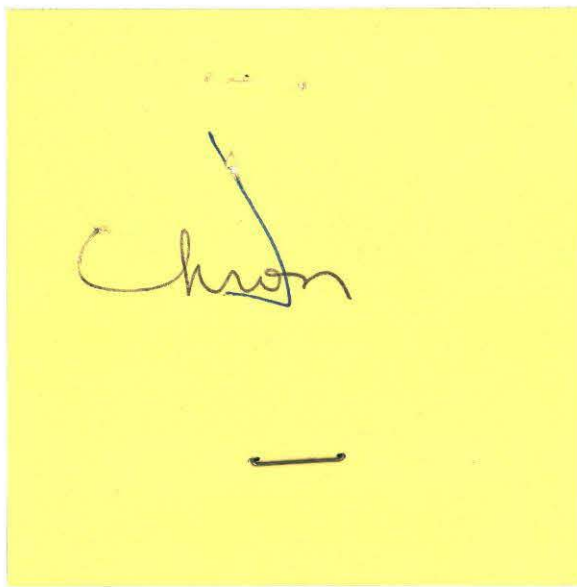




DEC 09 '96 05:02 PM P.1

UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR

Tel.: (809) 774-0001
Fax: (809) 774-1361



'96 DEC 10 PM3:33

'96 DEC 10 PM3:17

GOVERNMENT

Facsimile 7

12/10/96
NSK
reply
JSE

NUMBER OF PAGES INCLUDING COVER: 4

DATE: 12/9/94

TO: Mr. President

FAX NUMBER: 202-456-6703

COMMENTS: See attached letter regarding the transportation of nuclear waste
through the Caribbean.

FROM: Maureen Bryan, Executive Assistant to the Governor



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
809-774-0001

December 9, 1996

The President
The White House
Washington, D.C.

Dear Mr. President:

This letter is to request your intervention in preventing the shipment of nuclear waste through the Caribbean, specifically through the Panama Canal. We have received information which indicates to us that France and Japan have made some agreement wherein nuclear processed fuel would be placed on a freighter to pass through the Panama Canal in the very near future. We understand that this is the second time that this attempt has been made. In 1995, through the intervention of the leaders of the Caribbean and MV Greenpeace ship which moves through the Caribbean mobilizing support to prevent shipment of nuclear fuel, the operation was stopped.

After the protest in 1995 the British Nuclear Fuels rerouted its vessel around the tip of South America. The final arrangement for the up-coming waste shipment has not been disclosed but from all information gathered, the most likely route appears to be through the Caribbean sea and the Panama Canal. This was reported in our local newspaper from information gathered elsewhere.

Several persons in our local Senate and many citizens have voiced their opposition to this move, and therefore, I am asking you to intervene by having the Security Council become involved and perhaps work with the United Nations to prevent this activity from occurring.

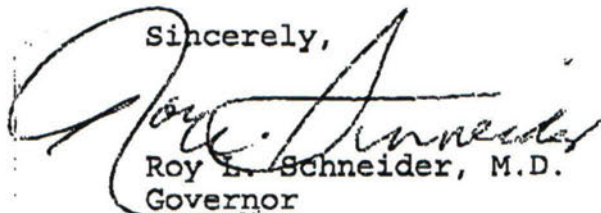
Because of our geographic location and the Virgin Islands being the most eastern part of the United States Territory and because fishing is so essential to our Caribbean Islands, we feel that we should join forces with the other islands in protesting this passage of nuclear fuel through this area.

Mr. President
December 9, 1996
Pg. 2

We feel that this issue is so important that we would request the immediate attention of one of your staff members to begin developing information and strategies. We would like to be contacted for further information or to indicate any new developments.

Your usual prompt assistance and concern for the citizens of the United States in this region are appreciated.

Sincerely,



Roy L. Schneider, M.D.
Governor

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TO GO

(Turnoff)

533

ber 24, 1996
delivery
ore items on sale

entist at Colorado State University in Fort Collins, Colo., annually puts out what is billed as the world's only long-term hurricane forecast.

His first 1997 hurricane season forecast, expected out today, will be followed by several updated forecasts over the course of the year. The first forecast usually is 60 percent to 70 percent accurate. Later forecasts are even more on target.

Gray has speculated that the last two years could be the start of a 25-year increase in hurricane frequency.

Milligan said his office has gotten "a lot of calls, too many to count" in the last week. About 80 percent of the calls have been from the media, residents and potential vacationers to the Caribbean.

But 20 percent are from people in the insurance industry trying to get

release it as soon as we can.

Newspapers and other media will release the information as soon as they can. Milligan said, but he suggested people log on to Colorado State's Web page if they want to get the information immediately.

FOR MORE INFORMATION
The World Wide Web address:
<http://tropical.atmos.colostate.edu/forecasts/>

Greenpeace ship to visit St. Croix

By LAUNCE RAKE
Daily News Staff

The MV Greenpeace, namesake flagship for the international environmental organization, will stop at St. Croix around Dec. 19 as part of the group's protest against the shipment of radioactive waste through the Caribbean, an environmental activist said Thursday.

Elizabeth Goggins, a member of the St. Croix Environmental Association, said SEA is organizing student and church groups to meet the ship as part of an educational campaign on the dangers of the waste shipments.

France, Britain and Japan have shipped the high-level waste and

nuclear fuel as part of a complex system to supply Japanese nuclear reactors. Japan relies on nuclear reactors to fill a large part of its energy needs.

The back-and-forth shipments started two years ago. Greenpeace believes the company shipping the material, British Nuclear Fuels, would like to take a direct route through the Caribbean and the Panama Canal with the shipments.

But after protests from Caribbean political leadership, environmental organizations and ordinary citizens, the first shipment of waste in April 1995 took a southern route around South America.

Sens. Adlah "Foncie" Donastorg and Alicia "Chucky" Hansen led

local political opposition to the shipments.

Gov. Roy L. Schneider has not taken a public position on the radioactive-waste shipments.

SEA and the Environmental Association of St. Thomas-St. John recently started letter-writing and petition drives to keep the shipments out of the region.

TO SIGN THE PETITION
St. Thomas — Go to the EAST office at 14B Norre Gade, second floor, or Donastorg's office at the Legislature.

St. Croix — Go to the SEA office at Chandler's Wharf or to Hansen's office at the Legislature in Frederiksted.

SHORT REPORTS

Power lines to be buried

ST. THOMAS — The governing board of the V.I. Water and Power Authority has awarded a contract to Rotating Equipment to build an underground conduit to Cyril E. King Airport.

The \$149,575 contract is to build a duct bank from Emerald Beach Hotel to the Port Authority administration building.

The Federal Emergency Management Agency will pay 90 percent of the cost as a hazard-mitigation project. The project will lessen the hazard of downed poles and lines in the airport area after hurricanes.

The WAPA board also:

- Approved purchase of four medium-sized vehi-

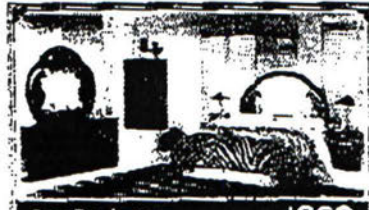
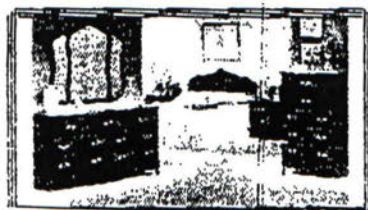
cles from Ramsay Motors for \$105,000 to replace aging vehicles and to meet safe-driving requirements.

- Authorized Executive Director Raymond L. George to explore leases for WAPA offices.

Mail boxes make comeback

ST. THOMAS — Mail boxes removed after Hurricane Marilyn have been replaced. Keys are available and should be picked up as soon as possible.

Areas served by the mail boxes are: Estates Nadir and Bovoni housing communities; 215 and 404 Anna's Retreat; Estate Nazareth; Estate Smith Bay; estates Fredenhøj and Frydendal; Estate Frenchman's Bay; and Alzona and Welgunst.



Src Bedroom

\$679

Src Bedroom

\$869

Dec 6, 1996
Daily News

Greenpeace sends ship to protest nuclear freighter

By MARION LLOYD
The Associated Press

SAN JUAN, Puerto Rico — A Greenpeace ship is headed to the Caribbean on a mission to block an alleged freighter carrying processed nuclear fuel from passing through the region, the environmental group announced Wednesday.

The group claims a cargo ship carrying hazardous nuclear waste from a French processing plant is planning to pass through the Caribbean Sea on its way to Japan sometime this month.

"A secret nuclear waste shipment is no Christmas present. People put at risk in the Caribbean have a right to know about these dangerous shipments. If France and Japan won't warn of the dangers, we will," Greenpeace said in a news release.

(British Nuclear Fuels), which organizes the nuclear shipments, could not be reached for comment Wednesday.

A secret nuclear waste shipment is no Christmas present. People put at risk in the Caribbean have a right to know...

— Greenpeace

The "MV Greenpeace," a 61-foot tugboat, will sail to islands throughout the Caribbean in an effort to mobilize opposition to the alleged shipment, Greenpeace spokeswoman Deborah Raphan said Wednesday.

The Greenpeace boat left Galveston, Texas, Tuesday evening and was expected to reach Jamaica on Dec. 9, Greenpeace said. It will then head to Puerto Rico, remaining in the Caribbean for the rest of December.

It is the second time Greenpeace has sent its vessel to the region to protest hazardous waste shipments, she said. In 1995, the group succeeded in rallying regional opposition to a similar nuclear shipment. Then, British Nuclear Fuels rerouted its vessel around the tip of South America rather than sending it through the Panama Canal.

"While the final arrangements for the upcoming waste shipment have yet to be disclosed, the most likely route appears to be through the Caribbean Sea and the Panama Canal," the statement said.

Japan, which has few natural resources, relies on nuclear fuel to provide the bulk of its energy. The spent fuel is sent to reprocessing plants in France and England, which in turn send the residue back to Japan for disposal.

Such shipments are a sensitive issue in the Caribbean, where many countries rely on tourism to sustain their economies.



UNITED STATES DEPARTMENT OF EDUCATION
REGION I
OFFICE OF THE SECRETARY'S REGIONAL REPRESENTATIVE
J.W. MCCORMACK POST OFFICE AND COURTHOUSE - ROOM 540
BOSTON, MASSACHUSETTS 02109
(617) 223-9317

96 DEC 5 PM 3:17
With just

FAX # 617 223-9324

TEL# 617 223-9317

FAX COVER SHEET

TO:

Rebecca Cameron

Fax #

202 456 6703

FROM:

Jan Paschal
U.S. Dept. of Education

Number of pages (including cover sheet)

Message:

12-5-96

To Doriskind for
Reply?

Yes

No

Yes
Response to Wright

Thanks!
Jan



UNITED STATES DEPARTMENT OF EDUCATION
REGION I
OFFICE OF THE SECRETARY'S REGIONAL REPRESENTATIVE
J.W. MCCORMACK POST OFFICE AND COURTHOUSE - ROOM 540
BOSTON, MASSACHUSETTS 02109
(617) 223-9317

Dear Mr. President,

Thank you for sending me Ralph Wright. It is wonderful to have another Clinton person in the Regional Office.

Ralph has a wonderful plan for getting mentors in our schools. We would love to tell you about it.

We hope to have Region I lead the way.

Jan Paschal



UNITED STATES DEPARTMENT OF EDUCATION
REGION I
OFFICE OF THE SECRETARY'S REGIONAL REPRESENTATIVE
J.W. MCCORMACK POST OFFICE AND COURTHOUSE - ROOM 540
BOSTON, MASSACHUSETTS 02109
(617) 223-9317

December 4, 1996

Honorable William Clinton
President of the United States
White House
Washington, D.C.

Dear Mr. President:

I cannot express adequately my excitement of your recent educational initiatives. I am speaking specifically of your proposal to open the schoolroom doors to 1 million mentors for America's children. Its impact may go far beyond your original intent. I believe, if we can make it happen, you will have history record that you were the President that saved America's public education system.

I do not mean to downplay the significance of every child ready to read by the age of eight. That in itself lifts the hopes and aspirations of all future generations of Americans. Nor do I shush over the tremendous burden that nearly 4 million public school teachers carry trying to keep pace with an ever growing multitude of problems that walk through classroom doors each school day. Problems exit today that just a generation earlier would have been unimaginable. Drugs, single-parent families, latch key children, learning readiness, poor nutrition, overcrowding, crumbling infra-structures and the inclusion of all our children onto the "information highway." All has become too much to bear for our dedicated educators to shoulder alone. Your proposal to provide 1 million mentors is a clear signal that help is on the way.

But it goes beyond teaching children to read by the third grade. It goes beyond the rolling of sleeves and confronting the challenges before mentioned. It appears to me that it is the first salvo in the war to save public education from itself. We've searched for the retort to the extraordinarily catchy sound bite encompassed by the "voucher" plan. Mr. President, I think you might just have created it. If you bring to fruition 1 million Americans getting inside their children's schools (they are all our children, and in spite of the callous cry of some, there are those whose boots don't have straps). I'll bet the mortgage that 99% of those participants will walk away impressed with what they saw. (There's nothing like walking in someone else's shoes to bring home reality). They'll become the community messengers that have for so long been absent from our schools. Public education has nothing to be ashamed of; it has proven to be the rising tide in our history that has raised all boats and I'm convinced that there is more good than otherwise in our public schools. I place my bet on these million mentors spreading the word.

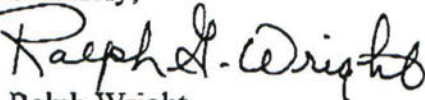
WED 17-18 FAX 6172239324 -SRR REG 1 004

Your proposal to begin this crusade with 100,000 college students is a promising beginning. May I suggest that we look to supplement these young people with America's elderly to form a coalition that is inter-generational and that offers their time nurtured wisdom to a child still possessed of the wonderment of books and all that lies beyond. I think there are millions of our seniors just waiting to be asked.

And finally I would encourage whoever is ultimately responsible for making the "mentor program" work to look into including those whose welfare benefits expire. The state is faced with the responsibility of finding meaningful employment for them. What could be more meaningful than teaching a child to read?

Mr. President, Jan Paschal and I have a plan that is all ready to go up here in Region I. We need a jump start. Are you interested?

Sincerely,

A handwritten signature in cursive script that reads "Ralph Wright". The signature is written in dark ink and is positioned above the printed name and title.

Ralph Wright
Special Assistant

Faxed
12/10/96
4:10pm

THE WHITE HOUSE
WASHINGTON

December 10, 1996

MEMORANDUM TO THE STAFF SECRETARY

FROM: MAUREEN LEWIS *mw*
RE: B.G. Hendrix/
Euna Harris-Winton

Could you please fax these two letters to

Sharyn Floyd
(501) 783-7646 voice
(501) 494-7313 fax

And then have them express mailed to her?
They need to arrive for an event next
Monday. Thanks.

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: Sharyn Floyd

Fax Number: (501) 494-7313

Phone Number: (503) 783-7646

FROM: Staff Secretary's Office

SUBJECT: Two Letters

DATE: 12/10/96

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:

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

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

BILL CLINTON

December 10, 1996

Euba Harris-Winton
Fort Smith, Arkansas

Dear Euba:

Hillary and I are delighted to join your many friends and admirers in congratulating you as the Sebastian County Democratic Central Committee honors you with the Rose Weinberger Award.

From founding the Mallilieu Community Center to your active involvement in the Democratic Party, you have long been a shining light in Sebastian County and in our beloved state. Hillary and I thank you for your service, your example, and your unwavering dedication to the well-being of others. You are an inspiration to us all.

Sincerely,

A handwritten signature in dark ink, appearing to be "Bill Clinton", with a stylized, cursive script.

BILL CLINTON

December 10, 1996

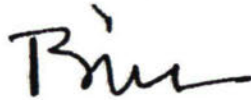
The Honorable B. G. Hendrix
Fort Smith, Arkansas

Dear B. G.:

Hillary and I want to send our very best as the Democratic Central Committee in Sebastian County pays tribute to you for your 33 years of distinguished service in the State Legislature. For more than three decades, you have worked hard for the good people of District Twelve, earning the respect and admiration of your constituents, your colleagues and your fellow Arkansans. I thank you for your dedicated service and, more importantly, for your friendship.

You have a lot left to do, to enjoy, and to give. The rest of us, especially the folks in Sebastian County, need you.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill", with a stylized flourish at the end.

MESSAGE CONFIRMATION

DEC-10-96 16:04

FAX NUMBER : 2024562215

NAME :

FAX NUMBER : 915014947313

PAGE : 03

ELAPSED TIME : 01'38"

MODE : G3 STD

RESULTS : O.K

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 12-10

TO:

Bob Nash

FROM: Staff Secretary

Robert - you've
probably seen these, but
in case you missed them,
strong GOP Senate
support for my friend
Steve Katz for the office of
special counsel. I think
he'd be excellent. Ted

Chief Counsel
to the Chairman



U.S. MERIT SYSTEMS PROTECTION BOARD
96 DEC 10 PM 8:50
Washington, D.C. 20419

Todd,

November 29, 1996

Good talking with you.

Per our conversation, the attached letters
from the Republican Senators.

The idea was to give the President the ability
to appoint someone of his choice when the term
expired in December.

Note the dates on the two letters, effectively
conceding that such appointments would be made
by President Clinton -- not their own candidate.

Take care,

ORRIN G. HATCH, UTAH, CHAIRMAN

STROM THURMOND, SOUTH CAROLINA
ALAN K. SIMPSON, WYOMING
CHARLES E. GRASSLEY, IOWA
ARLEN SPECTER, PENNSYLVANIA
HANK BROWN, COLORADO
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DIANNE FEINSTEIN, CALIFORNIA
RUSSELL D. FEINGOLD, WISCONSIN

MARK R. DISLER, *Chief Counsel*
MANUS COONEY, *Staff Director and Senior Counsel*
CYNTHIA C. HOGAN, *Minority Chief Counsel*
KAREN A. ROBB, *Minority Staff Director*

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

October 4, 1996

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

Dear Mr. President:

I understand that the term of the head of the Office of Special Counsel expires later this year. As this Office is responsible for investigating and prosecuting violations of the Whistleblower Protection Act, its head plays an important role in ensuring that federal agencies are functioning appropriately.

The head of the Office of Special Counsel must be a unique individual: someone with extensive experience in government; significant knowledge of federal personnel practices; a thorough understanding of the need for openness in government when appropriate; unquestioned integrity; sound management abilities; and a judicious temperament.

Steven L. Katz possesses these requisite characteristics, and I write to recommend his appointment as Special Counsel.

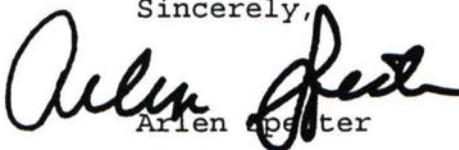
I first met Mr. Katz when I worked with Senator Glenn, for whom Mr. Katz worked, to craft the John F. Kennedy Assassination Records Collection Act. The success of this Act in releasing much information about the Kennedy assassination and bolstering confidence in our government is due largely to Mr. Katz's substantive knowledge of government information policy and his ability to satisfy the competing concerns that different people brought to the issue.

In addition to his background in government information issues, Mr. Katz has extensive experience on the Senate Governmental Affairs Committee handling government personnel issues. He has gained additional expertise in this area in his current duties as chief counsel to the Chairman of the Merit Systems Protection Board, which adjudicates cases investigated and prosecuted by the Office of Special Counsel.

Based on Mr. Katz's ability, experience, integrity, and temperament, I believe that he would be an outstanding choice to be Special Counsel, and I strongly endorse him for the position.

Thank you for your consideration.

Sincerely,



Arlen Specter

AS/rah

United States Senate

WASHINGTON, DC 20510
September 30, 1996

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

Dear President Clinton:

The Office of Special Counsel is an effective independent agency created by Congress to investigate and prosecute violations of the Whistleblower Protection Act. The head of this office must be appointed by the President and confirmed by the Senate, and the term of the present office holder expires in December 1996.

I am writing to ensure that you are both aware of and prepared for the vacancy for the head of the Office of Special Counsel. I fully intend to support a nominee who possesses the qualifications I believe are essential to head that office.

It is my belief that Steven L. Katz is the most able and promising of candidates to serve as the new Special Counsel. The work of the Office of Special Counsel is fundamentally nonpartisan, and its leadership must reflect a commitment to government accountability. In that spirit, I give you my strongest recommendation of Mr. Katz. His knowledge, abilities and experiences uniquely qualify him, in my opinion.

My own efforts to bring recognition to the importance of the Whistleblower Protection Act may be well known; but, it is up to others to ensure that the law is carried out effectively. Mr. Katz is recognized as among a very few who possess the necessary combination of skills and experience in the law, government management, and policy making required for this job.

Mr. President, I believe that you have a rare opportunity to make the Office of Special Counsel operate at a new and heightened level of effectiveness. As one who has led the scrutiny of the Office, I believe that you can make a difference only by nominating the best qualified candidate. I hope that Mr. Katz receives your strongest consideration, and that you recognize the bipartisan support he will receive if nominated.

Sincerely,



Charles E. Grassley
United States Senator

cc. Mr. Robert Nash
Assistant to the President

of with
Vicki
Pudat

cc: w/incoming:
Erskine Bowles
Bob Nash

WHITE HOUSE
ASHINGTON

December 9, 1996

Stanley M. Chesley
1513 Central Trust Tower
Cincinnati, Ohio 45202

Dear ~~Stanley~~ Stanley:

Thanks for your letter of November 23. As you well know, I'm very grateful for all your support, and I certainly appreciate your willingness to serve in my Administration. I'll give your suggestion serious consideration and have made Erskine Bowles aware of your interest.

See you soon.

Sincerely,

Pauline

Stanley M. Chesley
Attorney at Law
1513 Central Trust Tower
Cincinnati, Ohio 45202
Telephone: (513) 621-0267

1. Ce Nash
EB
Munroe
2.
12-30

November 23, 1996

PERSONAL & ~~CONFIDENTIAL~~

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

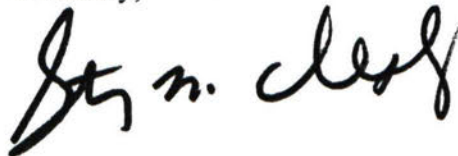
Dear Mr. President:

After careful thought and consideration, I find that I am in a position at this time in my life to leave what I am doing if I may be of service in some meaningful way to your Administration.

After 36 years in the successful private practice of law, I am excited about the possibility of being of some significant service to you and your Administration. Whether this service be in the form of some type of important legal position (utilizing what I hope are my "talents"); in the field of foreign service such as an Ambassadorship; or, in some mediation or negotiation in the foreign policy arena -- these are all opportunities I would be honored to undertake.

I would like very much the opportunity to discuss this with either you or the appropriate Administration official.

Sincerely,



DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: DB DATE: 7/23/19
2019-0774-S

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

December 9, 1996

MEMORANDUM FOR THE PRESIDENT

'96 DEC 9 PM9:15

FROM: JEFFREY A. FRANKEL

Jeff A. Frankel

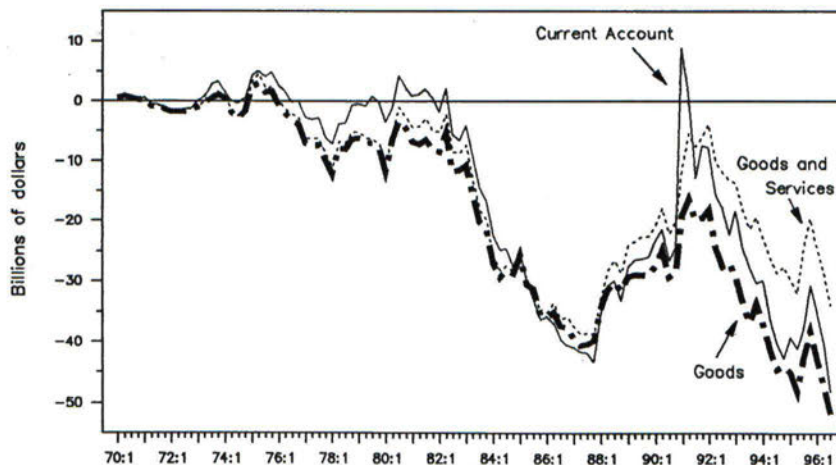
SUBJECT: U.S. International Transactions for the Third Quarter,
Commerce Department Release, Tuesday, 10:00 a.m.

The current-account deficit increased to a record \$48.0 billion in the third quarter from \$40.2 billion in the second quarter. The current account deficit reflects the rate at which U.S. residents must borrow from abroad to finance spending in excess of income. It sums four components: trade in goods, trade in services, unilateral transfers, and investment income.

- The goods trade deficit rose to a record \$51.6 billion in the third quarter (as previously reported)
- As usual, the goods deficit was partly offset by a surplus in services of \$17.8 billion.
- Also as usual, there was a small deficit in unilateral transfers (e.g., immigrants' remittances home) of \$9.4 billion.
- The deficit on investment income reached a record \$4.7 billion. The U.S. continues to pay out more in interest, dividends, and profits repatriated abroad than it receives. The investment income balance moved from surplus to deficit in 1994, as the result of rising indebtedness to foreigners.

The current account deficit in the third quarter represented 2.5 percent of GDP, larger than in any quarter since early 1988, but lower than in any quarter between mid-1985 and early 1988.

BALANCES ON INTERNATIONAL TRANSACTIONS



12-10-96

Todd-

Okay to
send out? -

yes

THE WHITE HOUSE
WASHINGTON

DATE: December 10, 1996

NOTE FOR: Deputy Secretary Talbott

The President has reviewed the attached, and it is forwarded to you
for your:

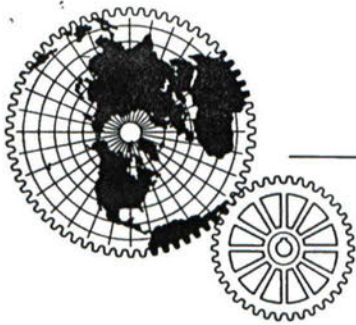
Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:



THE PRESIDENT HAS SEEN
12-9-96

THE PRESIDENT HAS SEEN
12-10-96

POLYCONOMICS, INC.
Political and Economic Communications

To Steve Talbot
Interesting
BS

'96 DEC 2 PM5:51

November 22, 1996

Memo To: President Clinton
Trent Lott
Newt Gingrich
From: Jude Wanniski
Re: Walter Lippmann and Foreign Policy

Last weekend, I happened to pick up a battered copy of *The Essential Lippmann*, a collection of essays by Walter Lippmann, one of the most important American political thinkers of the century. In reading here and there at random, I came across this gem, "The Conduct of American Foreign Policy," written May 6, 1939, although it could have been written today, with the three of you in mind:

"The Conduct of American Foreign Policy,"
Today and Tomorrow, May 6, 1939. *New York Herald Tribune*

Many things are being done these days in Washington to reorganize the machinery of government, but there is one part of the machinery about which nothing is being done. Yet it is now the most dangerously defective part of the whole government mechanism, the part that most urgently needs to be reorganized. This is the mechanism for conducting foreign relations.

The center of the trouble lies in the relation between the President and the two houses of Congress. Under the Constitution they have separate and co-ordinate powers in foreign relations. But obviously they have a joint responsibility. Thus the President appoints ambassadors. The Congress must confirm them. The President negotiates treaties. The Senate must ratify them. The President is commander in chief of the armed forces. The Congress alone has the power to raise and support armies. The President can break off diplomatic relations. The Congress alone has power formally to declare war. But the President has the power, which Lincoln exercised in April, 1861, to recognize the existence of a state of war even though war has not been formally declared. The President can bring a war to its conclusion. But the Congress must ratify the treaty of peace.

It is evident that in conducting foreign relations the two branches of government are not only co-ordinate but interlocking. It is clear that the mechanism will not work unless the two branches of the government have access to the same information, are able to consult continuously, and are able to know before either commits itself irrevocably that it has the support of the other. Without a machinery of unbroken consultation, and a confirmed habit of using it, the President and Congress tend to pull apart, to work at cross-purposes, each to suspect the other of usurping rights, and to divide the country in those very times of crisis when it is most necessary that the United States should deal with the outer world consistently, firmly, and with dignity.

But no effective machinery of consultation now exists. It is the root of our present difficulties. It is most dangerous. It may have profoundly tragic consequences. The fact is that the two branches of

government, on whose joint action depends the safety of the American people, are so far apart that it might almost be said that they are not on speaking terms. Certainly they are not able to speak to each other with the candor and confidence that should exist among men who have a joint responsibility for the lives, the fortunes, and the honor of the nation.

Congress and the President are very active about American foreign affairs. They ought to be. The situation throughout the world is more critical than it has been within the memory of any living man. But the fact is that in the face of this situation the Congress and the President are not consulting one another, are not examining the issues together, are not trying with all their power to learn from one another, and to judge together what the United States should do. This is the trouble at the bottom of all the trouble.

It can be corrected if the people want it corrected.

What is the issue, for example, in regard to the Neutrality Act. In the first instance, it is whether Congress shall fix the rules of neutrality by mandatory legislation or whether the President shall fix them by executive discretion. But why should this issue have arisen at all. Why should the country have to choose between making rigid Congressional rules that may not fit the practical situation and giving to one man unlimited personal discretion?

If it were the established practice of the President to keep the leaders of both parties fully and currently informed, and to act only after consultation with them, there would be no need to choose between cast-iron laws and unfettered personal discretion. The two organs of the government would be coordinated as they were meant to be coordinated. Congress would exercise continuous supervision over foreign policy, and the President would be required and would be able to provide Congress continuously with the information that is necessary if Congress is to know what it is doing.

But as things go now, Congress gets its information from the newspapers and from the rumors that circulate in the lobbies. It has no means of knowing from day to day what information is coming to the State Department. It never really understands in advance what the President is doing or why he is really doing it. And at the other end of Pennsylvania Avenue the President deals with Congress at arm's length, passing out scraps of information, hints of his intentions to this visitor or that, knowledge which gets distorted by gossip, sensationalized, misunderstood, at times misrepresented. That is why Congress wants to legislate wholesale, once-and-for-all, rigidly, and in generalities, and that is why this President, like almost every other President since Washington, wants to get rid of Congress and take charge personally.

Behind the issue of mandatory legislation versus presidential discretion there has arisen, of course, the much more momentous issue of an active policy versus a passive policy. This is a real issue. There is a real difference of opinion as to whether the best interests of the United States will be served by positive intervention to prevent war, and if war breaks out, by favoring the Anglo-French side, or whether American interests will be served better by a policy of indifference to the fate of Europe, and of non-intercourse with all the nations that may go to war.

But these differences of opinion are being sharpened beyond all reason by the conflict between Congress and the President. It is being made to appear as if the country had to choose between

joining the grand alliance and conscripting another army to fight in France and, on the other hand, sealing itself up hermetically and renouncing all its rights, all its interests, all provision for its larger security. Surely, the very essence of a good foreign policy would be to steer this country through the crisis and between the extremes, without running it on to the monster Scylla or into the whirlpool of Charybdis.

That can be achieved only by men of very cool judgment and with very firm purpose, who know what they are doing and know that they have the means to do it. The Congress alone obviously cannot do that. The President alone cannot do it. In an atmosphere of conflict, rivalry, oratory, broadcasts, press interviews, declarations, resolutions, endless debates, hearings, nobody can do it. The wisest men and the greatest statesmen of all time, if they were gathered together, could not do it.

Yet this is what is now in prospect for ourselves and for the world. We are not promised a thorough, loyal, candid, painstaking attempt by Congress and the President to shape American policy in the greatest crisis of modern history. We are promised an interminable debate and agitation, with charges and countercharges, propaganda and counterpropaganda, all mixed up with domestic policies, and personal grudges, and ambitions for 1940, and heaven only knows what manner of masked intrigue fomenting the confusion from abroad.

The American people deserve something better than that from their government. They are entitled to be protected against the consequences of so reckless and so irresponsible a method of dealing with issues of life and death. They ought to insist now that before anything else is done the President call in the leaders of both parties and of all factions and come at once to an understanding with them that they will arrange to inform one another and to consult, to receive confidences and to keep them, and thus discharge together their joint responsibility.

It can be done. It requires no legislation. It is done in England, it is done in France, it is done in every working democracy. It can be done here. All it requires is the will to do it, and the capacity of the men in Washington to rise to the occasion, putting aside all little things in order that they may be equal to their immense responsibilities.

* * *



c Office of the Staff Secretary 12/9

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New York, NY 10001 • (21

Clinton
House
Ivan Avenue
D.C. 20050-2000

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Phil - 12/10/96
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Yes

No

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C

Children's Literature & Media

RONALD E. BLAYLOCK
Blaylock & Partners, L.P.

MYRNA BLYTH
Ladies' Home Journal

T. BERRY BRAZELTON, M.D.
Harvard Medical School

ROGER H. BROWN
Bright Horizons Children's Centers

BETTYE M. CALDWELL, Ph.D.
University of Arkansas for Medical Sciences

JOHN MACK CARTER
Hearst Magazines Enterprises

PEGGY CHARREN

SEY CHASSLER

ROXANNE J. COADY
R.J. Julia Booksellers, Ltd.

JUDSEN CULBRETH
Working Mother

MATILDA CUOMO

RICKI FAIRLEY-BROWN
Sega Channel

ELLEN GALINSKY
Families and Work Institute

GARY DAVID GOLDBERG
UBU Productions

BETTY HUDSON
NBC, Inc.

SHEILA B. KAMERMAN, D.S.W.
Columbia University School of Social Work

ELLIOT LEHMAN
FEL-PRO Incorporated

JACQUELINE LEO
Good Morning America, ABC News

PATRICIA S. LIEBERMAN
A.L. Mailman Family Foundation

JAY MAZUR
UNITE, AFL-CIO

GERALD W. McENTEE
AFSCME, AFL-CIO

EVELYN K. MOORE
National Black Child Development Institute

GWEN MORGAN
Wheelock College

ANN PLESHETTE MURPHY
Parents

SONDRA L. MURPHY
New York Women's Foundation

ARTHUR L. NOVELL
Markham/Novell Communications, Ltd.

FRANCINE SUSSNER RODGERS
Work/Family Directions

BEA ROMER
State of Colorado

HERMAN SILLAS
Ochoa & Sillas

DEE TOPOL
The Travelers Foundation

LINDA VILLAROSA
Essence

THOMAS J. VOLPE
Interpublic Group of Companies

BERNICE WEISSBOURD
Family Focus, Inc.

EDWARD ZIGLER, Ph.D.
Bush Center, Yale University

General Counsel

GAINES GWATHMEY, III
Paul, Weiss, Rittkind, Wharton & Garrison

Executive Director

BARBARA REISMAN

We read with great dismay Secretary of Labor Reich's rationale for leaving your cabinet (*New York Times*, Friday, November 8.) Reich dismisses the notion of work/family balance as impossible for many because of his own personal dilemma. His own situation is far from typical. His choice -- to quit his job rather than struggle for balance between his work and his family -- is simply not available to most working parents. This message, because it comes from the Secretary of Labor, sends a powerful negative signal to employers instead of providing the leadership that they need to transform the workplace to address family needs.

As you consider your next candidate for this important Cabinet position, we hope you will take into account your appointee's commitment to encouraging employers to help their employees balance their work and family needs. There are indeed difficult choices to be made, as Mr. Reich has so movingly described. However, those choices can be made easier when the employer is willing to change the workplace. Flexible hours, telecommuting, paid leave for family emergencies, time off for parent/teacher meetings, higher premiums for overtime pay, child and dependent care benefits -- these all are policies that have a demonstrable effect on the corporate bottom line and on employees' ability to balance work and family.

Many of the benefits of these policies go to the employer in the form of increased employee loyalty and



commitment and reduced absenteeism and turnover. Now we must find ways to use these gains to reduce the stress on families and to give parents more time to be with their children. That is the challenge facing your next Secretary of Labor, and we hope your appointee will rise to it -- not, as in the case of Mr. Reich, run away from it.

Sincerely,

Richard B. Stolley
Richard B. Stolley,
President

Barbara Reisman
Barbara Reisman
Executive Director

cc: Bailey
Muller

THE WHITE HOUSE
WASHINGTON

MARK GREEN
Public Advocate

December 9, 1996

Mark Green
Public Advocate for the
City of New York
One Centre Street
New York, New York 10007

Dear Mark:

Thanks for sending your strong *Newsday* article on campaign finance. There is no question that the time for real reform is upon us. I am hopeful that we will be able to work in a bipartisan manner to achieve significant results. We have an opportunity now, and it is up to all of us to seize it.

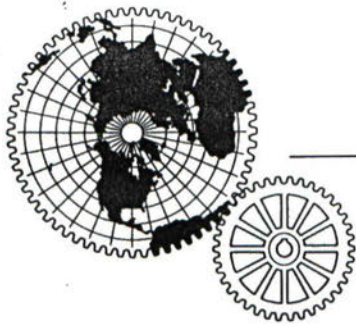
Sincerely,

Bill Clinton

Mark
Mark Green

Enclosure
Document:clinton.ltr





THE PRESIDENT HAS SEEN
12-9-96

THE PRESIDENT HAS SEEN
12-10-96

POLYCONOMICS, INC.
Political and Economic Communications

To Tony/Sally
Fyl - returning
BC

'96 DEC 2 PM5:51

November 22, 1996

Memo To: President Clinton
Trent Lott
Newt Gingrich
From: Jude Wanniski
Re: Walter Lippmann and Foreign Policy

Last weekend, I happened to pick up a battered copy of *The Essential Lippmann*, a collection of essays by Walter Lippmann, one of the most important American political thinkers of the century. In reading here and there at random, I came across this gem, "The Conduct of American Foreign Policy," written May 6, 1939, although it could have been written today, with the three of you in mind:

"The Conduct of American Foreign Policy,"
Today and Tomorrow, May 6, 1939. *New York Herald Tribune*

Many things are being done these days in Washington to reorganize the machinery of government, but there is one part of the machinery about which nothing is being done. Yet it is now the most dangerously defective part of the whole government mechanism, the part that most urgently needs to be reorganized. This is the mechanism for conducting foreign relations.

The center of the trouble lies in the relation between the President and the two houses of Congress. Under the Constitution they have separate and co-ordinate powers in foreign relations. But obviously they have a joint responsibility. Thus the President appoints ambassadors. The Congress must confirm them. The President negotiates treaties. The Senate must ratify them. The President is commander in chief of the armed forces. The Congress alone has the power to raise and support armies. The President can break off diplomatic relations. The Congress alone has power formally to declare war. But the President has the power, which Lincoln exercised in April, 1861, to recognize the existence of a state of war even though war has not been formally declared. The President can bring a war to its conclusion. But the Congress must ratify the treaty of peace.

It is evident that in conducting foreign relations the two branches of government are not only co-ordinate but interlocking. It is clear that the mechanism will not work unless the two branches of the government have access to the same information, are able to consult continuously, and are able to know before either commits itself irrevocably that it has the support of the other. Without a machinery of unbroken consultation, and a confirmed habit of using it, the President and Congress tend to pull apart, to work at cross-purposes, each to suspect the other of usurping rights, and to divide the country in those very times of crisis when it is most necessary that the United States should deal with the outer world consistently, firmly, and with dignity.

But no effective machinery of consultation now exists. It is the root of our present difficulties. It is most dangerous. It may have profoundly tragic consequences. The fact is that the two branches of

government, on whose joint action depends the safety of the American people, are so far apart that it might almost be said that they are not on speaking terms. Certainly they are not able to speak to each other with the candor and confidence that should exist among men who have a joint responsibility for the lives, the fortunes, and the honor of the nation.

Congress and the President are very active about American foreign affairs. They ought to be. The situation throughout the world is more critical than it has been within the memory of any living man. But the fact is that in the face of this situation the Congress and the President are not consulting one another, are not examining the issues together, are not trying with all their power to learn from one another, and to judge together what the United States should do. This is the trouble at the bottom of all the trouble.

It can be corrected if the people want it corrected.

What is the issue, for example, in regard to the Neutrality Act. In the first instance, it is whether Congress shall fix the rules of neutrality by mandatory legislation or whether the President shall fix them by executive discretion. But why should this issue have arisen at all. Why should the country have to choose between making rigid Congressional rules that may not fit the practical situation and giving to one man unlimited personal discretion?

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But as things go now, Congress gets its information from the newspapers and from the rumors that circulate in the lobbies. It has no means of knowing from day to day what information is coming to the State Department. It never really understands in advance what the President is doing or why he is really doing it. And at the other end of Pennsylvania Avenue the President deals with Congress at arm's length, passing out scraps of information, hints of his intentions to this visitor or that, knowledge which gets distorted by gossip, sensationalized, misunderstood, at times misrepresented. That is why Congress wants to legislate wholesale, once-and-for-all, rigidly, and in generalities, and that is why this President, like almost every other President since Washington, wants to get rid of Congress and take charge personally.

Behind the issue of mandatory legislation versus presidential discretion there has arisen, of course, the much more momentous issue of an active policy versus a passive policy. This is a real issue. There is a real difference of opinion as to whether the best interests of the United States will be served by positive intervention to prevent war, and if war breaks out, by favoring the Anglo-French side, or whether American interests will be served better by a policy of indifference to the fate of Europe, and of non-intercourse with all the nations that may go to war.

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It can be done. It requires no legislation. It is done in England, it is done in France, it is done in every working democracy. It can be done here. All it requires is the will to do it, and the capacity of the men in Washington to rise to the occasion, putting aside all little things in order that they may be equal to their immense responsibilities.

* * *

THE PRESIDENT HAS SEEN
12-10-96

December 4, 1996

15737 Woodvale Rd.
Encino, Calif. 91436

Mr. Bill Clinton, President
Mrs. H. Clinton, First Lady
The White House
Washington, DC 00001

Dear Mr. & Mrs. Clinton:

Congratulations!!! Your applications have been approved to occupy the White House property for the next four years. As a landlord, we do require tenant to accept the following lease agreement.

1. The lawn must be watered on daily basis during summer and spring season.
2. Cars must not be parked on the lawn. (against city ordinances.)
3. Loud music and large parties are not permitted.
4. Rent fee includes the pool service and the gardeners fee. However please make certain that they do show up and do their job diligently.
5. Any remodeling to the property must have prior written approval by the landlord.
6. There is an additional fee of \$500 for any pets. Since you already have a cat, I feel he is useful for keeping the rats away from the property.
7. If you and your family are on a long vacation or will be absent from the property for a long time, obtaining renters insurance is highly recommended.
8. If you wish to paint any of the room, please make sure the floor are free from paint spill and discoloration.
9. Tenant shall not sublet premises without strict approval of the landlord. Any way we do not wish to have any rif-rafs on the property. It decreases the property value. Deposit fee will not be returned should you move before the end of the lease period.
10. Liquid-filled furniture are not permitted on the premises.
11. There will be a \$25.00 late fee, if rent is not paid on time.
12. Garbage day is on Thursday. Please make sure the bins are out and follow the rules for recycling.
13. If you have any question or problem with plumbing or heating system, please call (818)906-3238. If it is not snowing, help will be sent in 24 hours. Otherwise if it can wait, it will be done before the lease expiration.

Wish you and your family the best for the Christmas Holidays and a very happy New Year. If you need a vacation rental here in California, I have a darling two bedroom house available in a great location.

Dear Mr. President: Congratulations and best wishes for the next four years. With all the stress in one's life, we hope the above brings you a smile. May God bless you and your family. Enclosed is copy of a prayer for America.

Sincerely,

Farah Ramchandani - Fayard + Barbara Nicholas
Farah Ramchandani, Fayard and Barbara Nicholas.

JIM DORSKIND:

Please coordinate
the reply.

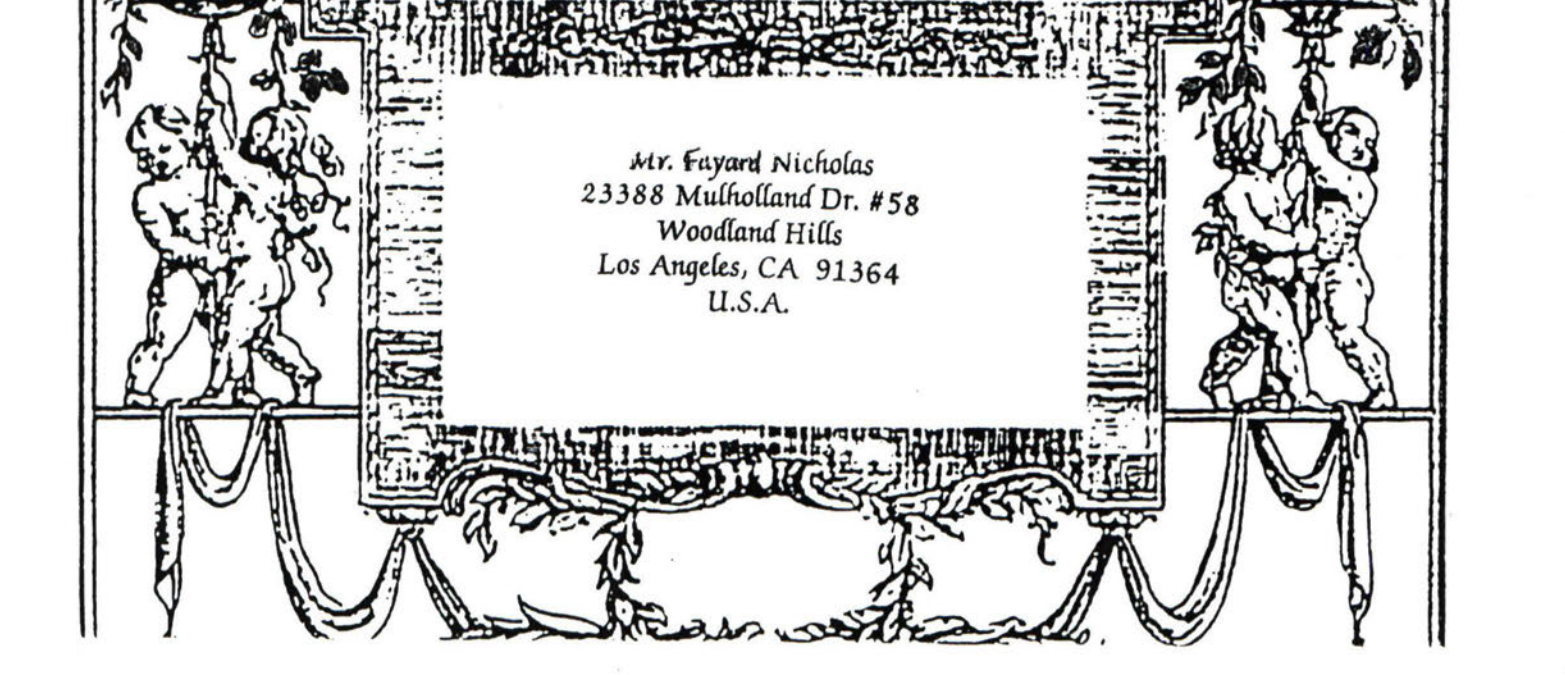
*Do try to bring letters
prayer*
BZ



PRAYER FOR AMERICA

O Thou kind Lord! This gathering is turning to Thee. These hearts are radiant with Thy love. These minds and spirits are exhilarated by the message of Thy glad-tidings. O God! Let this American democracy become glorious in spiritual degrees even as it has aspired to material degrees, and render this just government victorious. Confirm this revered nation to upraise the standard of the oneness of humanity, to promulgate the Most Great Peace, to become thereby most glorious and praiseworthy among all the nations of the world. O God! This American nation is worthy of Thy favors and is deserving of Thy mercy. Make it precious and near to Thee through Thy bounty and bestowal.

—'Abdu'l-Bahá



Mr. Fayard Nicholas
23388 Mulholland Dr. #58
Woodland Hills
Los Angeles, CA 91364
U.S.A.

12-10-96

December 9, 1996

MEMORANDUM TO SECRETARY ~~DONNA~~ SHALALA

FROM: Kelly Craighead

RE: Proposed Liver Allocation Policy

Wendy Marx is a close friend of mine. She has hepatitis B (apparently contracted while having her wisdom teeth removed). She is currently on the waiting list to receive a liver transplant. Under the newly proposed policy by the United Network for Organ Sharing (UNOS) the chronic nature of her illness could very well prohibit her from reaching the status needed to receive a liver in time to save her life. She, along with her brother and Olympian Carl Lewis, formed an organ donor awareness foundation seven years ago and each of them plans to testify in the hearings to be chaired by Phil Lee this week.

It appears that, prior to formulating its policy, UNOS did very little to invite comment from those who might be most greatly affected by the proposed changes. Much of the controversy generated by the new policy seems to stem from several areas; one, the discrimination against chronic patients as opposed to the treatment given to those with acute illness; the other, regional versus national allocation practices.

Based on my own experiences, I support the current policy of assigning organs to those patients with the greatest need (i.e. the sickest people). I furthermore support the idea of having a truly national system of distribution instead of the current system that sets up artificial barriers by UNOS regions. It seems to me that a truly national system is the only way to ensue public confidence.

It is my understanding that based on the committee's findings, you will issue the final regulations concerning new liver allocation policy. I am appealing to you on a personal level rather than a professional one. Please do not allow a system that would unfairly favor one patient over another based on nothing more than geographic location. Likewise, please do not deny patients with chronic illnesses their equal rights to liver transplants. I am hopeful that during the hearing process you will reach the same conclusion -- that no policy should issue a death sentence to my friend Wendy Marx or anyone like her.

I would be happy to provide you with any supporting information you might request. Thank you in advance for your time and consideration.

December 6, 1996

Kelly Craighead
Special Assistant to the President
The White House
Washington, D.C. 20500

Dear Kelly,

As you know, the board of the United Network for Organ Sharing (UNOS) recently approved a major change in the way patients needing liver transplants will be given priority on the waiting list. Effective January 20, 1997, it will no longer be possible for patients with chronic conditions, regardless of how urgent those conditions may be, to be given the highest priority for a liver donor. These chronic patients include people with hepatitis, cirrhosis, primary biliary cirrhosis, sclerosing cholangitis, autoimmune liver diseases and other inherited diseases of the liver.

As an active carrier of one of these "chronic conditions", hepatitis, this policy effectively issues me to a death sentence. It is the same for many others like me around the country, people who are suffering from illnesses we certainly did not choose to contract. Under the current policy, patients projected to die within seven days without a transplant get the highest priority (Status 1). Those who need constant hospital care are next (Status 2). Less critical candidates are assigned lower priorities. When a liver becomes available, someone with the highest priority (i.e. the sickest) receives the organ first. When all else is equal, the liver goes to the person who has been waiting the longest. It is a system based on taking care of the patients with the greatest medical need. Under the proposed policy, I and thousands of others will automatically be relegated to Status 2 regardless of how sick we become.

UNOS based this new policy on a rather dubious assumption that patients with acute liver failure have a "greater chance of survival" than patients with chronic liver failure in similar conditions. However, analysis of UNOS Liver Registry data shows that this survival rate increase between chronic and acute patients is negligible and does not reflect the thousands of lives that will be lost by patients who will never be allowed to reach Status 1.

It is extremely troubling that this new policy eliminates the ability for doctors to make any meaningful decisions on a case-by-case basis. The new UNOS policy does not allow for any individual evaluation whatsoever. Most importantly, it fails to address the real issue at hand: the desperate need for more organs. That is where we need to be dedicating our resources. Let's not keep fighting about how to split up the pie. Let's work toward increasing the size of it.

Kelly Craighead
Page Two

As someone who has already received a liver transplant -- and someone with chronic liver disease -- I am extremely thankful and proud to say it has already been seven years since I first got ill. In that time I have joined with my family and Olympian Carl Lewis in establishing and directing the Wendy Marx Foundation for Organ Donor Awareness. The foundation has been responsible for:

-- National donor awareness projects including production and distribution of an educational video for teens and distribution of more than one million donor cards.

-- A variety of regional and local programs targeting corporate, school and community groups in more than a dozen states.

My work on behalf of the foundation and my active participation in the transplant community constantly remind me that the issue of liver allocation would be moot if the number of existing, viable organs were offered for use by a greater number of potential donor families. This is what UNOS should be focusing on, not finding ways to ration health care.

I do remain optimistic, as always. The UNOS policy announced in October was met with considerable public discussion. Thankfully, Secretary Shalala and the Department of Health and Human Services have intervened by calling hearings to take place December 10-12. It is my hope that these hearings will help to broaden public understanding of this important issue. It is also my hope that public scrutiny will enhance the credibility of the entire donation and allocation process.

I, along with my brother Jeff and Carl Lewis, will testify on December 11. Please be kind enough to let me know if there is anything else I might be able to do in order to support this process. Meanwhile, I greatly appreciate the time and effort you have committed to this issue.

Sincerely,

Wendy Marx
wgm

Wendy Marx
141 Vicksburg Street
San Francisco, CA 94114

December 9, 1996

MEMORANDUM TO SECRETARY DONNA SHALALA

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Based on my own experiences, I support the current policy of assigning organs to those patients with the greatest need (i.e. the sickest people). I furthermore support the idea of having a truly national system of distribution instead of the current system that sets up artificial barriers by UNOS regions. It seems to me that a truly national system is the only way to ensue public confidence.

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-- National donor awareness projects including production and distribution of an educational video for teens and distribution of more than one million donor cards.

-- A variety of regional and local programs targeting corporate, school and community groups in more than a dozen states.

My work on behalf of the foundation and my active participation in the transplant community constantly remind me that the issue of liver allocation would be moot if the number of existing, viable organs were offered for use by a greater number of potential donor families. This is what UNOS should be focusing on, not finding ways to ration health care.

I do remain optimistic, as always. The UNOS policy announced in October was met with considerable public discussion. Thankfully, Secretary Shalala and the Department of Health and Human Services have intervened by calling hearings to take place December 10-12. It is my hope that these hearings will help to broaden public understanding of this important issue. It is also my hope that public scrutiny will enhance the credibility of the entire donation and allocation process.

I, along with my brother Jeff and Carl Lewis, will testify on December 11. Please be kind enough to let me know if there is anything else I might be able to do in order to support this process. Meanwhile, I greatly appreciate the time and effort you have committed to this issue.

Sincerely,

Wendy Marx
Wendy Marx

Wendy Marx
141 Vicksburg Street
San Francisco, CA 94114

THE WHITE HOUSE
WASHINGTON

DATE: December 9, 1996

NOTE FOR: Secretary Rubin

The President has reviewed the attached, and it is forwarded to you for your:

Information ☒

Action ☐

12-9-96

Todd -

Are these okay
to send out? yes

~~Mr. Rubin~~

~~cc:~~

c |

Thank you.

Staff Secretary
(x6-2702)

cc:

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

12-9-96

December 7, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
PHIL CAPLAN
HELEN HOWELL

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- Make
Me 5
copies
Send copies
to Rubin's
Guus, Boon*
- (A) **Shalala memo on poverty.** Concerns recent poverty trends and the role the federal safety net has played in reducing poverty. She concludes that, although critics may discount the importance of federal safety net programs, they have played a major role in safeguarding poor children and families. Indeed, in 1995, more than 30 million people -- over half of all those who were "pre-transfer" poor (i.e., before factoring in taxes or government support) were lifted out of poverty by government benefits. She notes that, as the welfare reform act is implemented, we will need to look at the effects on poverty of a wide range of Federal and state policy changes. She suggests that, just as your first-term support for EITC expansion and an increase in the minimum wage aided the working poor, in the second term we will need to increase employment opportunities for low-income people and fix the food stamp and immigration provisions of the welfare law.
- cc Spencey
Reed*
- (B) **Gotbaum (Treasury) follow-up on real wages.** Via Rubin. You forwarded a recent Business Week article claiming that real wages are still falling based upon a report of the Economic Policy Institute. The article argues that the mix of jobs is getting worse and the average person is earning less. Gotbaum urges you to take the article with a grain of salt. There are a variety of measures of real wages -- many have shown an improvement since 1993, and some have not. "Overall, we believe that the fall has stopped and may have begun to turn up." He also notes that to the extent the CPI overstates increases in the cost of living, all measures of the growth in real wages reflected in this memo are understated.
- cc Spencey*
- (C) **"Clinton urged to spare poor the budget knife," Washington Times, November 28.** Via Erskine. Bob Greenstein, director of the Center for Budget and Policy Priorities, stated that programs for the poor cannot afford further cuts while the two big middle-class entitlements continue to grow unchecked. "Sooner or later we'll have to come back and take a look at Medicare premiums." Greenstein also endorsed a 0.2 to 0.5% yearly reduction in Social Security COLAs, and said the CPI change ought to be on the table. "If there is a consensus that the CPI slightly overstates the cost of living, it is appropriate to take that into account."

THE PRESIDENT HAS SEEN

THE PRESIDENT HAS SEEN

12-9-96

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

DEC 2 1996

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MEMORANDUM TO THE PRESIDENT

8924

I would like to share with you an analysis of recent poverty trends and the role Federal safety net programs have had in ameliorating poverty.

In September, the Bureau of the Census reported that poverty in America declined in 1995: overall, the percentage of people who are poor in America dropped from 14.5 percent in 1994 to 13.8 percent or about 1 in 7 Americans. For children, the poverty rate was down by a full percentage point from the previous year to 20.8 percent or 1 in 5 children, and for the elderly, the rate dropped from 11.7 percent to 10.5 percent.

This downward trend is certainly good news for the country, although the percentage of people who remain in poverty--especially the percentage of children-- is troubling.

Poverty Trends Over Time

There are a number of ways to look at poverty trends (see Table One). The number of people who are poor before taxes or any government support ("pre-transfer poor") is an indicator of how well Americans are doing on their own.

* Pre-transfer poverty for adults and children has fluctuated over time and in general is considerably higher during recessions. In 1995, one in five Americans was pre-transfer poor while one in four children and one out of two seniors was pre-transfer poor. For all groups this poverty rate was down significantly from its peak in 1993. Clearly Americans of all ages are doing better as the economy moves beyond the recession.

The "official" poverty rate takes into account government cash assistance, including social insurance programs (Social Security and Workmen's Compensation) and means-tested income support programs (Supplemental Security Income and Aid to Families with Dependent Children).

The performance of government cash transfers in reducing poverty for the elderly is remarkable. In 1995, almost 80 percent of pre-transfer poor elderly were removed from poverty, dropping their poverty rate from 49.9 percent to 10.5 percent. This is primarily due to Social Security benefits. Unfortunately, the impact of cash transfers on children is much less impressive. In 1995, child poverty was reduced by just 14 percent (from 24.2 percent to 20.8 percent) as a result of government support.

Defining Poverty

As measured by the U.S. Bureau of the Census, the current official definition of poverty measures pretax money income, including government cash transfers (AFDC and SSI benefits) but excluding income gains or losses attributable to capital gains. The official measure does not include the value of non-cash benefits, many of which are means-tested and directly targeted toward the poor (child care, child support enforcement, JOBS, emergency assistance and foster care, Medicaid, SSI, Food Stamps, child nutrition programs, and housing subsidies). The official measure also excludes tax transfers, such as the Earned Income Tax Credit. Consequently, the current official measure does not capture the full extent to which our nation's safety net programs ameliorate poverty -- only 18 percent of Federal expenditures for low income families are included in the official statistics. If all noncash transfers were included with the exception of Medicaid, 56 percent of Federal safety net expenditures could have a significant additional anti-poverty effect. (Medicaid is excluded because of the difficulty in assigning a dollar value to it and to private health insurance).

Recently, there has been much discussion regarding the appropriate measure of poverty. A National Academy of Sciences report recommended a number of changes in how poverty is measured, including expanding the definition of what counts as income for people of all income levels to include noncash benefits and exclude out of pocket expenses for medical and child care. In addition, the report recommended modifying the poverty threshold. While no change in method of measuring poverty has been made to date, it is useful to assess the impacts of noncash government transfers on poverty to capture the fuller effect of the safety net.

Effectiveness of Safety Net Programs

Table Two measures the effectiveness of our Federal anti-poverty programs. The table uses published Census data to compare the number of *pre-transfer poor*, or those who were poor *before* benefits from safety net programs are counted, to the number of *post-transfer poor*, or the number of those in poverty *after* benefits from safety net programs are counted.

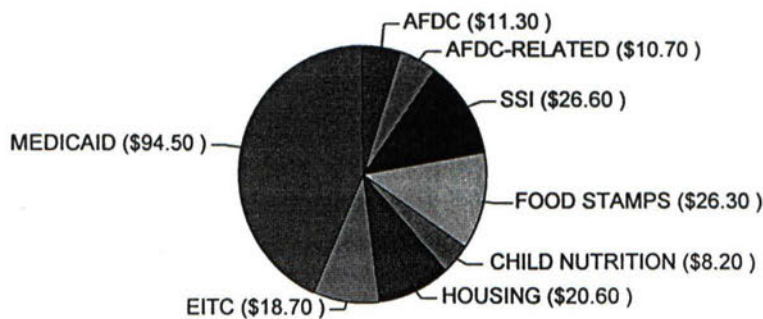
Over the past fifteen years, cash benefits have removed significant numbers of people from poverty. In 1980, cash benefits moved approximately 17.6 million people out of poverty, lowering the pre-transfer poverty rate of 20.8 percent to the official rate of 13.0 percent. The effectiveness of cash benefits increased in 1995. Approximately 21.4 million people were removed from poverty, reducing the overall number of poor from 57.8 million to 36.4 million. In percentage terms, the poverty rate was reduced by over one-third, from 21.9 to 13.8 percent.

When both cash and noncash government benefits are counted, the number of pre-transfer poor who are removed from poverty increases even more significantly. While cash benefits moved approximately 21.4 million people above poverty in 1995, counting noncash benefits (including benefits from programs such as Food Stamps, Housing Assistance, and School Lunches) lifts an additional 9.2 million people out of poverty.

SOCIAL SAFETY NET PROGRAMS

Total = \$216.3 Billion FY 1996

Source: Outlay estimates, FY97 President's Budget



The combination of cash and noncash benefits dropped the pre-transfer poverty rate of 21.9 percent to 10.3 percent -- the lowest post-transfer rate since 1980. In total, nearly 53 percent of the pre-transfer poor would be lifted out of poverty, if both cash and noncash benefits are counted.

A combination of cash and noncash benefits provided by safety net programs have a much greater impact in reducing child poverty than cash benefits alone have. In 1995, 2.4 million children -- 14.1 percent of all pre-transfer poor children -- were removed from poverty by cash transfer benefits. The combination of cash and noncash benefits lifted 7.1 million children above the poverty line--41.3 percent of all pre-transfer poor children. Thus the post-transfer child poverty rate counting both cash and noncash benefits is 14.2 percent, down from the official definition rate of 20.8 percent.

Of particular note is the effect of the Earned Income Tax Credit, a Federal refundable tax credit designed exclusively for working Americans. The number of families and children assisted by the EITC has increased steadily since the early 1990's, when your legislation significantly expanded it. Analysis of published data from the Census Bureau indicates that in 1995, the EITC rewarded the work of 15 million working families and alone removed 3.2 million people from poverty, 1.6 million of whom were children. In 1995, the EITC was responsible for moving nearly 10 percent of all pre-transfer poor children from poverty.

Effects of Safety Net Programs During Recessionary Periods

An important characteristic of government benefits, whether cash or noncash, has been that they expand during recessionary periods to counteract the increases in poverty that naturally occur. As can be seen in Table Two, the safety net programs performed better during the recession of the early 1990's than during the recession in the early 1980's.

When poverty crested during the recession of the early 1980's, the number of pre-transfer poor was nearly 53.3 million. During 1983, when safety net programs had been weakened as a result of the Reagan-era policy changes, cash and non-cash benefits lifted 44.8 percent of the pre-transfer poor out of poverty. In 1993, however, when the safety net programs were considerably stronger and EITC expansions had begun to take effect, cash and non-cash benefits were able to lift 48.3 percent of pre-transfer individuals out of poverty. Furthermore, as the recessionary effects have receded and the economy has continued to improve, the array of safety net programs has been able to lift even more people out of poverty. In 1995, nearly 30.6 million people, or 53 percent of the pre-transfer poor, were lifted out of poverty. Historically, this represents the most effective performance ever of our nation's safety net.

Conclusion

While critics may continue to discount the viability and importance of the Federal safety net, it is clear that our anti-poverty programs have been effective in safeguarding poor children and families. In 1995 alone, more than 30 million people--greater than half of all who were pre-transfer poor--were lifted out of poverty as a direct result of government benefits. In sum, our anti-poverty programs continue to lift more people out of poverty than ever before.

Clearly, as the Personal Responsibility and Work Opportunity Act is implemented, we will need to look at the effects on poverty of a wide range of Federal and state policy changes. The Act itself requires that each state report child poverty data annually and calls for the state to submit a corrective action plan to reduce child poverty if its rate increases by five percent or more within a year. The Act also gives the Department resources to conduct research and evaluation studies, requires that states collect and submit a large amount of data annually, and directs the Census Bureau to launch a new longitudinal study of children and families. All of these mechanisms should yield important new information. In addition, the first report to the Congress required by the Welfare Indicators Act of 1994 calls for the annual reporting of indicators of welfare dependence. The report also supports reporting on the status of children. The report has just been submitted to the Congress; it was prepared by HHS with the assistance of a bipartisan advisory board that supported tracking the poverty levels and status of children as welfare reform progresses. During the next year, we will narrow the list of data elements to be tracked and prepare the first annual report of the data.

Your successful battles to expand the EITC and increase the minimum wage will significantly help the working poor in the coming years. In the second term, we will move ahead to increase employment opportunities for low income individuals, solidify mechanisms for collecting the information and data that will be vital to assessing the impact of federal and state policy changes, and fix the flawed parts of the new welfare law you identified in July--including the Food Stamps and immigration provisions. All of these actions are necessary to ensure that the downward trend in poverty continues.



Donna E. Shalala

Table One
**Poverty Trends
1980-1995**

Defintion	1980	1983	1985	1987	1990	1993	1995
Pre-Transfer Poor							
<u>All persons</u>							
Rate	20.8	23.0	21.3	20.4	20.5	23.4	21.9
Total Number	46,806	53,291	50,395	49,160	50,972	60,671	57,758
<u>Children</u>							
Rate	22.0	25.9	23.7	23.0	23.5	26.3	24.2
Total Number	13,841	16,144	14,902	14,558	15,287	18,198	17,077
<u>Seniors</u>							
Rate	54.2	50.4	49.2	47.6	46.4	50.8	49.9
Total Number	13,380	13,262	13,442	13,560	13,963	15,636	15,797
Official Definition, including cash benefits							
<u>All persons</u>							
Rate	13.0	15.2	14.0	13.4	13.5	15.1	13.8
Total Number	29,254	35,218	33,123	32,292	33,567	39,151	36,395
<u>Children</u>							
Rate	18.3	22.3	20.7	20.3	20.6	22.7	20.8
Total Number	11,513	13,900	13,015	12,849	13,400	15,727	14,665
<u>Seniors</u>							
Rate	15.7	13.8	12.6	12.5	12.2	12.2	10.5
Total Number	3,876	3,631	3,443	3,561	3,671	3,755	3,324
Post-Transfer, including Non-Cash Transfer							
<u>All Persons</u>							
Rate	10.1	12.7	11.7	11.0	10.9	12.1	10.3
Total Number	22,728	29,426	27,681	26,508	27,102	31,373	27,164
<u>Children</u>							
Rate	13.5	18.2	16.8	16.1	15.8	17.5	14.2
Total Number	8,493	11,345	10,563	10,190	10,278	12,126	10,020
<u>Seniors</u>							
Rate	11.7	10.1	9.7	9.3	9.5	9.5	8.5
Total Number	2,888	2,658	2,650	2,649	2,859	2,924	2,691

Table Two

**Persons Removed From Poverty Resulting From
Government Transfers**

	1980	1983	1985	1987	1990	1993	1995
ALL PERSONS							
Pre-Transfer Poor, All Persons	46,806	53,291	50,395	49,160	50,972	60,671	57,758
Number of Persons Removed							
Using Official Definition	17,552	18,073	17,271	16,869	17,405	21,520	21,362
Percent of Pre-Transfer Poor	37.5%	33.9%	34.3%	34.3%	34.1%	35.5%	37.0%
Including Non-Cash Transfers (def. 14)	24,078	23,865	22,713	22,652	23,870	29,298	30,593
Percent of Pre-Transfer Poor	51.4%	44.8%	45.1%	46.1%	46.8%	48.3%	53.0%
<i>Additional Impact of Including</i>							
Non-Cash Transfers	6526	5793	5442	5784	6465	7778	9231
Percent of Pre-Transfer Poor	13.9%	10.9%	10.8%	11.8%	12.7%	12.8%	16.0%
Removed as Result of EITC							
Percent of Pre-Transfer Poor	1.4%	0.9%	0.5%	1.5%	2.4%	3.0%	5.5%
CHILDREN							
Pre-Transfer Poor, Children under 18	13,841	16,144	14,902	14,558	15,287	18,198	17,077
Number of Children Removed							
Using Official Definition	2,328	2,244	1,886	1,709	1,886	2,471	2,412
Percent of Pre-Transfer Poor Children	16.8%	13.9%	12.7%	11.7%	12.3%	13.6%	14.1%
Including Non-Cash Transfers (def. 14)	5,348	4,800	4,338	4,367	5,009	6,072	7,057
Percent of Pre-Transfer Poor Children	38.6%	29.7%	29.1%	30.0%	32.8%	33.4%	41.3%
<i>Additional Impact of Including Non-Cash Transfers</i>							
Number of Pre-Transfer Poor Children	3,020	2,556	2,452	2,658	3,122	3,601	4,645
Percent of Pre-Transfer Poor Children	21.8%	15.8%	16.5%	18.3%	20.4%	19.8%	27.2%
Removed as Result of EITC							
Percent of Pre-Transfer Poor Children	2.3%	1.2%	1.3%	2.2%	3.4%	4.6%	9.5%
ELDERLY							
Pre-Transfer Poor, Elderly	13,380	13,262	13,442	13,560	13,963	15,636	15,797
Number of Elderly Removed							
Using Official Definition	9,504	9,631	10,000	9,999	10,292	11,881	12,473
Percent of Pre-Transfer Poor Elderly	71.0%	72.6%	74.4%	73.7%	73.7%	76.0%	79.0%
Including Non-Cash Transfers (def. 14)	10,492	10,604	10,792	10,911	11,104	12,712	13,106
Percent of Pre-Transfer Poor Elderly	78.4%	80.0%	80.3%	80.5%	79.5%	81.3%	83.0%
<i>Additional Impact of Including Non-Cash Transfers</i>							
Number of Pre-Transfer Poor Elderly	987	974	792	912	813	831	633
Percent of Pre-Transfer Poor Elderly	7.4%	7.3%	5.9%	6.7%	5.8%	5.3%	4.0%
Removed as Result of EITC							
Percent of Pre-Transfer Poor Elderly	0.0%	0.2%	0.0%	0.0%	0.0%	0.4%	0.2%



'96 DEC 6 PM 5:05

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

December 6, 1996

THE PRESIDENT HAS SEEN
12-9-96

MEMORANDUM FOR THE PRESIDENT

Through: Robert E. Rubin *RE*

From: Joshua Gotbaum *JG*
Assistant Secretary for Economic Policy

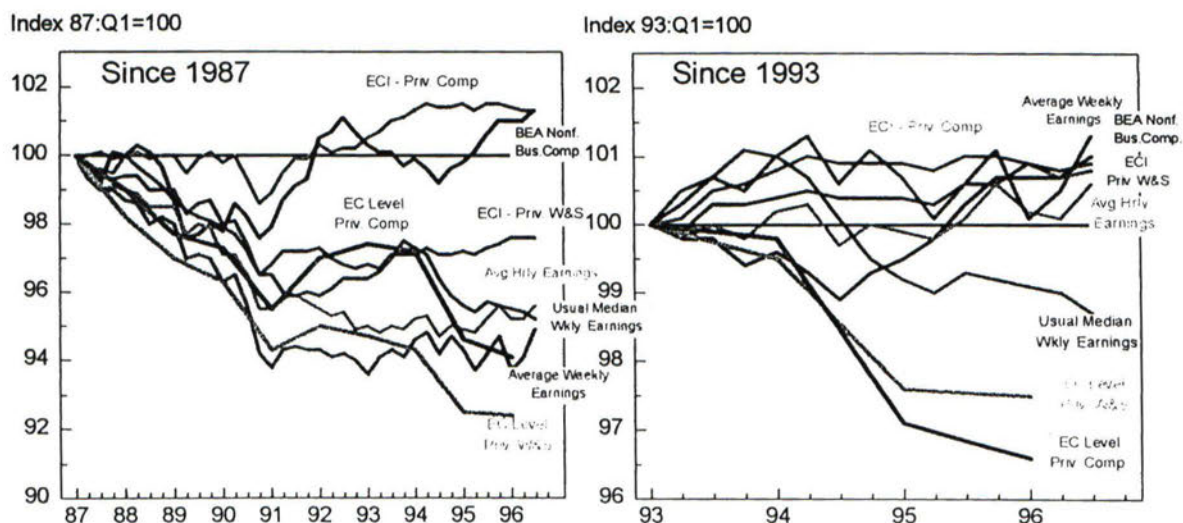
Re: Are real wages really falling?

You sent over a recent *Business Week* article that claimed real wages are still falling, based upon a report of the Economic Policy Institute. It notes that, while the official Employment Cost Index (ECI) for hourly compensation had been about flat in real terms since 1987 – and risen in your Administration – another measure, based on the same underlying data, shows a continued drop. Since the difference between the two is that the ECI controls for changes in the mix of industry and occupation, the article argues that the mix of jobs is getting worse and that the average person is earning less.

Take it with a grain of salt. There are, as you know, a variety of measures of real compensation and real wages. As the charts below show, many of them have shown an improvement since 1993, though some have not. Overall, we believe that the fall has stopped and may have begun to turn up.

However, there are measures, including the one that the *Business Week* article highlights (shown in red), that continue to show a decline. The Economic Policy Institute has, in its work over the years, focused on those measures. This narrow focus paints an overly pessimistic picture.

It is also worth noting that, to the extent the CPI overstates increases in the cost of living, all of the measures below understate the growth in real wages.



Note: All series deflated by CPI-U except for average hourly and weekly earnings, which are deflated by the CPI-W.
Usual weekly earnings series shown as a four-quarter moving average, since it is not seasonally adjusted.

cc Leon Panetta
Erskine Bowles
Laura Tyson
Bruce Reed

The Workplace

COMMENTARY

By Aaron Bernstein

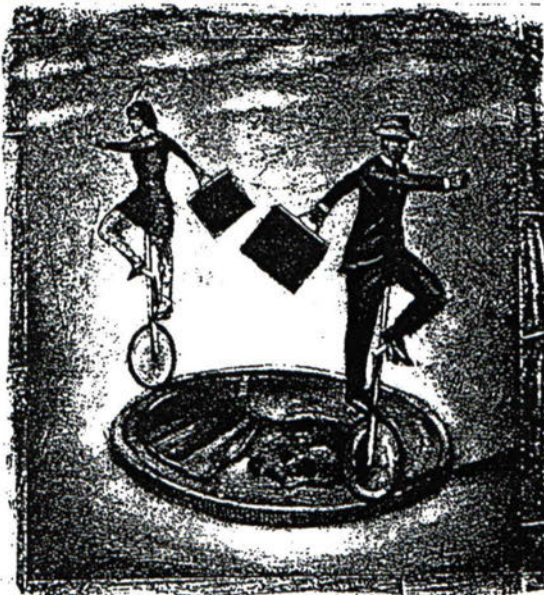
BIGGER PAYCHECKS, YES. BETTER PAY, NO

Anual incomes finally rose last year after six flat years. Wage hikes periodically spook the bond market. And President Clinton announces every chance he gets that the economy has turned the corner. It's all true, and many Americans are doing better since job growth finally picked up in the past year or so. But don't celebrate yet: There's strong evidence that the two-decade trend of wage stagnation continues unabated.

It's easy to get a misleading picture, since the government conducts a half-dozen wage surveys that all tell different stories. The monthly series that bond hawks watch, which shows pay outpacing inflation, is so erratic that most labor economists dismiss it. The better assessment comes from a once-a-year snapshot taken each March as part of the Bureau of Labor Statistics' survey of labor costs. The 1996 figure, released in mid-October, shows that compensation growth still trails consumer prices. These numbers "are the best measure of the income of average American workers over the long term," says BLS Commissioner Katharine G. Abraham. And while the figures don't include the past seven months, there's little reason to suspect a sharp turn off the long-term course.

DETROIT SWAP. So how can incomes be rising if wages aren't? Simple. Strong job growth lets people work more hours, so households have more to spend. But that doesn't mean employees are earning more per hour. In other words, paychecks are up because Americans are working harder and longer, not because the long-term trends holding down wages—the shift to services, globalization, weak unions, and so on—have been checked. "All the long-term wage problems haven't gone away," says Marvin H. Kosters, an economist at the American Enterprise Institute, a conservative think tank in Washington.

To see why he's right, look at the BLS Employment Cost series. The data come in two versions. The more



closely watched one, a quarterly index, tries to measure the same type of labor year to year. It assumes that the proportion of every type of worker in the economy—factory, service, professional, blue-collar—doesn't change. The second version, the so-called compensation-level survey done each March, includes occupational, industry, and other shifts. It shows that compensation has trailed inflation by six percentage points since the bureau began keeping track in 1987, while pay and benefits as gauged by the quarterly index have outpaced consumer prices (chart).

While the index offers the best picture of what employers pay for labor, the so-called level is better for gauging what employees earn, says Kosters and other labor economists. The two aren't the same. Take Detroit auto makers. They recently granted above-inflation raises to union workers, whose pay and benefits run \$43 an hour. But in recent years, the Big Three have outsourced jobs to suppliers that often pay only \$20 an hour. If suppliers also raise pay above inflation, the index would register real compensation gains. But in reality, thousands of high-wage jobs were swapped for lower-paid ones, reducing average wages. This only shows up in the level survey. Indeed,

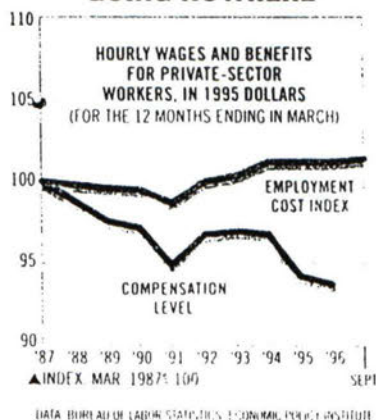
auto workers battled Detroit over outsourcing in their just-concluded contracts precisely because the practice lowers wages in the industry. **TEMP TIDE.** Similarly, because the level method accounts for the shifting mix of job types, it's the only one that factors in such trends as the spread of lower-wage jobs. And these trends have been big in recent years. For instance, employment in the temporary help industry has soared by 70% since 1990, to 2.2 million. This pulls down average wages, because temp jobs pay \$8.79 an hour, vs. \$11.44 for full-time ones, according to the BLS.

The same holds true when service jobs, which average \$15 an hour, proliferate, replacing factory ones that pay \$20, according to the Economic Policy Institute, a liberal think tank in Washington. Since 1989, 1 million factory jobs have vanished while service jobs have soared by 10 million. EPI figures show. "The shift to low-wage industries continues to pull down wages," says EPI Chief Economist Larry Mishel.

Americans are doing better in a healthier job market, true enough. But don't mistake the good news for the whole story. Plenty of evidence still weighs wages down.

Bernstein watches workplace trends from Washington.

WAGES: STILL GOING NOWHERE



THE WHITE HOUSE
WASHINGTON

DATE: December 9, 1996

NOTE FOR: Secretary Shalala

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

THE PRESIDENT HAS SEEN

12-9-96

DEC 2 1996

96 DEC 6

MEMORANDUM TO THE PRESIDENT

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Table Two measures the effectiveness of our Federal anti-poverty programs. The table uses published Census data to compare the number of *pre-transfer poor*, or those who were poor *before* benefits from safety net programs are counted, to the number of *post-transfer poor*, or the number of those in poverty *after* benefits from safety net programs are counted.

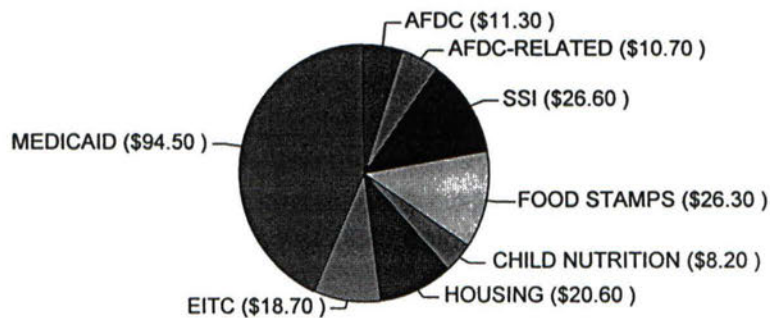
Over the past fifteen years, cash benefits have removed significant numbers of people from poverty. In 1980, cash benefits moved approximately 17.6 million people out of poverty, lowering the pre-transfer poverty rate of 20.8 percent to the official rate of 13.0 percent. The effectiveness of cash benefits increased in 1995. Approximately 21.4 million people were removed from poverty, reducing the overall number of poor from 57.8 million to 36.4 million. In percentage terms, the poverty rate was reduced by over one-third, from 21.9 to 13.8 percent.

When both cash and noncash government benefits are counted, the number of pre-transfer poor who are removed from poverty increases even more significantly. While cash benefits moved approximately 21.4 million people above poverty in 1995, counting noncash benefits (including benefits from programs such as Food Stamps, Housing Assistance, and School Lunches) lifts an additional 9.2 million people out of poverty.

SOCIAL SAFETY NET PROGRAMS

Total = \$216.3 Billion FY 1996

Source: Outlay estimates, FY97 President's Budget



The combination of cash and noncash benefits dropped the pre-transfer poverty rate of 21.9 percent to 10.3 percent -- the lowest post-transfer rate since 1980. In total, nearly 53 percent of the pre-transfer poor would be lifted out of poverty, if both cash and noncash benefits are counted.

A combination of cash and noncash benefits provided by safety net programs have a much greater impact in reducing child poverty than cash benefits alone have. In 1995, 2.4 million children -- 14.1 percent of all pre-transfer poor children -- were removed from poverty by cash transfer benefits. The combination of cash and noncash benefits lifted 7.1 million children above the poverty line--41.3 percent of all pre-transfer poor children. Thus the post-transfer child poverty rate counting both cash and noncash benefits is 14.2 percent, down from the official definition rate of 20.8 percent.

Of particular note is the effect of the Earned Income Tax Credit, a Federal refundable tax credit designed exclusively for working Americans. The number of families and children assisted by the EITC has increased steadily since the early 1990's, when your legislation significantly expanded it. Analysis of published data from the Census Bureau indicates that in 1995, the EITC rewarded the work of 15 million working families and alone removed 3.2 million people from poverty, 1.6 million of whom were children. In 1995, the EITC was responsible for moving nearly 10 percent of all pre-transfer poor children from poverty.

Effects of Safety Net Programs During Recessionary Periods

An important characteristic of government benefits, whether cash or noncash, has been that they expand during recessionary periods to counteract the increases in poverty that naturally occur. As can be seen in Table Two, the safety net programs performed better during the recession of the early 1990's than during the recession in the early 1980's.

When poverty crested during the recession of the early 1980's, the number of pre-transfer poor was nearly 53.3 million. During 1983, when safety net programs had been weakened as a result of the Reagan-era policy changes, cash and non-cash benefits lifted 44.8 percent of the pre-transfer poor out of poverty. In 1993, however, when the safety net programs were considerably stronger and EITC expansions had begun to take effect, cash and non-cash benefits were able to lift 48.3 percent of pre-transfer individuals out of poverty. Furthermore, as the recessionary effects have receded and the economy has continued to improve, the array of safety net programs has been able to lift even more people out of poverty. In 1995, nearly 30.6 million people, or 53 percent of the pre-transfer poor, were lifted out of poverty. Historically, this represents the most effective performance ever of our nation's safety net.

Conclusion

While critics may continue to discount the viability and importance of the Federal safety net, it is clear that our anti-poverty programs have been effective in safeguarding poor children and families. In 1995 alone, more than 30 million people--greater than half of all who were pre-transfer poor--were lifted out of poverty as a direct result of government benefits. In sum, our anti-poverty programs continue to lift more people out of poverty than ever before.

Clearly, as the Personal Responsibility and Work Opportunity Act is implemented, we will need to look at the effects on poverty of a wide range of Federal and state policy changes. The Act itself requires that each state report child poverty data annually and calls for the state to submit a corrective action plan to reduce child poverty if its rate increases by five percent or more within a year. The Act also gives the Department resources to conduct research and evaluation studies, requires that states collect and submit a large amount of data annually, and directs the Census Bureau to launch a new longitudinal study of children and families. All of these mechanisms should yield important new information. In addition, the first report to the Congress required by the Welfare Indicators Act of 1994 calls for the annual reporting of indicators of welfare dependence. The report also supports reporting on the status of children. The report has just been submitted to the Congress; it was prepared by HHS with the assistance of a bipartisan advisory board that supported tracking the poverty levels and status of children as welfare reform progresses. During the next year, we will narrow the list of data elements to be tracked and prepare the first annual report of the data.

Your successful battles to expand the EITC and increase the minimum wage will significantly help the working poor in the coming years. In the second term, we will move ahead to increase employment opportunities for low income individuals, solidify mechanisms for collecting the information and data that will be vital to assessing the impact of federal and state policy changes, and fix the flawed parts of the new welfare law you identified in July--including the Food Stamps and immigration provisions. All of these actions are necessary to ensure that the downward trend in poverty continues.



Donna E. Shalala

Table One
Poverty Trends
1980-1995

Defintion	1980	1983	1985	1987	1990	1993	1995
Pre-Transfer Poor							
<u>All persons</u>							
Rate	20.8	23.0	21.3	20.4	20.5	23.4	21.9
Total Number	46,806	53,291	50,395	49,160	50,972	60,671	57,758
<u>Children</u>							
Rate	22.0	25.9	23.7	23.0	23.5	26.3	24.2
Total Number	13,841	16,144	14,902	14,558	15,287	18,198	17,077
<u>Seniors</u>							
Rate	54.2	50.4	49.2	47.6	46.4	50.8	49.9
Total Number	13,380	13,262	13,442	13,560	13,963	15,636	15,797
Official Definition, including cash benefits							
<u>All persons</u>							
Rate	13.0	15.2	14.0	13.4	13.5	15.1	13.8
Total Number	29,254	35,218	33,123	32,292	33,567	39,151	36,395
<u>Children</u>							
Rate	18.3	22.3	20.7	20.3	20.6	22.7	20.8
Total Number	11,513	13,900	13,015	12,849	13,400	15,727	14,665
<u>Seniors</u>							
Rate	15.7	13.8	12.6	12.5	12.2	12.2	10.5
Total Number	3,876	3,631	3,443	3,561	3,671	3,755	3,324
Post-Transfer, including Non-Cash Transfer							
<u>All Persons</u>							
Rate	10.1	12.7	11.7	11.0	10.9	12.1	10.3
Total Number	22,728	29,426	27,681	26,508	27,102	31,373	27,164
<u>Children</u>							
Rate	13.5	18.2	16.8	16.1	15.8	17.5	14.2
Total Number	8,493	11,345	10,563	10,190	10,278	12,126	10,020
<u>Seniors</u>							
Rate	11.7	10.1	9.7	9.3	9.5	9.5	8.5
Total Number	2,888	2,658	2,650	2,649	2,859	2,924	2,691

Table Two

**Persons Removed From Poverty Resulting From
Government Transfers**

	1980	1983	1985	1987	1990	1993	1995
ALL PERSONS							
Pre-Transfer Poor, All Persons	46,806	53,291	50,395	49,160	50,972	60,671	57,758
Number of Persons Removed							
Using Official Definition	17,552	18,073	17,271	16,869	17,405	21,520	21,362
Percent of Pre-Transfer Poor	37.5%	33.9%	34.3%	34.3%	34.1%	35.5%	37.0%
Including Non-Cash Transfers (def. 14)	24,078	23,865	22,713	22,652	23,870	29,298	30,593
Percent of Pre-Transfer Poor	51.4%	44.8%	45.1%	46.1%	46.8%	48.3%	53.0%
<i>Additional Impact of Including</i>							
Non-Cash Transfers	6526	5793	5442	5784	6465	7778	9231
Percent of Pre-Transfer Poor	13.9%	10.9%	10.8%	11.8%	12.7%	12.8%	16.0%
Removed as Result of EITC							
Percent of Pre-Transfer Poor	1.4%	0.9%	0.5%	1.5%	2.4%	3.0%	5.5%
CHILDREN							
Pre-Transfer Poor, Children under 18	13,841	16,144	14,902	14,558	15,287	18,198	17,077
Number of Children Removed							
Using Official Definition	2,328	2,244	1,886	1,709	1,886	2,471	2,412
Percent of Pre-Transfer Poor Children	16.8%	13.9%	12.7%	11.7%	12.3%	13.6%	14.1%
Including Non-Cash Transfers (def. 14)	5,348	4,800	4,338	4,367	5,009	6,072	7,057
Percent of Pre-Transfer Poor Children	38.6%	29.7%	29.1%	30.0%	32.8%	33.4%	41.3%
<i>Additional Impact of Including Non-Cash Transfers</i>							
Number of Pre-Transfer Poor Children	3,020	2,556	2,452	2,658	3,122	3,601	4,645
Percent of Pre-Transfer Poor Children	21.8%	15.8%	16.5%	18.3%	20.4%	19.8%	27.2%
Removed as Result of EITC							
Percent of Pre-Transfer Poor Children	2.3%	1.2%	1.3%	2.2%	3.4%	4.6%	9.5%
ELDERLY							
Pre-Transfer Poor, Elderly	13,380	13,262	13,442	13,560	13,963	15,636	15,797
Number of Elderly Removed							
Using Official Definition	9,504	9,631	10,000	9,999	10,292	11,881	12,473
Percent of Pre-Transfer Poor Elderly	71.0%	72.6%	74.4%	73.7%	73.7%	76.0%	79.0%
Including Non-Cash Transfers (def. 14)	10,492	10,604	10,792	10,911	11,104	12,712	13,106
Percent of Pre-Transfer Poor Elderly	78.4%	80.0%	80.3%	80.5%	79.5%	81.3%	83.0%
<i>Additional Impact of Including Non-Cash Transfers</i>							
Number of Pre-Transfer Poor Elderly	987	974	792	912	813	831	633
Percent of Pre-Transfer Poor Elderly	7.4%	7.3%	5.9%	6.7%	5.8%	5.3%	4.0%
Removed as Result of EITC							
Percent of Pre-Transfer Poor Elderly	0.0%	0.2%	0.0%	0.0%	0.0%	0.4%	0.2%

THE WHITE HOUSE
WASHINGTON

December 10, 1996

To: Leon Panetta
Erskine Bowles
Sandy Berger
Frank Raines
Ron Klain

Fr: Todd Stern *ms*

At the 7:30 am meeting this morning, Frank mentioned a McCaffrey memo that included a call for spending \$1.5 billion on drug eradication in Peru, among other things, and that had gone to the President with no vetting.

I have now tracked down what happened: McCaffrey, or someone on his staff, passed that memo directly to the President without sending it through my office. Had I received it on the way in, I would obviously have circulated it for comment as I do everything else that has decisional implications. (The memo came back from the Oval, by the way, while I was on a week's paternity leave, so I didn't see it coming out from the Oval either, although my office received it and sent it to Leon, Erskine and NSC, as the President directed.)

cc: John Angell

President Clinton -
you and the Wife have done a Great Job
as President of this Great Country. Our
Prayers are always with the Clinton
Family. May God Bless and Watch Over
the Clinton Family Daily!

12-10-96

(Todd has seen)

Send to Dorskind
for appropriate
handling?

Yes

✓ (letter &
support)

No

C.

*May the love of the Infant Jesus
be in your heart
this Christmas and throughout the New Year.*

*You are being remembered in the
Christmas Mass Novenas
at the National Shrine of Our Lady of the Snows
in Belleville, Illinois,
and at the Church of the Nativity in Bethlehem.*

*God Bless you!
Coach Claude Sica*

December 10, 1996



To: Betty Currie
Fr: Todd Stern
Re: Suggested lines for gift box

Here's a few suggestions. My favorite is the last one, if it fits.

With appreciation for your dedicated service to the American people.

With appreciation for your dedication and service to the American people.

In gratitude for your service to this Administration and the American people.

With appreciation for your friendship and your dedicated service to the American people.

1
Mrs. Billy Clinton
California threw it out!!

array

12-10-96
(Told her son)
Send to Donald?
Yes ☒
No ☐

'96 DEC 9 PM 12:28

Mrs. Sylviaselma Guberman
582 Nichols Avenue
Stratford, CT 06497
(203) 375-2506

November , 1996

What's wrong with our schools?

How come education is the only field where an experimental procedure is put to use before it is fully proven to be effective? The laboratory animals in these experiments are generations of our children. In industry, a new procedure or mechanism is fully tested in every aspect before it is used. In education, supervisors and coordinators must produce to keep their jobs. The victims of their efforts are the children and the teachers who are condemned because the children do not learn from a destructive program that they are forced to use. The **Whole Language Approach** to reading is not working for all children. Why should so many children be subjected to a program that will not be effective for a majority?

According to the *American Educator Magazine*, Summer Edition 1995, there is stated that the Whole Language Approach that does not incorporate sufficient attention to decoding skills leaves in its wake countless numbers of youngsters who, in the words of one teacher, are surrounded by "beautiful pieces of literature that (they) can't read!" Some teachers have had to hide their phonics books or close the doors to their rooms in order to sneak in some phonics.

To the supervisors of reading programs across our nation that are using the Whole Language Approach to reading: as a very concerned grandparent, I am asking you to stop using these youngsters as guinea pigs. Go back to more phonics. Without hearing sounds, babies would never learn to speak, so it is with new readers who don't sound out language. A program like this can certainly cause illiteracy. Parents can make the difference. With enough parents demanding change, the school system will abandon this reckless course that is ruining our children, who are being turned off on reading.



ROUTING & REQUEST

Please...

- ☐ Read
- ☐ Handle
- ☐ Approve

And...

- ☐ Forward
- ☐ Return
- ☐ Keep or Recycle
- ☐ Review with Me

To: Maurice Lewis

This got sent to me b/c of my involvement w/ the hon. chair's process but that is not what the request is about. Do you handle? If not, who does?

From: Don Bruckhardt

Post-it® 7664 C3M 1995

Date: 12/3/96

12-10-96

rec'd 12/3/96
ME
663-4328

Phil -

To whom should I send for action (Todd has been since it did come down from Nancy's Of)?

Council's still

Dear President Clinton,

The Arkansas Sports Hall of Fame (ASHOF) was organized in 1959 for the purpose of preserving the rich tradition of sports as a part of Arkansas history. Each year since that time, the Hall recognizes outstanding athletic achievements and contribution to sports by our states sons and daughters with induction into the ASHOF.

Today, the ASHOF Board of Directors realizes that in order to continue to meet our objectives, Arkansas needs your help. You have set the standard for success within your chosen field and we know you share our enthusiasm as we continue to select various individuals for induction.

We are asking you to serve as a director of the first ASHOF National Advisory Board. The purpose of this board is to provide ideas, insight, and vision toward the continuous improvement of the ASHOF. While we encourage you to be a member of the ASHOF and attend the annual awards banquet in February, we anticipate no regularly scheduled meetings. Rather, we anticipate providing you with issues we face as a board and ask for your response along with other ideas you may wish to share. Your response and direction will make a difference.

Please complete the enclosed response and return.

Your service to Arkansas is appreciated by each of us.

Sincerely,

Lamar Cole

Lamar Cole, President
Arkansas Sports Hall of Fame

Mike McGibbony

Mike McGibbony, Chairman
National Advisory Board
Committee

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THE DIRECTORS OF THE ARKANSAS SPORTS HALL OF FAME BOARD
ARE LOOKING FORWARD TO WORKING WITH YOU FOR THE BETTERMENT
OF ARKANSAS.



ARKANSAS SPORTS HALL OF FAME

P.O. BOX 250223

LITTLE ROCK, AR 72225

501-663-4328

Arkansas Sports Hall of Fame

I received the invitation letter to serve on the Arkansas Sports Hall of Fame National Advisory Board.

I will be pleased to serve on the National Advisory Board and assist the Board of Directors to deal with various issues as well as to provide my ideas and perspective on improving the ASHOF. I understand my term begins January 1, 1997.

I will be unable to serve on the National Advisory Board.

Comments:

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NUCLEAR AGE PEACE FOUNDATION

'96 DEC 9 AM 11:45

Dec. 3, 1996

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STAFF

Dear President Clinton -

Thanks very much for your note of response to my recent letter. I appreciate it a great deal.

Your letter came in a large envelope marked "Do Not Bend", so I hoped that it might contain an inscribed photograph of you. I have an inscribed photo of President Truman which he gave me after the 1948 campaign. I would like to have your picture to place beside the Truman one, because I am sure that you are going to rank with Truman as one of the great Presidents in our history.

All the best, always -

Frank Kelly

P.S. - My son, Terence Kelly, of Madison, Wisconsin, was one of your active supporters in 1992 and '96. He and his friends own four TV stations in Wisconsin. He sent me a photo of you and Al Gore which I have in my home.

I recently received a Lifetime Achievement Award from the Santa Barbara News-Press. You may be interested in the enclosed article.

(Todd has seen)

Send to Dorskind
for reply?

Yes

no

Coordinate w/USC?

12-10-96

123 • Santa Barbara, CA 93108-2794 • (805) 965-3443 • Fax (805) 568-0466
wagingpeace@napf.org • Web site: <http://www.napf.org>

BOOK OUT

Site the 350
Jan's 1948
baign, calling

Center for the Study of Democratic
Institutions to be based in
Santa Barbara.

"I never heard of Santa Barbara," he said "We came in

dent, and was president of the
University Religious Center. He
is a longtime board member of
Work Training Program Inc.,
and is a

Kelly's gone places with the write ideas

By SALLY CAPPON
NEWS-PRESS CORRESPONDENT

As a teen-ager, Frank K. Kelly didn't just gobble up harrowing science fiction tales.

He wrote them.

"One world has never been enough for me," he said, recalling heart-stopping yarns of starships and interplanetary battles.

Despite getting many published, as an adult Kelly planted his career banner in the

hard reality of politics and journalism.

He carved a remarkable life path as an author, speechwriter for President Harry S. Truman, and promoter of world harmony as a founder of the Nuclear Age Peace Foundation.

On Friday, he will be among

News-Press Lifetime Achievement Awards

This is the third in a series on this year's recipients of News-Press Lifetime Achievement awards.

Kelly used his fertile imagination to create gripping stories, often with a vision. One written for Wonder Stories magazine in 1933 involved this chillingly precognitive plot: The Japan-

the five Santa Barbarans honored with a News-Press 1996 Lifetime Achievement Award.

As a youth, Kelly used his fertile imagination to create gripping stories, often with a vision. One written for Wonder Stories magazine in 1933 involved this chillingly precognitive plot: The Japan-

ese attack Hawaii.

"I don't know where the ideas came from," he said. "I lived in many worlds in my imagination."

His starry journey crashed to Earth at the University of Kansas City, where he studied English. A professor, trying to be complimentary, advised him to do "serious work."

"That brought my science fiction career to an end," said Kelly, who started spinning

SEE AWARD ON A12



STEVE MALONE/NEWS-PRESS

Frank Kelly has capitalized on his imagination.

Kelly carves remarkable life as writer, promoter of peace

tales while working at a box factory after his father lost his job. Kelly labored for 12 hours a day for 25 cents an hour during the Depression.

"All I remember was how terribly tired I was," Kelly said. "There were no child labor laws. They came in with the New Deal."

In his early career, he was a hotshot young reporter for the Kansas City Star and The Associated Press. He won a prestigious Neiman Fellowship at Harvard.

In World War II, he became an Army correspondent, going through Normandy and witnessing the liberation of Paris.

"I like taking risks," he said. "Life is an adventure."

In the process, he "became convinced that war is the greatest enemy of the human race."

Returning to the AP in New York, he wrote a book for the Atlantic Monthly Press on Truman's handling of a crisis between Soviet Union and Iran after World War II.

Shortly after, he got a call from the White House, inviting him to write speeches for Truman's 1948 campaign.

"I thought it was a joke," he said. "I stupidly said, 'Give me time to think it over.'"

In spring 1948, Truman was a "dead duck in the polls," Kelly said. But two women encouraged Kelly to give the speech writing a try — his wife, Barbara, who said, "Why not do it?" and his agent, who added that he might at least get a book out of it.

Kelly helped write the 350 speeches in Truman's 1948 whistle-stop campaign, calling ahead to tell

This year's recipients of the News-Press Lifetime Achievement awards are City Councilman Gilbert Garcia and his wife, Marii Correa De Garcia; the Rev. George J. Hall, retired rector at All Saints By-the-Sea Episcopal Church; author Frank K. Kelly; and Charles A. Storke II, former News-Press associate publisher and editor.

The honorees will receive their awards during a banquet Friday at the Four Seasons Biltmore Hotel.

The awards banquet marks the start of the annual News-Press Christmas

Fund charity drive, which raises money for the Visiting Nurse Association and the Rehabilitation Institute at Santa Barbara.

Donations can be mailed to News-Press Christmas Fund, P.O. Box 1359, Santa Barbara 93102, or dropped off at the News-Press main office, 25 E. Ortega St., or at the News-Press Lompoc Bureau, 908 N. H St.

All donations will be acknowledged in the News-Press. Donations may be made in memory of a loved one or friend, or anonymously.

assistant to the Senate majority leader in the Capitol, staying until 1952.

While the Marshall Plan (which revived postwar Europe) was enacted, the difficulty of effecting policy left him fed up with politics.

He went with a press study group, as well as coordinating an anti-censorship campaign.

"Then along came Robert Hutchins who asked me join the Ford Foundation," Kelly said. "I feel I've been called to one thing after another."

He likes to quote Shakespeare's "Hamlet": "There's a divinity that shapes our ends . . ."

Hutchins, former chancellor of the University of Chicago, was president of the Fund for the Republic established by the Ford Foundation. Kelly became vice president. They formed the Center for the Study of Democratic Institutions to be based in Santa Barbara.

"I never heard of Santa Barbara," he said. "We came in

stopping the arms race.

"That came about in a conversation with George Hall," he said, citing the longtime rector of All Saints By-the-Sea Episcopal Church, who also will receive a Lifetime Achievement Award on Friday.

"He said, 'Why not talk to the Soviet leaders?' Dear old George. He had a big impact."

In 1982, Kelly and three others founded the Nuclear Age Peace Foundation for which he is currently senior vice president. Asked if, at 82, he ever plans to retire, he said, "Never, I hope."

The author of 10 books, he has a rewrite in progress. He does Elderhostel classes on the presidency, and teaches courses at Santa Barbara City College adult education. He was on the board of the Catholic Social Service Agency, serving as president, and was president of the University Religious Center. He is a longtime board member of Work Training Program Inc., and is on the board of directors

Dear Mr. President, Mrs. Clinton
and Chelsea



56 DEC 9 AM 11:44

You are dear to the heart
of Oxford University
and its Association in the capital
of the United States

You are the heart of
Oxford's glorious family
in the nation's capital

Loyally yours,
Joseph & Rochelle

Joseph & Rochelle Aschheim
The Oxford Society of Washington, D.C.
P.O. Box 3758
Washington, D.C. 20007

12-10-96

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The Times August 16, 1996

Superb marble bust by Canova goes on show

BY DALYA ALBERGE
ARTS CORRESPONDENT

A MARBLE head which was sculpted in 1817 by the Neo-Classical master Antonio Canova is being given pride of place at the Ashmolean Museum in Oxford after being saved for the nation.

The Ideal Head is regarded as one of Canova's most refined interpretations of classical beauty. The museum matched the £746,000 paid by a foreign museum; a public appeal was boosted by £560,000 from the Heritage Lottery Fund. Recognising the

head's importance, the Export Licence Reviewing Committee had given it an exceptional "starred" classification: less than a handful of works are put in that category each year.

An article on the sculpture in *The Times* inspired a private benefactor to come forward with £60,000. Brian Murgatroyd wanted to make the donation in memory of his wife, Angela, who had worked at the Ashmolean Library.

The bust, one of the best-preserved Canovas in the country, was a gift from the artist for help in retrieving for Italy works of art removed by the

French during the Napoleonic Wars. His mission's success was partly dependent on the support of William Richard Hamilton, the British Under-Secretary of State for Foreign Affairs, who had previously been involved in bringing to England the Elgin Marbles and Rosetta Stone. Some two years after Canova was dispatched to Paris, he made the bust for Hamilton. A Latin inscription reads: "To his friend for his singular kindness towards himself and his support in recovering from France the monuments of art."

The bust was owned by Hamilton's

descendants. They sold it last year at auction, when a dealer bought it for just under £400,000.

The museum's trust fund and the National Art Collections Fund, Britain's largest art charity, each provided £50,000 towards the purchase price. Some £15,000 came from members of the public.

Timothy Wilson, keeper at the Ashmolean, said that after cleaning and further research, an exhibition about the piece is planned for early next year. It is in such good condition that scholars hope to learn about Canova's original finishes.

Save the Canova or bust

The poet and critic **James Fenton**
launches the Ashmolean's campaign
to keep a great sculpture in Britain

If there is such a thing as compassion fatigue, there must also be heritage rescue fatigue, and if there is heritage rescue fatigue, I imagine that Canova fatigue must also have its familiar clinical symptoms. I am sure that I could hardly have picked a worse moment than the week after the Becket chase fiasco to stand up and plead on the Ashmolean Museum's behalf. The trouble is, one does not choose these moments: they are thrust upon us. Unless a further £80,000 is forthcoming, Canova's *Ideal Head* will be exported on August 9. We desperately want this luminous piece for Oxford.

It has a remarkable story. You will remember that when the French armies under Napoleon swept south through Italy, they took the very best art with them back to the Louvre. The horses of St Mark's, Venice, were placed on the newly built Arc du Carrousel. The *Uffizi* lost, for instance, the *Medici Venus*. The Papal States, under terms of the Treaty of Tolentino in 1797, were forced to yield a hundred masterpieces, including all the most famous sculptures in the Vatican and the Capitoline museums: the *Laocöon*, the *Dying Gladiator*, the *Boy removing a Thorn from his Foot* and so forth.

After the Battle of Waterloo, Pope Pius VII sent Canova, no diplomat but the most famous artist in Europe, to negotiate for the return of Rome's masterpieces. The sculptor nervously made a will, had himself kitted out with an embroidered court dress, with a bag and sword, went to Paris and, arriving on August 29, 1815, took himself off to see Talleyrand at the Ministry of Foreign Affairs.

Everyone knew what Canova's mission must be, and in a few minutes the sculptor found himself out on his ear, in the street, still in his finery — looking, no doubt, like an elaborate piece of interior decorating, and feeling as one does when one is used to wearing a smock, but finds oneself instead kitted out like a four-poster bed.

At that moment, by luck, he was recognised by one of his countrymen, who took him along to see William Richard Hamilton, the British Under-Secretary of State for Foreign Affairs. Hamilton, I have to say, was an expert at getting sculptures from A to B under adverse circumstances, perhaps the greatest expert of his day. He got the Rosetta Stone from Egypt after the Battle of Alexandria, and the

Elgin Marbles, first from the Parthenon, and later, after they had sunk, from the bottom of the sea.

I am not saying that Hamilton was an entirely savoury character, but when it came to networking he could hardly be bettered: he introduced Canova to Castlereagh, who put him in touch with Wellington, Wilhelm von Humboldt (the Prussian minister), Metternich, the Emperor of Austria and, for good measure, the Tsar of Russia. All pulled together, and the British even agreed to finance the return of the sculptures to Rome, with the Prince Regent chipping in on the advice of the Paymaster General, Charles Long.

On October 1, the restitution began. The horses of St Mark's, which had arrived in Paris two decades before, preceded by real lions and followed by dromedaries, were taken down from the Carrousel Arch. The next day (as Francis Haskell and Nicholas Penny tell us in *Taste and the Antique*), "Canova, backed by complicated legal arguments, by Allied bayonets, and above all by the friendship of the English diplomat William Hamilton, began his operations. After difficulties of every kind, the wagons carrying what were still the most famous sculptures in the world arrived in Rome on January 4,

1816." The scene of their return was painted by Francesco Hayez in a lunette in a new wing of the Vatican Museum. "Amazingly enough, he painted this only three years after François Gérard had been commissioned by the Louvre to paint a mural showing 'the arrival in Paris of the masterpieces of art conquered by the Treaty of Tolentino'."

Canova didn't get all his masterpieces back, because Louis XVIII sneakily put several of the pictures into royal apartments, to which he absolutely refused access. The Pope didn't press the point. Everyone admitted that Canova had been remarkably successful, and he himself was keen to thank the people to whom he owed his success. So he carved four "ideal heads" and inscribed them to Wellington, Castlereagh, Charles Long and Hamilton.

The Wellington head is still in Apsley House and the Castlereagh head is still in the possession of the Londonderry family. The Charles Long head went to Fort Worth, Texas. The head the Ashmolean wants to buy passed by descent through the Hamilton heirs until, as I understand it, it was inherited by more than one person but none of the heirs was

in a position to buy the others out.

Despite this perfectly pukka provinance, nobody knew, when the piece came up at auction last year, whether it would make a high figure or whether Canova fatigue would tell against it. I have read that the market was asleep. Not so. The piece had been carefully written up by the great Canova expert Hugh Honour, and was widely publicised. The dealer who bought it for just under £400,000 was lucky.

It is exasperating for the public to read that a piece that sold for such a price last December will now cost £746,000 to save for the nation. A part of this mark-up is VAT, but the rest is, of course, profit. I have to say that it is just as exasperating for a museum to operate in this way as it is for the public. But the Ashmolean has a purchase fund of only £40,000 a year. It cannot possibly intervene at the auction stage — and, of course, if it had bid, it might well have driven up the price.

There is no scandal in this case. This is only the system at work. The system is that when the Export Licence Review Committee has deliberated, and in this case made the Canova bust a starred item, then the people from the V & A choose a champion, an appropriate museum to go out and fight, like Horatius on the bridge. The Ashmolean could, of course, decline the honour of being the champion, but it has been chosen because the bust is of profound national and aesthetic significance, and profoundly appropriate as an addition to its collection.

So the museum not only desires but has a duty to put itself forward as a purchaser. And this involves the sacrifice of all kinds of departmental funds, the scraping together of everything available. So far, £100,000 has been raised in this way, including money from the Friends and the Pilgrim Trust. The shortfall of £80,000 is the sum needed before the meeting of the National Heritage Memorial Fund on July 23. Before that meeting, our case goes before the National Art Collections Fund. If both these decisions go against us, we shall all be chucked in the Tiber, without having had the honour of successfully defending our heritage — the honour this Canova bust happens to be all about.

The author is Professor of Poetry at Oxford University.
William Rees-Mogg is away.

The Times July 11, 1996

for the information
of President Clinton
with respect and
warmest holiday
greetings

Loyally yours,

Joseph & Rochelle

Hoping the
President will
enjoy the two
cards (the Ideal
Head card and
the historic
heart of the
University card)
which I designed
for the University
of Oxford.

With appreciation
Rochelle

For President Clinton,
Mrs. Clinton and Chelsea



Wishing you an Ideal New Year

Joseph and Rochelle Aschheim
The Oxford Society of Washington, D.C.
P.O. Box 3758

Washington, D.C. 20007

with gratitude from
Joseph & Rochelle
Please see 2 pages enclosed.

Burger

THE PRESIDENT HAS SEEN

12-10-94

Did we answer this?

Be

George F. Will

An Abortion Choice

RACINE, Wis.—On a cold night last March, Deborah J. Zimmerman, drunk and nearly nine months pregnant, was wheeled into a local hospital for an emergency Caesarean section. As the obstetrics staff pleaded with her to allow attachment of a fetal monitor, Ms. Zimmerman at first refused. Insisting that she did not want to give birth, she told a surgical aide, 'I'm just going to go home and keep drinking and drink myself to death, and I'm going to kill this thing because I don't want it anyways.' Later that night she gave birth to a girl whose blood alcohol level was .199, nearly twice the threshold for a legal finding of intoxication in Wisconsin. . . . Ms. Zimmerman . . . has been charged with attempted murder.

—The New York Times, Aug. 17
CORPUS CHRISTI, Tex.—A man who drove drunk into a pregnant woman's car was convicted today of killing the woman's baby, who was born a month and a half premature because of the crash. Jurors were not required to consider whether Krystal Zuniga was a person or a fetus at the time of the accident.

—Associated Press, Oct. 17
A healthy baby girl only a few hours

old was found yesterday in a cardboard box outside an apartment building in Brooklyn.

—The New York Times, Oct. 28

COMMACK, L.I.—A cleaner found the body of a newborn in a movie theater restroom this morning, and the authorities said the infant had died of asphyxiation.

—The New York Times, Nov. 19

The college student accused of helping his girlfriend kill their newborn son after she gave birth in a Delaware motel room became the subject of a nationwide police search last night after he failed to surrender to face murder charges.

—The New York Times, Nov. 19

Questions come to mind concerning some recent exercises of the right of "choice," the foundation of "reproductive freedom."

About the two 18-year-olds who are charged with having chosen to kill their seven-and-a-half-pound boy, putting his body in a trash bag in the motel's dumpster: Don't young people read newspapers? Don't they know that, thanks to President Clinton, they could have chosen to have a doctor suck their baby's brains out, and Delaware would not have chosen to charge them with murder?

How did the person who chose the Long Island movie theater restroom as the place to discard the asphyxiated baby make that particular choice? How does one choose that venue over, say, a Starbucks? Has the mother subsequently received any, well, questioning looks from friends, family or co-workers? Pregnant one day, not pregnant the next, when is the baby shower?

Instead of scandalously choosing to leave the baby in a box in Brooklyn, why did the woman, if it was she, not choose, a few hours earlier, to exercise her presidentially protected (by President Clinton's veto of Congress's ban on the procedure) right to a partial birth abortion? The baby would have been pulled by its legs almost out of the birth canal, the doctor would have stuck scissors into the base of its skull, opened the scissors to make a hole for a suction tube, and sucked out its brains. No box, no scandal.

How could the Corpus Christi jurors decide that a murder had occurred without deciding whether the victim was a person or a fetus? What was murdered, "fetal material"? The logic of *Roe v. Wade*, as of partial birth abortion, is that until birth, a fetus

has the legal status and moral standing of hamburger in a woman's stomach. How could the Corpus Christi man, drunk or sober, be guilty of murdering Krystal when Krystal's mother has that presidentially cherished right to choose to have Krystal's brains sucked out?

For that matter, why does not Ms. Zimmerman's constitutional "privacy" right—"our bodies, our choices"—give her the right to choose to kill her fetus with alcohol? Why is a doctor's scissors and suction tube a preferable choice?

Meanwhile, back in Delaware, the Delaware law requires prosecutors to seek the death penalty when a homicide victim is under 14. So the two 18-year-olds who are charged with choosing to kill their baby just minutes after it no longer was eligible for a partial birth abortion are themselves eligible for capital punishment.

In Delaware such punishment is by lethal injection. Could Delaware choose to execute the two by inserting scissors into the bases of their skulls, opening the scissors, inserting suction tubes and sucking out their brains? Of course not. The Constitution forbids choosing cruel and unusual punishments.

Washington Post
11-24-96

Stephen's Prayer

by Sean Dalton

President Clinton's veto of the partial birth abortion ban has prompted me to share the story of our son, Stephen Michael Dalton. To introduce his veto, the president had six women give their testimonies of why they needed to have partial-birth abortions due to the complications of their pregnancies. It is unfortunate that women such as my wife, who chose to carry their pregnancies to term despite the complications involved, were not given the opportunity to share their testimonies. It is for this reason that we share Stephen's Prayer.

It was the spring of 1992. I was in college and at the time taking a course called "Christianity in the Modern World." In this course we debated many difficult issues facing Christians today: abortion, euthanasia, poverty, violence, and the environment, to name a few. Several classes developed into very heated discussions. This was particularly the case with abortion. Raised in the Catholic Church and educated in Catholic schools, I naturally defended the unborn as we debated in class. A pro-choice advocate argued that abortion is necessary because of the situations of rape, incest, deformities, and complications that endanger the health of the mother. I responded with the fact that those situations happen to be only 2% of the cases of abortion in this country, which means the other 98% happen essentially for reasons of convenience. She quickly responded with: "That may be true, but what if you were in that 2%?"

The question stunned me momentarily. What would I do if my future wife was

raped, or our child was severely deformed? After brief contemplation, I answered: "By God's grace I pray that we would have the strength to carry a pregnancy of those circumstances to term."

Two years later in the fall of 1994, my wife and I were expecting our first child. During the fifth month we went in for Jenn's first ultrasound. The miracles of modern technology allowed us to see our baby's heart pumping, arms moving, and legs kicking. It was truly an awesome event. ("For thou didst form my inward parts, thou didst knit me together in my mother's womb" Psalm 139:13.)

However, there was a noticeable change with the technician. At the start of the ultrasound she was very talkative and friendly; but as she examined our child, her countenance changed. She became uncomfortably quiet and then left the room, assuring us that she would return in a minute. I'll never forget the look in Jenn's eyes. We felt there was something wrong and immediately joined hands in prayer. We were left unattended for 20 minutes before our doctor entered the room. He had come across town from the clinic to the hospital to confirm what our suspicions told us. "There is a problem with the baby," he said. "Your child has what is called an omphalocele." He explained this was a sac sticking out of our baby's abdomen containing various organs which should be within the abdominal wall. I had noticed this on the monitor earlier and assumed that the sac was part of the umbilical cord. The doctor informed us that this was a very serious situation

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not done →*

and usually involves other problems with the baby. He referred us to a specialist because it was a case he had not worked with before.

We traveled over five hours to a major university hospital in order to see a specialist. Here they used a more modern, three-dimensional ultrasound which made the other deformities more visible. Our little fighter had a cleft palate, a club foot, and both hands were crimped. The specialist informed us that these deformities quite frequently are the result of a chromosome problem. She then asked if we wanted to terminate the pregnancy and made it sound as if this was the ethical decision to make. We were left alone to make the decision.

Through prayers and tears it was clear to us that God had a plan for His precious child (*"Thy eyes beheld my unformed substance; in thy book were written, every one of them, the days that were formed for me, when as yet there were none of them"* Psalm 139:16). Our decision fell on bewildered ears as we told the specialist that abortion was not an option. We asked if blood work could be done to determine if the problem was in fact a chromosome disorder. Three days later the blood test results confirmed that our baby had a lethal chromosome disorder called Trisomy 18, which has a ratio of 1 in every 5,000 births. We were told that if our baby were to survive the remainder of the pregnancy, he/she would live no longer than three months.

As the pregnancy continued, Jenn was growing at an unusually fast pace. At seven months she was already at full-term size and again we were referred by our doctor to another specialist at a larger hospital. In this examination it was determined that there was an abnormal exchange of fluid between the baby and Jenn and this was potentially dangerous

to her health. With abortion out of the question, we were given the options of inducing labor or the extraction of fluid from Jenn, as often as needed, until she naturally went into labor. This was a difficult decision because the doctor said if we were to induce labor our baby probably would not survive the delivery. We decided to have fluid withdrawn from Jenn and allow her labor to happen according to God's timing. Many family and friends joined us in prayer and we knew that we had to trust. Our prayers were answered and within 24 hours from the time of having to make the decision in regards to Jenn's health, she naturally went into labor.

Our son, Stephen Michael, was brought out from the safety and security of his mother's womb into the safety and security of her arms on December 5, 1994. He lived with us for one precious hour. In that hour he was baptized with water from the Jordan River and loved by his parents and grandparents. I read Psalm 139 which humbled us before the Creator of this beautiful baby boy, whose face was like that of an angel (Acts 6:15). Our doctor, with a tear in his eye, shared that he thought we had made the wrong decision, until that day. The pastor, who baptized Stephen and presided at his funeral, said that never in his 20 years of ministry had he experienced such a moment of grace.

God has tremendously blessed us with the life of Stephen Michael. What more could a parent desire than to know that their child rests peacefully in the arms of our heavenly Father, who Himself knows what it is like to lose a Son? Stephen's Prayer is for the lives of the unborn children that they may have the opportunity to live as he had and in turn bless the lives of others. Won't you join us in Stephen's Prayer? ♦

a
in

Chinese toys play havoc in widening US trade gap

FOREIGN TRADE: *Next year, China will firmly dislodge Japan as the country giving US its biggest deficits*

MARTIN CRUTSINGER

Falls Church, Virginia, AP

Suburban mother Karen Barnes was holiday shopping at a toy store, piling her cart high with stuffed dogs, a Batman doll and a Great Adventures Pirate Ship.

And all the colourful packages bore in tiny letters these words: "Made in China."

Ms Barnes was astonished to hear it. "It looks like I don't have anything not made in China," she said. But she quickly added, "You've got to go for what (children) see on TV and what their friends have."

Across America this holiday season, shoppers will stroll past floor-to-ceiling shelves jammed with Mattel's 101 Dalmatians Basket O' Puppies, the Playtime Pony from Fisher-Price and the ever-popular Ken and Barbie dolls — all Chinese imports.

Fact is, three out of four toys sold in America are foreign-made and 60% of those imports come from China.

And it's not just kids' stuff. The situation is just as lopsided at the shoe store — 60% of all shoes sold in America come from China.

This year's deficit with Japan was still higher through September. But in three months this year the deficit with China was higher, the first time that has happened.

The long-term change, analysts believe, will mean less White House emphasis on Japanese trade barriers and more attention focused on breaking into the huge Chinese market of 1.2 billion people.

"China will become the top priority in the president's second term," said C. Fred Bergsten, head of the Institute for International Economics. He calls China "the most difficult but most important issue facing the world economy."

When US President Bill Clinton was to meet on Sunday in the Philippines with Chinese President Jiang

After their meeting, the men are expected to announce an acceleration of talks concerning China's application to become a member of the World Trade Organisation.

China has been trying for more than two years to join the WTO, the Geneva group that sets the rules for global trade. But the United States has blocked the effort.

The US says China has done far too little to meet WTO requirements of dismantling trade barriers. Indeed, it is those barriers that US officials blame for America's poor showing in exporting to China.

Through the first nine months of this year, imports to the United States of all goods from China were up 10% over the same period a year ago, to \$37.2 billion. During the same period, sales of American products to China were down 2.5% to \$8.2 billion.

The difference between those two figures, the trade deficit, is \$29 billion so far this year, up 14% from last year. In contrast, the US-Japan deficit was \$34.1 billion through September, 27% lower than last year.

"We have made some progress in opening markets in China but we have a long way to go," said Commerce Secretary Mickey Kantor.

US officials say the Clinton administration won't drop its insistence that China's membership in the World Trade Organisation be on a "commercially acceptable basis."

Brookings Institution scholar Nicholas Lardy contends China's high trade barriers protect inefficient, state-run companies that still employ two-thirds of urban workers. China might decide the pain of ending that wouldn't be worth the smaller gains of joining WTO.

Yet Greg Mastel of Washington's Economic Strategy Institute insists if the administration relents it will lose



U.S. News & WORLD REPORT

DECEMBER 16, 1996 / \$2.95

Sweatshop Christmas

Nice gift, but was it made by kids
or exploited workers?

THE PRESIDENT HAS SEEN

TO 12-10-96

← DPC - anything
else (labor) can
do? BC



SANTA'S SWEATSHOP

In a global economy, it's hard to know who made your gift — and under what conditions

It's a perfect Kodak moment. On Christmas morning under the tree, Amanda is thrilled with her trendy new pair of Guess jeans and her Songbird Barbie doll. Joey thinks his new Nike cross-trainers are way cool, and he's in love with his Disney 101 Dalmatians jogging gear. Baby Sis is already kicking her new hand-sewn soccer ball in an imaginary game with her new 51-inch giant Bernie St. Bernard, which Mom bought from the world's most exclusive toy store, F. A. O. Schwarz, in New York City.

But if the kids knew how some of these gifts were made, it might cast a de-

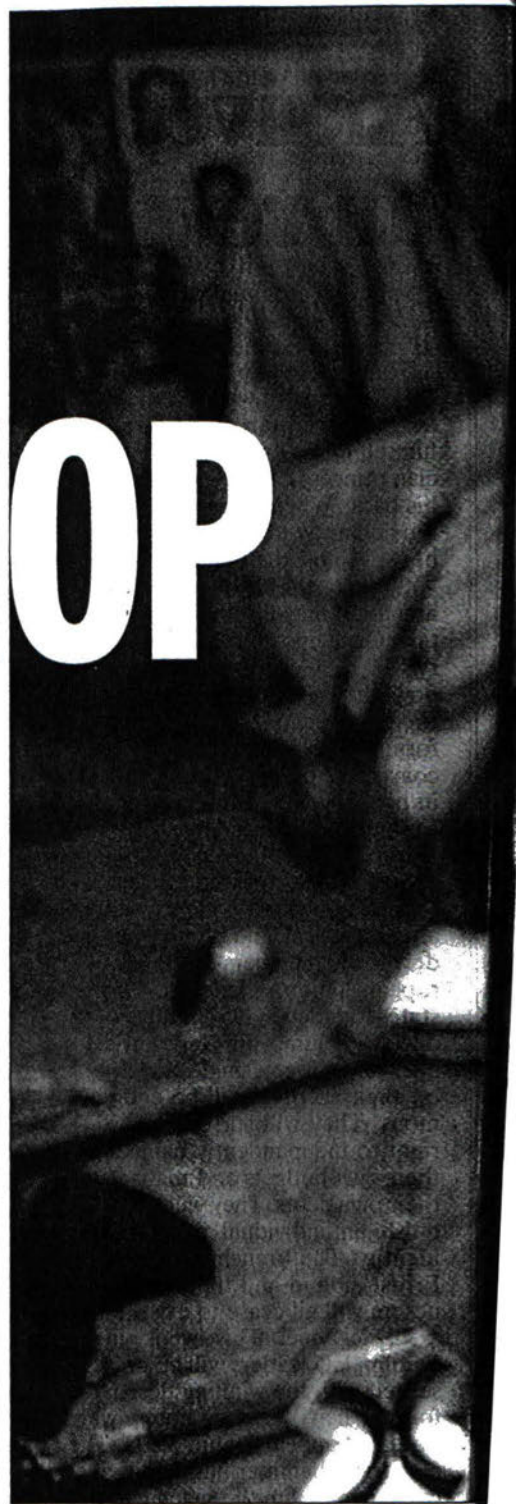
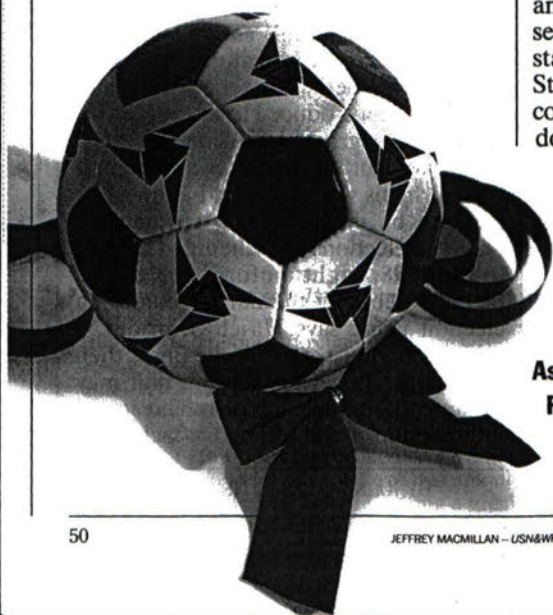
cided pall on their holiday cheer. Former workers and union organizers allege that some Guess clothing is made by suppliers who use underpaid Latino immigrants in Los Angeles, sometimes in their own homes. Mattel makes tens of millions of Barbies a year in China, where young female Chinese workers who have migrated thousands of miles from home are alleged to earn less than the minimum wage of \$1.99 a day. Nike is criticized for manufacturing many of its shoes in tough labor conditions in Indonesia, and some of Disney's hottest seasonal products are being made by suppliers in Sri Lanka and Haiti — countries with unsavory reputations for labor and human rights. The soccer balls are sewn together by child laborers in Pakistan, and F. A. O. Schwarz's \$150 Bernie St. Bernard was made in Indonesia; the company won't reveal who made the doggie, or under what conditions, for proprietary reasons.

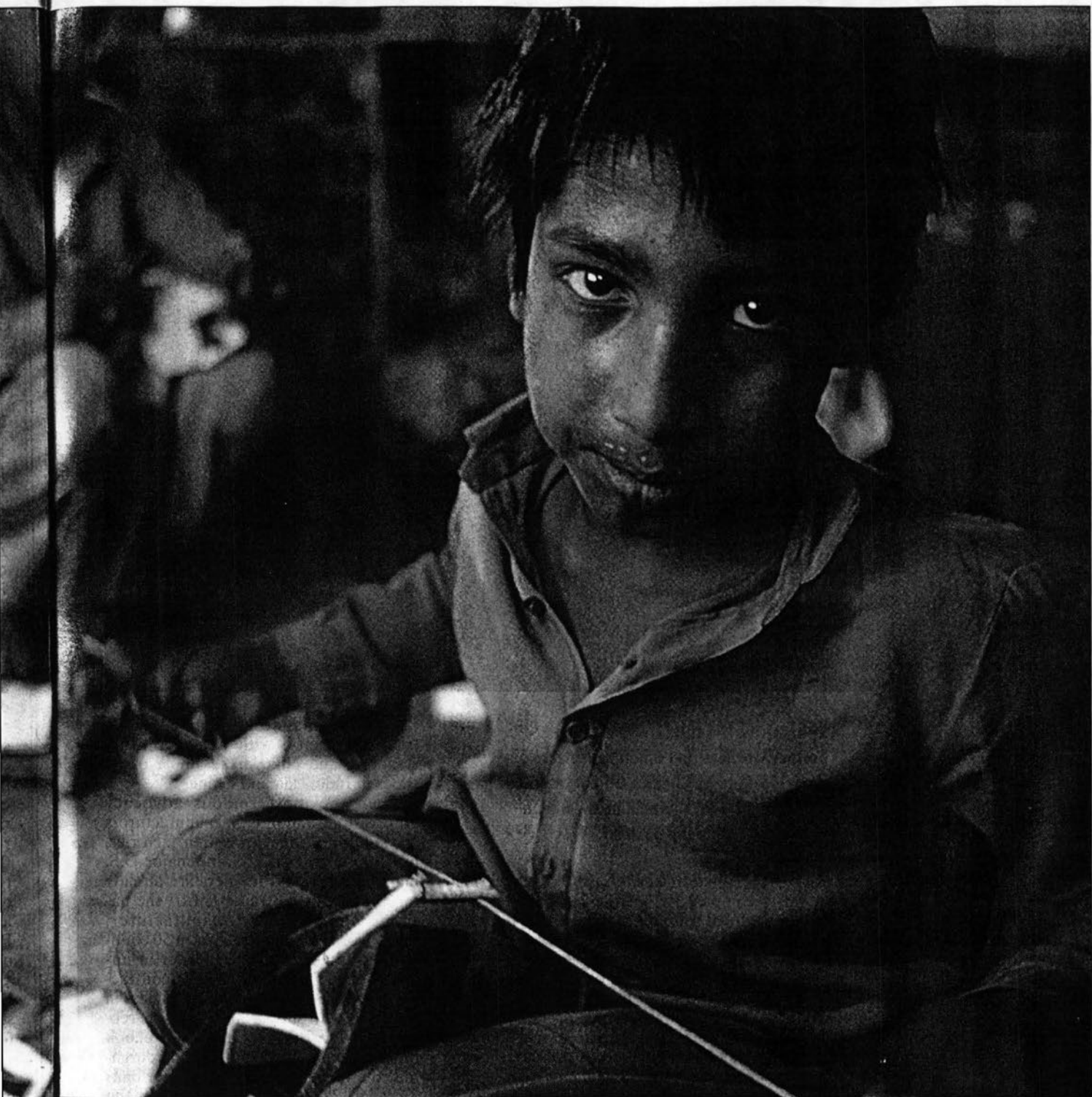
Eye of the beholder. In an era when the economy is necessarily a global one, it is impossible for consumers to avoid products

NOT CHILD'S PLAY

As many as 15,000 children in Pakistan work long hours stitching together soccer balls, according to human rights activists.

made under less than ideal labor conditions. Moreover, what may appear to be horrific working environments to most citizens in the world's richest nation are not just acceptable but actually attractive to others who live overseas or even in "Third World pockets" of the United States. Anyone even casually familiar with how some Americans recompense their (usually immigrant) housekeepers





or nannies is well aware of the vast potential for hypocrisy when those same Americans then decide to sit in judgment of corporations.

Still, a growing number of manufacturers and retailers are coming under fire for how the goods they make and sell are produced. It started in earnest with the discovery of indentured Asian workers in a California garment factory

in 1995. Then came reports about conditions in factories in Indonesia that make Nike products and plants in Central America and New York that produced clothing under the brand name of TV personality Kathie Lee Gifford for sale at Wal-Mart. A No Sweat campaign by Labor Secretary Robert Reich against U.S. sweatshops has turned up the heat. And a presidential task force debating

the issue of sweatshops in the apparel industry is expected to issue its report early next year.

In short, labor, civic, religious, investor and consumer groups are pushing to improve the conditions of workers at the lowest end of a global supply chain. Some of these groups are advancing their own self-interests, to be sure—including labor unions that for decades



FASHION STATEMENT

Former workers and union organizers say many workers at Guess's 60 contracting shops don't earn the minimum wage, a charge the company denies.



have seized on arguments to oppose imports. But the cumulative effect of their campaigns is growing. Aided by Internet connections, for example, student groups are joining in, publishing lists of companies that allegedly make or sell goods produced in abysmal working conditions. "It's driving us nuts," says Tracy Mullin, president of the National Retail Federation, which represents the bulk of the nation's \$1.3 trillion (not counting cars and groceries) retail industry. A *U.S. News* poll shows that 6 in 10 Americans are concerned about working conditions under which products are made in the United States and more than 9 in 10 are concerned about the working conditions under which products are made in Asia and Latin America. But few consumers possess enough information to make informed buying decisions (box, Page 60).

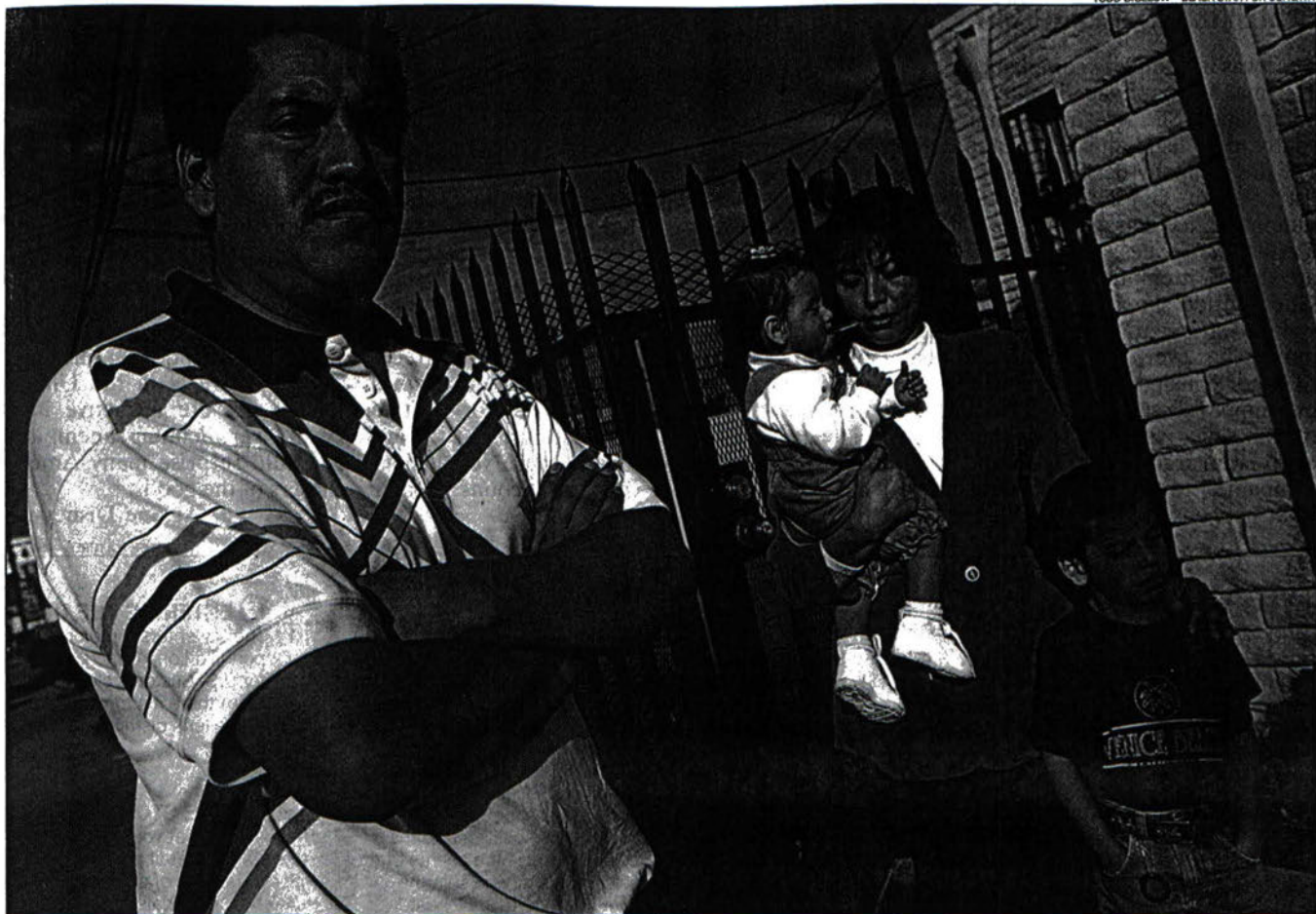
What makes the issue so staggeringly complex is that the current system of global sourcing isn't all bad. The search for inexpensive labor benefits U.S. consumers, who enjoy far lower prices than their European and Japanese counterparts. Apparel prices have actually declined in real terms in recent years, thanks in large part to global sourcing. That eases inflationary pressures for the whole economy. In many cases, global procurement networks provide badly needed income, and often the only chance of work at all, for workers overseas, whether Pakistani families in that nation's soccer-ball capital of Sialkot or Salvadoran immigrants in tough L.A. neighborhoods.

Moreover, today's Third World nation can be tomorrow's developmental success story. Take South Korea. A decade or so ago, Nike had most of its sneakers manufactured there; now,

South Korea has evolved into an industrial powerhouse with a higher living standard, and Nike makes most of its shoes in Indonesia and China.

Even the most zealous advocacy groups urge major U.S. manufacturers abroad not to shut down their factories, just to improve them. Some major U.S. manufacturers and retailers are already responding. Levi Strauss & Co., the nation's largest apparel manufacturer, which works with contractors in 50 countries, is an acknowledged leader in imposing higher standards on its contractors. Levi's also refuses to do business in countries with subpar human-rights records, such as Burma. Similarly, Reebok has just announced that it will reorganize the way it buys 350,000 soccer balls a year in Pakistan. Rather than cut the panels of soccer balls in a factory and send them out to villages to be sewn together, often by children, the company now insists that all the work be done at the factory, where better control is possible. Each ball sold here will then carry the label: "Guarantee: Manufactured Without Child Labor."

Hired monitors. Elsewhere, a four-year-old San Francisco-based group, Business for Social Responsibility, is



teaching 800 member companies how to better manage their international purchasing. Concerns have even given birth to a new industry: There are now businesses, such as California Safety Compliance, that charge companies for monitoring work conditions in their plants around the world.

Some retailers also are responding. Sears, which carries 200,000 products from manufacturers operating in virtually every country, is tightening up on buying goods from suppliers with dubious records. The Gap, after enduring months of withering criticism, also has become a model for manufacturing and sourcing products abroad, experts say.

But abuses persist, even in the United States. From New York to Los Angeles, apparel is still being made in ways that resemble turn-of-the-century-style exploitation of at least 1 million immigrant workers, many of whom speak little or no English and don't understand their rights. Manufacturers can play contractor against contractor, constantly driving down prices for their goods.

A bitter labor dispute involving apparel maker Guess is emblematic of

TOO MUCH HOMEWORK

Cristobal Perez and Emilia Hernandez say they were forced to take work home from one former Guess contractor to make enough money to live. Guess pulled its business, forcing the company to close.

problems affecting many companies. Guess designs high-end jeans and cuts the denim at its headquarters in an industrial district of eastern Los Angeles. Like other clothing makers, Guess turns to subcontractors to actually sew and condition the jeans. Unlike many other makers, Guess has kept its subcontracting system in America rather than eliminate all U.S. jobs by moving it overseas. The company then markets the jeans and other accessories as "An American Tradition" and sells them at premium prices in department stores.

The biggest problems arise in the subcontracting network, made up of people like Cristobal Perez and Emilia Hernandez. The 30-ish Mexican couple with two small children worked for Kelly Sportswear, a Guess contractor, for five years until the Vietnamese owner, known only as Roberto, closed the factory in the L.A. suburb of El Monte. Roberto alleg-

edly forced workers to pay money back to him at the end of the week if they hadn't fulfilled certain quotas, former workers say. His books showed that he was paying his employees the minimum wage (about \$200 a week), but they say in fact they often made as little as \$120.

To avoid falling short, Perez and Hernandez took work home. "If we wanted enough money for the week, we had to do it at home," says Perez. "We had no alternative." Roberto also made workers start work in the mornings without punching in and clock out in the evenings while continuing to work—forced overtime with no pay, according to the workers. When state inspectors found Kelly in violation of the law banning work in private homes a second time, Guess pulled its work out of his shop, after which he closed the doors and fired dozens of workers.

"Only do so much." Guess executives say they were unaware of the abuses at Kelly Sportswear or other contractors and maintain that their system of compliance inspection is exemplary. "All our inspections showed that Kelly Sports-

BUSINESS & TECHNOLOGY

wear was in complete compliance," says J. Irma Melwani, head of contractor compliance. She says all 60 shops currently meet legal and safety standards, but the company declined to provide a list of them. Guess also says that the Union of Needletrades, Industrial and Textile Employees, an AFL-CIO affiliate that is attempting to organize both Guess inside shops and contractors, is running a smear campaign. Late last month, however, the U.S. Department of Labor signaled its concern with Guess by temporarily suspending it from its list of companies with high labor standards.

Melwani argues that Guess and other companies cannot completely control what happens in the contracting shops.

and retailers. Rather than working in one- or two-story structures dispersed over a wide area, as in Los Angeles, workers take dilapidated elevators to the tops of tenement buildings of 12 or more stories. Then they walk down, flight by flight, looking for work. Names of companies are scrawled on walls like so much graffiti, allowing owners to shift names and identities at will. Sometimes signs on doors read, "No Work. No Trabajo." But tens of thousands of immigrants do find work in shops whose proprietors routinely close up and disappear without paying workers weeks' worth of wages. "I have had foreign leaders say to me: Don't talk about conditions in our country because you have slave labor in your own country," says Maria Echaveste, the De-

of the National Labor Committee, the same gadfly who brought Kathie Lee Gifford's case to light. In his 16th-floor New York office, Kernaghan points to a pile of clothes. Most of it is children's wear made in Haiti, all prominently displaying the latest Disney themes: Pocahontas, the Hunchback of Notre Dame and 101 Dalmatians. He picks up one item—a handsome children's-size sweat shirt and sweat pants outfit manufactured at a factory in Port-au-Prince. According to Kernaghan, workers in Haiti received 6 cents for producing this item, which retails for \$19.99 in the United States. The wages are attractive in a country with overwhelming unemployment but would surprise many American purchasers of the goods.

At one Disney-re-

STEPHEN ROUNTREE—US&WR

The toy story

Toy Story action figures will be among the hot sellers this Christmas. How the product gets from Disney to a retailer's shelves is a long, complicated process:

1 DESIGN / LICENSE

Disney licenses the Buzz Lightyear figure to Thinkway Toys, a manufacturer in Markham, Ontario. They design the product together.

2 FINDING PRODUCERS

Thinkway searches the world to find low-cost subcontractors to produce the toy. It settles on a factory in southern China where workers are paid about \$2 a day to assemble parts from around the world.

3 INSPECTION

After the product is made, it is shipped to factories in Hong Kong or other parts of China where it is inspected by the buying agents—typically, the buyers for major retail chains like Wal-Mart, Kmart or Toys "R" Us.

4 SHIPPING

Thinkway's Hong Kong arm, Super Technology Ltd., arranges for the product to be delivered to the "consolidators," the agents of the major retailers, who ship the product to the U.S. by boat.

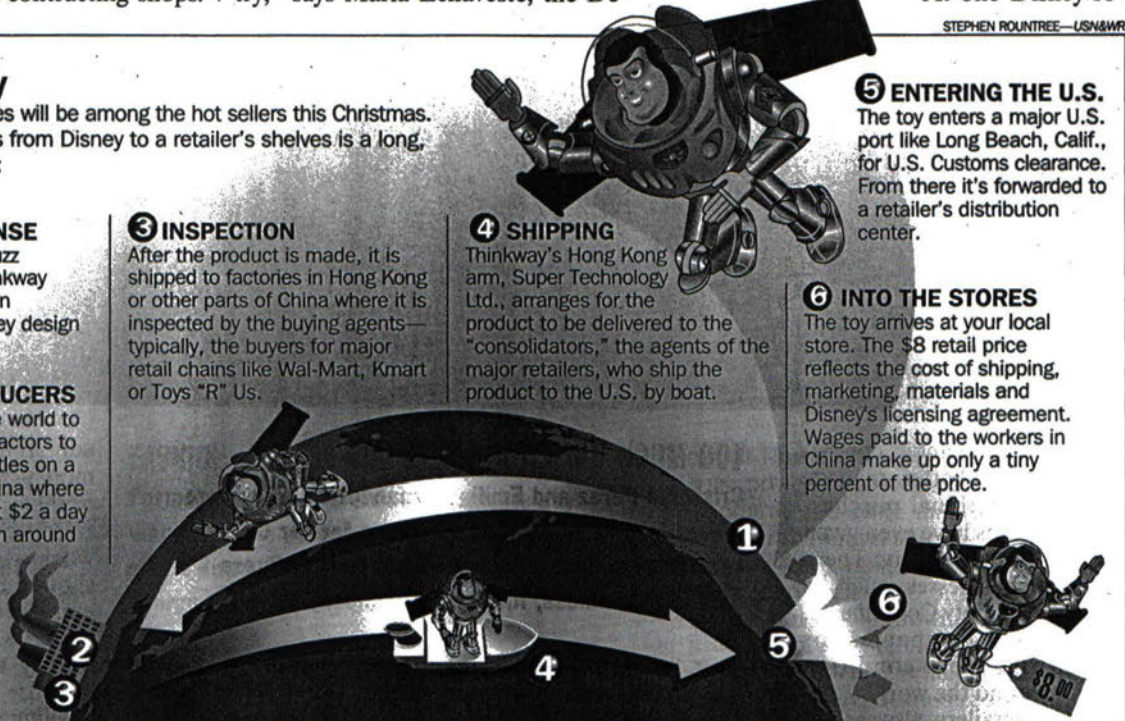
5 ENTERING THE U.S.

The toy enters a major U.S. port like Long Beach, Calif., for U.S. Customs clearance. From there it's forwarded to a retailer's distribution center.

6 INTO THE STORES

The toy arrives at your local store. The \$8 retail price reflects the cost of shipping, marketing, materials and Disney's licensing agreement. Wages paid to the workers in China make up only a tiny percent of the price.

US&WR—Basic data: Thinkway Toys, AFL-CIO's Food and Allied Services Trades, Port Import Export Reporting Service, the Walt Disney Co.



If unscrupulous contractors create payroll records showing that workers are paid the minimum wage but then demand kickbacks at the end of a week, Guess wouldn't know this when it audited payroll records. The company also says it routinely speaks to workers in its contracting shops without the presence of management, but some workers interviewed by *U.S. News* said the inspectors were far from neutral. "We can only do so much," says Melwani. The company says unionization of its operations would raise costs so much that it would be forced to move overseas.

Conditions in some ways are worse in New York's Garment District, which like Los Angeles's produces clothing for hundreds of brand-name manufacturers

partment of Labor's wage and hour administrator.

One icon of American culture whose manufacturing practices seem out of sync with its brand name is Disney, which is making a holiday merchandising blitz for its characters and movies. Disney maintains almost 4,000 contracts with other companies that assume the right to manufacture Disney paraphernalia, some of which are then sold in Disney stores. These licensees go to some of the world's lowest-cost-labor countries, including Sri Lanka and Indonesia, to produce stuffed animals and clothes. Disney itself rarely takes a direct hand in manufacturing.

Fun clothes. Disney's main nemesis is Charles Kernaghan, executive director

of a Port-au-Prince, he wrote in May: "Rats are everywhere. The drinking water is right next to the toilet, which is filthy. Women are getting infections from the water, so the company dumps in more chlorine. . . . The supervisors are always screaming at [workers] to work faster." According to Kernaghan, the pay at that time was about 28 cents an hour, or roughly \$13 a week to stitch Pocahontas T-shirts or hem 101 Dalmatians sweat pants.

In a written statement to *U.S. News*, Disney said it stipulates in writing that any subcontractor manufacturing in Haiti or elsewhere must adhere to all applicable laws regarding employment and working conditions. In addition, Disney says it acted quickly upon hearing Ker-

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naghan's reports, setting up a monitoring system and sending representatives to inspect the factories in question. Kernaghan acknowledges that conditions have improved—workers are now being paid at least the minimum wage of 32 cents an hour, or about \$2.50 a day, and factories have been cleaned up somewhat. But, he says, much more needs to be done. Last week, Kernaghan kicked off a "Disney Week" of demonstrations, including one outside the Disney store on Fifth Avenue in New York, to lobby for better working conditions for Haitian and other workers making Disney products.

Unfortunately, it's not so simple. "If the Haitian government were to raise the minimum wage much higher, then they would have to wonder what that would do to the companies that are operating there," says Cynthia Knobel, a spokesperson for VF Corp., parent of H. H. Cutler, one of two key contractors for Disney in Haiti. "The margin we make on those products is so slim, I'm not sure we could afford to continue to manufacture there."

In contrast to Disney, Mattel does most of its own manufacturing. It makes a staggering 100 million Barbie dolls a year in four factories, two in China and one each in Malaysia and Indonesia. The Barbie craze produced \$1.4 billion in annual revenues for the El Segundo, Calif., company out of its total annual revenues of \$3.6 billion in 1995.

Mattel's Barbie factory in Changan township of China's Guangdong Province near Hong Kong is better managed than dozens of Hong Kong- or Taiwan-owned factories in the same area that engage in ruthless exploitation of workers. The Mattel Toys plant, or Mei Tai in Chinese, is a neat, no-frills facility sitting behind a low wall. The company declined to allow *U.S. News* to enter the facility, but columns of women running sewing machines with spools of neon pink thread are visible from the street through a couple of tinted-glass windows that have been left open. During shift changes, young female workers wearing Mattel IDs and speaking the na-

tional Mandarin language (which suggests they are migrants from other provinces) saunter in from two dormitories located within walking distance.

Wage dispute. Critics, however, say one problem is that the young women sometimes work with dangerous chemicals. But Chan Ka Wai, associate director of the Hong Kong Christian Industrial Committee, which monitors foreign-invested factories in south China, says the biggest problem is wages. Mattel says it pays above the minimum required by local law. But Chan alleges that Mattel requires workers to toil much longer during peak production periods, driving hourly pay below official minimums. As a result, Mattel's critics allege, some workers make only \$1.81 a day versus the minimum of \$1.99.

In California, Mattel Senior Vice President Glenn Bozarth declines specifically to address how much money workers actually receive. He says that the company is maintaining "high standards" in terms of safety and ventilation in its Chinese plants. "It's not a situation in which we are abusing people or there are health issues involved," says Bozarth. If, as worker representatives contend, female employees in China are exploited when traveling from distant parts of the country to the plant, Bozarth says the company cannot be blamed. The travel, he says, is arranged and carried

out by local government officials.

Does a global economy mean consumers face no choice but to buy products made under conditions Americans don't want to think about? A number of U.S. companies say that intense global competition is no excuse for keeping working standards at the lowest possible level. Levi Strauss, for example, imposes its own "terms of engagement" on manufacturers who make its jeans products in 50 countries. The company's employees were the driving force in launching a major shake-up of Levi's sourcing standards starting in 1991. Aside from introducing guidelines and actively monitoring how they are observed, the company narrowed down the number of countries where it would operate so that it could better understand local conditions. It shut down three factories in Burma and



CHINESE BARBIE

Some Chinese workers who make Barbies do not earn the minimum wage.

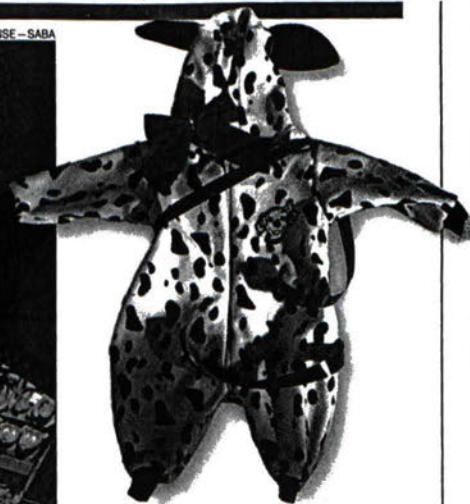


Small world. Some of Disney's seasonal

decided against operating in Haiti or El Salvador because of concerns over labor standards. It also decided to conduct only minimal business in China through a Hong Kong affiliate.

When the company first announced its new standards, it discovered that 30 percent of its contractors didn't measure up. But rather than severing the relationships, Levi's transferred technical know-how or channeled contributions from the company's charitable foundation to such programs as child care, thereby bringing its non-American contractors up to standards that exceeded local laws and regulations. By so doing, it was able to continue doing business with the majority of its suppliers. But it dropped one sixth of them because they declined to change their ways.

Alice Tepper Marlin, executive direc-



A DOGGY LIFE

Disney movies help the company demand premium prices for products.

lower employee turnover and higher product quality.

Consumer concerns about child laborers in Pakistan stitching together soccer balls also seem to be forcing a gradual but important restructuring of that industry. Three Pakistani-owned companies in Sialkot dominate the soccer-ball industry in Pakistan, which makes 36 million soccer balls each year—60 percent of the world's total. These balls are sold to Adidas, Reebok, Nike, Puma and other Western athletic companies. Reebok is leading the way by demanding that its balls be stitched under more supervised conditions. So far,

that affects just a tiny percentage of the total production. But other Western companies and the international soccer federation (FIFA) are pushing such makers as Saga Sports to shift much more production from remote villages into stitching centers to manufacture "allegation free" balls.

Another crucial and still unresolved question is who would pay for the massive monitoring that would be required to completely clean up the consumer products arena. Retailers, who say they eke out a narrow 2 percent profit margin on average, argue that they cannot afford to pay for monitoring or assume legal responsibility for the products they sell, as one bill pending before Congress would require. The Retail Federation's Mullin says it is up to the Department of Labor to do a better job enforcing immi-

products are worked on in such low-wage countries as Sri Lanka and Haiti.

tor of the Council on Economic Priorities, a New York nonprofit group that ranks companies for their social policies, gives Levi's high marks for training people in many countries and languages about what the company's terms of engagement mean—and for monitoring their efforts. That's in sharp contrast to companies that may introduce codes of conduct but never enforce them or translate them into languages spoken by non-American workers. Levi's reputation as a socially conscious firm has received a boost, and Levi's executives say the company's sales have been enhanced as a result of its efforts.

In fact, Levi's success has helped spawn a minimovement. One senior Levi's executive, Robert Dunn, left the company to found Business for Social Responsibility in 1992. More than 800

companies, ranging from retailers like Home Depot and Dayton Hudson to manufacturers like Hasbro and Timberland, are now members. The nonprofit group conducts training sessions to advise companies on setting up their contracting and subcontracting systems.

Practical benefits. Reflecting Levi's experience, the emphasis is on working with a manageable number of partners, imposing a code of conduct and enforcing it. The key question, says Aron Cramer, director of the nonprofit group's business and human-rights program, is: "How can our supplier chain be structured in a way to get best price and best delivery and at the same time display the best attitudes regarding labor fairness?" When companies treat suppliers and local workers properly, he argues, one practical business benefit is

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gration and labor standards in the United States. But the department has only 1,300 inspectors. Even though that number is gradually being increased to 1,500, it is still far too few to keep tabs on every manufacturing shop in the land. For their part, 89.3 percent of consumers say they are willing to pay a few more cents for peace of mind in buying product, but only 70.2 percent are willing to pay a few more dollars, the *U.S. News* poll found.

While the government, retailers and manufacturers quibble, consumers still hold enormous leverage. At the end of the day, it's not likely that sweeping solutions will emerge, because the industry



MYSTERY PUP

For proprietary reasons, F. A. O. Schwarz won't say how Bernie St. Bernard was made in Indonesia.

is so huge and fractured. But what does seem possible are small steps and innovations, over a period of time, that will add up to an improvement of global

sourcing standards. Some practical shopping tips can help (box).

In many ways, what Americans buy is their most direct and intimate connection with a global economy. In a post-cold-war era in which governments seem to be losing their power to shape the lives of people, U.S. consumer spending can be an important tool in extending American values. The silver lining is that if Americans respond to even some of these concerns, they could enjoy their shopping and improve the conditions that millions of people around the world encounter in their daily lives. ■

BY WILLIAM J. HOLSTEIN IN LOS ANGELES AND NEW YORK, WITH BRIAN PALMER IN BEIJING, SHAHID UR-REHMAN IN SIALKOT AND TIMOTHY M. ITO

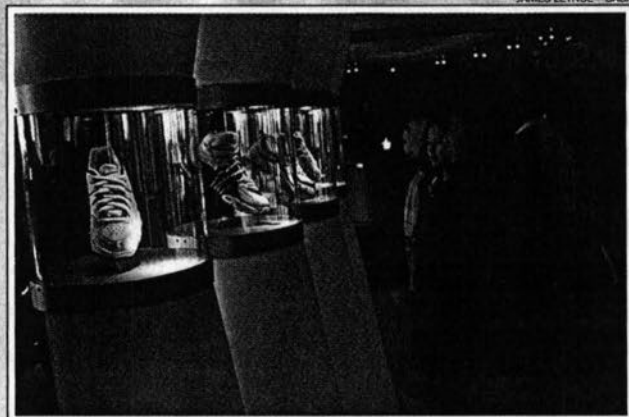
HOW TO SHOP

Some steps consumers can take

There's no way to pick up a product and instantly know exactly how it was made. But there are very practical things you can do over a period of time to give yourself greater confidence about what you buy:

■ **Recommendation 1.** Look to see where things are made. Almost every product carries a tag, even if it is located in an out-of-the-way place. Ask store managers what they know about a product's origins. Request copies of sourcing policies from retailers as well as catalog and television sales outlets. If you receive a hostile reception, you'll know that a retailer may not know, or care, where products come from. "It's important to ask," says Alice Tepper Marlin, executive director of the Council on Economic Priorities.

■ **Recommendation 2.** Exercise discretion regarding certain countries. Opponents of the regime in Burma, for instance, have urged a consumer boycott. Many other countries with controversial political regimes that export extensively to the U.S. are



Shoe in. Nike markets shoes made by others.

slightly better, including Haiti, El Salvador, Honduras, Vietnam, Sri Lanka, and Indonesia. China is in a class by itself because of the huge volume of products it is making. Boycotting isn't helpful because it simply throws people out of work. "If Americans decided they weren't going to buy soccer balls made in Pakistan, a million people would be out of jobs tomorrow," says a Reebok executive. It is more effective to ask questions about countries of origin, transmitting concern.

■ **Recommendation 3.** Don't assume that a made-in-the-U.S.A. label means a product is necessarily made under ideal conditions. High-fashion products, particularly designer jeans, often are not.

■ **Recommendation 4.** Look for a union label, but don't draw too many conclusions from it. These labels often don't appear on enough items to give consumers a meaningful choice. Usually a union-made item costs more.

■ **Recommendation 5.** Check the U.S. Department of Labor's Web site (<http://www.dol.gov/dol/esa/public/nosweat/trends.htm>).

If a manufacturer or retailer is listed, chances are good it uses enlightened sourcing practices.

■ **Recommendation 6.** Ask manufacturers directly, either by letter, telephone hot line or Internet, about their codes of conduct for their own plants as well as those of subcontractors. The best companies will respond to you personally. If they don't, that may tell you something.

■ **Recommendation 7.** Over a period of time, reward manufacturers and retailers you trust. Vote with your dollars. If you like the quality and price you get, and at the same time feel the company is trying to respond to your concerns, that's a doubly good shopping experience.

■ **Recommendation 8.** Ask your favorite consumer group to expand ratings of products beyond safety, quality and price to include workplace conditions. One such body is the Council on Economic Priorities, which ranks nearly 200 consumer-product companies on the basis of indicators including workplace issues. The telephone is (800) 729-4237; the Web site is: <http://www.accesspt.com/cep>