAX TRANSMITTAL COVER SHEET

Date 9-6

TO: Rebecca Cameron FROM: Jenny Boshears
DEPARTMENT: Oval Office Operations
COMPANY: WH
FAX NUMBER: 6703
NUMBER OF PAGES (INCLUDING COVER):

MESSAGE: Here it is! Hope be!!

****

The information contained in this facsimile message is confidential and intended only for the use of the person named above. If the reader of this message is not the intended recipient, employee, or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify this office by telephone, (collect), at (501) 375-1290, and return the facsimile to, P.O. Box 2100, Little Rock, AR 72203. Thank you.

CLINTON GORE

September 6, 1996 [actually sent 7/16/96]

Ms. Sherri Smith
2050 West 86th Avenue
Apartment 489
Merrillville, IN 46410

Dear Sherri:

Thank you for sharing your thoughtful letter. Your personal experiences underscore the need for change in the enforcement of child support issues, and I'm grateful that you shared them with me.

Both parents must bear responsibility for supporting the children they bring into this world, and reforming the child support system has been one of my top legislative priorities. The welfare reform plan I proposed to Congress contains the toughest child support enforcement measures in our nation's history. These changes would improve the effectiveness of procedures for establishing paternity, make it easier to enter and update child support awards, and dramatically strengthen our ability to enforce the payment of those awards. My proposals would give us the ability to track deadbeat parents across state lines, suspend their driver's licenses if necessary, and make them work off what they owe.

In addition, it is important that the federal government serve as a model for other employers. That's why I signed an Executive Order requiring federal agencies to cooperate fully with efforts to establish and enforce child support orders and to inform employees of how they can meet their support obligations. Further, the Department of Health and Human Services has begun to restructure and strengthen its partnerships with state child support agencies. We are encouraging state and local governments to implement innovative approaches to help families deal with the issues affecting child support.

As I continue working to promote parental responsibility, I welcome your continued involvement. I hope that you will continue making your voice heard about issues that are important to you. In this way, you will help to make America better for the next generation.

Sincerely,

Bill Clinton

Sherri Smith
2050 W. 86th Ave Apt. #489
Merrillville, IN 46410



REC 7/1
ID 38887
CO
ENT 7-15
PRF 7/16
SENT 7/16
OTHER
LESS S DM WH C/G SK DNC
F/M A/D
MCC

President Clinton
P.O. Box 19300
Washington, D.C.
20036-9300

Dear President Clinton,

I am currently a senior at Merrillville High School and will be voting for the very first time in the upcoming presidential election. Originally, I was writing just as an assignment in my summer school government class; however, as of now I realize that as a concerned U.S. citizen writing gives me a chance to at least voice my opinion and maybe even get a response. I have been a member of the lower class all my life. It has been only three years since my mother could finally provide us with the standards of living like water, gas, and electrics. I was forced to move from one abandoned house to another until that very day when my father would once again be fined and forced to move on to other desperate situations. All my life I have been an example of how the environment and its economic opportunities has forced people to live a life of crime. When my mother would see that we were growing sick she would force my older brothers to illegally turn on the electricity. The best way to attack crime is to get at the

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Sherri Smith to POTUS [partial] (1 page)	06/29/1996	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 8119

FOLDER TITLE:
Chron Files: Thursday, November 14, 1996

2019-0774-S
rs3338

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)]

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

problems of poverty, unemployment, and lack of opportunity
problems of poverty, unemployment, and lack of opportunity
that are major causes.

Today, though I do have the major necessities of life,

(b)(6)

I have three sisters and three brothers all of which are struggling to do the best they possibly can. I would appreciate any advice or help that you may give to help my mother to pursue my Dead Beat Dad in a fight for child support. It is very much owed to us.

Sincerely,
Sherri Smith
Sherri Smith

P.S. I thank you for the time and any consideration given.

cc: with incoming scheduling

THE WHITE HOUSE

WASHINGTON

November 14, 1996

Richard Bronfman, D.P.M.
5213 North Grandview
Little Rock, Arkansas 72207

Dear Richard:

Thanks for your letter of October 28 inviting me to attend the American Podiatric Medical Association's annual meeting next year. While I'm not yet sure what my schedule will hold in August, I appreciate the invitation and have made my schedulers, Anne Hawley and Stephanie Streett, aware of your request.

I hope you know how grateful I am to you and Sheila for all your fine work with the Travelers -- it was our victory.

Sincerely,

Bill

Richard Bronfman, D.P.M.
5213 North Grandview
Little Rock, Arkansas 72207

ARKANSAS FOOT CLINIC, P.A. 1417 West Sixth Street • Little Rock, Arkansas 72201 • (501) 372-7377, FAX (501) 376-7065
CONWAY FOOT CLINIC 2525 West College • Conway, Arkansas 72032 • (501) 329-7031
GEYER SPRINGS FOOT CLINIC 8215 Geyer Springs Road • Little Rock, Arkansas 72219 • (501) 562-2659
JACKSONVILLE FOOT CLINIC 625 North First, Suite C • Jacksonville, Arkansas 72076 • (501) 985-3632
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PODIATRIC MEDICINE AND SURGERY

October 28, 1996

The Honorable William Jefferson Clinton
The White House

Dear Mr. President:

This letter is being written prior to the November 5th election; but, I am absolutely confident when you receive this letter, congratulations will be in order. With all the distractions that we have been subject to during this campaign, we could not be more pleased with your performance and the anticipated outcome on November 5. As I write this letter, Sheila and the Arkansas Travelers are somewhere in Kentucky, and tomorrow, they will be attending and working at a rally for Tipper Gore. Next weekend I will be joining them in Louisiana. That will most likely be our last Arkansas Traveler trip.

My national association, The American Podiatric Medical Association, holds its annual meeting each year in August. In 1997, it will be conveniently held in Washington, D.C. at the Washington Hilton. Convenient for the possible appearance of, let's say, "the President of the United States?" A few months ago, the Board of Trustees and the President-Elect of the APMA asked me if I thought it was possible for you to attend this August meeting.

Many podiatrists first learned about Bill and Hillary Clinton when Sheila and I acted as your surrogates at the 1992 March Podiatric Leadership Conference held in Washington. Since that time, we have been able to rally strong support for you and Hillary, especially among the decision makers who believe in your philosophy and commitment to health care. It would be a thrill and a distinct pleasure for all of us if you could appear at our national meeting next August. The time that would be most conducive to a Presidential appearance would be the evening of August 8, 1997, between 7:00 and 10:00 p.m. The morning of August 7, 1997, between 9:00 and 12:00 a.m., is also a possibility. If this can be worked into your schedule; then, I will receive the honor of introducing you to my peers.

Please notify me at my home address at 5213 North Grandview, Little Rock, Arkansas 72207, home phone (501) 663-8600, home fax (501) 666-3828, office phone (501) 372-7377.

We look forward to another successful election night and another history-making four years as President.

Sincerely yours,

Richard A. Bronfman, D.P.M.

RAB/dvr

It was a great trip to Louisiana but we met some of the most impolite republicans we've ever encountered. Well— they will have a lent for- nine years to adjust their attitude. See you on Tuesday

cc: w/inc. materials
Nancy Hemreich
for trip

THE WHITE HOUSE
WASHINGTON

November 14, 1996

Bernadette Hyland-Wood
Plugged In Communications
385c Coronation Drive
Brisbane, Queensland 4066
AUSTRALIA

Dear Bernadette:

Thanks for your great letter of congratulations and for sending the information on you and David.

I really hope we'll be able to arrange a visit -- I've missed you.

Sincerely,

B Clinton

Bernadette Hyland-Wood
Plugged In Communications
385c Coronation Drive
Brisbane, Queensland 4066
AUSTRALIA

PLUGGED IN COMMUNICATIONS Pty Ltd
ACN 070 031 131

385 c Coronation Drive
Brisbane, Qld 4066 Australia

Email: info@plugged.net.au
WWW: http://www.plugged.net.au
Telephone: +61 7 3876-7140
Facsimile: +61 7 3876-7142
Mobile: 019-155-064

1 November 1996

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

Dear President Clinton,

First and foremost, may I congratulate you on your successful re-election for leading the United States into the 21st Century! I am confident the nation and the world will be a significantly better place to live due to your leadership.

Your actions and policies are now far reaching throughout the world. We all live during the most exciting times. As a child, I remember you discussing civil rights issues at the dinner table in the mid-60's. I am fortunate to be the first generation of Americans that grew up in integrated schools and consider it normal. As people such as Australian House of Representatives Member Pauline Hansen rear her ugly attitudes towards people of different races, I am thankful to have been raised around adults who believe that cooperation and acceptance is normal versus to be feared. I am reading Hillary's book and think it is excellent! I will write her and thank her under separate cover.

Thank you for your response on 9 October to my letter from Singapore. I was absolutely delighted that you will try to arrange a visit with us during your trip to Australia. I was frankly blown away that you had time to respond ... you have an incredible staff! Thank you!

I'll keep it short as I know you will be especially busy this month. David and I look forward to visiting with you during your trip to Australia if it can be arranged. We would love to show you a bit of Cairnes and the Great Barrier Reef, however, whichever location is best for you, we will make arrangements to see you there!

Below I've included our background details for a security check (to keep the staff happy ☺). Please let us know if there is anything else required for a visit with you and hopefully Hillary and Chelsea.

Again, congratulations! We are counting on your successful re-election ... (however, we left nothing to fate and sent our absentee ballots in earlier this week ☺)!

Kind regards,

Bernadette

Bernadette Hyland-Wood

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002. resume	[Personally Identifiable Information] [partial] (1 page)	11/01/1996	b(6)

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WWW: http://www.plugged.net.au
Telephone: +61 7 3876-7140
Facsimile: +61 7 3876-7142
Mobile: 019-155-064

Details about us for your security minded staff:

Bernadette Owen Hyland-Wood (formerly Bernadette Owen Hyland)

Social Security (b)(6)
US Passport #062278530 (issued in New York, NY on 22 March 1989)

Residence:
Currently an Australian permanent resident living in Brisbane, Australia (since August, 1995)

Employment:
Director of Plugged In Communications Pty Ltd, a startup Internet software development company based in Brisbane, Australia
Previously employed by Wells Fargo Nikko Investment Advisors, San Francisco, CA. as Systems Manager for Capital Markets Trading

Previous address (2 years):
2115 Fillmore Street, San Francisco, CA 94115

David Paul Hyland-Wood (formerly David Paul Wood)
Social Security
US Passport #052678755 (issued in San Francisco, CA on 29 May 1990)

Residence:
Currently an Australian permanent resident living in Brisbane, Australia (since August, 1995)

Employment:
Managing Director of Plugged In Communications Pty Ltd, a startup Internet software development company based in Brisbane, Australia
Previously a US Navy Lieutenant retired (due to medical injury) with an honorable discharge (August 1993).

Previous address (2 years):
2115 Fillmore Street, San Francisco, CA 94115

BG: Make sure I get his # for calling Thanks BG

E WHITE HOUSE
WASHINGTON

cc: w/incoming: Nancy Hernreich – trip

November 14, 1996

Jimmy McKissic
The Regent Bangkok
155 Rajadamri Road
Bangkok 10330
THAILAND

Dear Jimmy:

I was so glad to get your letter of November 4 and to hear that you are doing well in Bangkok. While I'm not sure what my schedule will hold during my visit, I'll be happy just knowing that you, too, are there, brightening the lives of all those who are fortunate enough to hear you play. You must have been a hit in the movie about the King.

I'm looking forward to hearing more about your book, which I'm sure will be as inspiring as you are.

Sincerely,

Bill Clinton

Thought to see you when I'm there—

Jimmy McKissic
The Regent Bangkok
155 Rajadamri Road
Bangkok 10330
THAILAND

November 4,1996

the Regent BANGKOK

A FOUR SEASONS · REGENT HOTEL

cc: w/ inc. Nancy H
-trip

Dear Mr. William Jefferson Clinton,

I sure hope I got that right.I opened your book here in Bangkok in a department store and saw that name and thought it would be a good way to start my letter writing for your second term(smile) Bill I sure hope you had fun campaiging(I can't spell any more and how am I gonna write a book) I loved seeing your handsome pictures in the newspapers,you sure did look as if you were enjoying your self.I felt very proud of you one time when I read how whatshis name was trying to talk about ethics,morals and you very lovingly looked over it and never commented.You are great, I can't help but admire you more and more every day when I read or see you speaking and people interupt your speach,and you handle it with such love.I admire that because I try to do that in every day life,not only on the job,but every where.I am sure that is why every one all over the world loves you,because they can fell and see the love you exuberate(whatever that means) I have met people who did not agree with your way of handling things,but they loved you.You got it man(smile).I am so excited about your coming I can hardly wait.I know I will not get a chance to see you or meet you(and I am not being negative),but I am slowly learning it is virtually impossible to see the president of U.S.A.I had been told that before but I did not believe it.I just knew with "LOVE" everything is possible,well I know now.I am very grateful for your friendship because it has inspired me so much.My latest inspiration came by you not coming to my recital and when I began to ask God to show me how to pray and what to ask for,because Bill if ever a prayer was suppose to be answered because I believed and I wanted it,your coming should have manifested itself.When I came to Bangkok after the first 2 weeks I undersyood,and was glad my prayer wasn't answered(smile)If I could pray so much for something to happen by sone one else, that means they could pray for something to happen by me,even if I had priorities,I said thanks God for this lesson.I was inspired to write a book about prauer,thanks to President Clinton, but as I began writing the book,it slowly evolved to writing about me and my adventures(not juicy juicy ones,ha,ha,ha,)I guess that was Gods way of getting my attention for the book was through you not coming.I am not writing anything juicy,but simplyt telling the story"HOW I GOT OVER" it ain't no poor black man from Arkansas either.It is a very lovely heart warming story.From all the people I've met in my travels,I can relate to all of them,even if I haven't done what some of the people have done.I think it comes out in my music and in my every day walk in life.People can relate to me,I think sometimes I am a mirror for people to see themselves.I wanted to ask you if I could speak about you,but I just did not want to take a chance on you saying no,so I am not to the chapter I want to write about you yet,but I am thinking about it.I will try to create another character whom I can convince the reader that it is this character and not a lie.I find that every thing that has happened to me has aided me in becoming who I am today.I haven't been one of those black men who got strung out on drugs,and made a come back,or alcholic ,like I said it is nothing juicy,but there is one thing that I have to tellwhich caused me to be able to understand what "LOVE" is with my family and consequently I began to love the world.Bill I discovered if I could love my mother and family,then the world was no problem.You never had the problem of having to learn to accept your mother and stop trying to get your mother to accept you

TEL: (66 2) 251 6127 FAX: (66 2) 253 9195

began to accept the world,and this is when ı no longer cared what the world thought,I then presented myself in concert,until that ti e ı had been blaming white people for holding me back and not letting me play in Carnegie Hall,when ı got my "LOVE" act together and started loving me,accepting me doing the same for my family,ı no longer had an excuse,because I saw the light, I saw that Jimmy mcKissic is responsible.I have people to ask me all the time if I am not marri ed,I do not go into details,but ı tell them marriage is a gift God did not give me,ı could neve be married and travel and live as I should,when ı get tired of working,I quit./With a wife,I wo work tired or no tired.Bill I can truly say I do what I want to do ,and when I do not do what I want to do it is not because I can't but because I can.I knew when ı came here I was ready fo for the next level,ofgrowtg in realizing that I am "RESPonsible"tne power i: within me connecte to the outside of me to be able to turn on the faucette and receive as mugh powere to create what I want.To really obey my gut feeling,Bill guess what happened to me since I've been here. Here lately when ever I get grand feelings I think it has something to do with you that you did not want to promise me anything just in case something happened and you could not fulfil your promise.The second day I was here,the security man asked me if I knew any of the Kings songs,so I said no,he said you should learn some.(me and my signs) I then go to the secretary and ask her for some Kings songs,she gives me 5 of them.I began learning them and then I thought if I am going to learn them ı want to play them for him.So I wrote him a letter,I went and asked for the addressto send the letter,since you were coming I offered to do a concert of his music and my classicalor hymns or gospel,I did not tell him we were friends.but i did say I was from Arkansas playing here in Bangkok,anyway when the public relations lady saw the lette: she gave it to the general director,he told me the king would never get my letter.In the mean time,I went and had another suit of yellow and red made to play for His Majesty,the man who mak my clothes is not the same one on the photo I sent out,this tailor makes them with love,So when I saw that my letter was not going to be sent,I stopped playing the kings music and went back to my concert for April 6,in Carnegie Hall,I am doing it for the home town folks in Pine Bluff on January 4,I leave here Jan2.Any way a week later I was practicing my Beethoven in the ball room,and a worker came running in and asked me if ı knew any of the Kings music,I said no so he went running to h s locker and he came back with 5 or 6 tunes so now ı say Jimmy this is a real sign,so I started practicing them again,and that nite when I was playing my gut feeling said play the Kings song,so I did,guess what a man came over to the piano and said we are makin a film about the Kings life with his music,will you be interested in playing it,i said yes,and they said Monday at noon we would like to film here,I said OK,do you know Monday morning they (tailor)had just put the finishing touches on my suit.I wore my new suit yellow and red in the film,plus they interviewed me in the film.I was very glad I obeyed my gut feeling.It may have b been God giving me a second chance,since ı tried to do what ı thought was right by going to the people who live here asking how to send this letter to the king.Now I am having another suit made simple yellow and red to do my concert in Pine Bluff and Carnegie Hall,ı feel it Bill,I am keeping the door open,if ı get a big bang sign not to ,ı won8t do it.I can tell you this other feeling I have because ı do not believe you will misunderstand me,but I am excited about it. I was singing the song ı wrote for you the other nite about ı 'de like to be your very special friend,and this lady was sitting there just smiling and when ı finished she motioned with her li lips"you are",then the other night there was a man there(here) from Australia who has AIDS,he

told me he wanted to make one more trip before it was finished.He is on a kick but my age about
30 something,I feel like I can hold out a little while longer(smile)10 years of abstinance,I'll
go another 10,20,30 yearseven 100 if necessary.

the Regent BANGKOK

A FOUR SEASONS · REGENT HOTEL

I sung the Special Friend song for him and he stood up and apluded.The song is really inspired,
I'm not trying to sell you on it,cause I'm enjoying singing it for whom ever,I told you a prince
gave me a thousand dollars for saying at the end "I'de like to be your special friend your
highness".I was trying it out before Carnegie Hall.Any way Bill,I am even working on it during
the day ,cleaning it up,I mean hitting the notes on the head .I feel great,I feel good about
something wonderful happening in my life soon.I am preparing the song to played and sung by me
at your inaugaration just with me and the long black Steinway piano.There will be no bull----
If it happens I will be ready,if it dosen't happen I will have lost nothing,I still will have
gained because I worked my voice some more,because I want you to be proud of an Arkansan on your
inaugaration program, and one who is not famous or a star,but still a little country loving boy.
I feel so good abut it.I'm so glad you understand what I mean,I just had to share it with you,
I can't tell anyone else,because maybe I would be embarrased I don't know,but it is something
that just is.I'll never stop loving you as the song says,even if we never meet,or you get too
busy these next 4 years to write,I will always pray for your protection and strength for you not
to provoke or be careless.That I know we are in harmony with,isn't there a passage in the Holy
Scriptures that says,if 2 or 3 of you agree on something God will answer ,that is the jist(smile
So now I pray for protection and I almost forgot also for you to have the strength to follow
and obey your gut feeling.I love to pray for you because you believe in me,I get a charge also
when I pray for you.I discovered one thing that is quite interesting and that is when I pray for
you,it seems those things come back to me,when I pray for you to have courage,then it seems that
something happens that I need courage,so if it be that with prayer,I sho ain't gonna wish
nothing bad for no one,only good stuff for every one.I see where you are in Little Rock now,I
will be there on the 2 or 3I leave here on 2 get to San Francisco on 2 and leave that nite so I
get to Dallas on morning of 3 and Little Rock one hour later.Well Mr.President,I feel so much
better now,that I know how to pray and what to pray for,I bought this typewriter for my book,sp
you see obedience is better than sacrifice(Bible Quoter,I just lovem,especially when they prove
their point by the Bible,smile)

By now Bill and thanks a million for your friendship.

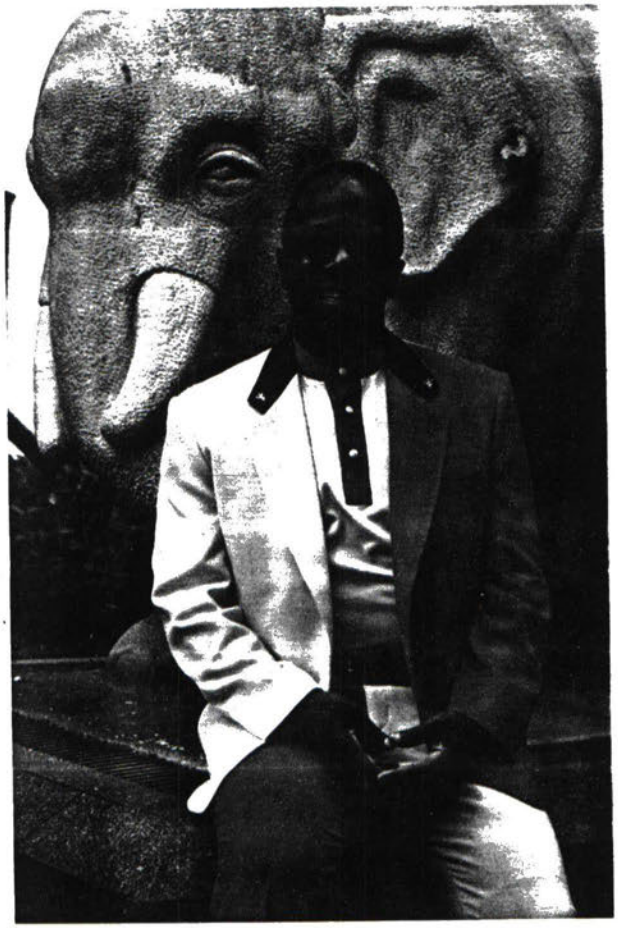
Love

Jimmy

P.S. I AM ENCLOSING A photo COPY OF A SONG by the King JUST IN CASE you wont to, or have a day you have the time to do some thing with it, he PLAYS SAXOPHONE ALSO,

This is My New Suit

155 RAJADAMRI ROAD, BANGKOK 10330 THAILAND
TEL: (66 2) 251 6127 FAX: (66 2) 253 9195





LOVE AT SUNDOWN

'Tis sundown
The golden sunlight tints the blue sea,
Paints the hill and gilds the palm tree.
Happy be, my love, at sundown.
'Tis sundown
The multi-coloured dancing sunbeam
Brightly shines on in my heart's dream
Of the one I love, at sundown.
The birds come to their nest-
At peace, they bill and coo.
The wide world sinks to rest,
And so do I and so do you.
'Tis sundown
In splendour sinks the sun, comes twilight,
Day is done, now greets the cool night.
Happy be, my love, at sundown.

เป็นพระราชนิพนธ์เพลงที่สอง ได้ทรงพระราชนิพนธ์ขึ้นขณะยังทรงเป็นสมเด็จพระอนุชาธิราช และโปรดเกล้า ฯ ให้หม่อมเจ้าจักรพันธ์ ฯ ทรงแต่งคำร้องภาษาไทย และให้คุณหญิงนพคุณ ทองใหญ่ ฯ แต่งคำร้องภาษาอังกฤษเมื่อทรงพระราชนิพนธ์เสร็จแล้ว ได้พระราชทานให้นำออกบรรเลงในงานรื่นเริงที่สวนอัมพร นับเป็นเพลงพระราชนิพนธ์เพลงแรก ที่นำออกบรรเลง แต่เป็นพระราชนิพนธ์ที่ทรงขึ้นเป็นเพลงที่สอง ต่อจากเพลง "แสงเทียน" ทั้งนี้เพราะมีพระราชประสงค์จะแก้ไขเพลง "แสงเทียน" ให้ดีขึ้นแล้วจึงนำออกบรรเลงภายหลัง โดยที่เพลง "ยามเย็น" เป็นเพลงที่เหมาะกับการเต้นรำของคนไทยในสมัยนั้น จึงเป็นที่ประทับใจพสกนิกรกันมาก และกลายเป็นเพลงที่ได้รับความนิยมมากทันที

ยามเย็น


F C+ F B♭7
แดด รอน รอน —— เมื่อ ทิ – น — กร จะ ลับเหลี่ยม เม — ฆา
C7 F
ทอ แสง เรืองอ-ร่าม ช่าง งาม ตา ใน น – ภา ส – ลับ จับ อัม — พร —
F C+ F B♭7
—— แดด รอน รอน —— เมื่อ ทิ – น — กร จะ ลา โลก ไป ไกล
C7 F
ยาม นี้ จำ ต้อง พราก จาก ดวง —— ใจ ไกลแสน ไกล สุด ห่วง ยอด ดวง — ตา —
Am F7 B♭7
—— แต่ ก่อน เคย คลอ เคลีย กัน —— ทุก วัน คืน รื่น อุ — รา — ต้อง
E7 Am Cdim Gm C7
อยู่ เดียว เปลี่ยว วิญ —— ญาณ์ —— เหมือน ดัง น – ภา ไร้ ทิ — น – กร แดด
F C+ F B♭7
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A.M. Blues

ชะตาชีวิต



(สงวนลิขสิทธิ์ ตามพระราชบัญญัติ)

CARNEGIE HALL



Stagebill

Sept. 1996

cc: w/incoming:
Bob Nash
Evelyn Lieberman

cc Mark
EB
JQuinn-Neal Good
Mac-

HE WHITE HOUSE

WASHINGTON

November 14, 1996

John T. Spotila
6500 Sandy Knoll Court
McLean, Virginia 22101

Dear John:

Thanks so much for your letter of November 4 and for your interest in serving here at the White House. As you well know, I very much appreciate all your fine work at the SBA. I'll give your suggestion serious consideration and have made Bob Nash aware of it.

My best to all the Spotilas.

Sincerely,

Bill Clinton

JOHN T. SPOTILA

November 4, 1996

Dear Mr. President,

Congratulations on an outstanding first term and a strong campaign. I feel privileged to have served under your leadership. Please know that the entire Spotila family is proud of you and very grateful to you for your service to our country.

As you lay out plans for your second term, please keep this long-time friend in mind. Let me help by serving you at the White House. My skills, experience and judgment could be useful in any of several roles -- perhaps as a Deputy in the Counsel's office, or in a domestic or economic policy position. You know that I would be committed to your agenda and that I would be effective in helping to implement it.

Building that bridge to the 21st century is going to require some heavy construction. You're going to need people with maturity and common sense. Agency experience would be helpful because there is a great deal that could be done on an interagency basis to develop ideas and carry out your initiatives. There also would be value to you in adding someone else at the White House who has owned and operated a business, who understands business owners, and who knows what can be accomplished through public-private partnerships. For a variety of reasons, you should put this Hoya to work on your staff.

You might be interested to know that my brother Jim has spoken with Bob Nash about the possibility of taking on an environmental job in the second term. As a Chair Professor at Drexel, he can take a leave of absence to come to Washington. Bob was very impressed with Jim's credentials (90+ scientific articles, groundbreaking research, numerous awards, etc.). I guess he figured my Dad was finally sending in the first team.

Once again, we all send you our best personal regards. We are proud of the job you've done and look forward to helping you in any way we can in the years ahead.

With warm friendship,



JOHN T. SPOTILA

November 4, 1996

Nancy Hernreich
Deputy Assistant to the President
The White House

Dear Nancy,

Please pass this personal note on to the President for me.

Thanks for all your help!

Best wishes,

John T. Spotila

cc: scheduling

THE WHITE HOUSE

WASHINGTON

November 14, 1996

Jerry L. Maulden
Vice Chairman
Entergy Corporation
Post Office Box 8082
Little Rock, Arkansas 72202

Dear Jerry:

Thanks for your letter suggesting that we visit Melbourne on our upcoming trip to Australia. While we would love to see Entergy's newest service territory, our itinerary, unfortunately, won't include a visit to that part of the country.

Give our best to Sue and to your grandchildren.

Sincerely,

Bill

Jerry L. Maulden
Vice Chairman
Entergy Corporation
Post Office Box 8082
Little Rock, Arkansas 72202

ENTERGY

Entergy
425 West Capitol Avenue
P.O. Box 8082
Little Rock, AR 72203
Tel 501 377 3515

Jerry L. Maulden
Vice Chairman
Entergy Corporation

Big FOB!

cc: (1) Bill Clinton for Pres
(2) President's Scheduling Comments

October 1, 1996

President Bill Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500-2000

Dear Mr. President:

I understand that after the election you are planning a trip to Australia. You may be aware that Entergy has recently acquired the electric system serving the central business district and inner suburbs of Melbourne, Australia. We have invested nearly $1.2 billion in the privatization project and our CitiPower Pty. subsidiary now serves over 233,000 customers in a service area exceeding 60 square miles. In addition, Entergy Enterprises, which is headquartered in Little Rock, has established a regional office in Sydney.

The state of Victoria where Melbourne is located is very progressive and has been a leader in privatization of its utility industry. In the last year seven electric utilities: Edison International (SoCal Edison), Northern States Power, Texas Utilities, Pacificorp, Utilicorp, GPU, and Entergy have invested over six billion dollars in distribution and generation companies. Politically, Victoria's Premier and State Treasurer are recognized throughout the country as leaders in the labor reform movement.

We would consider it an honor if your itinerary could include the newest service territory in our Entergy system. Our people tell us it's beautiful country and has some of the best golf courses in the world!

Again, let me express my thanks for the many kindnesses and courtesies you have extended to the entire Maulden family. The grandchildren will never forget their White House stay--nor will Sue or I.

If we can be of any assistance, please do not hesitate to call.

Best personal regards,

Jerry

Jerry Maulden

JLM/jn

DONE

THE WHITE HOUSE

WASHINGTON

SCHEDULING ADVICE MEMORANDUM FOR: Harold Ickes, Margie Sullivan, Doug Sosnik, Kitty Higgins

Maureen do letter call me I'll explain

FROM: **STEPHANIE STREETT AND ANNE HAWLEY**
DATE: October 28, 1996
SUBJECT: **SEE BELOW**

Invites the President to tour Entergy's newest service territory in Melbourne, Australia while in the region for the upcoming APEC summit.

PLEASE MARK ONE OF THE FOLLOWING AND WRITE ANY ADDITIONAL COMMENTS BELOW:

___ The President does not need to accept.

___ The President does not need to accept but should send a representative.

___ **THE PRESIDENT SHOULD ACCEPT -- PLEASE SUBMIT A SCHEDULING PROPOSAL WITH THE INVITATION ATTACHED TO THE WEST WING SCHEDULING OFFICE ASAP!**

CO

PL
(P

SELFR

DONE

REBECCA -
THIS IS WHAT I HAVE THUS FAR... I'M WAITING ON COMMENTS FROM HAROLD (& E-MAILED TEN O'CONNOR YESTERDAY ABOUT THIS) & WILL LET YOU KNOW ASAP!

PATRICK ALSO TOLD ME POTUS WILL NOT BE IN THIS AREA OF AUSTRALIA ??? FYI

THANKS ; - PETE

THE WHITE HOUSE

WASHINGTON

SCHEDULING ADVICE MEMORANDUM FOR: Harold Ickes, Margie Sullivan, Doug Sosnik, Kitty Higgins

FROM: **STEPHANIE STREETT AND ANNE HAWLEY**
DATE: October 28, 1996
SUBJECT: **SEE BELOW**

Invites the President to tour Entergy's newest service territory in Melbourne, Australia while in the region for the upcoming APEC summit.

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X The President does not need to accept.

___ The President does not need to accept but should send a representative.

___ **THE PRESIDENT SHOULD ACCEPT -- PLEASE SUBMIT A SCHEDULING PROPOSAL WITH THE INVITATION ATTACHED TO THE WEST WING SCHEDULING OFFICE ASAP!**

COMMENTS:

PLEASE RETURN THIS MEMO TO PETE SELFRIDGE IN ROOM 184 BY: ASAP!!
(President to review comments)

cc: with incoming:
Erskine Bowles

THE WHITE HOUSE

WASHINGTON

November 14, 1996

Dr. Rex M. Horne, Jr.
Immanuel Baptist Church
1000 Bishop Street
Little Rock, Arkansas 72202

Dear Rex:

Thanks for your letter of November 8 and for suggesting that we create a position here to deal specifically with religious issues. While I do have a few advisors whose primary focus is coordinating religious activities and dealing with the pastoral community, I really appreciate your idea and have made Erskine Bowles aware of it.

I was truly honored to have you pray with me last Tuesday -- as always, you provided me with the strength and wisdom that I needed in that great hour.

Sincerely,

Bill

Dr. Rex M. Horne, Jr.
Immanuel Baptist Church
1000 Bishop Street
Little Rock, Arkansas 72202

IMMANUEL
BAPTIST
CHURCH

Maureen

November 8, 1996

President Bill Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500-2000

Dear Mr. President,

Again, congratulations on your re-election and know of my continual prayers for you, your family and responsibilities.

I have had something in my heart for some months that may be of interest to you as you begin planning your second term. As you move into the second term, you are moving toward history and leaving a legacy of significance. I know with the cabinet and staff changes you have an opportunity to form your kind of team.

May I suggest to you that you appoint an official to deal specifically with religious matters. In fact, I see this as a senior official who could serve you, the White House staff and our country. One of your responsibilities, and one you perform so well, is to speak "pastorally" when crises touch our people and the world. Your White House staff have needs. After all, the Senate and House have a chaplain ... why not someone to help you and your staff.

A second part of work this person could do would be to be your contact with the religious groups in America. There needs to be an outlet for the concerns of all people of faith. This office could do that. This person could also help you with commissions related to persecution and religious freedom issues worldwide.

I am sure there are other ways this person would help you. This person would be one that millions of Americans could find identity and information. If there is some interest, I would be more than happy to discuss this matter further.

May the Lord bless you Mr. President. You honored me by mentioning my name last Tuesday night. I will never forget it.

Sincerely,

Dr. Rex M. Horne, Jr.
RMH/mlw

P.S. I am mailing under separate cover a book you will enjoy, Half-Time, by Bob Buford.

DR. REX M. HORNE, JR., SENIOR PASTOR
1000 BISHOP STREET • LITTLE ROCK, ARKANSAS 72202 • 501-376-3071 FAX 501-396-3314

THE WHITE HOUSE

WASHINGTON

November 14, 1996

The Honorable Chris E. Williams
Municipal Court Judge
City Hall
Malvern, Arkansas 72104

Dear Chris:

Congratulations on being elected Secretary of the American Judges Association. It's a great and well-deserved honor for you and for Arkansas, and I know you'll do an outstanding job.

Sincerely,

Bill Clinton

& Hope & Chelsea join in
sending best wishes to your
friend—

Chris E Williams
Municipal Court Judge

City of Malvern
MUNICIPAL COURT
City Hall
Malvern, Arkansas 72104

Sheila A. Patton
Municipal Court Clerk
501-332-7604

Barbara Puckett - Deputy Clerk

Melba Russell - Civil Division

Hope Vaught
Small Claims
501-332-7606

Manner of Address
Do not
Congress

November 8, 1996

via fax number (202) 456-6703

President Bill Clinton
The White House
Washington D.C.

Dear Bill:

Forthcoming for your review is a faxed copy of Jeff Rosinek's resume. For your better understanding, the Honorable Jeff Rosinek is a strong supporter of yours in Miami, Florida, and has recently been elected as the President of the American Judges Association. Jeff is a very strong President for this Association and will be doing great things in the future for the American Judges Association. He has a very strong preference for you and your goals that you have set for this Country.

I understand that Fran Halligan, a dear friend of ours, has set up a tour of the White House for Judge Rosinek. I would consideration it a great honor if you would make contact with Judge Rosinek while he is visiting at the White House.

Judge Rosinek's wife's name is Sandy. They both love you and Hillary so very much and have asked me on numerous occasions to get a signed photograph of the two of you.

But, once again, I have enclosed Judge Rosinek's resume so that you will know more about him when he does come to visit the White House around November 16th or 17th of this year.

The reason that I am faxing this is because I know that you do not have time at this point to deal with such matters, but please read this document. I think that you would find it very interesting if you could visit with him.

By the way, for your information, I was elected Secretary of the American Judges Association, which is a great honor for the

State of Arkansas and a great honor for me personally. I hope that in the future this will pay off in great dividends for our State. I will serve in various positions for the next four years and then I will serve as President of this Association. I would like to work closely with you on any matters of which I may be of assistance to you.

Sincerely,
Your long time friend,

Honorable Chris E Williams

CHRIS E WILLIAMS
ATTORNEY AT LAW

829 HALBERT AVENUE
MALVERN, ARKANSAS 72104

TELEPHONE 501-332-6633
FAX NO. 501-332-6644

FAX TRANSMITTAL

DATE : November 12, 1996

TO : Bill Clinton
Attn: Analee

FAX NO. : 202-456-6703

FROM : Chris E Williams
FAX NO : (501) 332-6644

NUMBER OF PAGES FOLLOWING: 6

REMARKS:

Re: Letter dated November 8, 1996
Judge Jeffrey Rosinek

Forthcoming please find Judge Rosinek's resume.

CONFIDENTIALITY NOTICE

This facsimile transmission (and/or the documents accompanying it) may contain confidential information belonging to the sender which is protected by the attorney-client privilege. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone to arrange for return of the documents.

ROSINEK ELECTED PRESIDENT OF AMERICAN JUDGES ASSOCIATION

WILLIAMSBURG, VA -- Judge Jeffrey Rosinek of the Eleventh Judicial Circuit in Dade County was elected president of the American Judges Association at the recent annual education conference in Toronto. Judge Rosinek has served on the Eleventh Judicial Circuit since 1990. From 1986-1989 he sat on the Dade County Court and practiced law from 1978 to 1984. In addition, he taught at Boston University and as a social studies teacher at Coral Gables High School. Judge Rosinek is a lifetime member of Kiwanis International, and received the 1983-84 Biscayne Bay Kiwanian of the Year award. He received the Key of Honor from the Key Clubs of Florida and an Award of Merit from the Professional Law Enforcement Association.

Judge Rosinek has been active in a number of civic and religious organizations including: Biscayne Bay Kiwanis Club (president, 1981-82, Major Emphasis Chairman, 1985-86); South Miami-Kendall Bar Association (president, 1983-84); Legal Services of Greater Miami (treasurer, 1985-86); Florida Bar Judicial Nominating Procedures Committee (1985-); University of Miami Law School Alumni Association (secretary, Treasurer - 1985-87; judicial director -1987-); University of Miami Law School, Lecturer continuing legal education (1994-); Beck Museum of Judaica (chairman, 1988-); Faculty member of the Florida College of Advanced Judicial Education (1992-); and Coral Gables High School PTSA (Co-President with his wife, Sandy, 1996).

Judge Rosinek served as chairman of the City of Miami Environmental Advisory Committee and organized and initiated the Peer Review Panel for the Dade County Juvenile Court. He served on the Criminal Justice Committee of the Florida Conference of Circuit Court Judges and is the Judicial Circuit Representative to the Department of Corrections' "Boot Camp" program (1994-). He also is Chairperson of the Criminal Justice Committee, Planning Committee, of the Dade County Homeless Trust (1994-) and serves as Vice President of Carrfour Corporation, providing permanent housing for the homeless.

Judge Rosinek received his A.B. in history and his Juris Doctor from the University of Miami. During his one-year term, Rosinek plans to focus on three major areas: independence of the judiciary, enhancing the image of judges, and juvenile justice.

According to Rosinek, judges need to truly get involved in communicating to the public and legislature that the judiciary is an independent branch of government and should be treated as such. "We need to emphasize this as a means of warding off unreasonable attacks against the judiciary."

Going hand-in-hand with the independence of the judiciary is enhancing the image of judges. "It is essential that we work to enhance the image of judges throughout the U.S.," states Rosinek. "We will be working with various judicial organizations to develop a coordinated nationwide effort."

Lastly is the area of juvenile justice. According to Rosinek, most judges who handle juvenile cases are not juvenile judges. "We need to concentrate on educating non juvenile judges in handling juveniles as defendants, victims and witnesses."adds Rosinek.

The AJA is a judicial organization representing judges from all levels of jurisdiction in the United States and Canada. Judge Rosinek is a graduate of the University of Miami Law School. He was a county court judge from 1986 until his appointment to the circuit court bench in 1990.

****

The American Judges Association represents more than 3,000 judges from all levels of jurisdiction in the United States and Canada. It was established in 1959 as the National Association of Municipal Judges with the goals of (1) promoting and improving the effective administration of justice, (2) maintaining the status and independence of the judiciary and (3) providing a forum for the continuing education of its members.

###

CIRCUIT COURT
ELEVENTH JUDICIAL CIRCUIT OF FLORIDA

JEFFREY ROSINEK
CIRCUIT JUDGE

RICHARD E. GERSTEIN
JUSTICE BUILDING
1351 N.W. 12TH STREET
MIAMI, FLORIDA 33125

Married: Sandra Gwen Rosen
Children: Ian David

EDUCATION:

A.B. History, University of Miami
Graduate Work: History, Political Science
Juris Doctor, University of Miami

EXPERIENCE:

Judge, 11th Judicial Circuit Court (1990-)
Judge, Dade County Court (1986-1989)
Partner: Rosinek & Blake (1984-1986)
Partner: Todd, Rosinek & Blake (1978-1984)
Associate of Tendrich & Todd
Instructor: Boston University
Social Studies Teacher: Coral Gables High School
Educational Director: Temple Judea

AWARDS AND HONORS:

Who's Who Among Students in Universities and Colleges in America
Outstanding Educator Award - Coral Gables High School
Outstanding Young High School Educator of the Year
Outstanding Young Educator of the Year - Dade County
Bar and Gavel Legal Honor Society
Chancellor of the Wig and Robe Academic Honor Society
Achievement Award - Jewish Theological Seminary of America

University of Miami School of Law - Evening Division;
Outstanding Law Student Award
Who's Who in American Law
Who's Who of Florida
Who's Who in the South and Southwest
Who's Who in the World
Who's Who of Emerging Leaders in America
Personalities of America
Distinguished Club President - Kiwanis International (1980)
Lt. Governor, Honors - Kiwanis International (1982)
Biscayne Bay Kiwanian of the Year (1983-84)
Key Clubs of Florida, Key of Honor
Key Club Convention Honoree (1984)
Lifetime Membership - Kiwanis International
Professional Law Enforcement Association - Award of Merit
Liberty City Christian Association - Appreciation Award
Distinguished Club President - Kiwanis International (1995)
Distinguished Club Secretary - Kiwanis International (1996)

CIVIC, PROFESSIONAL AND RELIGIOUS ORGANIZATIONS:

* City of Miami Environmental Advisory Committee Chairman
* Dade County Youth Relations Board
* Civilian Review Board, 19th Congressional District,
* Chairman for the selection of Nominees to the US Service Academies
* Coral Gables Key Club - Faculty Advisor
* Florida District of Key Club International, Co-Administrator
* Coral Gables High School Faculty - President
* Beth David Congregation - Vice President (1982-1986)
* Biscayne Bay Kiwanis Club - President (1980-1981, Distinguished)
* Dade County Advisory Council for Close-Up Foundation, Chairman
* South Miami-Kendall Bar Association - President (1983-84)
Cuban American Bar Association
* Florida District of Kiwanis International - Lt. Governor (1982-83, with Honors)
* Florida Walk for Mankind, Project Concern, Kiwanis International - State Chairman (1982-1986)
* Legal Services of Greater Miami - Treasurer (1985-86)
Florida Bar Judicial Nominating Procedures Committee (1985- 1995)(1996-)
* Florida Bar Family Law Section, Rules Committee (1984-87)

* Florida District of Kiwanis International - Major Emphasis Chairman (1985-86)
* University of Miami Law School Alumni Association; Secretary, Treasurer (1985-1987)
  University of Miami Law School Alumni Association; Judicial Director (1987-)
* Florida District of Key Club International - Counselor (1983-1992)
* Dade County Juvenile Court - Organized and initiated the Peer Review Panel
* South Miami-Kendall Bar Association - Organized and initiated the Pro Bono Program
* Miami Beach Bar Association - Director (1987-88)
* Dade County Bi-Centennial Committee - 19th Congressional District Representative (1986-1992)
  American Judges Association -*Board of Governors (1988-1992); *Secretary (1992-93); *2nd Vice President (1993-1994) *1st Vice President (1994-1995),
  American Judges Association - President-elect (1995-96).
  American Judges Association - Image of the Judiciary Committee, Domestic Violence Committee, Membership Com.
* American Judges Association 32nd Annual Educational Conference Chairman (1992)
  American Judges Association - Chairperson - Federal-State Relations Committee
  Florida Law Related Education - Board of Directors (1988-)
* Florida Close-Up Foundation - Board of Directors (1988-1993)
  Florida Kiwanis Foundation
  Legal/ELF Advisory Committee
* Florida Bar Committee on Representation of Indigents
  Dade County Bar Criminal Courts Committee
  Florida Conference of Circuit Court Judges, Criminal Justice Committee
* Miami-Dade County Task Force for the Homeless
  Faculty - Florida College for Advanced Judicial Studies (1992-)
* Dade County Traffic Review Committee (1987-1992)
* Haven Center Board of Trustees (1987-1993)
  Beck Museum of Judaica, at Beth David Congregation, Chairman,(1989-)
* Biscayne Bay Kiwanis Club - President Elect (1993-94)
* Biscayne Bay Kiwanis Club - President (1994-1995)
  Biscayne Bay Kiwanis Club - Secretary (1995-)

Kiwanis International, Division 16 , M.E.R. Chairperson (1995-)

* National Court Reporters Association - Strategic Alliance Committee (1993-1994)(1996-)
* 11th Judicial Circuit Representative to Comprehensive Homeless Integration Project (CHIP) (1992-1994)

11th Judicial Circuit Organizer and Representative to the Homeless Alternative Rehabilitative Tracking Program (HART) (1994-)

Judicial Circuit Representative to Department of Corrections: "Boot Camp" Program (1994-)

Dade County Homeless Trust (1994-); Chairperson, Criminal Justice Committee, Planning Committee

Carrfour Housing Corp., Board of Directors (Greater Miami Chamber of Commerce) (1994-) (permanent housing for the homeless) Vice President (1996-)

Coral Gables High School PTSA, 1st Vice President (1995- 96), President (1996-)

Court Review, Vol.32, No. 1, Spring 1995, "Juror Discrimination: Death of the Peremptory Challenge."

Lecturer: University of Miami Law School Continuing Legal Education (1994-)

Chairperson: 11th Judicial Circuit, Florida 1st Annual Education Seminar/Retreat, 1995

*Past Officer

MACK MCLARTY

THE PRESIDENT HAS SEEN
11-14-96

November 12, 1996

To: The President

Thought you would get a chuckle out of the attached which, believe it or not, was sent to me by Ambassador Jim Sasser in China. News of this sort, I suppose, travels fast.

M.F

Attached

cc. BL | McCurry | Bacl | APeck

Hey fellas!

Only In Arkansas

Here's more on why Arkansas is everyone's favorite state. This is from the Arkansas Democrat Gazette:

"Two local men were seriously injured when their pickup truck left the road and hit a tree near Corton Plant on State Highway 38 early Monday morning . . .

"Thurston Poole, 33, of Des Arc, and Billy Ray Wallis, 38, of Little Rock are listed in serious condition at Baptist Medical Center. The accident occurred as the two men were returning to Des Arc after a frog-gigging trip. [Note to city slickers: frog-gigging, or frog-sticking, is how, armed with a small pitchfork, you catch frogs from the bayou bank. Frog legs make a tasty supper.]

"On an overcast Sunday night, Poole's pickup truck headlights malfunctioned. The two men concluded that the headlight fuse on the older-model truck had burned out. As a replacement fuse was not available, Wallis noticed that the .22 caliber bullet from his pistol fit perfectly into the fuse box next to the steering wheel column. Upon inserting the bullet, the headlights again began to operate and the two men proceeded on eastbound toward the White River Bridge.

"After traveling approximately 20 miles and just before crossing the river, the bullet apparently overheated, discharged and struck Poole in the right testicle. The vehicle swerved sharply to the right, exiting the pavement and striking the tree. Poole suffered only minor cuts and abrasions from the accident, but will require surgery to repair the other wound. Wallis sustained a broken clavicle and was treated and released.

" 'Thank God we weren't on that bridge when Thurston shot his nuts off or we might have been dead,' said Wallis.

" 'I've been a trooper for 10 years in this part of the world,' said Deputy Snyder, 'but this is a first for me. I can't believe that those two would admit how the accident happened.'

"Upon being notified of the wreck, Lavinia, Poole's wife, asked how many frogs the boys had caught, and did anyone think to get them from the truck."

THE PRESIDENT HAS SEEN

11-14-96

A WASH. REG. OFC

P.2

cc: w/ incoming:
KATIE McGINTY

Nancy-
This was run through counsel originally, can't say anything more.
-maureen

November 8, 19

Roger P. Hoffman
President and CEO
Hoffman Environmental Systems
Post Office Box 880
Green Bay, Wisconsin 54305-0880

Dear Roger:

Thanks for your letter of October 19. It was good to see you again, and I was glad to hear Undersecretary Grumbly's remarks were so well received at the conference. I have passed your letter on to Katie McGinty, the Chair of the Council on Environmental Quality, for appropriate handling.

Sincerely,

Bill Clinton

We think Cisneros!

HOFFMAN
ENVIRONMENTAL SYSTEMS

Roger P. Hoffman
President and CEO

Maureen

Nancy, 10-21-96

Could you please see that the President gets this letter. It is in regard to a recent meeting they had. Thank You!
Mr. Hoffman's Secretary,
Dawn

October 19, 1996

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

Dear Mr. President:

Thank you for meeting me last Friday. With the schedule that you keep, it says so much that you have never forgotten your friends.

In the brief time we had together, I mentioned to you that I could use your help. The micro papermaking concept that I discussed with you in my earlier correspondence will have a significant impact on reducing energy consumption in the United States and the rest of the world.

You will recall that several years back you introduced me to the President of NuCor Steel in your office in Little Rock. The incentive electrical rate that we established together (that helped save Arkansas Kraft) was the same rate schedule that attracted NuCor to Arkansas, and you were kind enough to allow me to meet the President of the company that I patterned my mini, (and now micro) papermaking concepts after.

Unlike steel recycling, which is very complex and environmentally difficult to permit, paper recycling is quite straight forward. High quality paper and paperboard with 100% recycled content can, and should be made in small urban facilities. Creating much needed highly paid urban jobs, and saving transportation back to the "tree-based mill".

Thomas Grumbly Under Secretary for the Department of Energy gave the key note address on Friday at the "Paper '99: Changing Paper Purchasing Paradigms" Conference, which Fran McPoland put together. He was inspiring, a visionary, and impressed me as a person who could see the advantage of this approach.

125 South Jefferson Street • Suite 201 • PO Box 880 • Green Bay, WI 54305-0880 • Phone: 414-432-0300 • Fax: 414-432-6543

Mr. President, papermaking will find it's way back to the cities - whether or not DOE or my company play a role - but together we could really expedite the process, and in doing so help facilitate urban employment and start saving 500,000,000 gallons of diesel fuel annually by reducing the amount of recovered paper that travels back to tree based mills.

At a time when heating oil is at critically low levels in the Northeast, and our consumption of fossil fuels is still rising, an initiative that would save that much fuel annually should be appealing.

I could sure use your assistance in having DOE take a serious look at this concept, and would welcome their input as to how to move this process forward.

Sincerely,

Roger Hoffman

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11/14/96

TO: SECRETARY CISNEROS

FROM: **Staff Secretary**

POTUS note --

cc: Cisneros
someone should talk to him

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

'96 NOV 13 PM8:41

November 13, 1996

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN
11-14-96

FROM: ALICIA H. MUNNELL

SUBJECT: Consumer Price Indexes for October, Labor Department Release, Thursday, 8:30 a.m.

The consumer price index increased 0.3 percent in October, in line with market expectations.

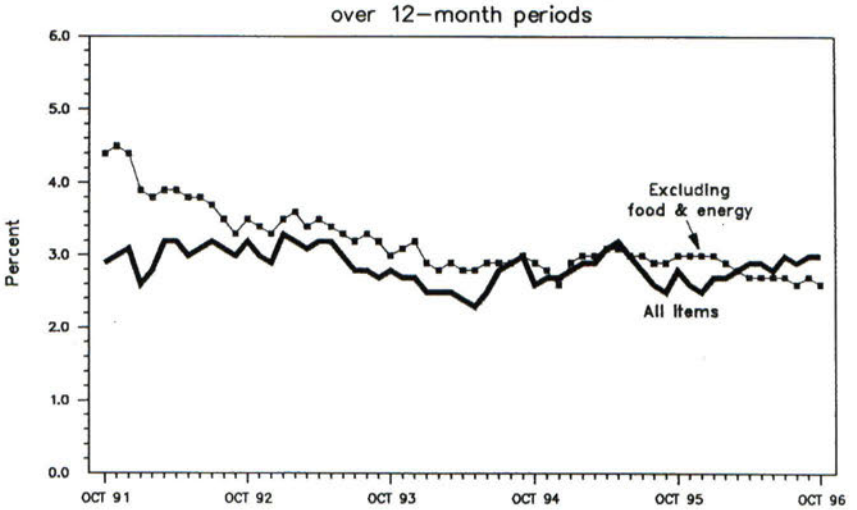
Energy prices increased 0.7 percent reflecting a large increase in the price of home heating oil.

Food prices rose 0.6 percent and have recently posted above-trend increases. Over the past 5 months, food prices have increased at a 6.6 percent annual rate.

The core CPI (which excludes food and energy) increased 0.2 percent in October, a bit below market expectations. Airfares have increased 4.8 percent in the past 2 months as the re-imposition of the 10 percent tax has been partially offset by discount fares.

Although total inflation has picked up over the past 12 months, the increase is entirely in the volatile food and energy components, which increased 4.0 and 5.7 percent, respectively. Over the 12 months ending in October, the core CPI rose 2.6 percent--down slightly from a 3.0 percent year-earlier pace. This report, along with yesterday's PPI, confirms that inflation remains stable.

CONSUMER PRICE INFLATION
over 12-month periods



THE SECRETARY OF THE INTERIOR

WASHINGTON

TAYLOR BRANCH
Baltimore, MD

THE PRESIDENT HAS SEEN
11-14-96

Memorandum for the President
Your Conservation Legacy

The following is a very rough summary of the acreage set aside in various conservation categories during your first term. These figures already place you in the front ranks, along with Teddy Roosevelt and FDR, of conservation Presidents.

National Parks, Monuments and Wilderness:	
California Desert Protection Act	7,000,000
Grand Staircase - Escalante Proclamation	1,700,000
Colorado Wilderness Bill	1,000,000
Park Bill that you sign today	100,000

	9,800,000
Old Growth Forest and Riparian Reserves in the President's Forest Plan:	**9,000,000**
Everglades Acquisition in progress:	**200,000**
Wildlife Refuges:	
Kodiak Acquisitions (Exxon Valdez)	500,000
New wildlife refuges and LWCF Acquisitions	500,000

	1,000,000
Habitat Conservation Plans: (150)	
Private forests in the Pacific Northwest	200,000
Washington State Forests	1,600,000
Oregon State Forests	200,000
NCCP Preserves in Southern California	100,000
Texas and others	100,000

	2,200,000
Grand Total	**22,200,000**

THE WHITE HOUSE
WASHINGTON, D.C. 20500

11-14-94

DATE: 11/14

TO: Kitty

FROM: **Staff Secretary**

Original red-dotted
to DOE.

Phil

THE WHITE HOUSE

WASHINGTON

November 13, 1996

The Honorable Hazel R. O'Leary
Secretary of Energy
Washington, D.C. 20585

Dear Hazel:

I have received your letter of November 13, 1996, and, with regret, accept your resignation, effective January 20, 1997.

You can be proud of your accomplishments at the Department of Energy over the past four years, especially your work to ensure that the federal government is open and candid with our nation's citizens. I am grateful for your dedication to peace and a secure national defense; to the advancement of science and technology; to the development of clean energy sources; and to a healthy environment for all Americans.

I take great pride in your contributions and am glad to have had you as an important member of my team. Throughout your tenure, you have demonstrated the highest concern for our nation's needs and served with grace during demanding and challenging times. Hillary joins me in wishing you every future happiness and success.

Sincerely,

Bill Clinton

THE PRESIDENT HAS SEEN
11/14/96

America Remains No. 1

No other country will have the power to play the role of 'benevolent hegemon.' By Ronald Steel

We imagine the past and create the future in its image. People in 1896 got much of the coming century wrong; we are unlikely to do much better. Here is how some of the operating myths of ~~1996 might~~ collapse:

The Information Age Is Knitting the World Together. Russians gobble Big Macs. Children in Bangladesh wear Chicago Bulls T-shirts. CNN beams America around the globe, creating a community of news junkies that leaps cultural walls and defies censors. English is the universal language and the Internet the tribune of the people. Now we will all be one. Right?

Wrong. The notion of a global village is a product of our self-congratulation and worship of technology. We assume that if everyone sees the same programs they will espouse similar values. And since we provide much of the world's pop culture, won't everyone adopt our values?

Unfortunately, it doesn't work that way. When we see our products and images abroad we think of it as Americanization. For others, it is just modernization. Eating pizza and playing soccer doesn't make us Italian, any more than drinking Coke or playing baseball turns the Japanese into Americans. Sometimes the more people know about one another, the more they find to dislike. Take a feuding family. Or a civil war, as in Bosnia or Rwanda, to use a couple of current examples. The telephone doesn't make us love one another. Why should the Internet?

Capitalism Will Always Rule the World. Today, capitalism is riding high, and Socialism (along with its utopian apotheosis, Communism) has been confined to what Leon Trotsky called the "dustbin of history." Memories are short. Only 50 years ago, socialism was the wave of the future. Britain and France were nationalizing their industries, while backward places like China and India hailed the Soviet Union as a model of fast growth.

All that seems bizarre now. Everyone wants to be a capitalist, even former commissars. Capitalism distributes resources efficiently and produces a pile of money, but it always has, along with big booms and bad busts.

It was because capitalism destroyed even as it created that Socialist parties were formed in Europe and America a century ago. Capitalism survived because its own excesses were tamed through government intervention: pensions and health insurance for workers, welfare to buy off the poor. Left to its own devices, it periodically spins out of control. Then it goes into the dustbin for a while.

The Refugee Problem Is Manageable. Everyone knows that the world's population is growing too fast — 6 billion today versus 1.5 billion 100 years ago — but hardly anyone wants to deal with it. Thanks to advances in agriculture and medicine, more poor people survive in the impoverished countries where population growth is fastest. But unable to find jobs or live off the depleted land, they swarm into megacities like São Paulo, Lagos and Calcutta. And they spill across borders into richer places like Texas and California, France and Germany. We like to assume that tough immigration laws will stem the tide. They won't. The great migration from the world's slums is only just beginning.

Democracy Will Triumph. Democracy is infectious and inevitable, or so we believe. It has already come to most of Eastern Europe and Russia, as well as Latin America. Even the Chinese are getting restless. But democracy can mean many things — for some, the liberty to do wha ever they please, for others the ability to expre opinions freely and to choose their governor For the 30 million Russians who voted Commu nist in the recent Presidential elections, it mea high living for a few and misery for just abo everyone else. And in the fast-growing econon ic "tigers" of Asia, in societies that put a hig premium on order, security and tradition, it sug gests anarchy.

For democracies to work, they must deliv the goods. Where they fail, the people will tur against them — as the Germans did in 193 when they voted Hitler into power. Democrac is not easily transplanted; some societies find disruptive and a threat to traditional values. It virtue is that the public's voice is heard power fully. Its weakness is that it can degenerate int demagoguery and anarchy. The whole worl does not have to be democratic for us to mak our way in it. And it won't be.

China Will Be the Next Superpower. Of cours China will dominate the next century. It's big industrious and growing fast. What's to stop it Maybe the Chinese themselves.

For centuries China has been the great emerg ing power and the bogy man of the West Napoleon warned that when it awoke the worl would be sorry. Our own strategists today hav found in China a replacement for the Soviet Bear But this scenario tells us more about ourselve than about China. There will be 300 million to 400 million more Chinese over the next 20 years, ye there is little more arable land. Millions of hungry peasants are fleeing to the cities. Conflicts have broken out between the capital and the provinces between industrial and agricultural regions and be tween powerful economic and military factions The Soviet state disintegrated to the astonishmen of virtually every expert. So may China.

Ronald Steel is Shapiro Visiting Professor of International Affairs at George Washington University.

The Wretched Will Always Accept Their Lot. Nobody says this openly, but it is what most governments think. Although we have always had the rich and the poor, the gap between them has been growing. This is particularly true of the United States, where the distribution of wealth is now in a class with Guatemala. Not only people, but whole countries are growing poorer. Wealth has become so concentrated that 358 billionaires worldwide control assets greater than the combined national incomes of countries with 45 percent of the world's population.

The haves assume that nothing much needs to be done about this. They figure that with enough cops, prisons and gated enclaves, the situation will be manageable — Watts won't march on Beverly Hills, or Central Americans on gringoland, or Africans on manicured Europe. Maybe. That's what the rich have always assumed. Sometimes they were right, and sometimes they were sorry.

The Nation-State Is Withering Away. What is the function of the state today? It feeds atavistic passions, sends its citizens off to wars and interferes with the global market. Surely it will fade in the 21st century, when everyone is joined together by a common language, English, and worships the same god, commerce.

Don't bet on it. Nations may merge their economies, but people resist giving up their national identities. The European Union has run into a brick wall of member states that don't want to disappear into a Brussels bureaucracy. The Soviet Union disintegrated, and Yugoslavia splintered into warring ethnic states. People like to belong to a clan. The nation-state, in one form or another, will survive.

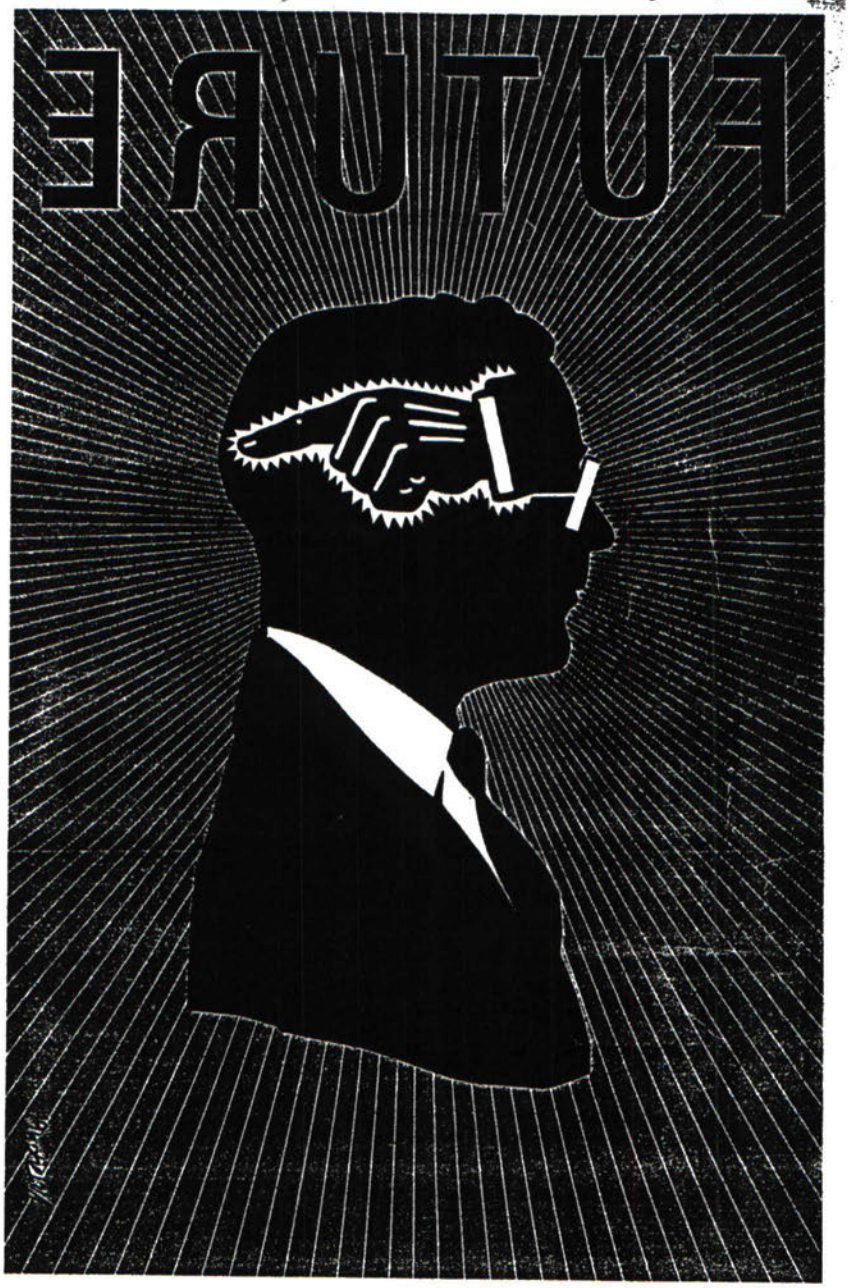
The United States Will Decline. The hardest thing about being on top is staying there. History is a chronicle of great empires that have disappeared in a trail of decaying monuments. Will the United States go the same way?

Not soon. Who is to challenge us? Japan is dependent on imported resources and foreign markets. China is a demographic disaster ripe for a return to warlordism. India verges on explosion and anarchy. Brazil has forever been the country of tomorrow. Europe will never be more than a big, and contentious, shopping mall. Russia has always been a phantom giant.

What's more, it is asked, why would anyone want to challenge us? The United States is a "benevolent hegemon." We covet no one else's territory, demand no monetary tribute. Rather than exploiting our allies, we are exploited by them: providing security from enemies, insuring access to cheap oil and running up huge trade deficits buying their goods. We are the friendly cop on the beat, and it is in everyone's interest to keep us there.

At least so we say, and so we mean. But there are two problems with this picture. First is the predicament of the overextended superpower that puts so much of its wealth into feeding its military and protecting its allies that it fails to keep up economically. Second is the fact that rising nations don't like to take orders, even from the best-intentioned protector. Adolescents want to be, and will be, adults.

The United States will remain No. 1 in the foreseeable future. But 2096 is a long time away.



Poster by **JAMES VICTORE**

Nothing Will Happen to Knock All Predictions Into a Hat. In 1896, Americans and Europeans basked in a golden age of prosperity and perpetual progress. They were rich, self-confident and optimistic. Then came 1914 and the war that defied all reason, the war that tore Europe apart, undermined the values of the Victorian age, spawned the Russian Revolution, opened the doors to Fascism and Communism, sowed the seeds of World War II and degenerated into the Holocaust. The world has not been the same since. When the unimaginable happens, and it can, all bets are off. ■

Barry Goldwater
P. O. Box 1601
Scottscale, AZ 85252

Leon / Grethen THE PRESIDENT HAS SEEN
11-14-96

We need to determine
how best to release
this —

BG

THE WHITE HOUSE

WASHINGTON

November 13, 1996

Dear Barry,

Thank you so much for your fine letter. I appreciate your call for an end to the politics of personal attack and a new beginning for bipartisan cooperation.

We must bring, in your words, "our leaders best thinking not their worst thoughts" to the formidable array of challenges and opportunities before us.

I will do my best to achieve that goal. Your strong statement, and the great respect you enjoy from your fellow Americans of all political views, makes it far more likely that together we will succeed.

Hillary sends her best, as always.

Sincerely, Bill Clinton

1601

Barry Goldwater

P.O. BOX 1601
SCOTTSDALE, ARIZONA 85252

85252

November 11, 1996

The President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500-2000

Via Fax: (202) 456-1121

Dear Mr. President:

I would like to thank you again for your visit and that of your lovely wife last month during my recovery.

You know that I have been a lifelong conservative and Republican who has advanced the belief in smaller government and greater personal freedom. I am as committed to those ideals as ever. What I am not committed to is the constant, unrelenting attacks on the presidency at the expense of the difficult work that must be done.

I believe it is imperative that my fellow Republicans put their tactics of personal attacks against you and the first lady aside so that they can concentrate on finding solutions to the significant challenges of our time like Medicare reform and balancing the budget. Cooperating with the White House not sniping at it is the only way to produce results for the American people as we approach the beginning of a new century. I would expect that you could persuade the Democrats to be equally cooperative in seeking bi-partisan solutions.

Our country needs our leaders' best thinking not their worst thoughts. To achieve progress toward a better America, we must remove the pettiness from our political rhetoric. In the end, if our leaders do their jobs right, the voters will reward them at the next election.

That's the American way. That's the right way. That's the only way we can secure the blessings of this wonderful country for our children.

I know you share my concerns. If you think my thoughts can help advance the cause of cooperation and civility in this country, please feel free to use them as you see fit.

Respectfully,

Barry Goldwater

Barry Goldwater

OFFICE PHONE 602 998-1754 FAX 602 483-8355

Stand By for Casualties

By Mary Jo Bane

BOSTON

The welfare reform bill that President Clinton signed into law in August poses serious dangers to poor children. Though the President and many Democrats who went along with the measure pledged to fix its flaws after the election, reducing the risks to children requires more than any incremental changes that might be politically feasible in the new Congress.

Before the bill was signed, studies by the Department of Health and Human Services and the Urban Institute, a nonpartisan research organization, predicted that it would push more than a million children into poverty. The anticipated rise in poverty could be alleviated by reducing the cuts in food stamps, Supplemental Security Income and immigrant benefits, which the President has identified as major problems with the law. But the current deficit-reduction climate and the Republican-dominated Congress will make it difficult to increase spending.

The real risks to children come from replacing Aid to Families With Dependent Children with a block grant, Temporary Assistance to Needy Families, that gives states a fixed sum of money. That move dramatically changed the nature of welfare by eliminating any entitlement to assistance; recipients are required to work, and the law mandates a five-year lifetime limit on aid.

The new law also provides the states with enormous flexibility. Some states, perhaps many, will use their new power to develop innovative ways of providing work for adults and services for children. But all the incentives are there for them to cut assistance, impose shorter time limits and use Federal block grants and freed-up state funds for more politically palatable programs — trends that were apparent in state welfare experiments proposed before the law was enacted.

> Those flaws in the welfare law can't be fixed.

Given the political enthusiasm for eliminating the entitlement to welfare and for giving states the authority to dole out money to the poor, Congress is extremely unlikely to override state decisions.

Some current long-term welfare recipients — it is impossible to predict how many — will respond to the likely combination of tough requirements and modest services by getting jobs and getting their lives together.

But many will not. Even with the existing safety net of welfare, many poor families lose jobs and housing. They move frequently, find themselves doubled up or stuck in unsafe relationships, and use homeless shelters as a last resort. Under the new welfare law, more families will find themselves in such situations.

Some children will end up poorly cared for because of inadequate supervision while their parents are at work or because their parents are too stressed and depressed to deal with them. Others may be in jeopardy because their parents, unable to move quickly into employment, will lose benefits.

Early versions of the Republican welfare bill would have allowed states to use block grant money for orphanages, in stark recognition of the possibility that some children might be in danger if their families were denied assistance.

Democrats pointed out that good group homes are very expensive and could never care for more than a small fraction of the children who would be affected. They also reminded the country that child protection laws have long recognized that poverty and unemployment are not crimes for which removing children is appropriate punishment.

After fierce attacks, the word orphanage was cut from final versions of the bill. But the underlying problem was never addressed.

The Democrats' answer to the problem of protecting children in the block grant system was vouchers, to cover certain needs of children whose families have lost benefits. Republicans fought the voucher proposals vigorously and successfully, arguing that vouchers were just another name for the old entitlement to indefinite assistance.



But permitting states to use block grants for vouchers, and perhaps even requiring them to provide vouchers if they impose time limits on cash assistance shorter than five years, would be a good thing. Though Congress probably would not back mandatory vouchers — that would be too close to a federally defined right to assistance — lawmakers might well compromise on optional vouchers.

Other small improvements in the law are also possible. Congress might provide more contingency financing to supplement state block grants in case of an economic downturn. But with any reversal of the basic structural change in welfare exceedingly unlikely, serious efforts to protect children must wait for the longer term.

In the short run, public monitoring of state programs to determine their effects on children is essential. The law needs to be strengthened to require more detail in state welfare plans, more public information on how states are using money and more tracking of and reporting on the well-being of poor children — those who receive assistance and those denied it or cut off from it.

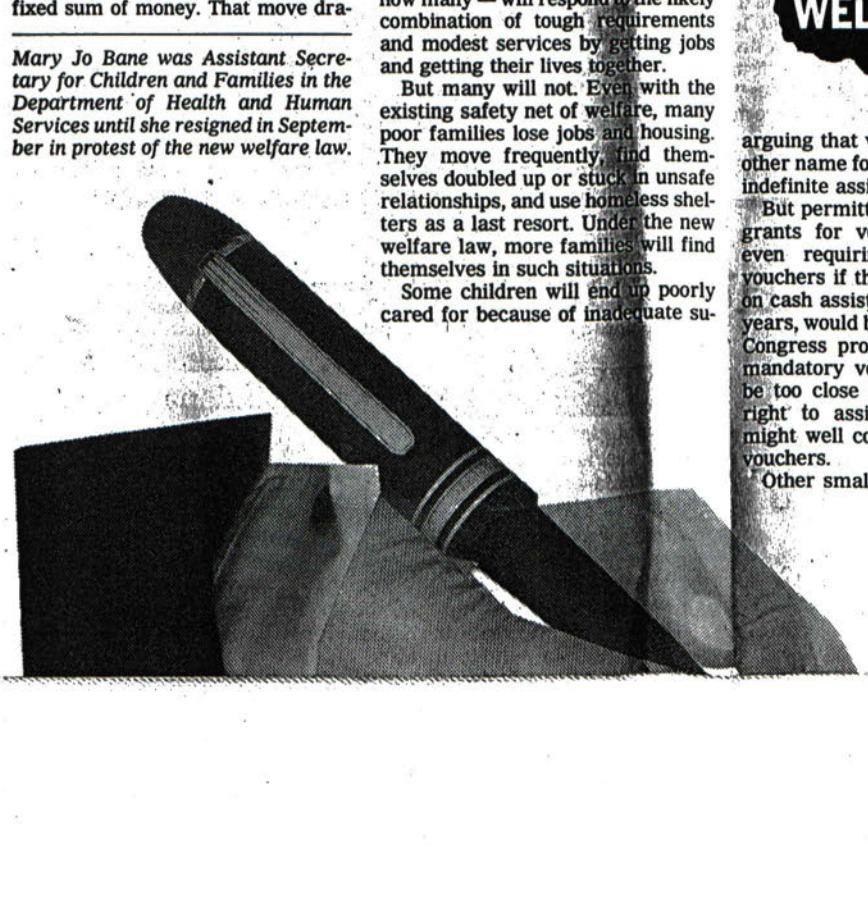
In the long run, we will need both a new approach to helping adults find and keep jobs and a new approach to protecting children. The President has proposed a modest program of tax subsidies, grants to cities and moral suasion to help generate jobs for welfare recipients. Perhaps this approach will work better than tax subsidies have in the past, but the nation's experience is not encouraging. Cities need not only more financing but also more creative ways to help low-skilled workers.

The old welfare system all too often gave up on long-term recipients yet provided for their children with minimal but continued cash assistance. The new welfare system will no longer automatically take care of these children. It will have to be supplemented with programs serving children whose parents need more than temporary assistance and an exhortation to get a job.

In some cases, long-term assistance will be necessary. But to avoid being perceived as an easy way out of the welfare system's work requirements, the new approach will have to provide both services and supervision. It may have to require education or participation in community service, and it may have to give assistance through vouchers instead of cash.

Marginal changes are not enough to reduce the risks children face under the new welfare law. We need a system offering more or less uniform protection across the nation. We should be working on it now so that in a few years we might have a firm basis for serious national legislation. Only then will we truly be able to fix what this welfare law has wrought.□

Mary Jo Bane was Assistant Secretary for Children and Families in the Department of Health and Human Services until she resigned in September in protest of the new welfare law.



THE PRESIDENT HAS SEEN
11-14-96

International Herald Tribune 11/7/96

11/07/1996 08:43 202-9656352 CALIFORNIA FITNESS PAGE 02

The Nuclear Arms Agenda: Top Priority for the President

By John B. Ritch

VIENNA — Against hopes lifted by the end of the Cold War, a spate of news stories in recent years has raised the specter of a widening nuclear peril:

- Saddam Hussein violates the Nuclear Nonproliferation Treaty, or NPT, by launching a secret bomb program that goes undetected until his defeat in the Gulf War.
- North Korea, suspected of nuclear ambitions, breaches NPT obligations by blocking inspections ordered by the International Atomic Energy Agency, or IAEA.
- Chilling magazine cover stories warn of stolen Russian fissile material on a burgeoning nuclear black market.
- India, fearful of Chinese power and demanding world disarmament, prevents the Comprehensive Test Ban Treaty from taking formal effect.
- U.S. Defense Secretary William Perry testifies in Moscow to Duma parliamentarians skeptical about Russian implementation of the second strategic arms reduction treaty, START-2.

But these events have punctuated a larger trend of highly positive developments that augur a considerably safer world. Fortifying that trend — in order to tame the nuclear threat — will be a high-priority goal for President Bill Clinton in his second term.

Progress is occurring on two fronts.

The paramount fact is that the nuclear arms race has ended — indeed, has been reversed. Under START-1, missiles and warheads are being destroyed, a process that will reduce U.S. and Russian nuclear forces by one-third. Russia is also accepting American aid to lighten security on nuclear weapons material, reducing risks of theft and nuclear trafficking.

START-2, ratified by the Senate last January, would cut far deeper, reducing the two arsenals by 70 percent from the Cold War high. To be sure, completing these reductions will demand intense diplomacy. Duma parliamentarians, exercising new rights, are asking whether Russian ratification should be linked to matters such as NATO expansion, the Anti-Ballistic Missile Treaty and further reductions.

Fortunately, what the Duma seems not to dispute is the value of even deeper cuts in both nations' nuclear forces. For a second Clinton administration, maintaining momentum despite these tough issues and engaging Moscow in next steps will be a high-stakes challenge.

The world community has also been mobilized — to build a bulwark against any spread of nuclear weapons into new hands. This anti-proliferation drive centers on the NPT. Once seen as an idealistic sideshow to serious geopolitics, this commitment to global nuclear restraint was rightly brought center stage last year by the Clinton administration, which led the drive by which the treaty was made permanent.

Today more than 175 nations are pledged to forgo nuclear weapons — including South Africa (which destroyed its nuclear bombs), Brazil and Argentina (which abandoned programs widely seen as nuclear options) and Germany and Japan (which are among some three dozen nations to renounce their potential to become nuclear weapons powers).

Membership in the nuclear "club" has been capped, an aim once thought unattainable. Eight nations — the five permanent members of the UN Security Council, along with India, Pakistan and Israel — have not taken a no-weapon pledge. But the signing of the Comprehensive Test Ban was monumental. Although the treaty still lacks formal status, the United States will comply — and all others will feel enormous pressure to do likewise.

Negotiations begin soon on a cutoff in the production of plutonium or enriched uranium destined for nuclear weapons.

Pledges of nuclear abstinence would, by themselves, hold scant reassurance. But the lessons of Iraq and North Korea — the need for vigilance and verification — have been learned. A toughened IAEA inspector corps has rooted out Mr. Saddam's nuclear program and is permanently on-site to monitor Pyongyang's adherence to its pledge, negotiated by the Clinton administration, to freeze all activity with nuclear weapons potential.

> ***The completion of a nonproliferation and disarmament regime is a crucial plank in the bridge to the 21st century.***

To ensure NPT compliance elsewhere, including Iran, the IAEA's worldwide oversight system is being upgraded — using broader inspection powers and sophisticated sensing technologies to ferret out any secret program by an aspiring proliferator. Nations that deny this access will invite censure and sanctions.

Ironically, this plan has been delayed by Germany, a country that has been in the forefront of most efforts to remove nuclear threats. Bonn's current policy seems to stem from its nuclear industry, which dislikes intrusive inspections. The Clinton administration views such priorities as too parochial for a nation that deserves a permanent seat on the Security Council. Achieving high-confidence safeguards is no less than a global imperative — both to prevent proliferation and to provide a context for still deeper cuts by the nuclear powers.

At the height of the Cold War, mankind seemed unlikely to escape this century without a nuclear debacle. President Clinton's signature phrase in the just-completed campaign was the need to build a bridge to the 21st century. For the second Clinton administration, an essential plank will be the completion of an encompassing nonproliferation and disarmament regime to quell the nuclear threat as we cross into a new millennium.

The writer is U.S. ambassador to the International Atomic Energy Agency and other UN agencies in Vienna. He contributed this comment to the International Herald Tribune.

THE PRESIDENT HAS SEEN
11-14-96

Leon - fr. Paul Taucher
this right about this
BC

-- Last June, we agreed that our highest priority was to win re-election, and that following the elections we could focus on the urgent issue of funding to maintain America's diplomatic readiness. The election is over; when you spoke in Little Rock on election night, your declaration that America would continue its leadership role was heard -- and appreciated -- around the world.

-- But we cannot rely on our military prowess alone to buttress our leadership. America needs -- and you need, Mr. President -- tools of diplomacy that are up to the very substantial challenges facing our country in the world. We need a strong and pro-active diplomacy to initiate conflict prevention and support peacekeeping; unite with the business community in effective advocacy on economic and commercial issues; meet the global challenges of issues like narcotrafficking, terrorism, and the environment.

-- We will not have an active diplomacy without adequate funding. I am struck by the degree to which our budget bureaucracy -- both in OMB and on the Hill -- continues to reflect the priorities of the Cold War. Military and intelligence spending are fenced off; spending for all the other tools of national strategy, and especially the diplomatic one, is slashed.

-- State and our Embassies are changing, using funds more effectively, reducing lower-priority activities, getting other agencies to pay their fair share of overseas operations. State has core strengths and a wider mission, but it is already operating with 2,000 fewer staff and 15% less purchasing power than five years ago. We have staffing gaps, antiquated communications, and have already closed 30 posts overseas. Current budget projections foresee a very large additional reduction by the year 2000.

-- These cuts have eroded the foreign service's ability to carry out the nation's diplomatic business. We need more than ever expertise on the far-flung corners of the world, to anticipate problems before they explode. Instead, we are having to slash language training and retire talented, experienced officers. We need basic infrastructure to maintain our readiness, but facilities and information systems are outmoded and require rebuilding. We need a foreign service eager and motivated to continue to give their all to advocate the Administration's policy priorities, but we have a major morale problem.

-- A confident, globally-engaged America needs a robust Foreign Service -- one that can pursue effectively our economic, political, and security interests and ensure that the growing overseas presence of 50-60 USG agencies is serving your foreign policy priorities. Under current funding scenarios, we will have neither the right people with the right skills, nor the infrastructure to support our policies.

-- America cannot lead without the tools of leadership, we can only react. We need to reverse this disinvestment in diplomacy. In practical terms, this means about $190 million or 8% above State's 1997 funding levels -- a small investment with high payback. I urge you to set the wheels in motion.

THE PRESIDENT HAS SEEN
11-14-96

EMBASSY OF THE UNITED STATES OF AMERICA
PARIS

THE AMBASSADOR

November 11, 1996

Dear Mr. President:

As I told you in our meeting today, I am deeply concerned that current budget trends would leave your presidency with diplomatic tools unable to meet the challenge of maintaining America's leadership in an increasingly complex world.

When I gave you the attached letter five months ago, we agreed that the first priority had to be re-election. That challenge is now behind us. As discussed then, we must focus now -- early in your second term -- on reversing the continued decline in the 150 account and the State Department operations budget. The amounts of money are not large compared to our expenditures on the military or intelligence functions. But they are essential to our country's readiness to meet the global challenges of our role as the only remaining superpower.

If present trends persist, our ability to project a positive influence in the world will seriously decline. I urge you to use the opportunity presented by your re-election to set in motion a process of review and restructuring of national security spending priorities, as outlined in my earlier letter. Cutting funding for diplomacy will not solve our budget deficit. Instead, let us enter the 21st century with a commitment to invest wisely in the human and communications resources needed to sustain global American leadership.

Respectfully,

Pamela Harriman

The Honorable
Bill Clinton
President of the United States of America
The White House
Washington, D.C.

LEON | CCRB | NSC
She's right

BC

EMBASSY OF THE UNITED STATES OF AMERICA

PARIS

June 29, 1996

THE AMBASSADOR

THE PRESIDENT HAS SEEN
11-14-96

Dear Mr. President:

Since our conversation in Washington three months ago, the future of the Foreign Service has continued to concern me. Diplomacy remains our first line of defense and the most cost-effective means for protecting our national security. I am heartened by your determination not to let budget cuts compromise the State Department's effectiveness. Yet, I am told that OMB will give the Department numbers for FY98 that will trigger the kind of serious cutbacks you and I agreed should be avoided.

State is now operating with 2,000 fewer staff and 15% less purchasing power than in 1993. State's 150 account request for FY97 is down a further 10% below FY96's already-reduced levels. These are very deep cuts for an agency with a relatively small staff and budget, particularly given the growing demands on State's unique capabilities.

OMB's out year projections would result in a <u>forty per cent</u> real reduction in State's budget by the year 2000. Congress, of course, will aim below that line. Such cuts will not allow the Department to maintain, let alone rebuild, our readiness. The story will be RIFs and plummeting morale, failing infrastructure, post closings and declining U.S. leadership.

This is not a reasonable course in an era where business, information and our vital interests are ever more global. To avoid such results, we should redress the imbalance among the National Security triad (Defense, State and Intelligence) to allow State a modest real growth path of about $125 million or 5% a year. A way to achieve that is to instruct OMB to base FY98 budgets on an overall review of national security spending in the two international affairs accounts (150 and 050). I think we could get support from Bill Perry and John Deutch for that adjustment.

A more modest preliminary approach would be to seek/assign a higher proportion of Function 150 funding for State operations. Either way, the move should be made now.

I worry about the erosion of capabilities, one that will culminate in your second term. This will deprive you of resources and personnel needed to consolidate and extend your foreign policy successes. I know that you want to maintain our global engagement and our core diplomatic strengths, but the budget process is moving in the wrong direction. The results could be costly to our policy goals and national security.

Respectfully,

The Honorable
Bill Clinton
President of the United States
of America

THE PRESIDENT HAS SEEN

11-14-96

/BReed

Nice article
a bit dated -
Worth reading

PK

The Downside Of Turbo-Capitalism

What the 'Experts' Don't Know About Economic Reality

By Edward N. Luttwak

NOWADAYS THERE is only one economic orthodoxy, taught and proclaimed by almost all academic economics, happily celebrated by Wall Street and top corporate managers, and fully accepted by Democrats and Republicans as well as the mainstream parties of Europe. This is the faith that "turbo-charged capitalism"—accelerated change fueled by global free trade and domestic deregulation—is the only way to run an economy.

But the new force of turbo-capitalism is evoking a world-wide populist reaction, manifest in the neo-communist electoral victories in eastern Europe, this winter's general strike in France and "Buchananism" in America.

The disaffected are turning to political remedies to resist the economic dogma that threatens their jobs and livelihoods. The inability of the experts and the politicians who rely on them to acknowledge this is a profound danger to our democratic political order.

In the United States, the reigning orthodoxy holds that the present workings of the U.S. economy are a huge success, propelled above all by the phenomenal breakthroughs of the "New Titans" of the information age: the legendary twins Microsoft and Intel and their lesser emulators such as Apple, Novell, Cisco, Oracle, Bay Net, Sun Microsystems, Sybase, Adobe Systems, Amgen, Cirrus, Intuit, America Online, Peoplesoft and more.

Most of these companies did not even exist 20 years ago. Today, the combined value of their shares greatly exceeds that of General Motors, Ford, DuPont and Kodak, all unfashionable old-style giants of manufacturing. In the course of rising from very little to their present heights, the New Titans have made several billionaires and thousands of millionaires among early investors, while greatly increasing the wealth of an even greater number of other shareholders. That makes for a great deal of optimism.

Every principle of the current orthodoxy is defended by citing the success of the New Titans.

Free trade, i.e. the continuing U.S. effort to further "globalize" the world economy by negotiating away trade barriers of all kinds, is justified by the success of American high-tech exports in general and software in particular. By contrast, the fact that some 1.4 million jobs are lost (by the very lowest estimate) because of the chronic excess of U.S. imports over exports, is held to be of small account. The lost jobs are said to be dead-end positions in declining industries.

Deregulation is likewise justified by the wonderful opportunities it opens up for the New Titans, as well as the other "lean and mean" telephone and cable TV companies that promise to open up the "information superhighway" to all. In the process, the existing regional telephone companies ("the Baby Bells") will likely be swept away, unless they become drastically more efficient. At present they are still regulated monopolies, and as such sufficiently protected from competition to be steady, well-paying employers and generous supporters of all manner of community activities—to please the regulators of course. But the ruling orthodoxy sees no merit in anything that impedes efficiency, implicitly taking it for granted that society exists to serve the economy, and not the other way around.

THE WASHINGTON POST

SUNDAY, MARCH 10, 1996

It is true that Labor Secretary Robert Reich and other members of the Clinton administration have suddenly started to criticize mass layoffs at major corporations in general and AT&T's decision to fire 40,000 employees in particular. But at the very same time, the Clinton administration enthusiastically promoted the Telecommunications Deregulation and Competition Act of 1995, which will most certainly force the regional telephone companies to do exactly what AT&T is doing, i.e. fire tens of thousands of employees to become more automated and more efficient.

Pat Buchanan has made his mark on the 1996 presidential campaign because he, almost alone in U.S. politics, has identified and attacked the new turbo-capitalism celebrated by the high priests of economic orthodoxy and exemplified by the New Titans.

Buchanan is, of course, in the wrong party to advance the interests of America's shrinking working class, and is also contaminated by his extreme-right views and associations. But that does not mean that his understanding of the new political economy is wrong. As a matter of fact, it is enough to look at the employment rolls of the New Titans, as opposed to their share values, to see that Buchanan's pessimism is right, and the ruling orthodoxy is all wrong.

Microsoft and Intel, so huge in Wall Street, had a total of 48,100 employees at last count, as opposed to 180,460 employed by Ford alone. Of course, there are many other New Titans outside the software industry but also risen from nothing, including such diverse companies as Southwest Airlines, Nike, Charles Schwab, Genentech, Seagate, Compaq and more. Still, all of them together do not employ as many Americans as Ford, let alone General Motors (350,000 at last count).

The consequences of these simple numbers are enormous. The New Titans are not generating enough new, high-paying jobs to help the mass of "non-supervisory employees" throughout the U.S. economy—some 77.5 million people, out of the total of 114 million employed Americans. The wages of non-supervisory employees have been declining for years, from $8.40 per hour in 1978 to $7.41 in 1994 (both measured in constant 1982 dollars), precisely because so many Americans have had to settle for poorly paid service jobs.

It is not just the likes of Wal-Mart (434,000 employees), K mart (358,000), Sears (403,000) and McDonald's (177,000) that pay very little as compared to General Motors or DuPont, but also banks. When some observers began complaining early in the Reagan years that U.S. workers were losing well-paid industrial jobs and being forced into minimum-wage ("hamburger-flipping") service jobs, they were dismissed by economists who pointed to the rapid increase in "white-collar" jobs, notably in banking, insurance, financial services and real estate offices. The presumption that these financial sector jobs were well-paid was simply wrong as far as the mass of ordinary, "non-supervisory" employees was concerned. In fact their earnings, at under $8 per hour on average, are only slightly higher than they were in 1970 ($7.64, in constant dollars).

Buchanan's remedies, however unwise, are not without substance, as his infuriated critics keep saying. As against a Microsoft America, whose gross national product would be huge but whose employees would be very few, Buchanan's America would have a somewhat smaller GNP but a far more prosperous middle class. With imports reduced by high tariffs, more prosperous Americans would suffer a loss of living standards. They would be forced to buy more expensive and/or inferior U.S.-made goods instead of being able to pick and choose from the world's most competitive production as they now do.

But American industrial workers would be better off. The demand for their labor would increase greatly, to produce those more expensive and/or inferior American goods behind tariff walls that would do wonders for their wages. To be sure, U.S. exports would also be reduced by other countries' tariffs, offsetting some of that gain, but again it is the more prosperous Americans who would bear the brunt of the loss, just as they now get the lion's share of the benefits of globalization.

Buchanan's proposal to stop immigration is also ridiculed but would be equally effective in raising the incomes of the poorest Americans. Ironically, it is the urban black underclass, a group that is the most unlikely to vote for Buchanan, that would benefit the most. If the hard-working Mexican and Central American immigrants, both legal and illegal, who now work as gardeners, maids and manual laborers were kept out, those jobs would once again be available for the least skilled Americans. Poorly paid and with worse fringe benefits, those are nevertheless the only jobs that many Americans are qualified for.

The ruling orthodoxy also has a remedy, of course—to educate all and sundry to the levels that will induce the Microsofts to employ them. Unfortunately, as we have seen, Microsoft and all its lesser companions have no use for many employees, no matter how well educated.

In contrast to Buchanan, the mainstream of both Democrats and Republicans (as well as all the established political parties of western Europe) have completely failed to respond to the newly acute sense of personal economic insecurity that afflicts so many American and European voters.

The right and center-right offer a vision of dynamic economic growth contradicted by their preaching of unchanging family valves. The left and center-left parties also speak of dynamic economic change, which they complement with a theology of government assistance that might be called "assistentialism."

But what most working people in the United States, as in Europe, now want is *not* the possibility of better jobs or higher incomes through growth. They rightly suspect that their earnings will not increase with more turbo-capitalism. Rather they want security for the jobs and incomes they already have—which are threatened as much by growth, as by a lack of it.

The majority certainly does not want more assistentialism. People who are employed and who are earning—perhaps a lot—but who fear for their economic future, have no use for political parties that only want to tax away more of their uncertain incomes in order to assist those who do not work, and to feed huge, inefficient bureaucracies.

A vast segment of the political spectrum is thus left vacant. In American politics, that was the space briefly occupied during the 1992 election year by Ross Perot and during the early primaries of 1996 by Buchanan. If a new political economy does not emerge to tame turbo-capitalism, today's populism is bound to grow. As it is, a candidate dedicated to the personal economic insecurity of the many millions of Americans now threatened by efficiency and unemployment, could have done much better than Buchanan, if unburdened by the latter's extremism.

What makes this outcome likely is today's great deflation. We happen to be in the surplus-of-everything phase of the demand/technology cycle. The result is that some 800 million people are now unemployed world-wide. Only political remedies can help, because the Bill Gates solution will simply not work. Even in the United States, homeland of the New Titans and almost all high-tech industry, the total number of Americans employed in computer and data processing services was only just over 1 million in 1995 (out of the 114 million employed Americans) while the number of Americans employed in the production of all electronic "and other electrical" equipment, is actually in decline, being at present 1.6 million when it was 1.7 million in 1990.

It is those numbers, and all the other harsh numbers behind the talk of the New Titans that propelled Buchanan into the headlines. His season of political success may be drawing to a close but his critique of the economic orthodoxy is still awaiting a response from the high-minded people who criticize him without formulating any plausible substitute for his extreme remedies.

from HRC

THE PRESIDENT HAS SEEN
11-14-96

IF THE GDP IS UP, WHY IS AMERICA DOWN?

by CLIFFORD COBB, TED HALSTEAD, AND JONATHAN ROWE

Why we need new measures of progress, why we do not have them, and how they would change the social and political landscape



THROUGHOUT the tumult of the elections last year political commentators were perplexed by a stubborn fact. The economy was performing splendidly, at least according to the standard measurements. Productivity and employment were up; inflation was under control. The World Economic Forum, in Switzerland, declared that the United States had regained its position as the most competitive economy on earth, after years of Japanese dominance.

Illustrations by Seymour Chwast

The Clinton Administration waited expectantly, but the applause never came. Voters didn't *feel* better, even though economists said they should. The economy as economists define it was booming, but the individuals who compose it—or a great many of them, at least—were not. President Bill Clinton actually sent his economic advisers on the road to persuade Americans that their experience was wrong and the indicators were right.

This strange gap between what economists choose to measure and what Americans experience became the official conundrum of the campaign season. "PARADOX OF '94: GLOOMY VOTERS IN GOOD TIMES," *The New York Times* proclaimed on its front page. "BOOM FOR WHOM?" read the cover of *Time* magazine. Yet reporters never quite got to the basic question—namely, whether the official indicators are simply wrong, and are leading the nation in the wrong direction.

The problem goes much deeper than the "two-tiered" economy—prosperity at the top, decline in the middle and at the bottom—that received so much attention. It concerns the very definition of prosperity itself. In the apt language of the nineteenth-century writer John Ruskin, an economy produces "illth" as well as wealth; yet the conventional measures of well-being lump the two together. Could it be that even the upper tier was—and still is—rising on the deck of a ship that is sinking slowly into a sea of illth, and that the nation's indicators of economic progress provide barely a clue to that fact?

Ample attention was paid to the symptoms: People were working longer hours for less pay. The middle class was slipping while the rich were forging ahead. Commutes were more harried. Crime, congestion, and media violence were increasing. More families were falling apart. A *Business Week*/Harris poll in March imparted the not surprising news that more than 70 percent of the public was gloomy about the future.

Sounding much like the guidance department of a progressive New York grammar school, the Clinton Administration said that Americans were simply suffering the anxieties of adjustment to a wondrous new economy. Speaking in similar terms, Alan Greenspan, the chairman of the Federal Reserve Board, told a business gathering in San Francisco this past February that "there seemingly inexplicably remains an extraordinarily deep-rooted foreboding about the [economic] outlook" among the populace.

Those silly people. But could it be that the nation's economic experts live in a statistical Potemkin village that hides the economy Americans are actually experiencing? Isn't it time to ask some basic questions about the gauges that inform expert opinion, and the premises on which those gauges are based?

Economic indicators are the main feedback loop to national policy. They define the economic problems that the political arena seeks to address. If the nation's indicators of economic progress are obsolete, then they consign us to continually resorting to policies that cannot succeed because they aren't addressing the right problems.

Today the two political parties differ somewhat in regard to means, but neither disputes that the ultimate goal of national policy is to make the big gauge—the gross domestic product—climb steadily upward. Neither questions that a rising GDP will wash away the nation's ills: if Americans feel unsettled despite a rising GDP, then clearly even more growth is needed.

This was clear in the months after the election, as the media continued to report economy up, people down stories that never quite managed to get to the crucial question: What is "up," anyway? In July, *Business Week* ran a cover story called "The Wage Squeeze" that got much closer than most. The article showed remarkable skepticism regarding the conventional wisdom. But the magazine's editorial writers retreated quickly. Why aren't workers doing better even as corporate profits and "the economy" are up? "America just may not be growing fast enough," they said.

Furthermore, the GDP and its various proxies—rates of growth, expansion, recovery—have become the very language of the nation's economic reportage and debate. We literally cannot think about economies without them. Yet these terms have increasingly become a barricade of abstraction that separates us from economic reality. They tell us next to nothing about what is actually going on.

The GDP is simply a gross measure of market activity, of money changing hands. It makes no distinction whatsoever between the desirable and the undesirable, or costs and gain. On top of that, it looks only at the portion of reality that economists choose to acknowledge—the part involved in monetary transactions. The crucial economic functions performed in the household and volunteer sectors go entirely unreckoned. As a result the GDP not only masks the breakdown of the social structure and the natural habitat upon which the economy—and life itself—ultimately depend; worse, it actually portrays such breakdown as economic gain.

Yet our politicians, media, and economic commentators dutifully continue to trumpet the GDP figures as information of great portent. There have been questions regarding the accuracy of the numbers that compose the GDP, and some occasional tinkering at the edges. But there has been barely a stirring of curiosity regarding the premise that underlies its gross statistical summation. Whether from sincere conviction or from entrenched professional and financial interests, politicians, economists, and the rest have not been eager to see it changed.

There is an urgent need for new indicators of progress, geared to the economy that actually exists. We are members of Redefining Progress, a new organization whose purpose is to stimulate broad public debate over the nature of economic progress and the best means of attaining it. Accordingly, we have developed a new indicator ourselves, to show both

that it can be done and what such an indicator would look like. This new scorecard invites a thorough rethinking of economic policy and its underlying premises. It suggests strongly that it is not the voters who are out of touch with reality.

A BRIEF HISTORY OF ECONOMIC (MIS)MEASUREMENT

THE GDP has been the touchstone of economic policy for so long that most Americans probably regard it as a kind of universal standard. (In 1991 the government switched from the old GNP to the GDP, for reasons we will discuss later.) Actually the GDP is just an artifact of history, a relic of another era. It grew out of the challenges of the Depression and the Second World War, when the nation faced economic realities very different from today's. Through history economic measurement has grown out of the beliefs and circumstances of the era. As Western economies went from agriculture to manufacturing to finance and services, modes of measurement generally evolved accordingly. But during this century, and especially since the war, the evolutionary process has slowed to a crawl. The market economy has continued to change radically. In particular it has penetrated deeper and deeper into the realms of family, community, and natural habitat that once seemed beyond its reach. But even as this change has accelerated, the way we measure economic health and progress has been frozen in place.

The first estimates of national accounts in the Western world were the work of one Thomas Petty, in England in 1665. Petty's scope was fairly broad; he was trying to ascertain the taxable capacity of the nation. In France, however, a narrower focus emerged. The prevailing economic theory was that of the Physiocrats, who maintained that agriculture was the true source of a nation's wealth. Not surprisingly, their economic measurement focused on agricultural production. There was a great diversity of viewpoint, however, even in France. In England, a more industrial country, Adam Smith articulated a broader theory of national wealth that included the whole swath of manufactures as well.

But one of many important points overlooked by his ardent followers is that Smith excluded what we today call the entertainment and service economies, including government and lawyers. Such functions might be useful or not, he said. But all are ultimately "unproductive of any value," because they don't give rise to a tangible product. That view was certainly debatable. But Smith was asking a crucial question—one that has pretty much disappeared from economic thought. Is there a difference between mere monetary transactions and a genuine addition to a nation's well-being?

By the end of the nineteenth century England's economic center of gravity had shifted significantly from manufacturing to trade and finance. In this new economy Smith's views on national wealth began to pinch. Alfred Marshall, who articulated what is now called neoclassical economics, declared that utility, rather than tangibility, was the true standard of production and wealth. Lawyers' fees, commissions, all the paper shuffling of an abstracted commercial economy, were essentially no different from sacks of potatoes or carloads of iron. The economic significance of a thing lay not in its nature but simply in its market price.

This yoking of national accounting to the lowest common denominator of price was to have large implications. It meant that every item of commerce was assumed to add to the national well-being merely by the fact—and to the extent—that it was produced and bought. At the same time, it meant that only transactions involving money could count in the national reckoning. This left out two large realms: the functions of family and community on the one hand, and the natural habitat on the other. Both are crucial to economic well-being. But because the services they perform are outside the price system, they have been invisible in our national accounting.

Long ago this omission was understandable. In Adam Smith's day the portion of life called "the market" occupied a very small part of physical and social space. The habitat seemed to have an infinite supply of resources, and an infinite capacity to absorb such wastes as the industry of the day might dump. The social structure seemed so firmly anchored in history that there was little thought that a growing market could set it adrift.

During this century, however, those assumptions have become increasingly untenable. It is not accidental that both the habitat and the social structure have suffered severe erosion in recent decades; these are precisely the realms that eighteenth- and nineteenth-century assumptions precluded from the reckoning of national well-being—in capitalist and socialist economies alike. This erosion has been mainly invisible in terms of economic policy because our index of progress ignores it; as a result, the nation's policies have made it worse.

To understand how the national accounts became trapped in the assumptions of a bygone era, it is useful to study the era in which the current form of economic accounting was wrought.

In 1931 a group of government and private experts were summoned to a congressional hearing to answer basic questions about the economy. It turned out they couldn't: the most recent data were for 1929, and they were rudimentary at that. In 1932, the last year of the Hoover Administration, the Senate asked the Commerce Department to prepare comprehensive estimates of the national income. Soon after, the department set a young economist by the name of Simon Kuznets to the task of developing a uniform set of national accounts. These became the prototype for what we now call the GDP.

As the thirties wore on, a new kind of economic-policy thinking started to take hold among some New Dealers. In

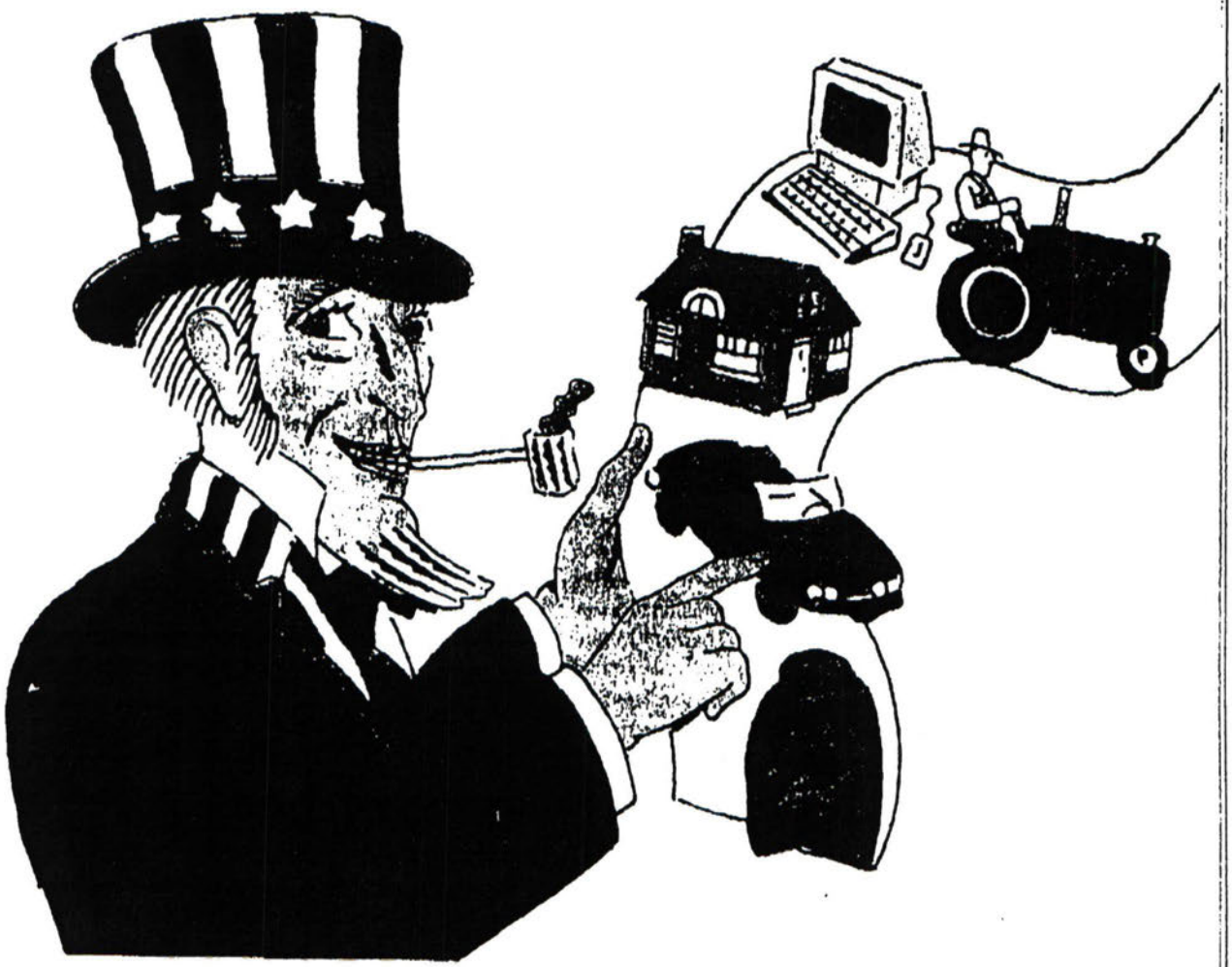
their view the role of the federal government was not to coordinate industry or to prevent industrial concentrations, as the New Deal had initially done. Rather, the government should serve as a kind of financial carburetor to keep a rich mixture of spending power going into the engine, through deficits if necessary.

This theory is generally attributed to John Maynard Keynes, of course, but numerous New Dealers had earlier approximated it in an instinctive and practical way. Since Keynesian management worked through flows of money rather than through bureaucratized programs, the new national accounts were essential to it. The Nobel Prize–winner Robert Solow, of MIT, has called Kuznets's work the "anatomy" for Keynes's "physiology."

The two formally came together during the Second World War, and in the process the GNP became the primary scorecard for the nation's economic policy. The degree to which the GNP evolved as a war-planning tool is hard to exaggerate. Keynes himself played a central role in Britain's Treasury during both world wars. At the start of the second he co-authored a famous paper called "The National Income and Expenditure of the United Kingdom, and How to Pay for the War," which provided much conceptual groundwork for the GDP of today.

In the United States the Manhattan Project got much more glory. But as a technical achievement the development of the GNP accounts was no less important. The accounts enabled the nation to locate unused capacity, and to exceed by far the production levels that conventional opinion thought possible. To their great surprise, American investigators learned after the war that Hitler had set much lower production targets, partly for lack of sophisticated national accounts.

Having helped win the war, the Keynesians were giddy with confidence. The specter of the Depression still haunted the United States; but these economists thought they had found the keys to the economic kingdom. With proper fiscal management and detailed knowledge of the GNP, they could master the dreaded "business cycle" and ensure prosperity indefinitely. When John Kenneth Galbraith joined the staff of *Fortune* magazine, his first project was to prepare a blueprint for America's transition to a postwar economy. The article



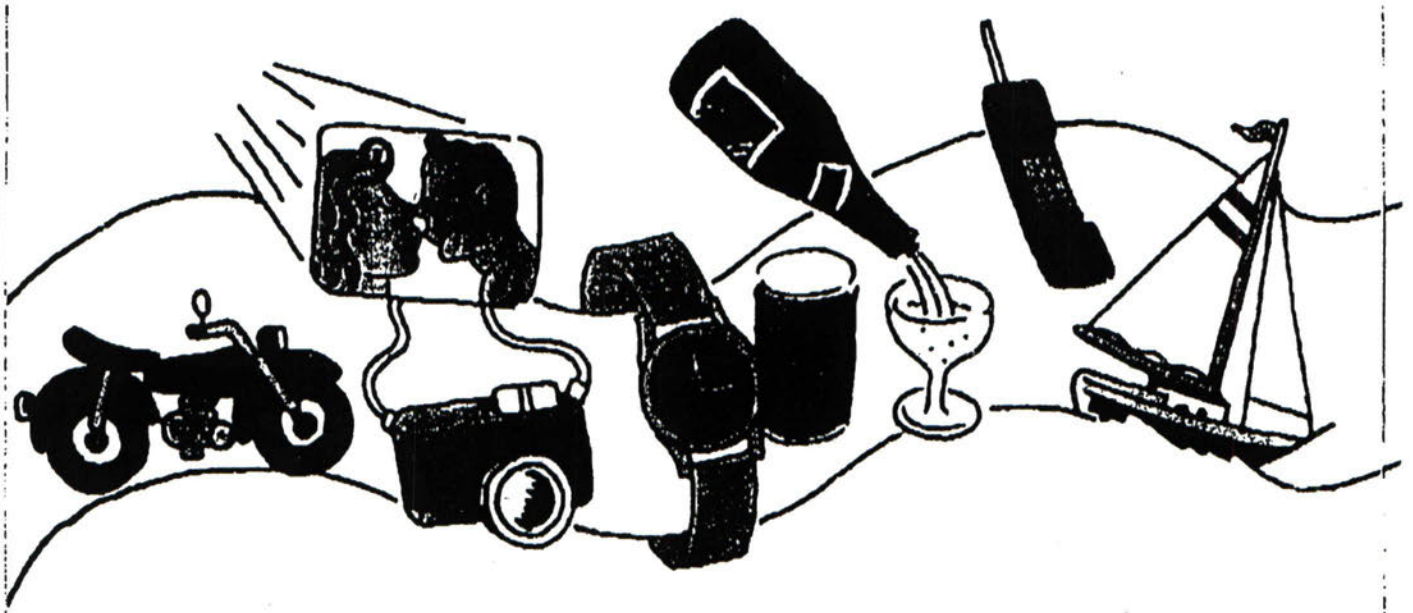
was based on projections from the GNP accounts. "One good reason for expecting prosperity after the war is the fact that we can lay down its specifications," the article said. "For this we can thank a little-observed but spectacular improvement in the statistical measures of the current output of the U.S. plant."

The Employment Act of 1946 turned the GNP and the theory it embodied into official policy. It established a Council of Economic Advisers as "the high priests of economic management," as Allan J. Lichtman, a professor of history at the American University, has recently put it, and the GNP as their catechism. The production frenzy that had pulled the nation out of the Depression and through the war was now the model for the peace as well.

These developments set the course for economic policy and reportage for the next fifty years. The ironies have been many. If it is odd that liberal Democrats would turn the principles of a war economy into the permanent template for government, it is no less so that Republicans would latch fervently onto a measure of well-being that was basically a tool of central government planning.

There have been a number of consequences that few saw clearly at the time. One was that economists became the ultimate authorities on American public policy. Before the war, economists were rarely quoted in news stories except in some official capacity. Now their opinions were sought and cited as canonical truth. Moreover, as the party that nurtured these economists, the Democrats became adherents of technocratic top-down management that purported to act for the people, even if in ways beyond their ken.

But the biggest change was in who "the people" now were. Because the Keynesian approach saw consumption as the drive train of prosperity, Washington collectively looked at the public in those terms as well. They were no longer primarily farmers, workers, businesspeople—that is, producers. Rather, they were *consumers*, whose spending was a solemn national duty for the purpose of warding off the return of the dreaded Depression. Our young men had marched off to war; now Americans were marching off to the malls that eventually covered the land.



In this atmosphere the GNP, the measure and means of policy, rapidly became an end of policy in itself. The nation's social cohesion and natural habitat, which the GNP excluded, were taken for granted. Each week the host of *General Electric Theater*, Ronald Reagan, declared to the nation that "progress is our most important product." Products were progress, and therefore the GNP was progress too.

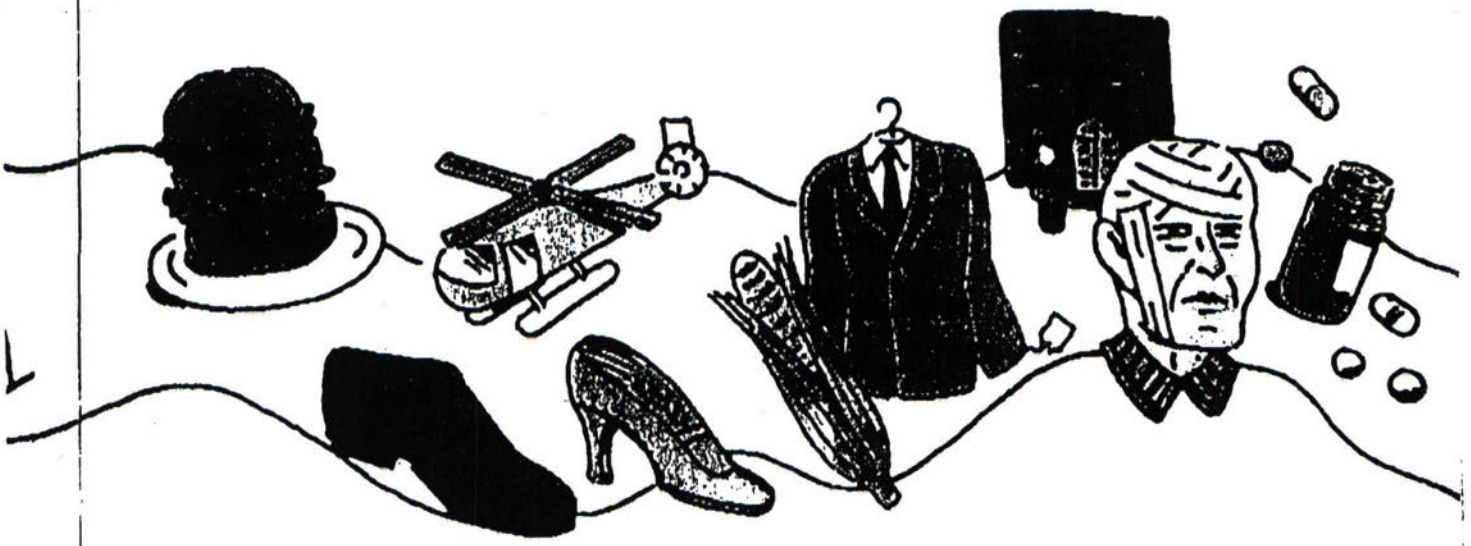
THE GDP TODAY: HOW DOWN BECOMES UP

If the chief of your local police department were to announce today that "activity" on the city streets had increased by 15 percent, people would not be impressed, reporters least of all. They would demand specifics. Exactly *what* increased? Tree planting or burglaries? Volunteerism or muggings? Car wrecks or neighborly acts of kindness?

The mere quantity of activity, taken alone, says virtually nothing about whether life on the streets is getting better or

worse. The economy is the same way. "Less" or "more" means very little unless you know *of what*. Yet somehow the GDP manages to induce a kind of collective stupor in which such basic questions rarely get asked.

By itself the GDP tells very little. Simply a measure of total output (the dollar value of finished goods and services), it assumes that everything produced is by definition "goods." It does not distinguish between costs and benefits, between productive and destructive activities, or between sustainable and unsustainable ones. The nation's central measure of well-being works like a calculating machine that adds but cannot subtract. It treats everything that happens in the market as a gain for humanity, while ignoring everything that happens outside the realm of monetized exchange, regardless of the importance to well-being.



By the curious standard of the GDP, the nation's economic hero is a terminal cancer patient who is going through a costly divorce. The happiest event is an earthquake or a hurricane. The most desirable habitat is a multibillion-dollar Superfund site. All these add to the GDP, because they cause money to change hands. It is as if a business kept a balance sheet by merely adding up all "transactions," without distinguishing between income and expenses, or between assets and liabilities.

The perversity of the GDP affects virtually all parts of society. In 1993 William J. Bennett, who had been the Secretary of Education in the Reagan Administration, produced a study of social decline. He called it "The Index of Leading Cultural Indicators," a deliberate counterpoint to the Commerce Department's similarly named regular economic report. His objective was to detail the social erosion that has continued even as the nation's economic indicators have gone up.

The strange fact that jumps out from Bennett's grim inventory of crime, divorce, mass-media addiction, and the rest is that much of it actually adds to the GDP. Growth can be social decline by another name. Divorce, for example, adds a small fortune in lawyers' bills, the need for second households, transportation and counseling for kids, and so on. Divorce lawyers alone take in probably several billion dollars a year, and possibly a good deal more. Divorce also provides a major boost for the real-estate industry. "Unfortunately, divorce is a big part of our business. It means one [home] to sell and sometimes two to buy," a realtor in suburban Chicago told the *Chicago Tribune*. Similarly, crime has given rise to a burgeoning crime-prevention and security industry with revenues of more than $65 billion a year. The car-locking device called The Club adds some $100 million a year to the GDP all by itself, without counting knock-offs. Even a gruesome event like the Oklahoma City bombing becomes an economic uptick by the strange reckonings of the GDP. "Analysts expect the share prices [of firms making anti-crime equipment] to gain during the next several months," *The Wall Street Journal* reported a short time after the bombing, "as safety concerns translate into more contracts."

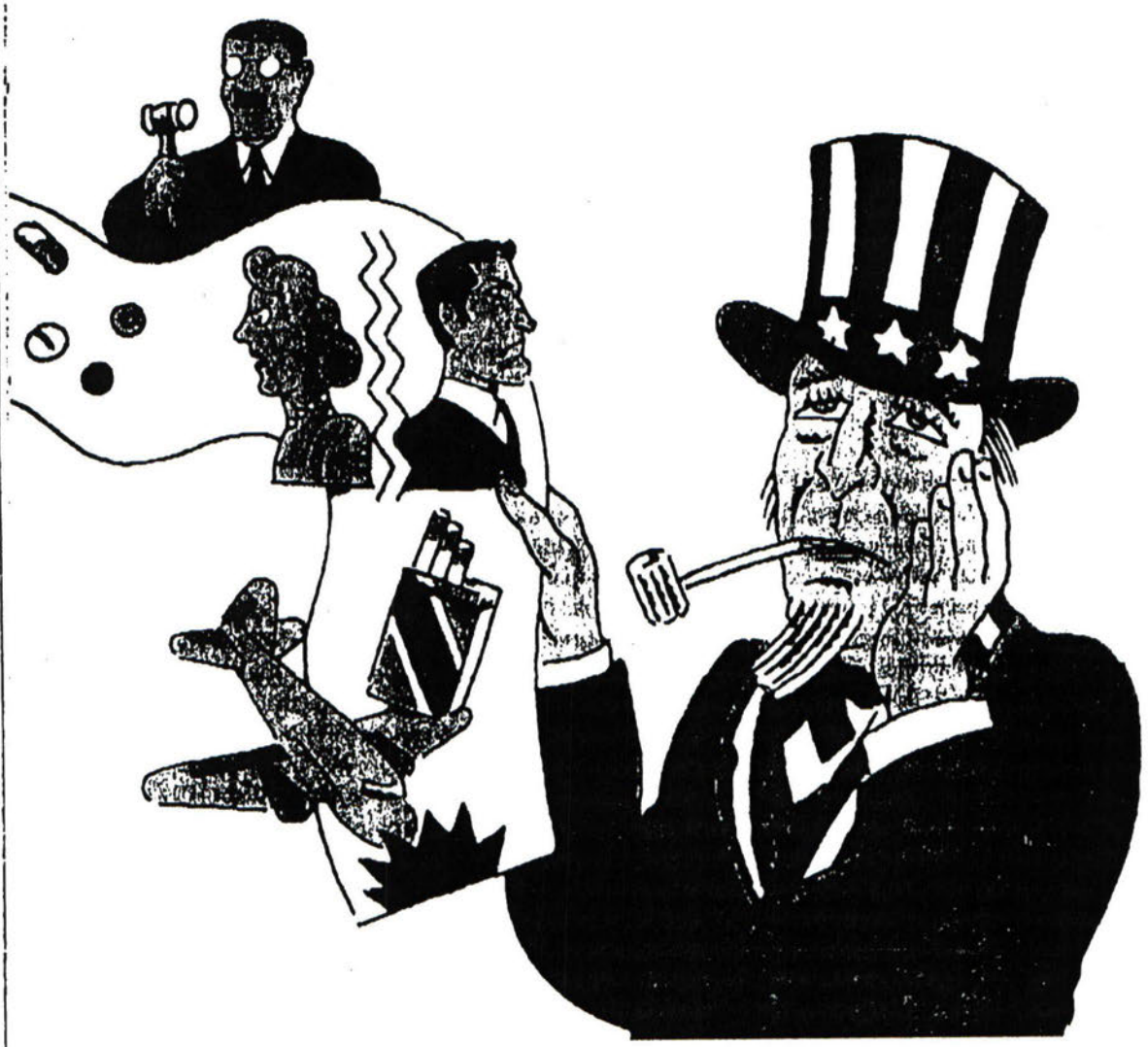
Bennett cited the chilling statistics that teenagers spend on average some three hours a day watching television, and about five minutes a day alone with their fathers. Yet when kids are talking with their parents, they aren't adding to the

GDP. In contrast, MTV helps turn them into ardent, GDP-enhancing consumers. Even those unwed teenage mothers are bringing new little consumers into the world (where they will quickly join the "kiddie market" and after that the "teen market," which together influence more than $200 billion in GDP). So while social conservatives like Bennett are rightly deploring the nation's social decline, their free-marketeer counterparts are looking at the same phenomena through the lens of the GDP and breaking out the champagne.

Something similar happens with the natural habitat. The more the nation depletes its natural resources, the more the GDP increases. This violates basic accounting principles, in that it portrays the depletion of capital as current income. No businessperson would make such a fundamental error. When a small oil company drains an oil well in Texas, it gets a generous depletion allowance on its taxes, in recognition of the loss. Yet that very same drainage shows up as a gain to the nation in the GDP. When the United States fishes its cod populations down to remnants, this appears on the national books as an economic boom—until the fisheries collapse. As the former World Bank economist Herman Daly puts it, the current national-accounting system treats the earth as a business in liquidation.

Add pollution to the balance sheet and we appear to be doing even better. In fact, pollution shows up twice as a gain: once when the chemical factory, say, produces it as a by-product, and again when the nation spends billions of dollars to clean up the toxic Superfund site that results. Furthermore, the extra costs that come as a consequence of that environmental depletion and degradation—such as medical bills arising from dirty air—also show up as growth in the GDP.

This kind of accounting feeds the notion that conserving resources and protecting the natural habitat must come at the expense of the economy, because the result can be a lower GDP. That is a lot like saying that a reserve for capital depreciation must come at the expense of the business. On the con-



trary, a capital reserve is essential to ensure the future of the business. To ignore that is to confuse mere borrowing from the future with actual profit. Resource conservation works the same way, but the perverse accounting of the GDP hides this basic fact.

No less important is the way the GDP ignores the contribution of the social realm—that is, the economic role of households and communities. This is where much of the nation's most important work gets done, from caring for children and older people to volunteer work in its many forms. It is the nation's social glue. Yet because no money changes hands in this realm, it is invisible to conventional economics. The GDP doesn't count it at all—which means that the more our families and communities decline and a monetized service sector takes their place, the more the GDP goes up and the economic pundits cheer.

Parenting becomes child care, visits on the porch become psychiatry and VCRs, the watchful eyes of neighbors become alarm systems and police officers, the kitchen table becomes McDonald's—up and down the line, the things people used to do for and with one another turn into things they have to buy. Day care adds more than $4 billion to the GDP; VCRs and kindred entertainment gear add almost $60 billion. Politicians generally see this decay through a well-worn ideological lens: conservatives root for the market, liberals for the government. But in fact these two "sectors" are, in this respect at least, merely different sides of the same coin: both government and the private market grow by cannibalizing the family and community realms that ultimately nurture and sustain us.

These are just the more obvious problems. There are others, no less severe. The GDP totally ignores the distribution of income, for example, so that enormous gains at the top—as were made during the 1980s—appear as new bounty for all. It makes no distinction between the person in the secure high-tech job and the "downsized" white-collar worker who has to work two jobs at lower pay. The GDP treats leisure time and time with family the way it treats air and water: as having no value at all. When the need for a second job cuts the time available for family or community, the GDP records this loss as an economic gain.

Then there's the question of addictive consumption. Free-market fundamentalists are inclined to attack critics of the GDP as "elitists." People buy things because they want them, they say, and who knows better than the people themselves what adds to well-being? It makes a good one-liner. But is the truth really so simple? Some 40 percent of the nation's drinking exceeds the level of "moderation," defined as two drinks a day. Credit-card abuse has become so pervasive that local chapters of Debtors Anonymous hold forty-five meetings a week in the San Francisco Bay area alone. Close to 50 percent of Americans consider themselves overweight. When one considers the $32 billion diet industry, the GDP becomes truly bizarre. It counts the food that people wish they didn't eat, and then the billions they spend to lose the added pounds that result. The coronary-bypass patient becomes almost a metaphor for the nation's measure of progress: shovel in the fat, pay the consequences, add the two together, and the economy grows some more.

So, too, the O. J. Simpson trial. When *The Wall Street Journal* added up the Simpson legal team ($20,000 a day), network-news expenses, O. J. statuettes, and the rest, it got a total of about $200 million in new GDP, for which politicians will be taking credit in 1996. "GDP OF O.J. TRIAL OUTRUNS THE TOTAL OF, SAY, GRENADA," the *Journal*'s headline writer proclaimed. One begins to understand why politicians prefer to talk about growth rather than what it actually consists of, and why Prozac alone adds more than $1.2 billion to the GDP, as people try to feel a little better amid all this progress.

THE POLITICS OF PERMANENCE

SIMON Kuznets had deep reservations about the national accounts he helped to create. In his very first report to Congress, in 1934, he tried to warn the nation of the limitations of the new system. "The welfare of a nation," the report concluded, can "scarcely be inferred from a measurement of national income as defined above."

But the GNP proceeded to acquire totemic stature, and Kuznets's concerns grew deeper. He rejected the a priori conceptual schemes that govern most economic thought. As an economy grows, he said, the concept of what it includes must grow as well. Economists must seek to measure more and different things. By 1962 Kuznets was writing in *The New Republic* that the national accounting needed to be fundamentally rethought: "Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and the long run," he wrote. "Goals for 'more' growth should specify more growth *of what* and *for what*" (emphasis added).

To most of us, that would seem to be only common sense. If the government is going to promote something, surely the voters should know what that something is. But in the view of most economists, Kuznets was proposing a pipe bomb in the basement. Once you start asking "what" as well as "how much"—that is, about quality instead of just quantity—the premise of the national accounts as an indicator of progress begins to disintegrate, and along with it much of the conventional economic reasoning on which those accounts are based.

Unsurprisingly, the profession did not seize eagerly upon Kuznets's views. Though he won a Nobel Prize in 1971, many economists dismissed him as a kind of glorified statistician. Most are aware of at least some of the basic shortcomings of the GDP. But rather than face those shortcomings squarely, they have either shrugged their shoulders or sought to minimize the implications for their underlying models. In his ubiquitous economics text Paul Samuelson and his co-au-

thor William Nordhaus devote a few pages to possible revisions to the GDP to reflect environmental and other concerns. But this is more in the spirit of a technical adjustment than a questioning of the underlying premise.

The effects of the GDP fixation can be seen perhaps most vividly in what are called "developing nations" (a term that is itself defined mainly in terms of GDP)—specifically in the policies of the World Bank, which is a kind of development czar for the nations of the South. Decades ago Kuznets tried to point out the absurdity of using such a measure to assess the economies of less-developed nations, where much production takes place in the household economy and is therefore beyond the ken of the GNP. A development strategy based on raising the GNP might undermine this household economy and therefore diminish the well-being of the nation's people, while devastating the habitat to boot.

In 1989 Barber Conable, then the president of the World Bank, acknowledged the problem with respect to environmental issues. "Current calculations ignore the degradation of the natural-resource base and view the sales of nonrenewable resources entirely as income," he wrote. "A better way must be found." Yet on the floors beneath him the bank's economists continued churning out loan strategies aimed at boosting GDP. One recent World Bank publication reaffirmed it as the "main criterion for classifying economies."

And a wrongheaded one. In a groundbreaking study of Indonesia in 1989, the World Resources Institute, of Washington, D.C., explored the implications for natural resources. Since the 1970s Indonesia had been a success story for the conventional development school, achieving an exceptional growth rate of seven percent a year. But such an amphetamine pace cannot be sustained forever. Indonesia is selling off precious nonrenewable mineral wealth. Clear-cutting its forests and exhausting its topsoil with intensive farming, it is in effect robbing the future to finance the current boom. After adding in these and other factors, the institute found that the country's real, sustainable growth rate was only about half the official rate. And that wasn't counting the broader spectrum of environmental and social costs, which would have brought the growth rate down even more.

Here was another warning for those disposed to heed it. Yet the international development establishment did nothing of the sort. In fact, what is being measured has grown more partisan than ever. Specifically, in 1991 the GNP was turned into the GDP—a quiet change that had very large implications.

Under the old measure, the gross national product, the earnings of a multinational firm were attributed to the country where the firm was owned—and where the profits would eventually return. Under the gross domestic product, however, the profits are attributed to the country where the factory or mine is located, even though they won't stay there. This accounting shift has turned many struggling nations into statistical boomtowns, while aiding the push for a global economy. Conveniently, it has hidden a basic fact: the nations of the North are walking off with the South's resources, and calling it a gain for the South.

The more basic defects of the GDP have not gone unnoticed among the nations of the world. In France a parliamentary report has called for new indicators of progress; the Treasury of Australia has done so as well. Both the UN and the European Parliament have taken up the issue, and there are ripples even at the World Bank.

But in the United States change will not come easily. The quarterly release of the GDP figures has become a Wall Street ritual and metronome for the national media, setting the tempo and story line for economic reportage. For the media in particular, the GDP serves deep institutional cravings, combining the appearance of empirical certitude and expert authority with a ready-made story line. It also serves the industries that thrive on the kind of policies it reinforces; those inclined to deplete and pollute are especially pleased with an accounting system that portrays these acts as economic



The perversity of the GDP affects virtually all parts of society. In 1993, for example, William J. Bennett, who had been the Secretary of Education in the Reagan Administration, produced a study of social decline. He called it "The Index of Leading Cultural Indicators." The strange fact that jumps out from Bennett's grim inventory of crime, divorce, mass-media addiction, and the rest is that much of it actually adds to the GDP.

progress. This came to light clearly last year when the Clinton Administration proposed, sensibly, that resource depletion be subtracted from GDP (albeit only in a footnote) instead of added to it.

The idea had been kicking around the Commerce Department for years, and the Administration's actual proposal was modest in the extreme. Still, at a House Appropriations Committee hearing in April of 1994 two representatives from coal states pounced on the department staff. After a series of jabberwocky exchanges that illustrated why members of Congress usually leave technical issues to their staffs, Congressman Alan Mollohan, of West Virginia, finally got to the heart of the matter. If the national accounts were to include the depletion of coal reserves and the effects of air pollution (which would be added eventually), he said, "somebody is going to say . . . that the coal industry isn't contributing anything to the country." Better to keep depletion and pollution hidden under the accounting rug called "growth." The committee demanded an expensive outside review, effectively delaying the project. In the Republican Congress its fate is by no means assured.

A GENUINE PROGRESS INDICATOR

ECONOMISTS have couched their resistance to new indicators mainly in philosophical terms. A measure of national progress must be scientific and value-free, they say. Any attempt to assess how the economy actually affects people would involve too many assumptions and imputations, too many value judgments regarding what to include. Better to stay on the supposed terra firma of the GDP, which for all its faults has acquired an aura of hardheaded empirical science.

Aura notwithstanding, the current GDP is far from value-free. To leave social and environmental costs out of the economic reckoning does not avoid value judgments. On the contrary, it makes the enormous value judgment that such things as family breakdown and crime, the destruction of farmland and entire species, underemployment and the loss of free time, count for nothing in the economic balance. The fact is, the GDP already does put an arbitrary value on such factors—a big zero.

Conventional economic thinking follows a simple premise in this regard: As Paul Samuelson puts it in his textbook, "economics focuses on concepts that can actually be measured." If something is hard to count, in other words, then it doesn't count. Of course, there will never be a way to assign an exact dollar value to our family and community life, our oceans and open spaces. This doesn't mean they don't have value. It means only that we don't have a way to register their value in a form comparable to market prices. Given that, the challenge is simply to start to develop values that are *more reasonable than zero*; it is to stop ignoring totally that which is crucial to the nation's economic and social health. An approximation of social and habitat costs would be less distorting and perverse than the GDP is now; a conservative estimate of, say, the costs of family breakdown and crime would produce a more accurate picture of economic progress than does ignoring such costs entirely.

We have a rough sketch of such a picture. On a limited budget, using data that the federal government and other institutions already collect, we have developed estimates for the kinds of factors that the economic establishment ignores. The result is a new index that gets much closer—not all the way, but closer—to the economy that people experience. We call it the "genuine progress indicator" (GPI), and it provides substance to the gap between the economy limned by the commentators and the one that has brought increasing apprehension and pain to so many others. It also begins to suggest the kinds of measurements that the federal government, with its enormous statistical resources, could construct.

The GPI includes more than twenty aspects of our economic lives which the GDP ignores. We based this list on available data and on common sense. A family does not count every dollar spent as a step forward. Rather, it tries to sort out the different kinds of expenditures—and that's basically what we did with the national accounts. We started with the same consumption data that the GDP is based on, but revised them in a number of ways. We adjusted for some factors (such as income distribution), added certain others (such as the value of housework and community work), and subtracted yet others (such as pollution costs and the like). The result is a balance sheet for the nation that starts to distinguish between the costs and benefits of "growth."

Here are some of the factors we included:

The household and volunteer economy. Much of the nation's most important work—and the work that affects our well-being most directly—gets done in family and community settings. Taking care of children and the elderly, cleaning and repairing, contributing to neighborhood groups—all of these are totally ignored in the GDP when no money changes hands. To overcome this problem, we included, among other things, the value of household work figured at the approximate rate a family would have to pay someone else to do it.

Crime. The GDP counts as progress the money people spend deterring crime and repairing the damage it causes. However, most people would probably count those costs as necessary defenses against social decline, and that's how the GPI counts them too. We included hospital bills and property losses arising from crime and the locks and electronic devices that people buy to prevent it.

Other defensive expenditures. Crime-related costs are just one kind of expenditure that seeks to repair past or present damage, as opposed to making people better off. We also incorporated the money spent on repairs after auto accidents and what households pay for water filters, air-purification

equipment, and the like to defend against the degradation of their physical environment.

The distribution of income. A rising tide of GDP doesn't necessarily lift all boats—not if the growth of income is mainly at the top. It was in the 1980s: the top one percent of households enjoyed a growth in income of more than 60 percent, while the bottom 40 percent of households saw their incomes drop. To take account of this uneven tide, we adjusted the GPI for the extent to which the whole population actually shared in any increase.

Resource depletion and degradation of the habitat. As the nation uses up oil and other minerals, this should appear as a cost on the national accounts, just as it does on the books of a private business; yet the GDP treats it as a gain. We reversed that in the GPI. Similarly, the pollution of our air and water represents the using up of nature's capacity to absorb humanity's waste. Therefore we included, among other things, the damage to human health, agriculture, and buildings from air and water pollution, along with such recreational losses as beaches fouled by sewage or medical debris.

Loss of leisure. If people have to work two jobs or longer hours just to stay even, then they aren't really staying even. They are falling behind, losing time to spend with their families, to further their education, or whatever. The GDP assumes that such time is worth nothing. We included it at an average wage rate.

To include such factors is to begin to construct a picture of the economy that most Americans experience. It clarifies greatly the "paradox" that permeated the reportage during last year's congressional campaigns. The GDP would tell us that life has gotten progressively better since the early 1950s—that young adults today are entering a better economic world than their parents did. GDP per American has more than doubled over that time. The GPI shows a very different picture: an upward curve from the early fifties until about 1970, but a gradual decline of roughly 45 percent since then. This strongly suggests that the costs of increased economic activity—at least the kind we are locked into now—have begun to outweigh the benefits, resulting in growth that is actually uneconomic.

Specifically, the GPI reveals that much of what we now call growth or GDP is really just one of three things in disguise: fixing blunders and social decay from the past, borrowing resources from the future, or shifting functions from the traditional realm of household and community to the realm of the monetized economy.

Many readers might think of additions to the list of factors that the GPI ought to include—thus corroborating both the underlying concept and the conservative nature of our calculations. We left out, for example, the phenomenon of addictive consumption, which is spending that consumers themselves say they wish they didn't do. We also left out the destruction of species, since there is not a satisfactory way to reckon such loss in economic terms.

The GPI has been several years in the making, and we will continue to refine it. But already it appears to have touched a nerve in the economics profession and beyond. More than 400 economists and a growing number of opinion leaders, including Robert Eisner, the former president of the American Economic Association, and Alvin Toffler, Newt Gingrich's favorite futurist, have endorsed it as an important step toward the new kinds of indicators that are urgently needed. Research institutes in Germany and the United Kingdom have sought to replicate it for their countries. Economic measurement is due for a radical change, and we hope that the GPI will speed up the process. But measurement is a means, not an end. The more important question is how an honest set of economic books would change the nation's economic debate and force our leaders out of their Potemkin village.

FROM SCORECARDS TO POLICIES

IMAGINE Peter Jennings on the network news tonight reciting the latest Commerce Department figures with his polished gravity. Instead of the GDP, however, he is reporting something more like the GPI. The nation's output increased, he says, but parents worked longer hours and so had less time with their kids. Consumer spending was "up sharply," but much of the difference went for increased medical costs and repairing the rubble left by hurricanes and floods. Utility receipts were up, but resources declined, meaning that part of today's prosperity was taken from our grandchildren. And so on down the line.

Reports of that kind would have a radical effect. They would break through the hermetic economy portrayed by economists and Wall Street analysts which dominates the news today—the abstractions that serve as a conceptual phalanx against reality. Suddenly reporters and politicians alike would have to confront the economy that people actually experience. There would be some genuine accountability in Washington, a better sense of cause and effect between what Congress does and what happens in our lives. New indicators would blast away the obfuscatory polemics of growth—and the devious politics that goes along with it. Politicians could no longer get away with glib assurances that the nation can grow its way out of family breakdown and environmental decay, inequity and debt, when in many cases the nation has been growing its way into them.

Such assurances have become a kind of political perpetual-motion machine. Newt Gingrich rhapsodizes about the entertainment economy and the 500 cable channels it will bring to the American living room. (When Gingrich and like-minded politicians extol "growth," entertainment is one of the things they are talking about; since 1991 it grew twice as fast as consumer spending generally.) But when these channels flood the family living room with sex and violence, and kids spend more time watching TV than they do with their parents or

their homework, he blames "McGovernik liberals" for the breakdown in traditional family values. At the same time, he's only too happy to count the new tax revenues that arise from that family breakdown toward balancing the federal budget.

Honest accounting would blow the whistle on these political games. It would also bring a new clarity and rigor to any number of policy debates—those over trade agreements being a prime example. In the recent past these debates have been framed largely in terms of the GDP. The General Agreement on Tariffs and Trade means "percentage points . . . of U.S. GDP growth," exclaimed Bill Frenzel, a former congressman from Minnesota and a congressional representative to GATT negotiations. "It means trillions of dollars in increased world trade." This kind of talk was typical. In fact the increase means very little—only that more things will pass back and forth between nations. Will families and communities suffer continuing disruption? Will the increased traffic back and forth simply burn up more energy, the price of which is kept artificially low by tax subsidies and the like? Will America lose a measure of control over decisions that affect the lives of its own citizens?

There were efforts to raise such issues in the trade debates. But the polemical playing field was tilted sharply against them by the GDP. The result was a perpetuation of free-trade dogma that is based on the economy of 200 years ago. Better accounting would not in itself dictate a different conclusion. But at least it would level the field, and include many factors that now get left out. It would, for example, reflect some of the numerous benefits of local production that don't show up in the GDP—social stability, job security, energy savings, and the like. Free trade dogma dismisses such thoughts as primitive and benighted.

Better indicators would also strengthen the role of family and community values in our policy debates. Rarely does anyone point out how the market itself can undermine family values in the name of growth. When regional shopping centers replace traditional Main Streets, the matrix of community activity is significantly undermined as well. Similarly, when mass media replace the storytelling of parents and grandparents, the GDP goes up while the role of families declines.

If factory jobs migrate to low-wage nations, it means cheaper products and more efficiency. But it also means severe family disruption, and the decline of the informal safety net of churches and union halls that once flourished in factory towns and helped families in need. The government obscures the impact of such policies by in effect keeping two sets of books—a visible one for the market and an invisible one for everything else. New indicators would bring the two together, and better policy just might result.

The effect would perhaps be especially direct on tax policy. The current tax system is deeply perverse, but not for the reasons that economists generally cite. Purveyors of conventional wisdom say that the tax system retards growth, by which they mean GDP. But this makes no distinction at all between muscle and bloat. They want capital-gains tax breaks, but for what? Pop art? Overseas investment funds? They urge taxes on consumption. But what kinds do they mean? Work shoes as well as Gucci's? Recycled paper along with that made from ancient forests?



The more basic defects of the GDP have not gone unnoticed in other nations. In France a parliamentary report has called for new indicators of progress; the Treasury of Australia has done so as well. But in the United States change will not come easily. The quarterly release of the GDP figures has become a Wall Street ritual. It sets the tempo and story line for economic reportage. The GDP serves deep institutional cravings.

Meanwhile, the left argues for "progressive" taxes based entirely on income, as if income and the activities that produce it were inherently worthy of censure, regardless of what those activities are. Better accounting would define the issue along an entirely different spectrum.

For example, the current system taxes heavily that which should be encouraged—enterprise and human labor. Meanwhile, it taxes lightly or even subsidizes the use of the natural resources that humanity needs to husband and conserve. Employers pay a heavy fine, in the form of Social Security taxes, workers' compensation, and the rest, when they hire somebody. But they get big write-offs when they help to drain the world's natural resources. New accounting would

expose this perversity, and point toward a new tax system that defied the stereotyped categories of left and right.

To put it simply, the nation would cut—or if possible eliminate—taxes on work and enterprise and replace them with increased taxes on the use of natural resources. Such a system would diminish the need for environmental regulation, by building a semblance of environmental accounting right into the price system. Prices would include environmental and social costs. This approach would also be a spur to enterprise and employment. With reduced income taxes, the entire economy would become a kind of enterprise zone, and the nation's entrepreneurial energies would be deployed much more toward solving environmental and social problems than toward creating them. Moreover, by doing away with the corporate income tax, we could get rid of the whole loophole culture that corrupts the nation's politics and is a primary source of corporate subsidy and waste.

Closely related is the issue of cost-benefit analysis, which was one of the hot topics in Washington this year. Republicans argue, sensibly, that environmental and other regulations should bring benefits commensurate with the costs involved. But that just begs the crucial question: What goes into the accounting? If the GDP defines the framework, then cost-benefit analysis becomes a made-in-heaven deal for polluters and those who cause social disruption. If nothing counts other than what is conventionally counted, then tangible increases in production will win out over the less easily quantified—but no less real—harm to the natural and social spheres. To broaden the reckoning, however, could produce results quite the opposite of what the current advocates of cost-benefit analysis intend.

THE NEW POLITICS OF PROGRESS

It has become almost obligatory in a context such as this to invoke the concept of a "paradigm shift," to use Thomas Kuhn's much-cited formulation, laid out in *The Structure of Scientific Revolution*. But there is a side to this that is generally overlooked—namely, the central role of generational divides. Kuhn quotes the physicist Max Planck: "A new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die."

One would wish for a more ceremonious process. But no field has grown more tightly shut than economics, whose basic orthodoxies have persisted for at least a hundred years. Unless history stops cold, these, too, will eventually yield, and the time is now propitious. The generation that developed the GDP, and for which the GDP distilled an entire world view, is now mainly retired. The students and disciples of that generation are well into their middle years, rumbling along on mental capital from long ago. For the generation that is replacing them, the defining traumas were not the Depression and the Second World War but rather the material glut and environmental and social disintegration of which many in the old guard served as unwitting boosters and engineers.

To be sure, the old order does not lack acolytes. But for a growing number of economists, the conceptual tools and measurements of the neoclassical model—Keynesian twists included—are no longer adequate. These economists are demanding that their profession start to take account of the larger economy in which the market is grounded—the natural and social spheres, which they have in the past dismissed as the netherworlds of externality. In a survey in the 1980s of economists at fifty major universities two thirds acknowledged a sense of "lost moorings" in the profession.

In recent decades this kind of critique has been associated mainly with the ecological camp. Herman Daly, Hazel Henderson, Kenneth Boulding, and other writers have pointed out that in a world of finite physical resources the possibility of endless material expansion is not something we should count on. What is new today is that a similar argument is coming from certain quarters on the right: specifically that the pursuit of GDP has been undermining traditional values and social cohesion, much as it has been destroying the natural habitat.

Americans are conditioned to see ecology and social conservatism as occupying opposite ends of the political spectrum. But that is largely an optical illusion, reinforced by an antiquated national accounting system. The fact is that adherents at both ends deplore the way the pursuit of GDP can undermine the realm of their concern. Much as this pursuit turns ancient forests into lumber and beaches into sewers, so it turns families into nodes of consumption and the living room into a marketing free-fire zone. Both camps speak from the standpoint of *values* against the moral relativism and opportunism of the market. "If you read the New Testament or the Pope's encyclical, it's no cheers for socialism and one and a half or two for capitalism," William Bennett, who was Reagan's Secretary of Education, observes. "Socialism treats people as a cog in the machine of the state; capitalism tends to treat people as commodities."

This strain of conservatism, partly rooted in traditional Christian teachings, was largely dormant during the Cold War, when the greater enemy communism predominated. But with the fall of the Soviet bloc it has reawakened, and the result has been a widening gap on the right between social conservatives and libertarian free-marketeers. This gap was easily overlooked in the Republican triumph last November, but it may well become as important as the one between the Republicans and the Democrats they replaced.

It can be seen, for example, in the diverging views of that archetypal Republican era, the Reagan eighties. Martin Anderson, who was Reagan's domestic-policy adviser, gave the rapturous libertarian view in his book *Revolution* (1988). "It was the greatest economic expansion in history," Anderson wrote. "Wealth poured from the factories of the United States, and Americans got richer and richer."

But does richer mean better—even assuming that all Americans shared in this bounty, which they didn't? For libertarians, as for many Keynesian liberals, the question isn't relevant. For social conservatives, however, it is *the* question. Bennett does not disparage the economic achievements of the Reagan years. Nor does he dispute that more family income can mean better schooling, medical care, and the like. But recently he has been calling attention to the social decay that has continued despite (and often in the name of) economic growth. "Would you rather have kids raised by rich people with lousy values, or by good people who just don't have much money?" he asks. "A lot of us would say we want the values right."

What the right calls "family values" is one arena in which the latent conflict between market and nonmarket values is coming out into the open. In a long article in *The Washington Post* last November, Edward Luttwak, of the Center for Strategic and International Studies, a conservative think tank in Washington, D.C., pointed out that much family disruption today arises from the "creative destruction" of the market that free-market economists adore. The failure to acknowledge this, Luttwak wrote, is "the blatant contradiction at the very core of what has become mainstream Republican ideology."

In an interview Luttwak argued that people need stability more than they need much of the new stuff that makes the GDP go up. Yet economists talk about stability "in entirely negative terms," he said. Conservation becomes a dirty word. One would think that conservatives would be the first to point this out; stability, after all, is what families and communities are for. But the political right is muzzled on these issues, Luttwak said, by the economic interests of its major funders. "Any conservative who wishes to conserve will not be funded."

This split has a distinct similarity to the tension that arose in the Democratic Party in the seventies between environmentalists and the growth-boosting Keynesian mainstream. It could betoken the beginning of a new politics in which the popular currents represented by social conservatives and environmentalists increasingly find common cause. Some writers have made the connection already. For example, Fred Charles Iklé, who was an undersecretary of defense in the Reagan Administration, wrote an article for the *National Review* in which he criticized the "growth utopians" of the right. "Citizens who fear for our vanishing patrimony in nature," Iklé wrote, "drink from a wellspring of emotions that nourishes the most enduring conservative convictions." (He also tweaked the magazine's right-wing readers by pointing out that economic growth almost invariably leads to bigger government.)

Just a few years ago a confluence of the environmental and social-conservative impulses would have seemed unlikely. But the political seas are changing rapidly. The coalition that came together to oppose NAFTA and GATT—environmentalists and anti-corporate populists like Ralph Nader on the one hand, and social conservatives like Pat Buchanan on the other—seemed an oddity to most pundits. But something similar happened when the Walt Disney Company proposed a new theme park near the Civil War battlefield in Manassas, Virginia. Buchanan and numerous other tradition-minded conservatives joined environmentalists in blasting the proposal. In his syndicated newspaper column Buchanan demanded, "Conservatives who worship at the altar of an endlessly rising GNP should tell us: What is it they any longer wish to conserve?"

The two camps have converged in opposing the so-called "takings" bills, which would require the taxpayers to compensate property owners for restrictions on the use of their property. The Reverend Donald E. Wildemon, the president of the American Family Association, in Tupelo, Mississippi, has called such a proposal in his state the "porn owners' relief measure," because it could restrict the ability of local governments to control such things as topless bars. Environmentalists of course worry about the implications for the protection of wetlands, open space, and the like. The two camps agree that "growth" is not an end in itself but must serve larger values that are not economic in the usual sense.

We may be witnessing the opening battles in a new kind of politics that will raise basic questions about growth—questions that defy the conventional left-right divide. Where the old politics was largely concerned with the role of government—with the relation between public and private sectors—the emerging one will be more concerned with such issues as central versus local, market culture versus family and community culture, material accretion versus quality and values. The new politics will not be anti-growth, because to be categorically against growth is as nonsensical as to be categorically for it. Rather, it will begin with Luttwak's sane observation that when your goal is simply to increase GDP, then "what you increase isn't necessarily good." It will insist that growth—and economics generally—must be a means to an end, and not an end in itself.

This is not to suggest that such a new alliance is around the corner. But although the differences between the social conservative and environmentalist camps are still large, they are probably etched more sharply among leaders in Washington than in the nation as a whole. These groups are converging on one crucial issue—namely, the ends of economic life. In their different ways they are expressing the feeling, widespread among the public, that the pronouncements from economic experts are fundamentally out of sync with the experience of their own lives; that economics must be about more than just the production and consumption of stuff; and that we need larger goals and better ways to measure our achievements as a nation.

Of course, this instinct could play out in many ways. But at least one thing is clear: boosting the GDP is no longer a sufficient aim for a great nation, nor one that America can continue to endure.

The New, Ruthless Economy

Simon Head

1.

The US economy is about to enter its sixth year of recovery from the recession of 1990–1991. Even though the economy's many "restructurings" and "downsizings" have been a cause of great anxiety for Americans, the economy's leading indicators between 1992 and 1995 showed strength rarely seen since the 1950s. Investment has been growing swiftly, productivity has been rising at twice the rate of the 1970s and 1980s, and inflation has remained low. At the beginning of 1996, despite the economy's slow start, the consensus of economists polled by *The Wall Street Journal* is for steady growth without inflation during the coming year.[1]

The growth of investment has been particularly impressive, rising at its steepest rate since World War II.[2] Spending by private business on information technology, mainly computers and software, has been leading this investment boom. In 1993, spending on computers alone grew at the phenomenal rate of 52 percent; it grew by 27 percent in 1994, and was projected to grow by 23 percent in 1995.[3] This very rapid growth of investment during the 1990s has also boosted the growth of productivity—the output per head of private-sector employees.

Productivity is a basic measure of economic efficiency, and its growth rate reveals how effectively such components of investment as new plants and equipment are actually being used. In the view of many economists, including those of the Clinton administration, the rate of productivity growth also largely determines the living standard of most Americans. According to the Administration, productivity is "the primary source of income growth" and its increase "is the answer to stagnant real wages."[4] It ought to be a positive sign that the growth of productivity continued to accelerate in 1995 even though the economy's rate of growth was slowing down.[5]

But amid this news of productivity growth, one set of statistics has not recovered since the recession that ended in 1991: the living standard of most Americans. According to the Census Bureau, median family income in 1994, adjusted for inflation, was $38,782, one percent below the level of 1991. Preliminary data suggests that there was no significant increase in median family income during 1995.[6]



Courtesy of Photofest

Moreover, this recent stagnation is part of a larger downward trend that has been taking place since the early 1970s.

Government statisticians lump the 80 percent of working Americans whose jobs fall below the higher executive, managerial, and technical levels under the heading "production and non-supervisory workers." The average weekly earnings of these mostly rank-and-file workers, again adjusted for inflation, fell by 18 percent between 1973 and 1995, from $315 per week to $258 per week. By contrast, between 1979 and 1989 the real annual pay of corporate chief executives increased by 19 percent, and by 66 percent after taxes.[7] For the other eight out of ten workers in America, the renewed growth of productivity during the 1990s has not brought a renewed growth of real wages.

During the 1970s and 1980s US productivity grew at less than half its pace in the 1950s. Nevertheless, between 1973 and 1995 output per person of all non-farm workers in the private sector still rose by 25 percent, while the real hourly earnings of production and other non-supervisory workers fell by 12 percent.[8] During the present recovery, increases in real wages have not matched increases in productivity. Between 1990 and 1995 the productivity of all non-farm private sector employees increased by 10.3 percent, while during the same period the real hourly wages of rank and file workers were unchanged.[9] This is the first time in American postwar history that the real wages of most workers have failed to increase during a recovery.

Alan Greenspan warned Congress in July 1995 that the growing inequality of income in the United States could become a "major threat to our society" (though, characteristically, he went on to say that solving the problem was "beyond the power of the Fed").[10] Commenting on the same trends, Robert Solow of MIT, a winner of the Nobel Prize for Economics, has warned of a society "which might turn mean and crabbed, limited in what it can do, worried about the future."[11] Felix Rohatyn, senior partner of the Wall Street investment bankers Lazard Frères, has spoken of an "advanced capitalism" whose "harsh and cruel climate" imposes "stringent discipline on its participants":

> What is occurring is a huge transfer of wealth from lower skilled, middle-class American workers to the owners of capital assets and to a new technological aristocracy with a large element of compensation tied to stock values.[12]

2.

From the time of the industrial revolution onward, one kind of middle-income worker, the skilled craftsman, has been consistently under threat from the mass-production economy, with its automated production and standardized products. But today a much broader variety of middle-income workers finds itself threatened by a new mass-production economy, one shaped by the application of information technology both to manufacturing and to service industries.

In manufacturing there has been the advent of "lean production," the techniques of mass production originating mostly in Japan and now diffused throughout the industrialized world. In industries such as automobiles, electronics, and machine tools, lean production has three main requirements: products must be easy to assemble ("manufacturability"); workers must be less specialized in their skills ("flexibility of labor"); and stocks of inventory must be less costly to maintain (components arrive at the assembly plant "just in time," and so save on both warehousing and financing costs).

The second big change has been in service industries such as banking, communications, and insurance, where "reengineering" has transformed the work of many employees, costing large numbers of them their jobs. Just as Henry Ford once found a substitute for skilled craftsmen in rows of machines arranged along an assembly line, so the experts called reengineers have combined the skills of specialist clerks and middle managers into software packages that are attached to desktop computers.

We have no exact measure of the percentage of the US Gross Domestic Product (GDP), or of the total US work force, that has been subject to reengineering or to lean production. But there is no doubt that these two innovations have already radically changed the main manufacturing industries such as automobiles and electronics and the largest

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[1] *The Wall Street Journal*, January 2, 1996. Relying on the government's new methods for calculating GDP, the consensus of the economists polled is for growth of 1.8 to 2 percent for 1996, or 2.4 to 2.6 percent using the previous method of calculation.

[2] "Business Outlook," *Business Week*, July 10, 1995. These government figures almost certainly understate the strength of investment; they do not, for example, include software as an investment, and they have found no adequate way of taking account of the vastly enhanced powers of computers, even as their prices fall. Perversely, the new methods of calculation of investment, productivity, and GDP introduced in December make matters worse by further downgrading the real value of computers, along with their price. The prolonged shutdown of parts of the federal government in December and January has delayed these changes, and statistics based on the old methods of calculation will be used here.

[3] "Capital Spending Slows to a Canter," *Business Week*, August 14, 1995.

[4] *Economic Report of the President 1994*, pp. 127, 129.

[5] According to the Bureau of Labor Statistics (BLS), productivity grew by 2.55 percent during the first three quarters of 1995.

[6] For example, in 1995 total compensation for American workers, which includes health and pension benefits as well as wages, rose by approximately 2.7 percent. This was the lowest increase for any year since this statistic was first compiled in 1981. (*The New York Times*, January 4, 1996.)

[7] BLS, January 29, 1996. Earnings for 1995 are based on figures for October. Productivity for 1995 is derived from the average of productivity growth during the first three quarters of 1995. Figures for CEO earnings are given by Lawrence Mishel and Jared Bernstein, *The State of Working America 1994* (Economic Policy Institute, Washington, D.C., 1994). This indispensable work, published biannually, brings together and analyzes all the available data on family income, wages, taxes, employment, and the distribution of wealth.

[8] BLS, January 29, 1996.

[9] BLS, January 29, 1996.

[10] *The Wall Street Journal*, July 20, 1995.

[11] "Dr. Rivlin's Diagnosis and Mr. Clinton's Remedy," *The New York Review*, March 25, 1993, p. 12.

[12] "Requiem for a Democrat," speech delivered at Wake Forest University, Winston-Salem, N.C., March 17, 1995

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Martin Kenney's and Richard Florida's *Beyond Mass Production: The Japanese System and Its Transfer to the US* (1993) describes how lean production methods have been adopted by virtually every leading industry: autos, auto parts, steel, computers, consumer electronics, and machine tools among them. As for reengineering, in his book *The Reengineering Revolution* (1995)[13] Michael Hammer quotes two separate 1994 surveys, conducted by "Big Six" accounting firms, which showed that between 75 and 80 percent of America's largest companies "had already begun reengineering and would be increasing their commitment to it over the next few years."

The McKinsey Global Institute's exhaustive study, *Manufacturing Productivity* (1993), gives perhaps the best recent account of lean production and its effects throughout the world.[14] The report assesses US, Japanese, and German industrial performance both in the big unfashionable industries like food processing as well as in the more sophisticated industries examined by Kenney and Florida—autos, computers, and machine tools. The report's most startling findings concern the relationship between productivity and skills in Japanese manufacturing. In industries such as automobiles and machine tools, McKinsey reached the familiar conclusion that Japanese productivity was well ahead of that achieved by US and German competitors such as GM and Volkswagen.

But McKinsey also found that when Japanese corporations achieved higher rates of productivity, their need for skilled labor declined, particularly on the shop floor. In industry after industry, according to McKinsey, "ease of production" was a prime factor in explaining the differences in labor productivity between the Japanese and their foreign competitors—differences which persist despite the current problems of the Japanese banks and other financial institutions.[15] In designing automobiles, for example, Japanese manufacturers "remain very conscious of how such designs affect the manufacturing function, and attempt to specify them so that they are easier to produce and assemble."[16]

In the machine-tool industry, McKinsey found that by streamlining production Japanese companies used one tenth the number of parts and tools—ball bearings, high speed drills—required in German craft production.[17] McKinsey, therefore, repeatedly criticizes German industry and its arduously trained engineering *Meisters* and *Technikers*, since such reliance on craft labor can foster rigidity and "compartmentalization" on the line and so undermine productivity.[18]

Instead McKinsey praises what it calls the "integrated worker" of Japanese lean production, where a worker fits easily into a work "team." In fact the "integrated worker" employed by Japanese industrial corporations need have few recognizable skills at all, as I found during my own visits to the European plants of Nissan and Honda. I asked personnel managers at both plants what importance they gave to the educational and vocational qualifications of most of their prospective shop floor employees. In both cases the answer was "very little." What they were looking for, they explained, were dexterity, enthusiasm, and an ability to "fit into the team." In one job test, candidates were shown piles of nuts and screws of various sizes and were asked to match up the fitting pairs as quickly as they could.

In a well-known account of lean production in the world auto industry, the economists James Womack, David Jones, and David Roos argued that increased reliance on less-skilled and lower-paid workers was one of the chief selling points of the new system. One advantage of lean production, they write, is that it

> dramatically lowers the amount of high-wage effort needed to produce a product of a given description, and it keeps reducing it through continuous incremental improvement.[19]

These aspects of lean production help to explain why the rising productivity of blue-collar workers is not being matched by the rising value of their paychecks: corporations that can achieve higher productivity while dispensing with entire categories of skilled labor are unlikely to pass those savings on to their remaining, and less-skilled, workers.

But the disparity between productivity and real wages has other, deeper, causes as well. The large industrial corporation can cut its costs even further by contracting out (or "outsourcing") as much production as possible to smaller, independent producers, whose wage costs will be lower than its own. McKinsey found that such outsourcing was taking place in the manufacture not only of automobiles but of machine tools, computers, and consumer electronics as well. And here again the Detroit Big Three have been following the example of their Japanese competitors. Toyota, a pioneer of lean production, farms out no less than 70 percent of its components manufacture. They can do so because, as production becomes simplified, a contract manufacturer can perform most tasks as efficiently as the parent company itself.

In the US, the workers who are hired as a result of outsourcing are usually non-union and among the lower paid. When the parent company awards contracts to various satellite manufacturers, it does so as part of a strategy to keep costs down. Moreover, US companies who do this save more than do companies in Japan, where a good many workers in the satellite companies receive traditional benefits of Japanese industry. The employees of companies such as Nippondenso, Toyota's main supplier of electrical components and engine computers, often belong to unions and are guaranteed "employment for life." It is only further down the supply chain, among the small shops that make more basic components such as screws and fasteners, that one can see the full effects of outsourcing on working conditions. In the US, however, there is no well-developed layer of privileged suppliers that can cushion the work force against the effects of outsourcing, particularly the lower wages paid by suppliers competing to charge less.

McKinsey found that contracts between the Detroit Big Three and their suppliers were "traditionally short term in nature" and that the Big Three often had several suppliers for the same items. Always implicit in such contracts was the threat that one of the big companies would "switch suppliers" once the contracts expired. Such arrangements help to explain why "suppliers seem to have given away" much of their profit "in order to retain [the corporation's] business."[20] In its own survey of outsourcing, *Fortune* claimed that Detroit's "stunning revival" has been a "salute to contract manufacturing."[21]

Indeed, with 70 percent of its components made by outside companies, Chrysler now relies on contract manufacturing as much as Toyota does. According to *Fortune*, GM, too, is "closing plants and outsourcing production, showering new business on contract manufacturers." This rush to farm out automotive production has crippled the United Auto Workers [illegible] famous for many blue-collar employees. Last June *The New York Times* pointed out that unionizing workers in the components industry was the most urgent task facing Stephen Yokich, the new president of the UAW.[22]

During the late 1970s, when most components manufacturers were wholly owned subsidiaries of the Big Three, two thirds of the hourly work force in the industry belonged to the UAW. But today, with outsourcing, only one quarter of the components work force are union members. This growth of the non-union work force has also had a devastating effect on the earnings of workers throughout the auto industry. Between 1975 and 1990 the percentage of low-wage employees in its total work force grew by 142 percent, from 17 percent to 40 percent[23]—proof, if nothing else, of the claim

[13] For more on Hammer, see Section 3, below.

[14] McKinsey Global Institute, *Manufacturing Productivity* (McKinsey and Company, 1993)

[15] See for example Eamonn Fingleton, *Blindside: Why Japan is Still On Track to Overtake the U.S. by the Year 2000* (Houghton Mifflin, 1995).

[16] *Manufacturing Productivity*, Chapter 2A, p. 8.

[17] *Manufacturing Productivity*, Chapter 2C, p. 5.

[18] *Manufacturing Productivity*, Chapter 2A, p. 8. Recently some German industries have been introducing aspects of lean production; and several large German firms are building plants in the US.

[19] James P. Womack, Daniel T. Jones, and Daniel Roos, *The Machine That Changed the World: The Story of Lean Production* (HarperCollins, 1990), p. 260.

[20] *Manufacturing Productivity*, Chapter 2B, p. 9.

[21] "You'll Never Guess Who Really Makes...," *Fortune*, October 3, 1994.

[22] "UAW Ranks Thinning, Elects a Fighter as President," *The New York Times*, June 15, 1995.

[23] David R. Howell, "Collapsing Wages and Rising Inequality," *Challenge*, (January-February 1995). Figures derived from Current Population Survey, US Bureau of Census.

that lean production lowers the number of high-wage employees needed to produce cars.[24]

3.

While lean production can keep down wages in manufacturing, over 80 percent of Americans now work in service industries, the vast, amorphous world which includes, among others, banks, insurance companies, S & Ls, retail and wholesale outlets, restaurants, hotels, and barber shops. Many of these industries have their own rough equivalent of lean production—reengineering—whose chief proponents and theoreticians are Michael Hammer, a business consultant, and James Champy, a former professor of business studies at MIT, and now also a consultant. Between them Hammer and Champy have now written three books about reengineering.[25] Their first book, *Reengineering the Corporation* (1993), had an international sale of nearly two million copies, and by now their ideas are familiar to most high corporate executives.

Reengineering is having an enormous effect on the economy, but it is a less grandiose activity than it sounds. The main task of the reengineer is to use information technology to streamline many of the more routine activities of business life. In a service industry such as insurance, reengineering in some form has been going on at least since the late 1960s.[26] The reengineering boom came only in the 1990s when computer software became increasingly able to do the jobs of, and often replace, large numbers of workers in hundreds of companies. With the help of some adroit marketing and public relations, Hammer and Champy have tried to give the impression not only that reengineering is their invention but also that reengineering cannot be successfully carried through without the help of high-priced consultants such as themselves.

According to *Fortune*, however, "mass production has come to the [reengineering] industry" itself: "Once you've streamlined one account payable process, you've streamlined them all." With mass production "those high flying armies of MBA's have given way to in-house task forces." Among reengineering consultants such as Gemini, and Champy's own CSC Index, there are now signs of "cost cutting and price pressure."[27] Nevertheless the three books of Hammer and Champy, with their many case histories, provide the most detailed account of reengineering we have.

One case perhaps best epitomizes how reengineering works.[28] With its headquarters at Stamford, Connecticut, the IBM Credit Corporation, a subsidiary of IBM, provides credit for clients who want to purchase IBM products. Five years ago specialists were responsible for each stage of the business. The low-level managers and skilled clerical workers in one department logged in credit applications. The employees in another department inserted special conditions for particular clients. Another department fixed the appropriate rate of interest. Yet another gathered all the relevant information into a "quote letter" to be sent to the IBM salesman and his customer. The entire system depended on vast quantities of paper creeping slowly from one specialist department to another.

Reengineering teams descended on these clerical assembly lines and swept them away. They installed in their place employees using software that could accomplish the tasks hitherto carried out by the specialists. Except for a few exceptional cases, which are still handled by a team of specialists, the functions once divided among the various departments have now become the responsibility of a single employee who is called the "deal structurer." Sitting at his computer terminal, the deal structurer handles the entire credit-granting process, from the moment that IBM receives the customer's credit application to the moment that the company's "quote letter" is sent off by Federal Express. A software program is able to handle all but a few of the questions that arise at each stage. The increases in productivity achieved can be prodigious. Reengineering at IBM increased the productivity of its credit business "not by 100 percent, but *one hundred times*," or 10,000 percent.[29] The "deal structurer," moreover, may displace not only many clerical workers but more highly qualified employees who held what they thought were secure "middle-level management" positions.

Hammer and Champy praise their

[24]Womack, Jones, and Roos, *The Machine that Changed the World*, p. 260.

[25]Michael Hammer and James Champy, *Reengineering the Corporation: A Manifesto for Business Revolution* (Harper Business, 1993); James Champy, *Reengineering Management: The Mandate for New Leadership* (Harper Business, 1995); Michael Hammer and Steven A. Stanton, *The Reengineering Revolution: A Handbook* (Harper Business, 1995). See also CSC Index, *State of Reengineering Report* (CSC Index, 1994). CSC Index is Champy's reengineering consulting firm.

[26]For an account of this early reengineering see Thierry Noyelle, *Beyond Industrial Dualism: Market and Job Segmentation in the New Economy* (Westview, 1986), p. 84.

[27]*Fortune*, November 13, 1995, p. 45.

[28]Hammer and Champy, *Reengineering the Corporation*, pp. 36–39.

[29]Hammer and Champy, *Reengineering the Corporation*, p. 39.

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clients—and, by implication, themselves—for carrying out the new and simpler divisions of the work force which reengineering makes possible. But the real stars of reengineering are the software and hardware packages that form the core of virtually every reengineering project. Without these packages there could be no consolidation of many tasks into a single task performed with a speed unimaginable in the pre-computer age, and no spectacular leaps of productivity of the magnitude achieved at IBM Credit.

If one reads Hammer's and Champy's case studies carefully, one finds that such packages are the real forces making reengineering possible, whether the process involves, to cite only a few examples, the fulfillment of orders at Texas Instruments, auto sales at Chrysler Financial, insurance claims at Aetna, CIGNA, Capitol Holdings, Liberty Mutual, and Progressive Insurance, credit card management at AT&T, or customer complaints at Brooklyn Union Gas. Reengineering places great power in the hands of those in charge of the relevant technology—those who understand the software and hardware packages (and may have created them), and who know how to use them to change a corporation's entire way of operating.

These high-level technocrats make up a large part of Felix Rohatyn's "technological aristocracy," and they are uniquely well placed to influence the speed, direction, and scope of reengineering. But within the corporation they are also closely linked to another small group, the handful of top executives, led by someone whom Hammer and Champy call the reengineering "czar," who have the final say on investment decisions and who also have the power to hire and fire.

Outside the two groups that direct the reengineering effort, there is unlikely to be any competing center of power that might represent the interests of most of a company's employees. The people in charge of reengineering seldom have to deal with unions, since today there are hardly any unions in the service industries in which most of the reengineering described by Hammer and Champy has taken place. When the two authors mention unions, they usually dismiss them as antiquated relics of the mass-production age. Hammer and Champy take centralized power for granted.

Michael Hammer in particular celebrates the schemes of reengineers, likening their work to that of real engineers. "Engineers are creative people," he writes, "and they often have great emotional investments in their designs." Reengineers "have similar feelings," and they naively expect that "the elegance of a new process design will automatically cause everyone to wholeheartedly embrace it." But "elegant, efficient and original" though the process design may be, there will always be those employees who ask such tiresome questions as "What's in it for me?"

Hammer and Champy recommend various public relations techniques to win skeptical employees over to reengineering ("share their fear and pain"); but Hammer also warns that tougher tactics may have to be used. According to him, "slapping people's wrists instead of breaking their legs" is "another sign of weakness"; and again, "making it clear that termination is the consequence of their behavior is a very valid technique."

Hammer also writes with considerable frankness about the climate of fear that reengineering can create. He mentions the "trepidation and anxiety" of the work force, and the "abject terror" and "total inner panic" of those who are told that they are "going to have to change what they do."[30] Nowhere are Hammer and Champy prepared to admit that employees have interests which ought to be the subject of negotiation and compromise. Nor do they have anything to say about arguments over pay, because wage bargaining rarely takes place in the reengineered corporation. Salaries are usually a matter of private discussion between the employer and the individual employee. In these isolated, bilateral encounters, the employer generally has the upper hand.

Hammer and Champy have much to say about the techniques of reengineering. But in their infatuation with the reengineer as technician, they seem to have forgotten about the reengineer as businessman, someone striving constantly to cut costs, increase profits, push up the share price, and so add to his own net worth as well as the shareholder's. As Felix Rohatyn has pointed out, the compensation of the CEO and the top reengineers is more and more linked to the corporate share price. Far from being a neutral force of modernization, the power accumulating in their hands determines how the rewards of greater productivity are to be redistributed among shareholders, top managers, and employees.

One of the most authoritative accounts of how this new distribution is taking place in the economy of lean production and reengineering has been provided by Lawrence B. Lindsay, a governor of the Federal Reserve Bank who sometimes speaks more forthrightly than most other central bankers. In March 1994, speaking before an audience of Baltimore bankers,[31] Lindsay discussed who was winning and who was losing both among those who worked for wages and salaries and among those who owned capital and benefited from interest and dividends.

Among employees, Lindsay includes all wage earners, the 20 percent who are senior executives, managers, and technicians, as well as the 80 percent who are "production and nonsupervisory workers." But even with the incomes of the high earners included, Lindsay found that the employees' share of increased income had fallen dramatically during the past ten years. When he compared the distribution of income gains in 1993 to the pattern prevailing between 1981 and 1989, the share going to wage earners fell from 52 percent to 38 percent; the share paid out as capital income remained constant at 28 percent. Lindsay pointed out that the share going to wage earners was the lowest in recent times.[32]

4.

At the middle and lower echelons, more and more workers rely on skills that are easier to learn than those of their predecessors. The reengineered "generalists," the "deal structurers," and others who use desktop computers to handle the flow of corporate work are often less skilled than the specialists they have replaced. They often have less education. In fact the computer skills of generalists can easily be supplied by large temporary-help agencies such as Manpower.[33] In January 1995 Mitchell Fromstein, the CEO of Manpower, boasted to *Fortune* that "we can manufacture a skilled worker if we start with a person who has earned a high school degree." It takes only two months to train workers in basic computer skills, one of his executives told me.

The process described by Felix Rohatyn—"the huge transfer of wealth from lower skilled middle-class workers to the owners of capital assets and to a new technological aristocracy"—is largely a response to market forces and will not disappear at the next turn of the business cycle. The skills of the technical aristocracy who design software and reengineer work forces will remain in strong demand among corporations that cannot afford to lag behind the competition in technological innovation. But since such skills are difficult to acquire, they will remain in short supply, and their price will continue to rise. There will also be a continuing demand for the kind of middle-level skills which, a generation ago, provided so many Americans with a comfortable, living wage, whether machinists to build aircraft and turbines, or plumbers and electricians to construct and maintain homes and office buildings. But the relative demand for such skilled workers is rising at [illegible], and it seems unlikely that their wages will do much more than match inflation.

There will also be a demand for workers with the amplified skills of the new mass-production economy. But such workers can more and more be hired from what has come to be known as the "contingent work force." Last November, for example, the United Auto Workers' long and bitter strike against Caterpillar Inc. ended in defeat in part because the company found that it could rely on temporary-help agencies to replace virtually all its striking shop floor employees.[34] The claims of Labor Secretary Reich and President Clinton that job training is a sufficient solution to the problem of static or falling real wages therefore seem exaggerated.[35]

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[30] Hammer, *The Reengineering Revolution*; the quotes in the foregoing section are from pp. 32, 142–151, 50, 129, 119 and 128.

[31] "The Best of Times—The Worst of Times," remarks to the Baltimore Chapter of the Commercial Finance Association, March 7, 1994 (text provided by Federal Reserve, Washington, D.C.).

[32] "The Best of Times—The Worst of Times," p. 10–11.

[33] *Fortune*, January 16, 1995. One of the first to draw attention to the accessible, generic nature of these "generalist" skills was the economist Thierry Noyelle (see footnote 27).

[34] See for example "Caught in Cat's Claws," *Business Week*, December 4, 1995; also "Caterpillar Seen as Victor in UAW Talks," *The Wall Street Journal*, December 11, 1995.

[35] See particularly Clinton's speech at the opening session of the Economic

Retraining programs are certainly necessary to help discharged workers acquire new skills, often skills involving some form of computer processing. But the requirements of the new mass-production economy make themselves felt most strongly among the younger people entering the labor market. The economy of lean production and reengineering has no need for a large and growing supply of younger workers who have had the kind of German-style training for technically advanced production work that so attracts Clinton and Reich. We constantly hear from Democratic politicians and from corporate executives like Bill Gates that "education" must be improved if it is to counter the effects of corporate downsizing. In his State of the Union speech, President Clinton proposed a $2,600 voucher for "unemployed or underemployed" workers "to use as they please for community college tuition or other training." Clinton's program might well help some young unemployed workers acquire the skills of a "deal structurer" or even of an old-fashioned engineering craftsman. But it is an illusion to believe that such job programs can by themselves recreate in significant numbers the secure, well-paid, and relatively high-skilled jobs that members of the middle class have traditionally held. Already in the 1990s the US economy has achieved a high rate of productivity growth, an even higher rate of growth of investment in information technology, and the creation of over eight million new jobs. But these successes have been achieved without any noticeable improvement in the nation's systems of vocational and high school education.

As more and more Americans are drawn into the new economy of mass production, will they accept the harsh verdict of the market and live with its social consequences—the advent of the "mean and crabbed society" predicted three years ago by Robert Solow? The political parties and their leaders have not been of much help in confronting the problems of corporate downsizing and declining incomes that now affect tens of millions of workers. Newt Gingrich's Contract With America says in passing that "the American Dream today exceeds the grasp of too many Americans,"[36] but to revive it the Republicans rely on their all-purpose solution of balancing the federal budget within seven years, which they believe will lower interest rates and so add to the growth of the GDP. Even if the budget were balanced and the anticipated growth were to occur, nothing in the record of the past twelve years suggests that growth alone will be sufficient to reverse the growth of inequality in the US. During the present recovery, growth has been strong enough to push stock prices, corporate profits, and the pay of CEOs to record levels while the pay and living standard of most Americans has continued to stagnate. The central problem of the 1990s has been more the maldistribution of wealth than failure to increase overall wealth.

In his presidential campaign four years ago Bill Clinton briefly revived the idea that new federal programs and spending could be relied on to create a "high wage, high skill economy." But Clinton has more and more embraced the strategy of his opponents, relying mainly on cuts in the deficit to promote growth and reverse the decline in real wages. Largely overlooked by Democratic politicians is the tradition of New Deal progressivism by which Franklin Roosevelt used legislation to curb excessive concentrations of power in the hands of corporate interests. The enduring, if much diminished, monument of this philosophy is the National Labor Relations Act, which gave unions the right to organize and protected the principle of collective bargaining at the workplace.

One of the few leading Democrats to recognize the contemporary relevance of this approach is Senator Bill Bradley. In his new book Bradley describes constituents who have suffered from corporate policies and argues that employers have obligations to their longer-serving ex-employees which are not fulfilled when, to quote one of his constituents, "after twenty years they throw you out with six months severance and no medical."[37] Bradley proposes that employers should be obliged by law not only to cover the medical insurance of longer-serving former employees for up to a year but also to contribute substantially to an employee's retraining costs. In addition he urges that employee pensions be fully transferable from one job to another.

Measures such as these would help the victims of reengineering and downsizing. But what can be done to protect those who are still employed and who suffer from the present imbalance of power within the workplace? It is not difficult to conceive of laws requiring that, when reengineering and restructuring take place, the views and interests of employees will be taken into account and not trampled underfoot. Where unions are still a considerable if waning force—for example, in the steel, auto, and aerospace industries—much could be achieved through strengthening the NLRA itself. The rights of unions to organize would have to be better protected by new laws so that, for instance, the Detroit Big Three would not be able to drive down wages in the auto industry by shifting production to non-union plants.

The right to strike needs to be strengthened against employers like Caterpillar who use "permanent replacement workers" to wear down and defeat their employees. But employees also need some alternative form of representation in those many sectors of the economy, notably in services, where unions have virtually ceased to

"Summit," Little Rock, December 14, 1992. (*The New York Times*, December 15, 1992, p. D10.) Also Reich's testimony before the House Subcommittee on Labor Management Relations, March 30, 1993.

[36] Ed Gillespie and Bob Schellhas, editors, *Contract with America: The Bold Plan by Rep. Newt Gingrich, Rep. Dick Armey and the House Republicans to Change the Nation* (Times Books, 1994), pp. 14–15

[37] See Bradley's new book, *Time Present, Time Past: A Memoir* (Knopf, 1996), particularly Chapter 17

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—Howard F. Stein, author of *The Dream of Culture*

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exist. A leading labor economist, Richard Freeman of Harvard, cites the European-style works council as a model that can give white-collar employees as well as blue-collar workers extensive rights of "co-determination."[5] In countries where works councils are strongest, such as Germany and Holland, management must obtain the agreement of the employees' council on such matters as reengineering and training. The most advanced forms of co-determination are often to be found among employee-owned businesses whose organization and growth in the US could be encouraged by new federal laws.[6]

These approaches to the problems of the work force are based on the principle that new laws can protect citizens from the less acceptable traits of the market—its greed and its harshness. Today, as in the 1930s, the market is creating more losers than winners. But sixty years ago the divisions among workers, managers, and owners were much clearer, and entire categories of workers could not be displaced so quickly by new technology. Today the distinction between winners and losers and its causes are less well understood. Until political leaders can analyze and confront the realities of the new mass-production economy and convince large numbers of workers that new laws can protect them from its worst abuses, the current trend toward a more and more unequal society will continue.

[5] Richard B. Freeman, editor, *Working Under Different Rules* (Russell Sage Foundation, 1994), Chapter 7, pp. 223–239

[6] Some models for such legislation are provided by several leading steel companies that are employee-owned. See Robert Oakeshott, *The United Steelworkers and Employee Ownership* (London: Partnership Research, Ltd., 1994).

On the Frontier

James Fenton

On January 15 this year, Valerie Eliot presented the third annual T.S. Eliot Prize to the American poet Mark Doty for his collection *My Alexandria*. The previous two winners, Ciaran Carson and Paul Muldoon, were from Northern Ireland, and many a British poet will be wondering when his turn will come. The fact is that several London literary prizes have an international definition of their scope of contestant. The Booker Prize for fiction defines its "community" as being any English-language novelist except the Americans. This may sound unfair but is probably practical. It also reflects, coincidentally, a legal definition found in literary contracts, which often include all the major English-speaking countries except the US.

The T.S. Eliot Prize is for a new collection of poetry, in English, published in the previous year in either the UK or the Republic of Ireland. This definition is very tactful, and practical. It means that a poet from Northern Ireland will be eligible, whichever community he or she comes from, and however that community is to be defined. The roots of this tact reach back to around 1983 when Seamus Heaney wrote "An Open Letter," a 198-line poem addressed to Andrew Motion and Blake Morrison, attacking them for including his work in what they called *The Penguin Book of Contemporary British Poetry*. He wasn't British, he said, he was Irish and always *had* been Irish.

Be advised
My passport's green.
No glass of ours was ever raised
To toast The Queen.

Motion and Morrison were somewhat shocked and dismayed. For a start, Heaney's work was at the very heart of their anthology, at the center of their view of the contemporary scene. Less importantly, it had previously appeared in at least six anthologies with the word "British" in the title. Finally, they had probably assumed that the poets of Northern Ireland were loosely speaking British, in the sense that they came from the United Kingdom of Great Britain and Northern Ireland. Heaney was saying, in somewhat rough language, that he refused to recognize this entity.

Still, the notion of Northern Ireland as being part of the same literary world as Great Britain, the feeling that we belong to the same community, has not died out on what is sometimes called the mainland. One would feel, as an English poet, rather queasy about accepting a prize for which only English poets were eligible. There would seem to be some sinister nationalism lurking in the background. As for a prize which was only for mainland Brits, that would seem unfairly exclusive of Ulster Protestants, or at least *potentially* so (one would have to ask them individually whether they felt excluded).



BOOKS BY MARK DOTY

Atlantis (1995)
HarperCollins,
103 pp., $22.00; $11.00 (paper)

Bethlehem in Broad Daylight (1991)
Godine, 76 pp., $10.95 (paper)

My Alexandria (1993)
University of Illinois Press,
62 pp., $10.95 (paper)

Turtle, Swan (1987)
Godine, 74 pp.
(out of print)

Over recent years, nationalism has become an increasingly nuanced business for all of us, and it is illuminating to see how it gets defined, and how community is defined, in cases where a legal or quasi-legal definition is needed. And where the issues are practical: whose book is to be considered for the Poetry Book Society Choice? The PBS, of which Eliot was one of the founders, administers the T.S. Eliot Prize, and its four annual choices are automatically included on the short list. Practically speaking, a member of the PBS would feel a bit swindled if he were *never* to receive a collection by, say, Derek Walcott or Les Murray, if he learned that these authors were being excluded on the grounds that (as it were) their papers were not in order.

What about America, then? At the level of rhetoric, it is possible to try erecting barriers. It is possible for Helen Vendler to introduce her anthology, *The Harvard Book of Contemporary American Poetry*, with a declaration that:

> The intimate linguistic charm of poetry stops at the frontiers of its original language; the intellectual and moral command of poetry survives translation. This anthology of American poetry will be able to extend its charm only to those who genuinely know the American language, by now a language separate, in accent, intonation, discourse, and lexicon, from English.

Although Vendler goes on to say that the poems she has collected "can extend their command to anyone able to read English," she has nevertheless erected an obstacle here. Do I "genuinely" know the American language? Am I familiar with its "lexicon"? Its *separate* lexicon? Er, no. I don't think I am familiar with anything so grand as a separate American lexicon, and at a practical level I hardly care two hoots.

At the practical level, English is a world language, and anyone who reads or writes poetry in English will be happy to take advantage of the fact. More than that: the history of poetry in English is only comprehensible if you take into account what has happened in different countries. British poets of my generation looked to Eliot and Pound to learn how to write and what to read. This was not a matter of syllabus—most likely the influential books in question were not on any syllabus we studied—but of choice. This was in the culture, as was the taste for American poetry of the Lowell–Berryman generation. When a novelist friend rang me up recently recommending a certain collection of poems and said, "It's wonderful, it's like reading Robert Lowell again," I took this as meaning: it's like being a student again, and reading Lowell's poems when they were new.

The book he was referring to was Mark Doty's *My Alexandria*, of which the first poem ("Demolition") contains a homage both to Lowell the man and to individual poems, particularly "For the Union Dead." And this homage is not encrypted—it is written out *en clair*. It is as if Doty were saying: You remember the way Lowell used to write in his best period—in *Life Studies*, *For the Union Dead*, *Near the Ocean*. Well, what's to stop us having a go at the same sort of thing? As long as we acknowledge our debts, why should we not go to school again with Lowell and see what benefit we can derive from it?

So it is that in "Demolition" we find the author reading a biography of Lowell, dreaming of him, dreaming of being him, then coincidentally running from a rainstorm, and finding himself sheltering near the plaster maquette of Saint-Gaudens's monument to Colonel Shaw and his black soldiers (the monument evoked in "For the Union Dead").

We love disasters that have
nothing to do
with us: the metal scoop seems
shy, tentative,
a Japanese monster tilting its
yellow head
and considering what to topple
next. It's a weekday,
and those of us with the leisure to
watch
are out of work, unemployable or
academics,

joined by a thirst for watching
something fall.
All summer, at loose ends, I've
read biographies,
Wilde and Robert Lowell, and
fallen asleep
over a fallen hero lurching down
a Paris boulevard,
talking his way to dinner or a
drink,
unable to forget the vain and
stupid boy

he allowed to ruin him. And
I dreamed
I was Lowell, in a manic flight of
failing

Stanley K. Sheinbaum

THE PRESIDENT HAS SEEN
11-14-96

To Melanne Verveer
Pls review, Regards

8 November, 1996

First Lady Hillary Rodham Clinton
The White House

via fax

Dear Hillary

Your loyal servant--in exile, that is, Derek Shearer in Helsinki--suggested that I send you copies of this memo plus enclosures re campaign finance reform to the National Board of the ACLU. The alluded to Ira Glasser is the National President. (On our side of the aisle on this are Professors Norman Dorsen and Burt Neuborne, the former being the former National Chairman and the latter being the former Legal Director.)

I've been at war with Glasser these last five years over this, and he is being impossibly rigid. I may turn to you for a summary life sentence.

On a personal note, it was almost two years ago to the day that I met you in Hawaii having had the need inform you of what I was attempting at Prime Minister Rabin's request for a one-on-one meeting with Syria's Assad. That was a gruesome moment, coming just a few days after the so-called Gingrich revolution. None of us were cheerful. Now all of us are—thanks to you.

Warmly,

Stanley K.

Stanley K. Sheinbaum
SKS/kc
enclosures

345 North Rockingham Avenue Los Angeles California 90049-2635 Telephone (310) 472-9541 FAX (310) 476-9853

Stanley K. Sheinbaum

MEMO TO: ACLU National Board

SUBJECT: ACLU and Campaign Finance Reform

DATE: 5 November, 1996

For a number of years I have been carrying on a correspondence with Ira Glasser on the subject of campaign finance reform. The particular focus has been my hope that the ACLU with its awesome legal expertise would mount a legal action to reverse *Buckley vs. Valeo*, the 1976 Supreme Court decision that undermined the reforms of the early Seventies. Ira has never been responsive to my expressions of concern, always saying that basically he agrees with me. It is as if he is treating *Buckley vs. Valeo* as the Constitution itself, not merely a Supreme Court decision. Other Supreme Court decisions have been reversed over time and the recent presidential campaign has made it apparent that something is basically askew with campaign financing in general.

I am enclosing my most recent letter to Woody Kaplan (copy to Ira) who has been energetically scouring the country for significant grants to the ACLU--a worthy endeavor. When I met with Mr. Kaplan in Los Angles at least half a year ago and raised the issue of campaign finance reform he nodded agreeably but clearly he was not interested. Since writing the referred to letter, neither he nor Ira have responded.

ACLU has long been averse—although fortunately not totally so—to dealing with economic issues. Almost all observers of the campaign finance techniques have come to the understanding that the resulting tax breaks and economic benefits ensuing from campaign contributions have a deleterious effect on the distribution of income in this country. The ACLU fights for liberties, but liberties are impeded when the economic arrangements work in favor of one group as against another. There is the famous saying that both the rich and the poor in France have the right to sleep under the bridges of the Seine.

What causes me to write at this time is not only the current increased awareness of campaign financing flaws, but also that there was recently a meeting of the Executive Committee of the Board to determine the agenda for the upcoming board meeting. I understand that this issue not only was not put on that agenda at a time when it is so propitious, but it was not even raised at the Executive Committee meeting.

For your further information, I am enclosing some materials from the Brennan Center for Justice at the NYU School of Law. The Brennan Center is comprised basically of former clerks who served under Supreme Court Justice William Brennan. As you will see the Center is picking up the cudgel with Burt Neuborne, the former ACLU Legal Director in charge, to fight *Buckley v. Valeo*. His recent *NYT* op ed piece is enclosed. It is no less than a scandal that ACLU itself chooses not to be involved in fighting against this flagrant abuse of justice.

pages
for

e-mail: SKS345@aol.com
345 North Rockingham Avenue Los Angeles California 90049-2635 Telephone (310) 472-9541 FAX (310) 476-9862

For those of you who do not know me, I was Chairman of the ACLU Foundation of Southern California from 1973 to 1982. Further—and to reflect how strongly I feel about this subject—I have taken ACLU National out of my will although I continue to be as supportive as ever of the ACLU Foundation of Southern California.

I have over the years been a major contributor to Democratic party politics as well as a major fund raiser. I have seen this game from the inside, and it is rotten to the core. None of the present scandals should be a surprise to anybody, and the future looms worse.

I dearly hope you will consider beginning an action on this subject so that the rest of the fine work of the ACLU will not continue to be undermined.

cc: Norman Dorsen
Ira Glasser
Woody Kaplan
Lee Masters
Aryeh Neier
Burt Neuborne
Sol Price
Ramona Ripston
Nadine Strossen.

Stanley K. Sheinbaum

April 26, 1996

COPY

Mr. Woody Kaplan
ACLU
Executive Committee
National Board of Directors
122 Maryland Avenue, NE
Washington, D.C. 20002

Dear Woody:

When Ramona Ripston approached me to meet with you to discuss the possibility of a major gift to National ACLU I had to assume that both you and Ira were perfectly aware of my reason for having withdrawn from National ACLU years ago and therefore were using this new gifts program as a way of at least reopening the question of the campaign finance issue that has bothered me so much.

I was further encouraged when in the first moments of lunch I realized how bright and self-confident a person you were. Unfortunately, after sufficient time passed and you had gone through all your packaged arguments without touching on my concern--which obviously is major to me--I decided to raise it explicitly. You responded by dismissing almost out of hand what is so important to me with a collection of pat answers that were--to put it mildly and to repeat--unresponsive to what was on my mind.

Quite startled by that I felt it important enough that I tried to persuade you nevertheless to reopen it with Ira especially because of the capital you have generated with him and the ACLU generally because of your considerable accomplishments on the financial side. You then made it clear in an attempt to sound principled that you would never use that track record as a way of trying to persuade Ira and/or the ACLU to move on anything. That is indeed a fine principle, but coming from a guy who is rather well known for throwing his weight around it did not do much for me.

My situation remains the same. I will continue to be supportive of ACLU Southern California, and millions will suffer from the Huffingtons, the Forbes, the Dwayne Andreases, and all those other types listed in *Mother Jones*, who undermine the principles of economic justice that you and Ira so completely dismiss.

All during lunch you kept saying that liberty is the more important issue. Liberty to do what, to accomplish what? There is hardly a major issue confronting this country that liberals support that is not undermined by campaign financing. Quickly, I can rattle off health care, corporate borrowing, banking, and especially the arms industry. This country is just about the greatest

e-mail: SKS345@aol.com

345 North Rockingham Avenue, Los Angeles, California

purveyor of all when it comes to arms manufacturing and financing of that. One quick reference is to a column this past Monday, April 22nd by Robert Scheer on what goes into arms sales and their distribution. One specific example is the decision only two or three weeks ago by the White House and the Pentagon to order 220 more F214s, at a total cost of one trillion dollars! The total national debt is currently five trillion dollars, meaning a 20 percent increase in that debt. Just think about that five trillion dollar national debt which Reagan and Bush had escalated from one trillion dollars during their dozen years in office--a 400% increase. The goal was twofold--supply side tax cuts to the wealthy and the corporate sector alongside huge military expenditures and double the previous budgets to end the cold war--all prodded by lobbying backed by those unneutral campaign monies.

It is that much less for education, health, and the social essentials that are now receding as goals under the Gingrich revolution--an easy sell because of that very debt. And if you don't think the dynamic factor was campaign monies for all your impressive high IQS, I don't detect any wisdom at work. That is dirty money, drastically distorting this society. You can talk all you want about liberty, but it is always a distraction playing right into the hands of those who don't give a damn about civil liberties.

The secondary fallout from that huge five trillion dollar debt is even more interesting and critical. The hugest but almost imperceptible lobby has thereby been created. That's four trillion dollars in new federal securities in the hands of those lenders--the banks, financial institutions, mutual funds, etc.--all of these wanting higher interest rates, i.e higher profits. Greenspan and Robert Ruben are their agents. These higher rates which depress real investments are at the sacrifice of jobs, real wages, and production.

In the meantime, you can keep talking about the current reality which is *Buckley vs. Valeo* as if that decision is in stone. Obviously, that decision is in place. That doesn't mean, however, that it is God given. If ACLU gives a damn about the welfare of this country it would gear up its talent to overturn that decision. All I ask to see is such an attempt being studied and made. In the meantime, don't mention liberty to me. It's hypocritical.

I worry for the ACLU's future when your kind of glibness alongside Ira's rigidity is used to suppress this important issue. The combination is deadly.

By accepting *Buckley vs. Valeo* as is and not being willing to throw its unique talents behind figuring out how to reverse that major source of damage, ACLU comes close to being on the wrong side of the struggle. The literal purchase of tax breaks, loop holes and subsidies have resulted in an escalating deterioration of a reasonable income distribution in this country. The protections against product damage to the environment and to the health and welfare of individuals are slipping away. Under the ideological cry for less government we find ourselves insufficiently guarded again pharmaceutical damage and exorbitant drug prices. The list is infinite.

I could even accept your repeated assertion--that liberty is indeed the ultimate goal. Seriously, it should have a high priority, but I remind you of what Barry Goldwater said a dozen years ago which was that unless the campaign finance issue is resolved, we will destroy the liberties that do exist in this country. What the deuce are you and Ira and the ACLU afraid of? Woody, is it your own wealth that is showing through?

I am mailing this letter on the day that I am leaving the country for 10 weeks, thus in some haste. Nevertheless, I would like to hear from you as to why I should not publish this more broadly, especially in ACLU journals.

Sincerely,

Stanley K. Sheinbaum

SKS/dcr
kaplan.a26

cc: Ira Glasser
Ramona Ripston

BRENNAN CENTER FOR JUSTICE
AT NYU SCHOOL OF LAW

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October 28, 1996

For more information:
E. Joshua Rosenkranz (212) 998-6731

BRENNAN CENTER FOR JUSTICE TO DEFEND PROPOSITION 212'S CAMPAIGN SPENDING LIMITS

A legal team at the Brennan Center for Justice, headed by former ACLU Legal Director Burt Neuborne, has agreed to defend Proposition 212, if it passes, using its mandatory spending limits as a vehicle for challenging the *Buckley v. Valeo* decision. Proposition 212 is a campaign finance referendum on California's November ballot.

In the 1976 decision, the United States Supreme Court held that limiting political expenditures by law is an unconstitutional denial of free speech in violation of the First Amendment. Proposition 212's limits for California state elections were designed to prevent wealthy candidates from spending unlimited sums of their personal money on their campaigns. The initiative was crafted so that the mandatory spending limits, a direct challenge to *Buckley*, can be defended in court while the rest of its provisions are implemented immediately. Voluntary spending limits will apply in the interim.

"There are stronger reasons than ever in the law and in our political experience for limiting the influence of money in politics," commented Neuborne. "With the benefit of twenty years of experience, several of the distinctions and factual assumptions central to *Buckley* appear questionable."

California voters are not alone in forcing legal challenges to *Buckley*. In the past few years popular campaign finance reforms in several states (including Kentucky, Minnesota and Missouri) have been struck by courts invoking *Buckley*. On November 5, voters in Maine, Arkansas and Colorado will face citizen referendums that reform campaign finance laws. Even the supreme Court has shown frustration with *Buckley*. The Court recently addressed campaign finance laws in its June opinion of *Colorado Republican*. Three Justices directly challenged *Buckley*'s logical underpinnings.

"*Buckley* is a hollow tree waiting for the next strong wind to blow it over," according to E. Joshua Rosenkranz, Executive Director of the Brennan Center.

The Brennan Center for Justice is a nonprofit institute devoted to discourse and action on issues of justice central to the jurisprudence of Justice William J. Brennan, Jr. The Center was founded in 1995 by Justice Brennan's family, friends, former law clerks, and admirers, in partnership with New York University School of Law.

Ironically, although *Buckley* was an unsigned opinion (per curiam), it has widely been viewed as the work of the Center's namesake. "Justice Brennan was absolutely tickled by our stance on the campaign finance case. When he first started he was very emphatic, and he made us pledge not to be the Brennan Defense Fund," said Rosenkranz, a 1987 Brennan clerk.

Neuborne, Brennan Center's program director, presents a second ironic twist. The ACLU, his former employer of over twenty years, has been a leading defender of *Buckley* -- arguing the First Amendment prohibits limiting the amount candidates can spend on campaigns. "At some point the Supreme Court is bound to realize that money isn't speech, it's raw power," Neuborne said.

-30-

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Yes on 212

11965 Venice Blvd. #408, Los Angeles, CA 90066

For Immediate Release:
October 28, 1996

For More Information: Doug Phelps (805)966-5470
David Wood (310)397-3404

NEWS RELEASE

"Time to Reverse *Buckley v. Valeo* Campaign Finance Decision" Say Leading Constitutional Scholars;

Former ACLU Chief and Brennan Center Legal Team Agree to Defend Proposition 212

Forty-one constitutional scholars today released a statement calling for the reversal of the 20-year old Supreme Court decision governing campaign spending: *Buckley v. Valeo.*

The statement's lead signer is Ronald Dworkin, Professor of Law at New York University and Oxford University. Dworkin's recent article on "the curse of money in American politics," which appeared in the New York Review of Books, was reprinted in abridged form today in a full-page ad in the New York Times West coast edition, courtesy of the Yes on 212 campaign. The article is a lengthy examination of the *Buckley* decision, which Professor Dworkin states "was a mistake, unsupported by precedent and contrary to the best understanding of prior First Amendment jurisprudence."

In the 1976 decision, the U. S. Supreme Court held that limiting political campaign expenditures by law is an unconstitutional denial of free speech in violation of the First Amendment. Today's statement, signed by such luminaries as USC Law School's Erwin Chemerinsky, Harvard University's John Rawls, and Yale Law School's Bruce Ackerman, says the *Buckley* decision is "wrong and should be overturned."

"The decision did not declare a valuable principle that we should hesitate to challenge," asserts the scholars' statement, released by the Yes on 212 campaign. "On the contrary, it misunderstood not only what free speech really is, but what it really means for free people to govern themselves. We the undersigned call for the reconsideration and reversal of the *Buckley* decision."

Federal courts have relied on *Buckley* to strike down various attempts to regulate the influence of money in elections, while upholding others, resulting in an inconsistent [illegible] of legal [illegible], according to David Wood, General Counsel of CALPIRG, sponsor of Prop. 212.

Proposition 212, the tough campaign finance reform measure on California's November ballot, would directly challenge *Buckley* by imposing mandatory spending limits in California state elections.

In a surprising announcement, the Proposition 212 coalition also revealed that it has secured The Brennan Center for Justice, headed by longtime national ACLU Legal Director Burt Neuborne, to defend Proposition 212 when its mandatory spending limits are challenged in court. The ACLU supported the *Buckley* case throughout Neuborne's 20-year tenure, but Neuborne has now agreed to take the lead in defending 212 in order to overturn the decision.

While any court challenge proceeds, Prop. 212's other provisions will be implemented immediately.

(More)

Extensive evidence on the role of money in California politics will be put forward in any court challenge to 212, including recent CALPIRG studies which prove that:

– candidates raising the most money win their races 96% of the time;
– victorious 1994 candidates received five times more out-of-district money than their opponents;
– 97% of money raised comes from contributors of $100 or more; 84% comes from contributors of $1000 or more;
– at the federal level, total spending on congressional campaigns has increased from $89 million in 1972, shortly before the *Buckley* decision, to $762 million in 1994.

"Proposition 212 provides the ideal opportunity for challenging the *Buckley* decision," said Doug Phelps, chair of the United States Public Interest Research Group and co-author of the measure. "The Supreme Court's decision has stood in the way of real reform for twenty years, and we are gratified to have top experts from the Brennan Center defend Prop. 212."

"The American public is becoming increasingly angered by the role of money in politics," said Peter Arenella, a professor at the UCLA Law School and signer of today's statement. "As that dissatisfaction continues to grow, and the public realizes that the *Buckley* decision stands in the way of real, popularly supported reform, the pressure for overruling will intensify. I am supporting Proposition 212 to bring California badly needed reform and set a national precedent."

Professor Dworkin added, "When politics desperately needs money, and money desperately seeks influence, money and politics cannot be kept far apart."

-- 30 --

Statement in Support of Overturning Buckley v. Valeo

In its 1976 decision, *Buckley v. Valeo*, the United States Supreme Court held that limiting political expenditures by law is an unconstitutional denial of free speech in violation of the First Amendment.

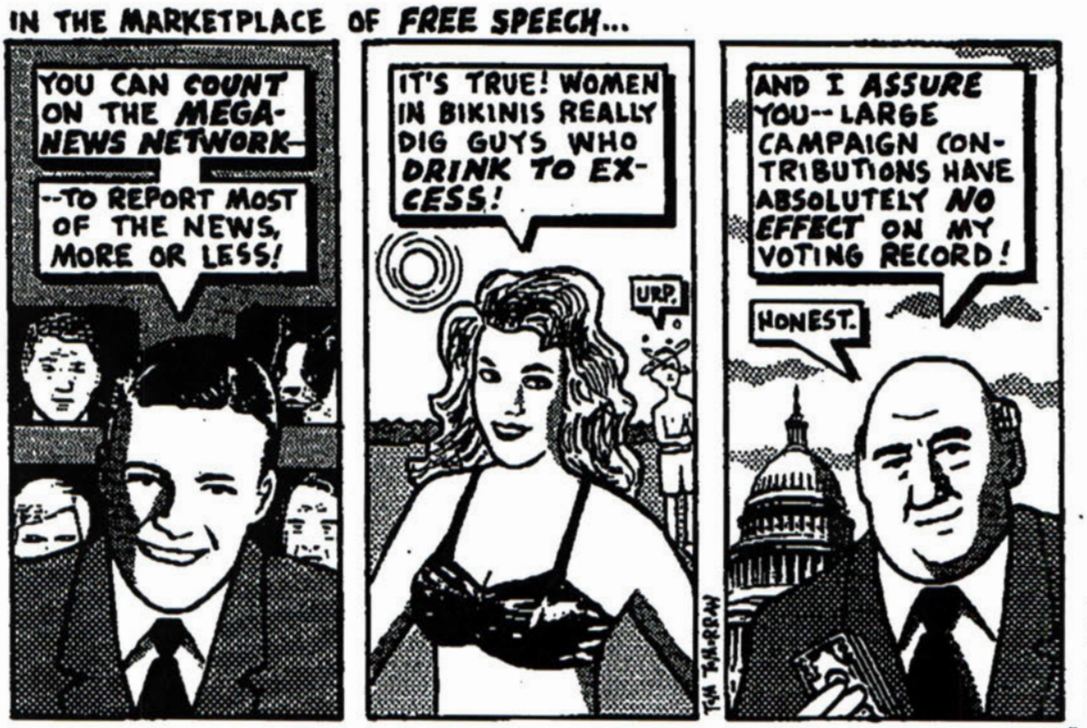
We believe that the *Buckley* decision is wrong and should be overturned. The decision did not declare a valuable principle that we should hesitate to challenge. On the contrary, it misunderstood not only what free speech really is but what it really means for free people to govern themselves.

We the undersigned call for the reconsideration and reversal of the *Buckley* decision.

Ronald Dworkin
Professor of Law
New York University School of Law

Bruce Ackerman, Professor of Law and Political Science, Yale Law School
Peter Arenella, Professor of Law, UCLA Law School
Robert Aronson, Professor of Law, University of Washington Law School
Robert Benson, Professor of Law, Loyola Law School
Steve Bachmann, General Counsel, ACORN
John Bonifaz, Executive Director, Voting Rights Institute
Richard M. Buxbaum, Dean of International and Area Studies, Boalt Hall Law School
Erwin Chemerinsky, Professor of Law, University of Southern California Law School
Joshua Cohen, Professor of Political Science, Massachusetts Institute of Technology
Jameson W. Doig, Professor, Woodrow Wilson School, Dept. Of Politics, Princeton University
Donna F. Edwards, General Counsel and Executive Director, Center for a New Democracy
Edward B. Foley, Associate Professor, Ohio State University College of Law
Milton S. Gwirtzman, member, Senior Advisory Board, Insititute of Politics, John F. Kennedy School of Government, Harvard University
Richard L. Hasen, Assistant Professor of Law, Chicago-Kent College of Law
Roland Hornet, Principal, Public Purpose Presentation
Burt Neuborne, Professor of Law, New York University School of Law
H. Jefferson Powell, Professor of Law, Duke University Law School
Jamin Raskin, Associate Dean, American University Washington College of Law
John Rawls, University Professor, emeritus, Harvard University
Joel Rogers, Professor of Law, Political Science and Sociology, University of Wisconsin-Madison
E. Joshua Rosenkranz, Executive Director, Brennan Center for Justice at New York University School of Law
Thomas M. Scanlon, Jr., Professor of Philosophy, Harvard University
Rayman L. Solomon, Associate Dean, Northwestern University School of Law
Jim Wheaton, Founder and General Counsel, First Amendment Project
Louis Wolcher, Professor of Law, University of Washington School of Law
David Wood, General Counsel, Fund for Public Interest Research

** Selected Endorsers **



Tom Tomorrow

Pushing Free Speech Too Far

By Burt Neuborne

The current Supreme Court is the fiercest defender of the First Amendment in the Court's history. None of the great names in First Amendment theory — Holmes, Brandeis, Black, Douglas, Brennan — ever sat on a Court so protective of speech.

Consider what the Supreme Court decided in the past term alone. It ruled that Rhode Island's ban on advertising liquor prices violated commercial free speech. Kansas and Illinois were told that patronage, the tradition of awarding government contracts to political supporters, violated freedom of association. Ceilings on campaign spending by political parties were found to violate political free speech. Mandatory controls on sexually explicit cable programming were held unconstitutional.

First Amendment arguments prevailed in every case last term, and in eight of nine cases in the term before that. So why am I not smiling? Why am I uneasy just as the Court is accepting expansive First Amendment arguments that I have been making for more than 30 years?

It is not because my commitment to freedom of speech has lessened. Protection of free speech, especially by dissenters and the powerless, remains the Court's most important duty. The recent lower court decision barring government censorship of the Internet is exactly on target. I am troubled because the First Amendment is increasingly being used to reinforce concentrations of private power. The current Court cannot seem to distinguish between government efforts to censor speech and government efforts to regulate private power.

The Court protects power, not the First Amendment.

At the beginning of the century, when vast wealth was being used to mass produce tangible goods, the Supreme Court declared early laws regulating the minimum wage, maximum workweek, child labor and product safety unconstitutional because they interfered with private property and freedom of contract. Only the Great Depression forced the Court to retreat, and the earlier damage was subsequently undone both by future justices and Congress.

As we move toward the 21st century, vast wealth is being used to mass-produce not only tangible goods but information. The First Amendment is being deployed by this Court to block reform, just as property and of the century. Consider the practice of campaign financing and concentration of media ownership. American democracy has become a vast feeding farm, where the rich throw money in a trough and invite selected politicians to put their snouts in. But the Supreme Court, by treating money as speech, has virtually doomed campaign finance reform.

The Court has also used the First Amendment to reinforce the increasing power of media barons. To this Court, communications empires are just high-decibel street-corner orators. In fact, the modern media empire acts as a gatekeeper, determining whose speech reaches the public. The Court should not treat government efforts to let alternative voices be heard as violations of the First Amendment.

Allowing government any power over the process by which speech is produced poses obvious dangers. But paralyzing government in the face of concentrations of private power is even worse. We can prevent democracy from turning into the domain of the rich without submitting to government censorship. A good place to start would be to remind the Supreme Court that money isn't speech: it's raw power. There is nothing unconstitutional about curbing excessive power over any market, especially the market of ideas.□

Burt Neuborne, director of the Brennan Center for Justice at New York University Law School, is former legal director of the American Civil

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Fyi - BL

THE PRESIDENT HAS SEEN
11-14-96

PROSPECTUS

Building the Bridge: 10 Big Ideas for Governing America in the 21st Century Age
To be published in January, 1997

The Project

In 1992, Berkley Books published *Mandate for Change*, the Progressive Policy Institute's recommendations to the new Clinton Administration for fundamental changes in politics and government. PPI is the research and policy arm of the Democratic Leadership Council, which Clinton headed before launching his successful presidential bid. *Mandate*, of which about 50,000 copies were sold, helped to popularize many of the "New Democrat" ideas and policy initiatives subsequently launched by the Clinton Administration.

In 1996, PPI plans to bring out another, very different book. Entitled *Building the Bridge: 10 Big Ideas for Governing America in the 21st Century,* the volume will look beyond the 1996 election to the need to radically refashion America's governing agenda on the eve of the 21st Century. This shorter, more accessible volume (about 150 pages) will introduce readers to the New Progressive approach to governing which transcends the exhausted left-right debate. It also will focus on 10 large, break-the-mold ideas for adapting America's major public systems to the new realities of the information age.

Building the Bridge will be written chiefly by the scholars of the Progressive Policy Institute, some of the most provocative and innovative public thinkers and policy entrepreneurs in the nation. PPI President Will Marshall, co-editor of *Mandate*, will edit the volume.

Here is a preliminary outline of the book:

I. The 1996 Elections: Remapping the Political Terrain

During the past 11 years, DLC and PPI have established a reputation for political realism in analysing elections. This section will examine overall results, underlying trends and exit polls to interpret the meaning of the 1996 elections. Why did the voters make the choices they made and what messages were they trying to send to

the major political parties? Did the elections settle or leave unresolved big public questions? Did they arrest or further the striking decay of the two major parties? What considerations motivated independent voters and will they continue to hold the balance of power in contemporary U.S. politics? Do the decisions of 1996 point to a new agenda or the continuation of old debates?

This section also will remap America's political terrain. It will demonstrate that we are at or near the end of the political realignment and debate that emerged in the 1960s. For example, issues such as race, crime or abortion no longer appear to move people between (or out of) parties. The nation's agenda is changing and new political alignments are in the offing.

II. The Emergence of Post-Industrial America

This brief section will offer charts and facts that illustrate the magnitude of the economic and social transformations sweeping America and that are calling into being a new political order. It will highlight key changes in the structure of our economy and the ways people work, in family structure and the composition of poverty, in immigration and cultural diversity, etc. Its purpose is to lay the predicate for the new governing philosophy and agenda that follows.

III. The New Progressive Declaration

This section will feature the New Progressive Declaration, a concise manifesto that outlines a new governing philosophy and agenda for America as we move from the industrial to the information age.

The Declaration describes the forces that are changing America's political and governing institutions; draws analogies between today's transformation's and those faced by the original Progressives at the turn of the 20th Century; articulates the core values or principles on which to construct a New Progressive Agenda; and, offers a new set of governing priorities responsive to the big challenges the U.S. faces in the information age.

IV. 10 Big Ideas for Governing in the Information Age

This section will sketch 10 big ideas -- break-the-mold proposals by leading New Progressives for modernizing our political and governing institutions in light of a new array of national challenges. Not intended to be a comprehensive list of programmatic remedies, these broad strategies and policy initiatives instead will exemplify the new approach to governing set forth in the previous section. They will offer readers a clear and engaging explanation, grounded in concrete examples, of the New Progressive philosophy at work on questions that touch on the lives of all Americans: how to fix costly entitlement programs and spur economic growth and opportunity, create a public education system for the information age, assure

affordable, high quality health care for all, strengthen our ailing failings, launch a new assault on entrenched poverty and dependence, move to a community-based strategy for reducing crime, launch a "second generation" of environmental policy and activism, and pursue a course in the world that unites American interests and ideals.

In each case, the authors will show how outdated policies and public sector systems are failing, describe the inadequacy of conventional left-right responses and offer a "third way" based on the New Progressive principles as well as the experiences and experiments of public entrepreneurs around the country. The chapters will be roughly 10 pages in length.

1) Gain-Sharing Economics -- A New Strategy for Growth and Opportunity, by Dr. Robert J. Shapiro.

Dr. Shapiro will lay out a new approach to accelerating growth and restoring broad upward mobility in the new economy. He will argue that the conventional liberal and conservative economic programs are bound up in a model of the U.S. economy that dates from the 1950s and cannot work for a knowledge-based American economy embedded today in global capital, labor and technology markets. The political economy of the information age should focus not on redistributing resources but on creating the right incentives and conditions for workers to expand their knowledge and skills and firms to accelerate the pace of technological and organizational innovation.

The author will apply this approach to three broad economic challenges. The first is creating a growth-oriented federal budget, 2) cutting hundreds of industry subsidies that dampen competition and by redeploying the savings in debt reduction and aggressive public investment. The second is reforming the tax system. Dr. Shapiro will outline a new tax program designed to support the middle class dream within modern free markets: simplification to lower tax rates; tax preferences targeted to the basic goods of middle-class life; and new reforms to reinforce people's incentives to improve both themselves and the productivity of the firms they work for. The third economic challenge is reversing today's worrisome trends toward wage stagnation and growing inequality -- a "gain-sharing" economy that offers all workers, not just top managers, access to training and equity.

2) A New Bargain on Social Security, by Dr. Robert J. Shapiro

The big universal entitlement programs, principally Social Security and Medicare, are growing at unsustainable rates and demographic trends will only make matters worse. Public confidence in Social Security, the crowning achievement of the New Deal and lynchpin of the modern American welfare state, has plummeted. In this chapter, Dr. Shapiro will argue the progressive case for serious entitlement reform: These systems must be reformed if the U.S. is to restore fiscal discipline and make

room for strategic public investments now crowded out by soaring entitlement spending.

In particular, Dr. Shapiro will outline a radical overhaul of Social Security that replaces the current, "pay-as-you-go" system with a two-tiered system based on individually-managed investment accounts. Such an approach will expand national savings, allow workers to reap market rates of return on their retirement contributions and preserve a system of supplemental public pensions for low-income Americans.

3) Common Standards, Diverse Schools -- Public Education in the Information Age, by Kate Sylvester.

The U.S. faces no greater challenge than moving from today's outdated, centralized and bureaucratic public education system to a more flexible, decentralized and innovative one geared to the imperatives of the information age. In this chapter, Kate Sylvester will propose a radical redesign based on replacing a one-size-fits-all school system of widely varying quality with a new system based on common, world-class standards and diversity in how schools are organized and run.

Under this approach, schools would be free to determine their own rules and practices as long as they accept all comers and undertake to provide them with a challenging core curriculum based on what all Americans should know. In effect, schools would be offered maximum flexibility in exchange for real public accountability, enforced through a rigorous and comprehensive assessment system. All U.S. high school students should take examinations that determine whether they have mastered the skills they need to be productive workers and citizens. Such a fundamental change will restore public confidence in public education and reestablish public schools as integral community institutions.

4) Reform and Invest: The Next Stage in Reinventing Government, by David Osborne

The author, whose book, *Reinventing Government* helped to launch a nationwide wave of innovations aimed at fundamentally changing the structure and culture of government, pushes his argument to the next level. Based on extensive studies of governmental reforms in the U.S., Europe, Australia and New Zealand, Osborne proposes ways to convert proccess-oriented bureaucracies into "performance-based organizations." This chapter also shows how the savings from radically redesigning government can be used to promote career opportunity accounts that help U.S. workers master the new rules of global competition in the information age.

5) Consumer Choice and Responsibility: The Progressive Path to Universal Health

Care, by David Kendall

The U.S. health care marketplace has undergone a dramatic transformation over the past decade, as most Americans have moved from the old model of fee-for-service medicine to managed care. Cost inflation has been significantly reduced, but the emergence of more efficient health care markets has thrown three urgent issues into sharp relief.

First, more efficient allocation of limited health care resources makes it harder to shift the costs of providing care to the poor to private and public health insurance plans. Second, the big public health systems, Medicare and Medicaid, continue to insulate millions of Americans from the changes that are bringing health care costs under control. Third, we lack reliable ways of determining whether managed care's savings are the result of higher efficiency or lower quality health care that denies people necessary treatment.

The Clinton Administration in 1994 sought to create a massive, universal health care entitlement managed in top-down fashion by government. In this chapter, David Kendall proposes a different means of achieving the goal of affordable health care for all Americans. The progressive alternative uses the power of consumer choice and responsibility, rather than bureaucratic mandates or uncontrollable government entitlements, to discipline costs so that America can afford to extend coverage to those who currently lack it.

Specifically, Kendall proposes a "managed competition" approach in which individuals chose among private health insurance plans that compete on the basis of price and quality. Government's role is not to manage Americans' health care, but to set the basic rules for this competition among private health plans and to gather and disseminate information on quality and outcomes that empower consumers to make responsible choices.

6) Fortifying The Family in Post-Industrial Society, by Bill Galston

As Americans struggle in their workplaces to master the new rules of competition in a global, knowledge-based economy, they also face trouble on the home front. A perceptible decline in mutual trust, moral restraint, individual responsibility, basic safety and civility, and respect for others all seem to point to a breakdown of the social and moral order. At the heart of this dismaying trend is the dissolution of the family, the basic cells which together make a society. Beset by both economic and cultural strains, many American families are falling apart and failing to endow children with the financial resources, strength of character, psychological support and continuous ability to learn that they need to become productive, self-reliant citizens in a new era.

In this chapter, Bill Galston will argue that a new strategy for rebuilding the social and moral order of post-industrial America should begin by strengthening the family. As Americans get less support from big institutions -- big business, big government, big labor -- they must turn to a strong, functioning family as the primary source of the security, socialization, and investment necessary to prepare the next generation and sustain the present one.

The author will outline a new strategy aimed at relieving the economic and cultural stresses on families. Elements include lower taxes on families with young children, "family friendly" workplaces that allow working parents to spend more time with their children; community-based "second chance homes" to rollback the epidemic of teen pregnancy, and changes in "no fault" divorce laws designed to put the interests of children first when families split.

7) Community Empowerment -- Confronting Urban Poverty, by Fred Siegal and Will Marshall

For too long the nation's political leaders have dodged two great American dilemmas that converge in our inner cities -- entrenched poverty and racial inequality. It's time to end the politics of evasion and confront problems that should weigh heavily on the conscience of all Americans.

In this chapter, the authors will call for a new national commitment to reducing urban poverty that replaces today's failed approach of bureaucratic paternalism and wsocial service delivery with a new one based on community-led development and individual empowerment. Instead of income maintenance, consumption, and unending dependence on social subsidies, the new approach would promote work, asset-building, and home ownership.

It would seek to leverage the flow of private capital into urban communities, foster small business creation, and busild upon the competitive advantages of the inner city. Instead of race and gender preferences that mainly benefit the middle class, a strategy of empowerment would strive to rebuild the economic base of disproportionately minority neighbohoods in our central cities and begin moving the "underclass" into the economic and social mainstream.

8) Restorative Justice: a Community-Based Strategy for Crime Prevention, by Ed Kilgore

The left-right debate on crime has led America down a blind alley. On the right, the reflexive answer is always more punishment -- more spending for prisons and stricter sentencing. On the left, the traditional remedies are gun control and more social spending on the theory that criminal conduct is a natural response to poverty. Neither approach offers a comprehensive approach to crime prevention and both overlook the need to overhaul a highly fragmented and bureaucratic criminal justice

system.

In this chapter, Ed Kilgore will offer a new approach that reorganizes our disjointed criminal justice system around a common strategy -- equipping communities to defend themselves against crime -- and a common goal: permanently reducing crime rates. This approach builds upon community policing initiatives that already are producing dramatically lower violent crime rates in our major cities. It also incorporates the concept of "restorative justice," under which all facets of the criminal justice system -- police, prosecutors, courts and prisons -- would be focused on mobilizing a community's capacities for self-defense and making communities whole once crimes do occur. Prosecutors, for example, would be assigned to specific geographical areas rather than to abstract case specialties, and would make prosecutorial decisions based on the impact of the specific crime and offender on overall public safety. Sentencing would stress victims' restitution and community service. Prisons would not just release offenders who've served their time, but would work to reintegrate them into the economic and civic life of their communities.

9) Second Generation, A New Strategy for Environmental Protection, by Dr. Debra Knopman

Just over a quarter century ago, America launched the first wave of national laws and regulations aimed at protecting our environment. While largely successful, these rules and bureaucratic systems now show clear signs of age. It is time for dramatic change -- for a second generation of environmental policy that sets clear goals and priorities, harnesses market forces to protect the environment, decentralizes decision-making, promotes flexible means to achieve goals and measures environmental results.

In this chapter, Dr. Knopman will describe how outdated policies misallocate public and private resources and fail to tackle new environmental challenges. She will propose specific ways to redirect those resources to the environmental challenges that matter most, using markets, information age science and technology, new governance models and other Second Generation principles.

Specifically, the author will propose a new bargain for land management between Western communities and the federal government, replacing the 19th century model in which Washington doles out subsidies to declining resource-intensive industries. In return for agreeing to meet national conservation goals, communities will take over from federal agencies primary responsibility for managing public lands (excluding national parks and refuges). This will enable them to consolidate various funding streams and use the resources in flexible ways to reconcile public and private values in land and water use.

Dr. Knopman will also argue for shifting the focus of environmental regulation and

enforcement from compliance with legal mandates to achieving measurable reductions in pollution. This will require that government do a much better job of measuring environmental results and making such information widely available to communities, investors, and citizens. Under a results-oriented approach, both regulators and the regulated would spend less time mired in legal wrangles, focusing on fixing the worst environmental problems instead of on enforcing and complying with uniform, process-oriented rules. Such a flexible, performance-based regime would produce a cleaner environment, end regulatory micromanagement and promote innovation.

10) Democratic Realism -- A New Course for America in the World, by Robert Manning

Six years after the Cold War's demise America is stronger than ever yet uncertain of its international role, perplexed by a complicated and contradictory world it can neither dominate nor withdraw from. The Bush Administration managed the end of the last era, the Clinton Administration has been caretaker of the transition; neither has redefined the purpose of American power in the new era. Absent a clear mission for U.S. leadership, our internationalist consensus is gradually being eroded by special interests, a new spirit of narrow nationalism or isolationism and inertia.

Manning, a former U.S. State Department official and leading commentator on international politics, will identify and analyse the emerging schools of thought on both the left and the right about America's global role. He will assess the challenges ahead, propose a new template for a common sense internationalism, focused on Europe and Asia, that reshapes national and international institutions to the contours of the new world scene.

Specifically, Manning will suggest three paradigmatic shifts: 1) Rethinking the role of nuclear weapons, aiming at sharp reductions and eventual elimination as the centerpiece of a new strategy for stopping the proliferation of weapons of mass destruction; 2) Recasting the assumptions of U.S. military planning and budgeting to assure technological superiority as we reshape our forces to meet new military challenges; and, 3) Radically reforming U.S. and international institutions (our foreign affairs bureaucracy, foreign aid, the U.N. system and Bretton Woods institutions) to further America's strategic interest in the spread and consolidation of political and economic freedom around the world.

Publication Schedule

PPI's plan is to have all parts of the book written by election day (November 5, 1992) except for Section II, the post-election analysis which will be written during the following week.

A tentative publication date would be set for late January, 1997, roughly the time the next President lays out his priorities for the next four years. Our hope is to help set the terms of the post-election debate and influence the next Administration as it readies its governing agenda.

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To J Quinn, GS, Acct

Fyi –

BC

This is fraternal action as opposed to affirmative action

THE SAN DIEGO UNION-TRIB

Nation Upda

LSU chancellor quits over grants scandal

BATON ROUGE, La. — A scandal over minority scholarships that were given instead to white members of a fraternity at Louisiana State University forced the school's chancellor to resign yesterday.

William Davis read his resignation letter at a news conference, saying "Although I have taken steps to correct that situation, my ability to function as chancellor has been impaired."

Davis' special assistant, David DeVillier, resigned earlier this month after the LSU student newspaper, *The Reveille*, reported on an audit of $25,000 in scholarships over two years.

The audit revealed DeVillier had given white students 49 of the 54 scholarships — and that many of the awards went to present or future members of Lambda Chi Alpha, a fraternity with which DeVillier was affiliated.

Associated Press

THE PRESIDENT HAS SEEN

3-27-91

No motive revealed for Boorda suicide

WASHINGTON — The Navy released a report yesterday of its investigation

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
11-14-96

VP

Sincerity letter to
us – I don't think
this is responsive
Pls have it reviewed –
reply –

BC

THE WHITE HOUSE

WASHINGTON

October 26, 1996

Mr. George M. Ring
President and Chief Executive Officer
Wireless Cable International, Inc.
67A Mountain Boulevard Extension
Warren, New Jersey 07059

Dear George:

Thank you for your thoughtful letter following up on our dinner conversation in July.

I appreciated your sharing with me your proposals on how we can use PBS and the transition to HDTV to achieve universal access to quality educational programming. As you know, my Administration is working on another important initiative to bring computers and Internet access to every classroom in the country.

I certainly do agree with you, however, about the importance of high-quality educational programming for children. Guidelines to which my Administration and broadcasters agreed and which the FCC then adopted in August, require television stations to air three hours of quality children's educational programming per week. We will continue to work very hard to ensure that the promise of the Children's Television Act of 1990 -- that television should serve the educational and information needs of our young people -- is fulfilled.

I believe it is very important to have a non-commercial voice available in every television market. Public broadcasting provides an important source of educational and cultural programming that might not be available on commercial stations, and I am committed to its continued support. Be assured that I will continue to oppose Congressional cuts in the public broadcasting budget.

Regarding HDTV, I think that digital television will be of tremendous benefit to the American public, and I fully support the transition. My Administration favors giving TV stations a second channel to make the transition to digital, but wants the stations to return the analog channel by 2005, earlier than most broadcasters would like (with exceptions for small, rural, and noncommercial broadcasters).

Although broadcasters using the public airwaves have always been required to serve the public interest, the nature of that obligation has changed over time. As we move to digital transmission and increase the capacity and efficiency of broadcasts, it may be appropriate to expand the public service obligations in certain ways.

As for your second proposal, the appropriate taxation of capital gains income, this issue has been the subject of much controversy. Moreover, capital gains income is already significantly favored under current tax law, compared to other types of income such as wages and taxable interest payments.

My strategy in proposing tax incentives is to insist that they are fully paid for. They must also benefit middle-class Americans, promote economic growth, and be provided in an efficient manner. The reduction I proposed in the homeownership capital gains tax cut meets all these criteria -- it would ensure that middle-income working Americans will not have to pay income tax on the sale of their home, and it would make it simpler for taxpayers to comply with the tax law.

I appreciate hearing from you, and Hillary joins me in sending best wishes.

Sincerely,

Bill Clinton

October 26, 1996

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Warren, New Jersey 07059

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Sincerely,

BC/SSF/RLM/JAD/TDS/efr-emu-emu-efr-ckb-efr (Corres. #3166134)
(10.ring.g)

cc: Jim Dorskind/TDS, 94 OEOB
cc: Bob Raymar

Xeroxed copy of personally signed original to NH through Todd Stern

CLEAR THRU TODD STERN

PRESIDENT TO SIGN

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President and Chief Executive Officer
Wireless Cable International, Inc.
67A Mountain Boulevard Extension
Warren, New Jersey 07059

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(10.ring.g)

cc: Jim Dorskind/TDS, 94 OEOB
cc: Bob Raymar

Xeroxed copy of personally signed original to NH through Todd Stern

CLEAR THRU TODD STERN

PRESIDENT TO SIGN

Wireless Cable International Inc.

67A Mountain Boulevard Extension, Warren, N.J. 07059-5626 (908) 271-4880 Fax: (908) 469-8778

GEORGE RING president and chief executive officer

September 13, 1996

The President
The White House
Pennsylvania Avenue
Washington, D. C.

Dear President Clinton:

It was indeed a pleasure to meet with you for dinner in Washington on July 30. It was an eclectic group and you handled their various questions adroitly.

I hope you will consider the following additional thoughts:

A. I raised the issue of educational reform as the system seems to be grossly under serving its constituents even though billions are being spent. Even the best colleges and universities are under a financial strain as they try to keep quality high without breaking the financial back of students and their families.

Many public schools are over loaded with administrative staff while classrooms lack sufficient qualified teachers because those administrative positions pay more than teaching positions. Much of this type of misdirection of funds is in the control of the state and local governments, but the federal government can do several creative things to improve learning without spending a huge sum of money.

You and I both know that the one true road to economic advancement for the citizens of America is education. One of your greatest legacies to the American people could be a well functioning, well funded revitalized educational system. Almost everyone wants <u>their</u> children to have access to a good education. The federal government needs to lead in this area with new ideas for funding in order to stimulate the state governments and municipal boards of education by providing financial assistance to the states to rebuild their schools physically as well as staffing. Federal funds should have performance strings. The White House gets the credit for the plan, but the states get the burden of specific implementation.

I suggest a nominal mechanism for funding the universal distribution of educational television programming. It has two elements:

1. Your administration's initiatives to wire schools for cable TV will inevitably miss many districts. PBS, however, is available to 99% of the households and schools in America without any special equipment or fees required. Poor rural school districts that do not have access to cable TV or even a VCR can be served with high quality programming via PBS for students K-12 regardless of location or budget size. This nearly universal access means that PBS levels the playing field between rich and poor, urban and rural schools. Rich and poor districts can watch the same quality instruction simultaneously. Unfortunately most PBS budgets are being cut by state governments.

2. Broadcasters are being allocated a second channel to convert to HDTV (high definition television). The broadcasters want to digitize this new channel with the option of flexible use, i.e. not necessarily use it for High Definition TV and also keep the channel they now have. A reallocation of broadcast spectrum is also being considered by the F.C.C. Your staff should check with F.C.C. Chairman, Reed Hundt, to get the current F.C.C. thinking and status of this process.

   The broadcasters are awash in profits so they have the ability to bid for this second channel. However, a second option, the educational option, could be offered to broadcasters which would eliminate their uncertainty about the bidding process. The broadcaster would be allowed to keep the second channel if he agrees to produce quality educational programming annually plus provide funding for PBS stations to ensure that this programming gets to all the schools. This annual funding might be a more attractive alternative for the broadcasters than the one-time auction fee approach for the second channel.

   This combination provides a transportation vehicle, i.e. the local (PBS) stations and a funding source, the local VHF/UHF affiliate television stations, that can create universally available educational programming monitored by the F.C.C. to ensure quality and equality throughout the fifty states.

Result: Major first step in achieving universal access to quality educational programming can be achieved while you are in office.

The broadcasters get more spectrum and avoid the risk of a bidding process. Their executives will probably show up in droves for your next conference on children's programming.

The F.C.C. will have an additional on-going mission of monitoring the process.

PBS stations (also in a funding crisis) in each state and, hopefully, the educational community at large will embrace the concept joyfully.

The states will have implementation dollars so they are happy, but the federal government controls the funding flow if goals are not achieved.

B. Capital Gains: Grab the important tax issue by stating that continued deficit reduction is a goal you will not abandon but suggest that you would consider a capital gains tax reduction to 15% on productive assets only, i.e. sale of stocks, corporations, real estate, etc. but not unproductive assets like paintings, etc. If Wall Street can show that this will create more tax revenues and if it does, you will agree to keep this tax cut in place as long as the process continues to generate more tax revenue to help reduce the deficit.

Most Americans have stocks and have seen their stocks increase in value significantly in the last few years. A meaningful reduction in capital gains tax means millions of Americans will save thousands of dollars in taxes. You will be a hero in countering Dole's foolish plan with one that Wall Street will make work as millions of shares will be sold at the lower tax rate creating billions in tax revenues from sales plus these net tax funds will be available for reinvestment, debt retirement, consumer purchases, deposits on homes, new cars, etc. thereby stimulating the economy.

Federal and state capital gains taxes now combine to take over 40% and estate taxes (which should also start to come down) take another 55% of the balance. If a husband and wife spend their life building a company and sell it for a $5,000,000 profit, they may now have to pay $2,000,000 in capital gains taxes. If they die a few years later, their estate pays another $1,650,000 in estate taxes which leaves their children only 27% of the value of their life's work while the government takes 73%! The issue of these excessive taxes should be addressed.

Very truly yours,

GEORGE M. RING
President and C.E.O.

GMR/bd

c.c. Reed Hundt, F.C.C. Chairman



Libbey Memorial

PHYSICAL MEDICINE CENTER

501 SPRING STREET • PHONE 321-9664 - AREA CODE 501 • HOT SPRINGS

Staff Sec

11-14-96

To Dorstind for Reply ?

yes ✓

no ____

November 4, 1996

William J. Clinton
President of United States
Washington, D.C. 20036

Dear Mr. President:

We are a concessioner with the National Park in Hot Spring
bathing and physical therapy clinic at the Libbey Memorial PMC, which is a National Park Facility and Concession Contract with the National Park Service.

As I am sure, you are aware all concessioners within the National Park Service have in the past years been imposed a franchise fee determined by gross receipts of each year. We also have building use fees each month along with payment for thermal water usage to our facility and are unable to find it feasible or affordable for our business to incur the 4 percent franchise fee along with the monthly building use fees and thermal water fees.

On August 13, 1996, we received correspondence from Roger Giddings, Superintendent of Hot Springs National Park, informing us that our waiver appeal for the 1995 franchise fee had been denied. I have attached a copy of his letter for your reference.

I have also attached our letter and exhibits supporting our appeal for this waiver which was sent to Mr. Giddings in May of 1996.

At this time, I would like to request an administrative reconsideration by your office on the waiver appeal for our 1995 franchise fees.

I feel several issues were not considered in the denial of our waiver. As exhibited in the attached NPS-48, page 1328, any future changes in our financial condition were not considered. As you will see in the attached exhibits, the HMO and medical provider's contracts are a current risk to the profitability and patient load for our physical therapy clinic. Numerous contracts by HMO providers

have not been awarded as yet and until such time, we are unable to treat these patients. This is a future change in our financial condition and should be seen as a risk to our concession operation, as quoted in the NPS-48that I have highlighted.

As stated the attached concessions, Ch. 1, page 223, we are entitled to a reasonable opportunity for profit in our business with the capital invested and financial obligations we have assumed in the past seventeen years as a concessioner of the National Park Service. If this additional $2, 561.00 a month or $30,732.00 annually is imposed upon us for use and restoration of this National Park Service facility, there will in fact be no reasonable profit on our investment.

In the past seventeen years, I have invested numerous capital and time to restore this facility of the National Park Service to a viable asset to the Hot Springs National Park System. Each year I continue to infuse new capital into this building to attract new visitors to our park. I need to continue to be able to restore and beautify this facility continually, but funds will not be readily available if imposed this additional fee.

I feel that a 4 percent gross receipt's franchise fee, $1500.00 a month building use fees, and thermal water usage fees are beyond a reasonable level for a lessee of any type of building regardless if it is within the National Park Service or in the private industry. In the private industry as a lessee, it is either a percentage of gross receipts or a flat monthly rent, not both. I would like to request one monthly fee for the building uses that is feasible with our financial condition not percentage of gross.

To date, we owe $30, 732.00 in franchise fees based at 4 percent of which we have no access to this type of capital to pay this fee. We are working with our local bank to obtain a signature note for $5000.00 to pay toward this already delinquent fee. This will, in fact, create another loan for us to assume along with the obligations we have at the present.

In the past seventeen years, I have worked hard to establish a business with the National Park Service that you can be proud of. I have waived posserory interest on all improvements and construction I have done to the Libbey Memorial Physical Medicine Center. The very livelihood of this much needed and visited National Park facility is at risk with this imposed franchise fee, as well as the being of the twenty-seven employees I am responsible for.

As of present date, no one person of the National Park Service has contacted us regarding the financial impact of this fee on our business or the burden it places. Nor does anyone in the higher levels of the National Park Service realize what type of facility we are operating with the National Park Service or even viewed our facility.

In closing, I ask again that reconsideration of our appeal for a waiver be heard. I want nothing more than to continue operating in the guidelines of the National Park Service as I have always done until now. I realize my concession contract and possible renewal of this contract are in jeopardy due to my delinquency in payment of the 4 percent franchise fee.

I have attached brochures and a business card of our facility to help you get a better understanding of what we offer in the National Park Service. Please do not hesitate to call or write me regarding any questions.

Thank you in advance for your time and cooperation in this matter.

Sincerely,

Dewey W Crow RPT

Dewey W. Crow, R.P.T.

Enclosure

DWC:lkj

United States Department of the Interior

NATIONAL PARK SERVICE
Hot Springs National Park
P.O. Box 1860
Hot Springs National Park, Arkansas 71902

IN REPLY REFER TO:
C3825

August 13, 1996

Dewey W. Crow, President
Libbey Memorial Physical Medicine Center
501 Spring Street
Hot Springs AR 71901

Dear Dewey:

This letter is to inform you that your request for waiver of your franchise fee for operation of your concession facility, the Libbey Memorial Physical Medicine Center (Contract No. CC-HOSP-004-88, Amendment No. 2 dated March 2, 1994) during 1996 does not meet sufficient criteria for a waiver.

Your letter's Exhibits A, B and D, represent normal business expenses. Taxes cannot be viewed as extraordinary unexpected expenses.

In regards to Exhibit C, the National Park Service cannot accept the consequence of the gross negligence of another where monies are owed. This, too, is the responsibility of the concessioner as a prudent business operator.

It is unfortunate that changes in Arkansas insurance programs (Exhibits E and F) have been responsible for potential lower payments to the concessioner, however, we do not see this as justification to extinguish the concessioner's commitment to pay the fee agreed to in his contract. This also is excluded from meeting a criteria for franchise fee waiver.

It should be noted that continuing to delay monies owed the park in the form of building use fees and franchise fees will place the concessioner in an unsatisfactory status with regards to contract compliance at year's end evaluation. Failure to remedy the situation will cause the concessioner to lose his right to preference in renewal and may be grounds for termination of the contract.



Libbey Memorial

PHYSICAL MEDICINE CENTER

501 SPRING STREET • PHONE 321-9664 - AREA CODE 501 • HOT SPRINGS NATIONAL PARK, ARKANSAS 71901

05/20/96

Roger Giddings
P.O. Box 1860
Hot Springs, AR. 71902

Dear Mr. Giddings:

We would like to request a waiver and appeal for the franchise fees for 1996 calculated at 4% of 1995 gross receipts.

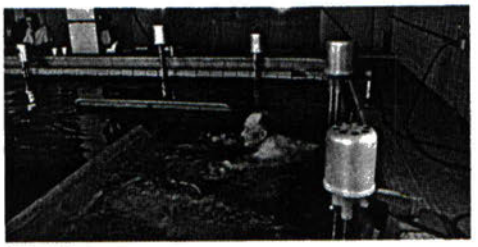
As we will demonstrate in the attached exhibits, our financial pictures, both business and personal will not support an increase of $2,561.00 per month. In addition to our building use fee of $1500.00 per month and our water use fees of approximately $900.00 per month.

Below are listed exhibits and examples of financial facts and circumstances beyond our control which have had a considerable impact and will have a considerable impact on our financial profitability.

1. **Exhibit A** - We recently settled another lawsuit against us concerning a client who claims she was injured in our facility. The attached letter from our attorney shows the amount of $5,819.33 that we had to pay for our share of the suit. We have yet to incur the legal expenses which I estimate to be $1,500.00 to $2,000.00 for settlement of this case.

2. **Exhibit B** - Due to the fact our corporation of Libbey Memorial is a S-Corp. Corporation, we personally are responsible for income tax owed. Attached is a copy of the income tax, Federal and State that are owed for 1995. Federal income tax owed for 1995 is $26,450.00. State tax owed is $4,994.00. So far we have only been able to pay the part of the above tax owed and we most assuredly will be making payments with the IRS for the unpaid balance. Along with payments of the 1995 taxes, we are now required to make estimated federal and state tax payments for 1996. These payments are made every three months. Federal estimated tax to be $7,750.00 and state estimated tax to be $1,240.00. The attached correspondence from our accountant shows the payments and taxes due for 1995.

LIBBEY SERVICE FEATURES



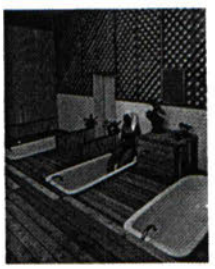
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PHYSICAL THERAPY

Libbey Memorial Physical Medicine Center, Inc.

Dewey W. Crow, R.P.T.

Business (501) 321-9664
Fax (501) 321-0368

501 Spring St.
Hot Springs, AR 71901