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THE PRESIDENT 8-7-97

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THE WHITE HOUSE
WASHINGTON

August 6, 1997

Is there a way to reach the 3 mil. kids who should get on Medicaid - doesn't HHS need a good strategy to do it? BC

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings and Jeanne Lambrew

SUBJECT: Response to Private Coverage Substitution in the Children's Health Initiative

Yesterday, two op-ed pieces (attached) critiqued the children's health initiative. Both claimed that it is inefficient because it will replace private coverage, and one stated that children who have only been uninsured for one month will be eligible. These articles are factually incorrect in numerous instances and totally ignore the provisions in the law aimed to prevent substitution.

First, it is misleading to assert based on one, controversial study that the new state programs will fill up with privately insured children. Other studies document much lower coverage of privately insured children by Medicaid, and even one of its authors thinks that the new program will be much more efficient. More importantly, states running these programs will have both the flexibility and incentive to target funds to uninsured children since they have a reduced but still significant matching contribution. In fact, state-designed programs like Minnesota and Florida have proven that over 93 percent of their enrolled children were not previously privately insured.

Should ssue guidance on this

Second, there is no requirement that states provide coverage for children uninsured for only one month. While not explicitly prohibited, it is highly unlikely since states have often restricted eligibility to children uninsured for at least six months. States are prohibited from using Federal funds to pay for children who would otherwise have private coverage. States also are required to prove that they are not substituting for private coverage. This means, for example, that they verify that the child's parent does not have access to employer-based insurance or target children like those of workers between jobs who often lack access to affordable private insurance.

Third, the authors suggest that the benefits offered to children through the state initiatives will be so much better than private coverage that families will prefer it. This is an exaggeration. Although the benefits offered to children by states will be meaningful, they will not be more generous than those received by most privately covered children. In fact, the benchmark plans for the new coverage were purposefully chosen because they already cover many children in the state. States also will be allowed to charge premiums and cost sharing, within limits, so that the financial difference between state and private coverage will be small (if not zero).

Good

We are working on a fact sheet about the law's accountability provisions since there is a general misunderstanding about them. In addition, there will be a letter to the editor of the *New York Times* by Jonathan Gruber, now a deputy assistant Secretary at Treasury, who co-authored the crowd-out study cited in the op-ed. He will object to its misuse and support the new law.

WASHINGTON'S HEALTH CARE PRESCRIPTIONS

The Birth of Clintoncare Jr. . . .

By **Robert M. Goldberg**

Clintoncare is alive and well, living in the budget agreement's $24 billion child health care program. The key to its resurrection has been the silence supporters maintained regarding the details of what will be the biggest new social program since Medicare. With a few honorable exceptions, Republicans, for fear of being tagged as cruel, didn't want to know what was in the plan. If they had looked, they would have found a program cleverly designed to consolidate government control over health care by moving as many middle-class children into federally funded and regulated health programs as quickly as possible.

The new law provides the states $24 billion to set up health insurance programs for five million children. But according to a survey conducted by the Department of Health and Human Service, only 1.3 million children under 18 lack insurance because of its cost. The average cost of a health insurance plan for a child is $900. So over a five-year period, the program should cost only $6 billion.

Luring Children

Why then is the program so expensive? Because, in order to hit the five million figure, a vast amount of money must be spent luring as many children as possible from private health insurance into the new entitlement.

In fact, the Congressional Budget Office estimates that half of all new enrollees will be from families who drop private coverage in favor a federally subsidized entitlement. That's what happened when Medicaid was opened in 1987 to pregnant women and their children with incomes 250% of the poverty level. Between 1988 and 1995 the percentage of children covered by private insurance fell to 64% from 72%. At the same time, the percentage of children covered by Medicaid climbed to 23.1% from 15.5%. Studies have shown that at least three-fourths of the shift was the result of parents dropping private coverage for themselves and their children.

This new program will have the same effect. It prohibits an employer from conditioning or varying contributions to health insurance premiums because of an individual's eligibility for assistance under the new program. But it says nothing about dropping coverage for dependents altogether, or about simply not offering family coverage to new employees.

The key to making an entitlement permanent is to cover the middle class. Thus the new "kid care" plan will be available to every child in families with income of up to $50,000 a year. Children must be uninsured to participate in the program, but the law is written in such a way that even children who lack coverage for a month or so because of a parent's job change can sign up.

Getting the cooperation of powerful health care interests is critical to the program's success. Thus, 15% of the state grant can go to newly created direct services to kids from hospitals and for "administrative costs." In other words, the money will go to well-connected health care consultants and the more powerful health care interests they work with, in order to win their support for any move to managed care that will result from this new program.

What happened in New York state as part of plan to move more Medicaid children into managed care illustrates the value of this giveaway. To get the political support of the nonprofit hospitals and the state's health worker unions, the "savings" from the reform—nearly $1.25 billion over five years—are going to pay for worker retraining and for the cost of hospitals that set up their own managed-care plans. But this new plan has fewer doctors tending to more children than ever before. The phalanx of nonprofit (and often privately funded) community clinics that provide most of the primary care for children in New York City were completely cut out of the new plan. Expect more of the same in other states as the special interests fight for feeding space at this new trough of corporate "healthfare."

> *Children must be uninsured to participate in the program, but the law is written in such a way that even children who lack coverage for a month or so because of a parent's job change can sign up.*

In pushing for the entitlement, advocates pointed to innovative state health insurance programs for children as examples of what the new money would support. "The basic principles of this proposal are neither novel nor untested," said Sen. Edward Kennedy (D., Mass.). "Fourteen states already have similar programs for children. In Massachusetts, an existing program was expanded last year, so that families up to 400% of the poverty level are now eligible for financial assistance to buy insurance. In 17 additional states, Blue Cross/Blue Shield offers children's-only coverage, with subsidies for low-income families. These state initiatives provide a solid base on which to build an effective federal-state-private partnership to get the job done for all children."

But in fact these innovative programs, including Massachusetts's, merely served as Potemkin villages that will be torn down to make way for a federal health care complex. Under the new law such low-cost and innovative approaches to care will be illegal. (For political reasons, existing children's health plans in Florida, New York and Pennsylvania were exempted from federal mandates.) Instead, states have to enroll children in either Medicaid, the health plan offered to state employees or the largest health maintenance organization in the state. States can design their own plan, but they have to provide a rich benefits package to get federal money.

States will probably take the relatively easy approach of extending Medicaid or Medicaid managed-care. Hence, the result of the new entitlement will be a relocation of millions of children into expanded Medicaid programs at the expense of parental choice and grass-roots efforts to provide primary care for children.

This might make sense if it would improve children's health. But a close look at clinical studies suggests that health claims for Clintoncare Jr. have been vastly overstated. Advocates argue that the program will reduce reliance on emergency rooms as a regular source of care. But studies show that children on Medicaid or Medicaid managed-care are more likely than anyone else to use emergency rooms for routine care.

Supporters also claim that the new entitlement would lead to healthier babies. But when Medicaid eligibility was extended to pregnant working-class women it produced no improvement in low birth weight or other perinatal problems. Similarly, there is evidence that children in Medicaid-style programs receive care that is decidedly inferior: They are more likely to have asthma and to die from it than any other group. One study found that despite having Medicaid coverage, poor children also were more likely to be hospitalized and less likely to receive effective preventive asthma therapy than children with private insurance were. A National Institutes of Health study shows that children who receive care through Medicaid or public clinics were less likely to get appropriate mental health treatment than those with a private physician.

Clinton's Greatest Legacy

Hence, moving more children into Clintoncare Jr. will have a decidedly limited benefit on their health. But then the real objective of the new entitlement was never healthier children. It was to move as many children into government-run health plans as possible. For once the cash reaches the states, and the bureaucratic apparatus for enrolling children and enforcing federal health mandates is set up, it will be easy to extend the program to their families as well, and to organize the political muscle to make it happen.

During a recent phone-in conference about the new program, Sen. Kennedy crowed that "this is a major step forward" toward national health insurance. So perhaps President Clinton's greatest legacy, after all, will be the enactment of national health care. How ironic that the Republican party, by not raising the same fuss it did in 1994, has made it possible.

Mr. Goldberg is a senior research fellow at the Center for Neuroscience, Medical Progress and Society, George Washington University.

Is this THE WALL STREET JOURNAL
true TUESDAY, AUGUST 5, 1997

THE PRESIDENT HAS SEEN

8-5-97

The New York Times TUESDAY, AUGUST 5, 1997

The Real Agenda

By Douglas J. Besharov

WASHINGTON

Americans have made it clear that they don't want national health insurance. But the five-year, $24 billion provision in the budget bill to finance medical care for two million children is a move in just that direction. And the way this expansion of benefits is designed makes no economic sense.

For every dollar's worth of new coverage, states will wind up spending $1.70. That is because for every 100 uninsured children who enroll in the program, another 70 who now have private insurance are also expected to sign up, according to Congressional Budget Office estimates. Why? Families that now qualify under the plan's expanded income guidelines may stop buying private insurance because government will pay for the children's health care. Or employers will stop offering coverage, knowing that government is now obligated to do so.

The Congressional Budget Office warned about this problem last spring. But in their eagerness to reach a budget deal, Republicans in Congress gave up their initial opposition and voted for the plan anyway.

Throughout the year, as the child health plan worked its way through Congress, Republicans insisted that it be structured in the form of block grants to states. This, they argued, would give states the flexibility to experiment. While some states would have simply expanded Medicaid coverage, most probably would have offered no-frills plans that would have discouraged people with access to private insurance from trying to sign up.

But advocates of national health insurance complained that the block grant approach would let states use the money for other purposes. More important, they claimed, the no-frills approach implicitly condoned "second class" health insurance. Still, they were prepared to settle for whatever expansion in national health coverage they could get.

A new entitlement, poorly designed.

But the political balance shifted in the President's favor, and the Republicans retreated. They agreed to detailed regulations on how states could spend the child health care money. In effect, they agreed to create another entitlement.

For example, each state is required to provide the same benefits for children as Medicaid or large private insurance plans. In many cases, state benefits will be more generous than those private employers offer. Another provision calls for public coverage to be provided to families earning as much as 235 percent of the poverty level, depending on the state. For a family of four, that's almost $38,000 a year.

The inefficiency and high cost of the program may not bother advocates of universal health care; they argue that Americans, especially children, deserve to have coverage. But what they don't acknowledge is that this plan will reduce the market for low-cost insurance used by small businesses and the working poor.

A 1996 study by researchers at the Massachusetts Institute of Technology and Harvard found that previous expansions of Medicaid were responsible for about 17 percent of the decline in the number of children covered by private insurance from 1987 to 1992. That study also reported that as many as half of the children who enrolled in expanded Medicaid plans did so because once they became eligible for those programs, their parents lost coverage at work or decided not to buy insurance.

The more the Government shrinks the insurance market for low-income people, the less economical it becomes for companies to offer them coverage. Companies either abandon the market or raise their prices. Either way, the number of uninsured people increases — and so do calls for more Government involvement.

Maybe that's the real agenda. But it's a long way from here to there, and in the meantime, this plan will do more harm than good. ☐

Douglas J. Besharov is an American Enterprise Institute resident scholar and a professor at the University of Maryland School of Public Affairs.

Observer

RUSSELL BAKER

Fanatics, Terror, $6.75

All through "Air Force One" I kept thanking the gods who watch over America for not letting this movie be made before Ronald Reagan left the Oval Office.

It was terrifying to think what Mr. Reagan, who was famous for confusing movies with real life, might have done if he'd felt obliged to live up to standards set by President Harrison Ford.

The physical ordeals overcome by President Ford (Harrison, not Gerald) would require a level of physical fitness found only in the rarest Olympic champion.

Ronald Reagan could never have been the sweet, good-humored President we all loved had he felt obliged to sacrifice his long, refreshing naps and sweat his days away under a personal trainer determined to tighten up the Presidential abs.

President Ford, despite all the bad air and sleepless nights that go with a successful political career, still has the muscle to beat the bejeebers out of a half-dozen diehard-Commie terrorists and the know-how to pump most of them full of complicated-automatic-handgun lead.

He also has the cool, witty savoir-faire, despite these exertions, to tell the head terrorist "Get off my airplane," while tossing him through an open hatch.

And not only that!

This is a President who can take a punch that would break Mike Tyson's jaw. Does he fight back with incisors and canines to his opponent's ear?

How can he? His arms — the Presidential arms! — are tied behind the Presidential back. He is completely at the mercy of his captor, who takes the opportunity to deliver a series of brutal bare-knuckle punches to the jaw — the Presidential jaw!

President Ford the action hero.

Any one of these punches would shatter the jaw of the average President and every bone in the hand of the man who delivered it. Harrison Ford, however, is not your average President.

He has had his old, breakable jaw replaced with a granite implant. Such are the medical miracles available free to politicians entitled to the socialized medicine provided at Walter Reed Hospital.

And a good thing, too, because, pummel that jaw as he will, the terrorist brutalizing the President gets only an impatient glare from Harrison Ford. The expression on the President's face makes us, out there in the audience, grateful that we are not fanatical terrorists. It says, "You're going to regret this, buddy."

Please don't ask if the terrorist has bought a granite fist from Terrorist Supplies and Collectibles Inc., and, if not, why his fist doesn't hurt. Didn't I tell you he's a fanatic? Fanatics don't feel pain.

You may be wondering why Air Force One — the President's plane, not the movie — turns out to be as big as Logan Airport once you get inside. Isn't it obvious? President Ford had it built that way.

"Look," he told the people at Boeing, "one of these days Air Force One is going to be hijacked by terrorist fanatics, and I'll need a lot of nooks and crannies to hide in until I can get rid of them. How about redesigning the thing so it's no bigger than an airplane on the outside but roughly the size of Logan Airport inside?"

The President's know-how about really good hiding places inside Air Force One is only one small part of the great mass of evidence proving that America knew what it was doing when it elected Harrison Ford to be its chief executive.

Though previously tutored only in helicopters, this is a President at ease taking the controls of his 747 jumbo. Sure, fanatical-terrorist-type fighter pilots using air-to-air missiles have shattered its tail assembly, but the plane senses there is a master in the cockpit.

"Feels sluggish," President Ford observes, maneuvering Logan Airport with an aplomb that might turn Chuck Yeager green with envy.

Is there nothing this President can't do? Yes, and how heart-warming it is to see him take out a mobile telephone and immediately turn to an instruction manual on how to use it. Of course, this being President Harrison Ford, it doesn't take him two and a half hours to learn how to get results.

This being President Harrison Ford, he does it in 3.5 seconds. Now that's going too far. It defies belief. ☐

> *The material assistance and the moral encouragement provided by the Marshall Plan brought a powerful new impetus to the campaign for European unity. In fact, it can be said that the American policy of economic aid, coupled with the pressure of the Communist danger, created conditions in which, for the first time, the unification of Europe became a practical possibility.*
>
> – *The Council of Europe*
> *1949*

UNITED STATES INFORMATION AGENCY

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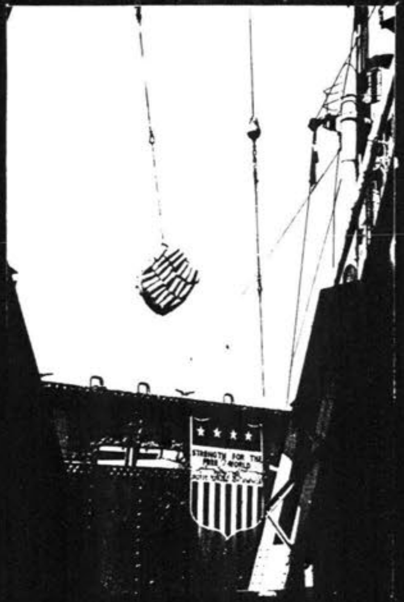
THE MARSHALL PLAN



INVESTMENT IN PEACE

50th Anniversary

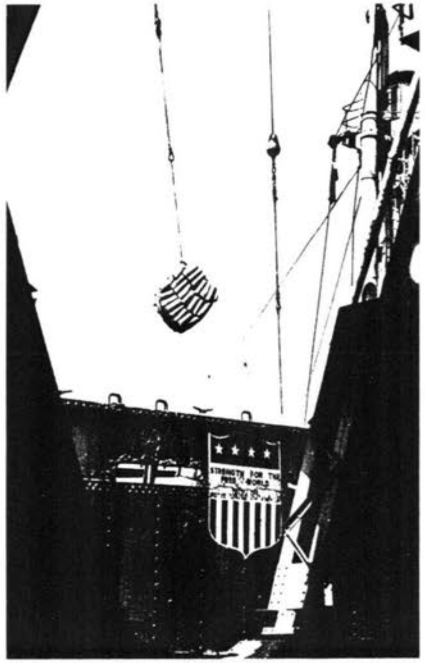
The Marshall Plan...
was a magnet, a beginning,
a confidence-building measure,
a way of starting a process
that turned out to produce an
economic miracle.

– Bill Clinton
President of the United States

8-6-97

THE MARSHALL PLAN

On June 5, 1947, speaking to the graduating class at Harvard University, Secretary of State George C. Marshall laid the foundation, in the aftermath of World War II, for a U.S. program of assistance to the countries of Europe. At a time when great cities lay in ruins and national economies were devastated, Marshall called on America to "do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace." ■ *The U.S. Congress approved Marshall's long-sighted proposal in 1948, and, by 1952, the United States had channeled some $13,000 million in economic aid and technical assistance to 16 European countries. During the program's four years, participating countries saw their aggregate gross national product rise more than 30 percent and industrial production increase by 40 percent over prewar levels.* ■ *But the Marshall Plan, as it came to be known, was not just an American program. It was a joint European-American venture, one in which American resources were complemented with local resources, one in which the participants worked cooperatively toward the common goals of freedom and prosperity.* ■ *Many have been generous in their praise of the Marshall Plan, but perhaps none more than Sir Winston Churchill, to whom it represented "the most unsordid act in history."*



REMARKS OF SECRETARY OF STATE GEORGE C. MARSHALL AT THE HARVARD UNIVERSITY COMMENCEMENT EXERCISES, JUNE 5, 1947

I need not tell you that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisement of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth, and it is hard for them to comprehend the plight and consequent reactions of the long-suffering peoples, and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past 10 years conditions have been highly abnormal. The feverish preparation for war and the more feverish maintenance of the war effort engulfed all aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that two years after the close of hostilities, a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than has been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities of life. This division of labor is the basis of modern civilization. At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and the other ordinary gadgets of civilization. Meanwhile people in the cities are short of food and fuel, and in some places approaching the starvation levels. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus, a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products — principally from America — are so much greater than her present ability to pay that she must have substantial additional help or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to exchange their products for currencies, the continuing value of which is not open to question.

(Facing page)
George C. Marshall
(third from right, foreground)
heads a procession at
Harvard University's 1947
commencement, where
he first outlined what was to
become the Marshall Plan.

> *Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.*

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this government may render in the future should provide a cure rather than a mere palliative. Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident that, before the United States government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this government. It would be neither fitting nor efficacious for this government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome. ■

BLUEPRINT FOR RECOVERY

By Michael J. Hogan

On June 5, 1947, U.S. Secretary of State George C. Marshall rose to address the graduating class of Harvard University. Former wartime chief of staff, the first career soldier to become secretary of state, Marshall was a man of enormous personal integrity whose selfless devotion to duty and hard-boiled honesty made him one of the most respected global leaders of the day.

The young graduates must have been honored by the presence of such a distinguished individual. Although famous men had stood in Marshall's place before, his commanding public stature and the significance of his pronouncement would mark this Harvard commencement above all others. The secretary's address set the stage for a massive American aid program to revitalize the war-devastated economies of Europe. It would become the largest such program in America's history and one widely regarded as the most successful peacetime foreign policy launched by the United States in this century.

British Foreign Secretary Ernest Bevin was among the many Europeans to praise what came to be known as the Marshall Plan. He called it "a lifeline to sinking men," a ray of hope where none had existed before, an act of "generosity...beyond belief."

THE SITUATION IN EUROPE

Although "V-E Day" brought the struggle against Nazi Germany to an end, the peace still had to be won, and this required, above all, the reconstruction of economic and political systems badly damaged by World War II.

The Europeans strove mightily to mend the damage. But even as Marshall spoke at Harvard, capital equipment remained hopelessly obsolete or in need of wholesale repair. The depletion of gold and dollar reserves made it difficult to import essential items and use existing facilities efficiently. Food shortages and inflation discouraged maximum efforts by a demoralized work force; shortages of coal, steel, and other basic resources further restrained production; and the severe winter of 1946-47, the worst in modern memory, nearly wiped out earlier economic gains. In 1947, Western Europe's agricultural production averaged only 83 percent of its prewar volume, industrial production only 88 percent, and exports a bare 59 percent. Translated into human terms, these figures added up to widespread fatigue and a pervasive sense of pessimism about the future.

Making matters worse, the economic crisis worked like a superheated crucible to inflame already serious political and diplomatic problems. In France and Italy, worsening economic conditions undermined governmental authority. In Britain, the winter crisis and the drain on reserves triggered a decision to withdraw British forces from Greece, a country racked by a bitter civil conflict that compounded the economic dislocations growing out of the war. The situation was the same in Germany. Economic conditions there remained the worst in Western and Central Europe, prompting the American occupation authorities to warn that widespread poverty was fostering a popular discontent upon which the Communists were capitalizing.

Policy-makers in Washington also worried about the situation in Germany. They had rejected early postwar proposals, notably the Morgenthau Plan, that would have prevented Germany from again becoming a unified industrial state, urging instead that reparations be held to a minimum and that a revitalized Germany be reintegrated into the European community. There were many reasons for the new policy. But of them, none was more important than the conviction in Washington that stability across the Continent depended on recovery in Germany, which had long been the hub of the European economy.

The German problem exacerbated existing divisions between the former Allies, particularly those between the United States and the Soviet Union. According to wartime agreements, Germany had been divided into American, British, French, and Soviet occupation zones. The zones were to be treated as an economic unit and were to give way to a central administration and then to a new German government. Progress in this direction, however, had foundered on the incompatible interests of the victorious powers. They could not resolve their differences over the amount and form of reparations or over the level of industry and the degree of central administration to be accorded a united Germany. Nor could they agree on arrangements for international control of the Ruhr, where the great coal and steel industries constituted the basis of Germany's economic and military might.

These and other differences came to a head at the foreign ministers conference that convened in Moscow between January and April 1947. The negotiators were unable to agree on the terms of a German settlement. Secretary of State Marshall, who headed the American delegation, left the conference convinced that Soviet leaders hoped to gain politically from a deadlock that would deepen the economic crisis in Central and Western Europe, pave the way to victory for the Communist parties in France, Italy, and Germany, and thereby open the door to an expansion of Soviet influence in an area deemed vital to American security. "The patient is sinking while the doctors deliberate," Marshall told a radio audience shortly after his return from Moscow.

War-damaged streets and buildings in Berlin, as photographed by a member of the U.S. Air Force Command in 1946

ORIGINS OF A RECOVERY PLAN

After returning from Moscow, Marshall set the wheels of American recovery planning in motion. He instructed the State Department's Policy Planning Staff and other agencies to report on Europe's need for economic assistance and on the conditions that should govern American aid.

These reports were then combined with recommendations coming from other quarters, notably from Under Secretary of State William L. Clayton, to lay the foundation for the proposal that Marshall would announce at Harvard University. In this and subsequent pronouncements, Marshall and his colleagues urged the Europeans to take the initiative and assume the responsibility for drafting a program of economic recovery. The Americans would provide "friendly aid" in the drafting process and financial support for a workable program — a regional program, not a collection of disparate national schemes — that was founded on such principles as self-help, resource sharing, and German reintegration.

This was the "lifeline" that the Europeans needed, and most of them, as British Foreign Secretary Bevin recalled, "grabbed" it "with both hands." Bevin and French Foreign Minister Georges Bidault first met to discuss Marshall's proposal with Soviet Foreign Minister Vyacheslav M. Molotov, who said that a regional recovery program would violate national sovereignties. The meeting broke down when Molotov refused to approve a program organized on this basis, whereupon Bevin and Bidault convened a second conference that opened in Paris on July 12, 1947. The Soviets again declined to participate, and they prevented the Poles and the Czechs from attending as well.

At the conference, the occupation authorities represented the western zones of Germany. Joining them were the delegates of 16 European nations: Austria, Belgium, Denmark, France, Greece, Great Britain, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, and Turkey.

The conferees spent two months drafting a comprehensive recovery plan that came close to what the Americans had in mind. As modified by subsequent deliberations in Washington, this plan became the basis for the European Recovery Program that President Harry S Truman presented to Congress in December 1947 and that Congress passed as the Economic Cooperation Act in the spring of the following year. The act provided over $5,000 million for the first 18 months of what eventually became a four-year program that would cost the American people approximately $13,000 million before it ended in 1952. This sum must seem trifling today, when taxpayers shoulder government expenditures in excess of millions upon millions of dollars, but it amounted to between 5 and 10 percent of the federal budget over the life of the recovery program, or about 2 percent of the gross national product over the same period. An aid program of equal proportions in 1997 would be worth many times the amount of the one that Truman initially presented 50 years earlier.

THE U.S. DOMESTIC DEBATE

Coming on top of the $9,000 million already expended on a variety of postwar programs in aid of Europe, the Marshall Plan appropriation was bound to raise objections in Congress. Senator Robert A. Taft of Ohio led a group of economy-minded legislators who were convinced that Marshall aid would aggravate existing shortages in the United States. It would drive up the wholesale price index, they argued, and end in new government controls over the economy. These arguments

I believe
that in years to come we
shall look back upon this
[illegible] as the dividing
line between the old era of
good intentions and the new
[illegible] line between
the old era of national
suspicion, economic hostility,
and isolationism,
and the new era of mutual
cooperation to increase the
prosperity of people through-
out the world.
General Marshall will be
known as one of those who
brought this new era into
being. But he would be the
first to agree that it is more
than the creation of
statesmen. It comes from the
minds and hearts of all the
people. Our peoples are
united in their
determination to work
together to deal with the
basic problems of human
life.

– Harry S Truman
President of the United States,
1945-1953

(Facing page) Western European leaders meet in Paris in July 1947 to develop a comprehensive economic program in response to U.S. Secretary of State George C. Marshall's aid proposal.

had more than a passing appeal to a population weary of wartime sacrifices, high taxes, government controls, and items in short supply.

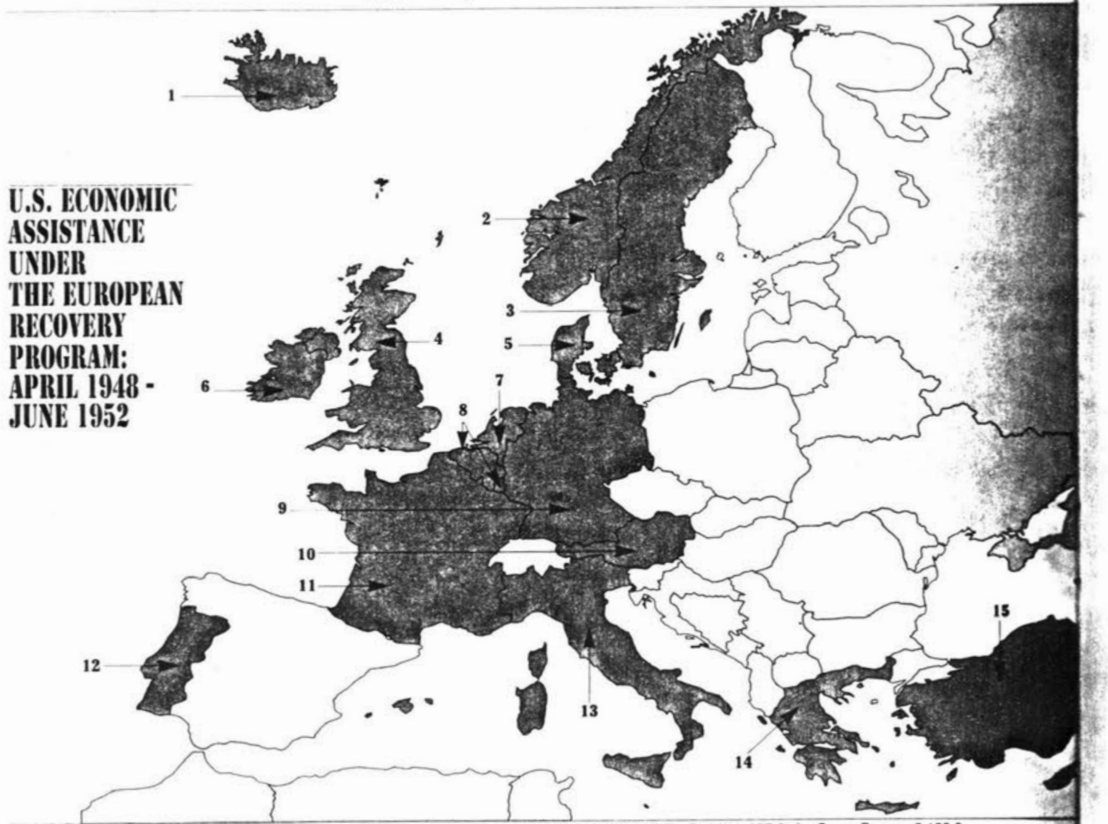
Nor did economic issues exhaust the list of objections. Taft and his allies, who represented an older, isolationist tradition in American diplomacy, also worried lest the Marshall Plan entangle the United States in the affairs of Europe at a time when tensions there could spark another world war.

These were serious reservations, but in the ensuing debate supporters of the Marshall Plan organized a mighty offensive that overturned the arguments mounted by their opponents. Spokespersons for the Truman administration led the offensive, testifying before congressional committees, speaking at public meetings across the country, and organizing three presidential commissions to explain how the United States could manage an expensive foreign aid program without wrecking its economy. In collaboration with their government counterparts, a variety of private groups also threw their support behind the Marshall Plan. These included the major trade unions, the leading farm associations, and powerful elements in the business community, as well as the Committee for the Marshall Plan, a nonpartisan group composed of former government officials and representatives of business, labor, and agriculture.

In public and private forums alike, the spokespersons for these groups joined the Truman administration to defend the Marshall Plan as an act of creative statesmanship, an instrument of American as well as European interests. It would reverse the economic deterioration in Europe, they said, put participating countries on a self-supporting basis, and clear a path to the multilateral system of world trade envisioned in the Bretton Woods agreements of 1944.

Political and strategic arguments paralleled those of an economic nature. The United States, these arguments ran, must forsake the discredited policies of the past. Security against aggression could not be found in the isolationism urged by Taft but in a policy that put American aid behind beleaguered friends on the Continent. Such a policy would reinvigorate fragile political coalitions that were committed, like the United States, to democratic forms of government and would reassemble the components of a balance of power strong enough to contain the Soviets. These were persuasive arguments, made even more persuasive by Britain's withdrawal from Greece, by the labor unrest in France, Germany, and Italy, and by the Communist coup that toppled the democratic government of Czechoslovakia in February 1948.

After four months of deliberation, the U.S. Congress passed the Economic Cooperation Act in the spring of 1948. The vote in the House of Representatives was 329 in favor and 74 opposed, while that in the Senate was 69 in favor and 17 opposed — margins that belied the intensity of the debate and the inveterate opposition of the measure's critics. American diplomacy would never be the same again.



U.S. ECONOMIC ASSISTANCE UNDER THE EUROPEAN RECOVERY PROGRAM: APRIL 1948 - JUNE 1952

ASSISTANCE IN MILLIONS OF U.S. DOLLARS **1**—ICELAND, 29.3; **2**—NORWAY, 255.3; **3**—SWEDEN, 107.3; **4**—GREAT BRITAIN, 3,189.8; **5**—DENMARK, 273.0; **6**—IRELAND, 147.5; **7**—THE NETHERLANDS, 1,083.5; **8**—BELGIUM/LUXEMBOURG, 559.3; **9**—FEDERAL REPUBLIC OF GERMANY, 1,390.6; **10**—AUSTRIA, 677.8; **11**—FRANCE, 2,713.6; **12**—PORTUGAL, 51.2; **13**—ITALY, 1,508.8; **14**—GREECE, 706.7; **15**—TURKEY, 225.1

ENLISTING THE PRIVATE SECTOR

To administer the Marshall Plan, Congress established the Economic Cooperation Administration (ECA), complete with an administrator in Washington, D.C., a special representative in Paris, and local missions in each of the participating countries. The ECA had complete control over operational matters and shared with the U.S. Department of State responsibility for shaping policy. Undergirding this organizational arrangement was the assumption, widely held in Washington, that revitalizing production, solving complicated trade and financial problems, and managing the other tasks involved in Europe's recovery required a technical and business acumen that the State Department did not possess. It required a special administration staffed by the "best brains" from the areas of business, labor, agriculture, and the professions — what Senator Arthur H. Vandenberg of Michigan called a "business enterprise" led by men with "particularly persuasive economic credentials."

> [illegible] been [illegible] since the end of the war to [illegible] [the] European economy as a whole.
>
> — *Ernest Bevin*
> *Foreign Secretary of Great Britain*
> *1945-1951*

These arguments convinced President Truman. He promptly appointed Paul G. Hoffman, president of the Studebaker automotive corporation, as the ECA's administrator in Washington, and W. Averell Harriman, a prominent figure in the business and banking communities, as the special representative in Paris. Harriman was a former U.S. Ambassador to the Soviet Union, envoy to Great Britain, and U.S. Secretary of Commerce, while Hoffman had served on presidential and business advisory groups that backed the Marshall Plan during the congressional debates of 1948.

Hoffman and Harriman filled their offices with top men from the academic and corporate worlds. College graduates, especially graduates of Harvard, Yale, Princeton, and other highly regarded institutions, occupied virtually all high-level positions. The list included such professionals as Milton Katz, a professor at the Harvard Law School who became Harriman's general counsel in Paris, and Richard M. Bissell, Jr., a Keynesian economist who became assistant deputy administrator in Washington. Men with corporate backgrounds were even more prominent, filling key positions in Washington and Paris and serving as ECA mission chiefs in most of the participating countries. The major farm groups donated members to the private advisory committees established by the ECA, worked closely with its overseas missions, and helped to staff its food and agriculture divisions. Much the same was true of the American Federation of Labor, the Congress of Industrial Organizations, and the other trade unions. In these and other ways, the ECA became the center of a vast network of cooperation between public policy-makers and private leaders whose skills contributed immeasurably to an efficient and bipartisan administration of the recovery program.

(Above) In April 1948, U.S. President Harry Truman (seated) signs legislation authorizing the first segment of Marshall Plan aid for the reconstruction of the war-torn countries of Western Europe.

This administrative system did not stop at the water's edge. In accordance with the principles of maximum self-help, mutual aid, and shared responsibility, Marshall and other officials insisted from the start that participating countries take the initiative and play a major role in their own recovery. This required a regional authority that could speak for Europe with a single voice.

The participating countries met this requirement by establishing the Organization for European Economic Cooperation (OEEC). Headquartered in Paris, the OEEC worked in tandem with the ECA to devise annual recovery plans, allocate American aid, make currencies convertible, and loosen the restraints on production and trade. The two agencies had their differences, of course. But their cooperation never broke down, nor did their dogged pursuit of European recovery.

The OEEC quickly assembled a distinguished staff in Paris, arguably the most impressive assembly of economic and financial talent anywhere in the world. Belgian Prime Minister Paul-Henri Spaak, one of the great champions of Western European unity, chaired the OEEC Council, which comprised national representatives from each country. Robert Marjolin of France, another advocate of European unification and a prime mover behind the French Monnet Plan, headed the OEEC's international secretariat. For the most part, equally impressive figures stood in for government ministers at the head of their national delegations, one of the most notable being Sir Edmund Hall-Patch of Great Britain. A civil servant with experience in the British Treasury and Foreign Office, Hall-Patch chaired the OEEC's Executive Committee. The OEEC never became a truly supranational authority of the sort that most Americans and many Europeans had in mind. But under the leadership of able men, it proved to be an effective instrument of economic cooperation with an increasingly European identity and a burgeoning staff of international public servants.

The network of cooperation stretched from the OEEC's headquarters in Paris across the map of Western Europe, involving at every level a pattern of power-sharing between public officials and private leaders much like the one that took shape around the ECA. Each of the participating governments established its own recovery agency, many of which, like the central planning commission in France, involved the active participation of business, labor, and farm groups. The same groups established links with the ECA's missions in the participating countries, as well as with the OEEC. They also joined forces in the national production centers and productivity teams that were established with American support to improve industrial efficiency and maximize output. Through these and similar initiatives, American and European leaders mobilized a powerful alliance of private groups behind the vision of a shared abundance that lay at the heart of the Marshall Plan.

PARTNERS IN RECONSTRUCTION

The Marshall Plan was fundamentally a joint enterprise. The major American contribution took the form of primary products and manufactured goods in short supply on the Continent or in the overseas territories of the participating countries.

Approximately $12,000 million in Marshall Plan aid had been expended by the middle of 1951, much of which helped member states to finance essential imports of fuel ($1,567 million); food, feed, and fertilizers ($3,430 million); and machines, vehicles, and equipment ($1,853 million).

These imports combined with other forms of American assistance to bring a high degree of economic progress and stability to Western Europe. Inflation had been contained in most of the participating countries by 1950, and both intra-European and extra-European trade had recovered to levels well above those anticipated at the start of the Marshall Plan. Shortages growing out of the Korean War undercut these gains. But this was a temporary reversal in an established pattern of recovery that resumed in the early 1950s, continued unabated over the next decade, and led to the restoration of European currency convertibility and the formation of a multilateral trading system comparable to the one envisioned at Bretton Woods.

[illegible] a striking demonstration of the advantages of cooperation between the United States and Europe as well as among the countries of Europe themselves.

— Paul-Henri Spaak
Prime Minister of Belgium, 1947-1949

Churchill's words won the war, Marshall's words won the peace.

— Dirk Stikker
Foreign Minister of the Netherlands, 1948-1952

Something similar can be said of the recovery of Western European production. During the Marshall Plan period, Western Europe's aggregate gross national product jumped by more than 32 percent, from $120,000 million to $159,000 million. Agricultural production climbed 11 percent above the prewar level, and industrial output increased by 40 percent against the same benchmark.

The designers of the Marshall Plan cannot take all of the credit for this remarkable record of success. Local resources accounted for 80 to 90 percent of capital formation in the major European economies during the first two years of the recovery program. Compared to this effort at self-help, some might conclude, the American contribution was marginal measured in quantitative terms, and actually declined in the years after 1949. In truth, however, American aid and European effort were linked inextricably. The Marshall Plan, as Paul Hoffman once explained, provided the "critical margin" of support that made European self-help possible. It facilitated essential imports, eased production bottlenecks, encouraged higher rates of capital formation, and helped to suppress inflation — all of which led to gains in productivity, to improvements in trade, and to an era of social peace and prosperity more durable than any other in modern European history.

The use of counterpart funds provides another example of how the Marshall Plan worked as a shared enterprise. These funds comprised the local currency equivalent of American grants, which the Economic Cooperation Act required participating countries to set aside in special accounts jointly controlled by the ECA and the governments involved. Such an arrangement forced both sides to negotiate their differences, which sometimes were considerable, and to reach an agreement that made expenditures possible. In Britain, counterpart funds were used to liquidate the Bank of England's short-term public debt. In the Netherlands, they helped to contain inflation, underwrite a program of land reclamation, and provide low-cost housing for industrial workers. In France, they supported the Monnet Plan for industrial modernization and re-equipment. In Italy, they were earmarked for a variety of industrial and agricultural projects and for a public-works program to absorb part of the large pool of unemployed labor.

All across Europe, the landmarks of this joint enterprise still stand. In Berlin, Marshall aid reconstructed a power station that had earlier been dismantled as reparations. In Austria, it played a part in building the Limberg Dam and other components in a vast hydroelectric project. In Greece, it helped to reopen the Corinth Canal and restore the famous Orient Express, which once again linked Greece to Western Europe. And in other participating countries, it went to upgrade the manufacturing, mining, transportation, and communications industries. Some of the most notable projects included the Usinor steel mills and the Genissiat hydroelectric project in France, the Finsider and Falck steel plants in Italy, the Margram rolling mill in Great Britain, and the Donawitz and Linz steel mills in Austria.

THE PATH TO PROSPERITY

The spirit of cooperation evidenced in the execution of the Marshall Plan was born of more than need. Americans and Europeans were linked by a system of shared values. In the 20th century, a commitment to productivity formed part of the common culture, and one particularly important to a program of economic recovery. A lineal descendant of the Enlightenment, with its faith in reason, its commitment to science, and its belief in progress, the idea of productivity found fruitful expression in the technical assistance program that the ECA established in 1948. The goal was to promote industrial efficiency in Europe. The vehicles for achieving this goal included a variety of technical assistance projects, engineering schemes, and productivity surveys launched in Europe with the aid of American experts, and a host of productivity teams of European workers and managers who came to the United States to study agricultural and industrial production methods. Out of these efforts, all believed, would come a new day of economic progress and social stability in Europe.

> *The American support of the Marshall Plan deserves above all to be assessed from the point of view of its moral force. It gave the German people the feeling that they were no longer written off by the rest of the world but that they also could again take part in the progress of the free world. Its economic and financial significance was, moreover, no less.*
>
> *— Ludwig Erhard*
> *Chancellor of the Federal Republic of Germany, 1963-1966*

By the middle of 1951, the ECA had expended nearly $30 million on a dazzling array of technical assistance projects. In addition to projects that aimed at increasing efficiency and raising productivity in industry and agriculture, the list included a plan to expand electric power facilities in Greece, a program of veterinary research in Britain, and a number of schemes to improve public administration in Italy, Greece, and other participating countries.

By that time, moreover, hundreds of European productivity teams had toured the United States and scores of American experts had traveled to the participating countries and their overseas territories. The ECA maintained 372 experts overseas in the second quarter of 1951 alone and sponsored 145 productivity teams involving more than 1,000 European labor, management, and agricultural representatives. In addition, the ECA used technical assistance funds to conduct seminars for European managers, to sponsor training programs for European engineers, and to distribute technical and scientific information through films, literature, and exhibits.

As in other areas, the Europeans cooperated in these projects and made a contribution of their own. Labor and management leaders from Great Britain and the United States organized the Anglo-American Council on Productivity. Founded in 1948, the council's activities paralleled the ECA's technical assistance program, with the goal being to enlist American technology in the cause of British productivity. By the end of 1951, the council had sponsored visits to the United States by 66 British productivity teams, disseminated over 500,000 copies of their reports, and published major studies on standardization and simplification in industry.

Other participating countries followed this example. They organized national production councils and worked through the OEEC to launch an intra-European technical assistance program under which national groups of cooperating labor, management, and professional leaders began exchanging technical information and production data. The whole process, as a Dutch manufacturer said of the technical assistance program, opened the door to a "promising and fertile dissemination of American experience in handling productivity problems."

The results of this dissemination are impossible to estimate, but neither the ECA nor the participating countries doubted that technical assistance added measurably to Europe's economic revival. In France, technical assistance enhanced the Monnet Plan for industrial redevelopment. In Germany, it accelerated earlier trends toward the rationalization of industry. In other countries, it led to improved engineering and marketing methods, to important technological adaptations, and to the spread of industrial planning, the growth of automation, and the better organization of production — all of which contributed substantially to the high rate of European productivity that persisted through the 1950s.

The integration of the Western European economies also looms as one of the great achievements of the postwar era and one for which the Marshall Plan can take a due share of credit. The architects of the Marshall Plan celebrated the benefits of economic integration and did what they could to bring it about. The strategic assumptions behind their policy held that an integrated economic order, particularly one headed by central institutions, would help to channel the revitalized strength of the Federal Republic of Germany in a constructive way. Economic integration would reconcile West Germany's recovery with the security concerns of her neighbors, thereby creating a unit of power in the West sufficient to contain Soviet power in the East. The economic assumptions grew fundamentally out of the American experience at home, where a large internal economy integrated by natural market forces and federal institutions had helped to make possible the gains in specialization, resource utilization, and productivity that inhere in economies of scale.

With these goals in mind, the designers of the Marshall Plan tried to strengthen the OEEC and liberalize intra-European trade, so that coordinated planning and normal market forces could weld separate economies into a single productive unit. They also encouraged the Council of Europe and helped to found the European Payments Union, forerunner of the European Monetary System. In addition, they threw their weight behind the Schuman Plan (proposed in 1950) and the coal and steel community that grew out of it, just as they would support the larger European Economic Community that followed.

A shipment of dried fruit, made available to Britain under the Marshall Plan in 1949, stands ready for unloading in London.

THE BIRTH OF NEW EUROPE

The Europeans were less enamored than the Americans with the integrative powers of the market. The British government rejected integration altogether, and the other participating governments refused to go as far in this direction as the Americans wanted. Nor did the Marshall Plan preclude the British from pursuing socialist policies, the French from adopting a modernization scheme that assigned the state a greater role than the Americans thought desirable, or the Germans and Italians from following fiscal and monetary strategies at odds with those favored in the ECA. American policy succeeded in large part because it encouraged participating countries to exercise a high degree of autonomy within the framework of the Marshall Plan. Although an American plan, it placed a premium on European self-help and did not break down when the Europeans devised plans and programs of their own.

There were differences, to be sure, but they were always overshadowed by the common vision that bonded the American Marshall Planners to their friends and allies on the other side of the Atlantic. Together, they saw a new Europe emerging from the rubble and the ruin of war with restored life and fresh vitality. And who can say that they did not go a long way toward turning the dream into reality? Viewed against the pattern of bilateralism that existed in 1947 or from the perspective of the Treaty of Rome concluded a decade later, it seems clear that recovery planners helped to set Western Europe on a road that led from the economic autarchy of the 1930s to the Common Market of the 1960s.

Nor was this the only gain. Through the OEEC and the Council of Europe, through the European Payments Union and the Schuman Plan, this generation of American and European policy-makers also created an institutional framework that stood in lieu of a final peace settlement in the West. It was this framework that set the stage for a historic rapprochement between ancient enemies and led to West Germany's reintegration into the North Atlantic community.

The Marshall Plan, as defined by Marshall in his historic commencement address, was "directed...against hunger, poverty, desperation, and chaos." Measured against this criteria, it must be judged a great success. It succeeded in the revival of economic growth, the containment of Soviet expansion, and the stabilization of democratic politics. It also laid a hardy foundation for transatlantic cooperation on a myriad of economic and political issues — and for an Atlantic community that remains vital and growing today.

LESSONS LEARNED

In the 50 years since George C. Marshall addressed the Harvard class of 1947, it has become commonplace to hear government leaders proclaim the need for another Marshall Plan — to solve the intractable problem of economic development in the so-called Third World, to salvage what remains of the former Soviet Union, to forge a permanent peace in the Middle East, to shore up the unstable regimes in Eastern Europe, or to solve other difficult problems. Although the Marshall Plan was bound by historical circumstances that cannot be duplicated, it nonetheless lives on as a compelling symbol of international cooperation. Its results also testify to the resolve and generosity of the American people, to their capacity for disciplined sacrifice, to the transformative power of their leadership, to their talent for organized initiative on a grand scale, and to their ability to collaborate with others in the pursuit of common goals.

> *[illegible] Together, they will make, and make it quickly, the effort of mutual self-aid which will make us worthy of being aided. For generations, men of all countries who rejected a selfish nationalism have longed for this assembly which is being held today. Let us be proud to be witness to it and to be the good craftsmen of a task dreamed of for centuries and, at the present time, urgently necessary.*
>
> – *Georges Bidault*
> **Foreign Minister of France, 1944-1946, 1947-1948, 1953-1954**

But the Marshall Plan has more than symbolic value. It also offers some practical guides to the current and future generations, even at a time when America's power has diminished relative to its postwar pinnacle and when the American government is no longer able to mobilize economic resources on a scale comparable to those behind the Marshall Plan. After all, much of what the Marshall Plan accomplished came at little cost to the American taxpayer. The technical assistance program, which absorbed only a fraction of American aid, nonetheless put American technical, engineering, manufacturing, and marketing know-how behind the revitalization of the European economies. Similar programs could bring comparable benefits to the developing world today, and their prospects for success would only increase if they embodied the same spirit of cooperation that infused so much of the Marshall Plan.

Virtually every part of the Marshall Plan stressed the principle of European self-help and involved Europeans and Americans as partners in the job of reconstruction. Nor was cooperation limited to political leaders and government officials. It was part of the genius of the Marshall Plan that cooperation at the government level went hand-in-hand with a private, trans-European and transatlantic pattern of collaboration that involved leaders from business, labor, agriculture, and the academy. This kind of cooperation not only undergirded the recovery program in Europe, but also accounted for its success in the United States, where the same combination of private groups helped to educate the American people to the need for European stabilization and won support for the Marshall Plan on Capitol Hill.

The Marshall Plan institutionalized that cooperation in innovative organizations that guaranteed the success of the enterprise and could well be emulated today. Though a government creation, the Economic Cooperation Administration functioned as a semiprivate agency staffed by experts drawn from the professions, just as the Organization for European Economic Cooperation, itself an invention of the participating governments, functioned in part as a denationalized agency run by a professional staff of international civil servants who enjoyed an important degree of autonomy from national governments. Similar thinking informed the European Payments Union, not to mention the European Coal and Steel Community that American and European leaders saw as a supranational mechanism for integrating and regulating competing European economies. These institutions and their successors stand not only as part of the Marshall Plan's legacy but also as examples of an international leadership that can dampen the forces of nationalism, harmonize differences, and produce positive results today, as they did in the early years of the postwar period.

An even more useful legacy is to be found in the high degree of tolerance that characterized American policy under the Marshall Plan. To be sure, the Marshall Plan had no room for the Communist political parties in Europe or for the Communist-dominated trade unions. Nor did the plan leave room for active participation by the Soviet Union. Cooperation was limited largely to the countries of Central and Western Europe and to democratic or anti-Communist political forces. Within these limits, however, the American Marshall Planners were capable of working with their European partners in a way that stopped short of dictating terms. Try as they might to push Great Britain into an integrated Western European economy, the Marshall Planners had to pull back when the British refused to go along, just as they had to give way when the French, German, or Italian governments refused to dismantle cartels, revise tax policies, implement progressive social reforms, or take some of the other initiatives urged by the ECA. As important as these goals were to American leaders, they did not justify a hard-headed intervention into European affairs. Nor would American leaders permit the wrangling over these initiatives to disrupt the spirit of cooperation that otherwise characterized the Marshall Plan, and especially the collaborative efforts to realize such important common goals as the liberalization of European trade, the conversion of European currencies, the integration of markets, the building of supranational institutions, the reconciliation of Franco-German differences, and the creation of a continental balance of power that could contain the Soviet Union.

The Marshall Plan may have created a postwar order in Western Europe and the transatlantic area favorable to American interests, but it was a collaborative order that involved the Europeans as full partners and that gave them the greatest voice in their own affairs. More than anything else, it was this spirit of collaboration and tolerance, this emphasis on self-help and mutual aid, that accounted for the success of the Marshall Plan and that stands as a great lesson to the current generation. ■

About the Author:

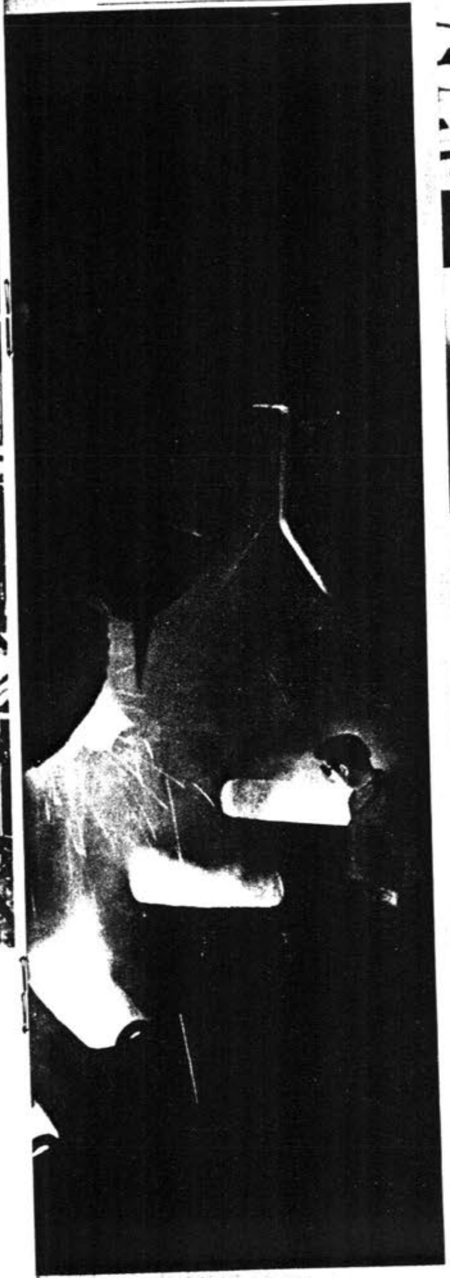
Michael J. Hogan is professor of history and chair of the Department of History at The Ohio State University, as well as editor of Diplomatic History, *an international journal for specialists in diplomacy and foreign affairs. His books include* Informal Entente: The Private Structure of Cooperation in Anglo-American Economic Diplomacy, 1918-1928; The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952; The End of the Cold War: Its Meaning and Implications; *and* Hiroshima in History and Memory. *He has received the Stuart L. Bernath Lecture and Book Prizes of the Society for Historians of American Foreign Relations, the Quincy Wright Book Prize of the International Studies Association, and the George Louis Beer Prize of the American Historical Association. Professor Hogan is currently completing a book on President Harry S Truman and the origins of the national security state.*

LUXEMBOURG

In 1952, a Luxembourg steel worker inspects a box of equipment, bearing the Economic Cooperation Administration emblem, that was used to modernize the steel plant where he worked.

FRANCE

(Above) Reconstruction of a French village, which had been demolished by bombs and fires during World War II, nears completion in the early 1950s. The reconstruction was instituted by the French government with Marshall Plan funds, which were also used to modernize a steel mill at Denain (right), part of the giant Usinor combine.



PORTUGAL

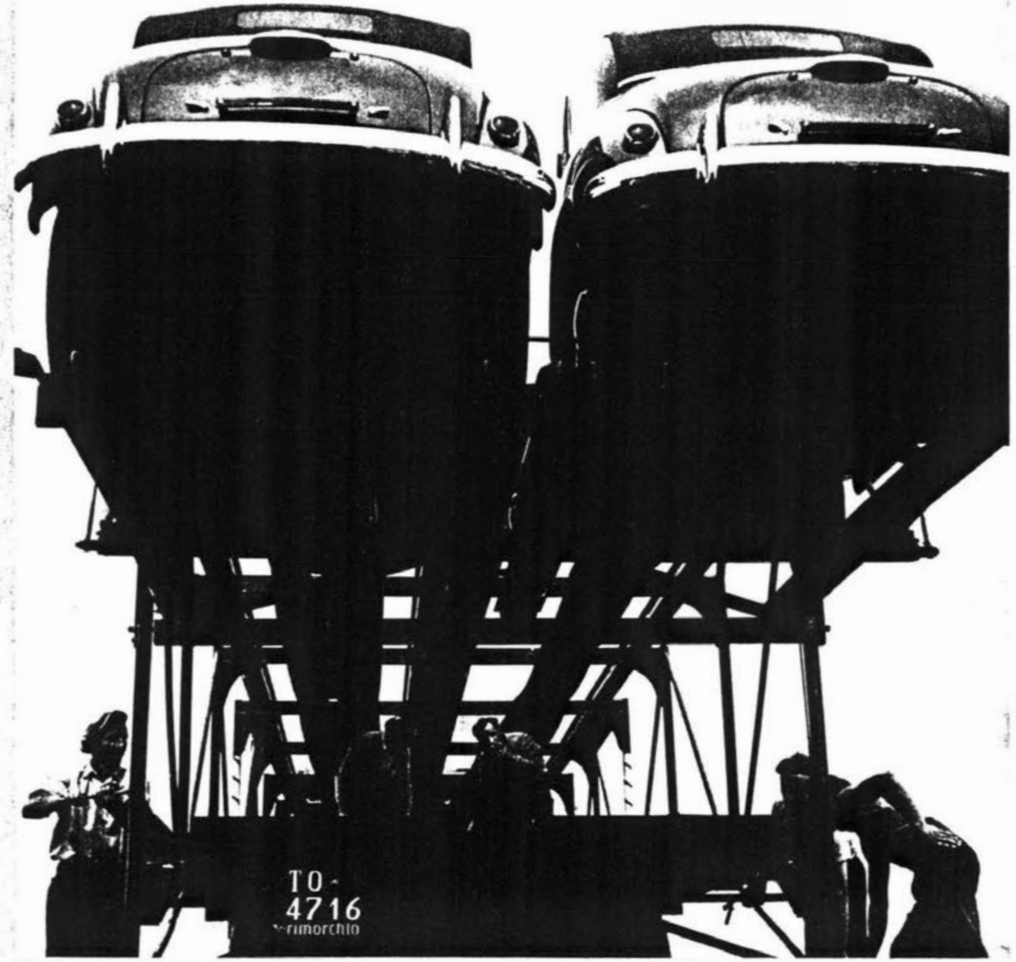
A textile plant in Portugal realized new levels of productivity with Marshall Plan-enhanced machinery and training for plant workers.

BELGIUM

With ECA aid, Belgium upgraded the underground rail system in Brussels (left) and repaired the ruined docks and wharves of the fishing port of Ostend, where nets bulged during the 1952-53 season (inset).

ITALY

(Below) New Fiats — known by workers in the Italian plant where they were made as "Marshall Plan Babies" — rolled off an assembly line in 1952. (Right) The Government of Italy and America's Economic Cooperation Administration joined forces in 1951 to construct a housing project for the people of Matera.



TURKEY

Coal miners at Zonguldak on Turkey's Black Sea coast found their mines expanded and made more efficient through the joint efforts of the Turkish government and the Economic Cooperation Administration.

ICELAND

With credit provided under the Marshall Plan, a farm in the inland village of Selfoss, Iceland, purchased modern agricultural machinery to expedite harvesting of its hay crop.

SWEDEN

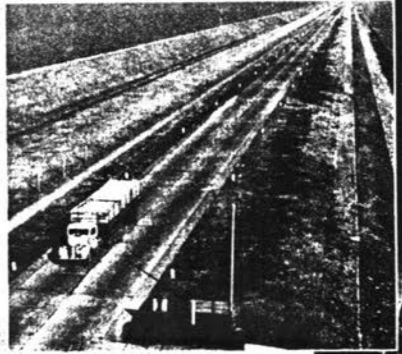
"Conditional aid" under the Marshall Plan enabled Sweden to obtain steel plate for its Gothenburg shipyard, where some 10,000 workers were engaged in building ships for export; shown here, the 18,400-ton tanker *Bergemaster*, which was destined for Norway.

GERMANY

Workers leave a plant in Germany, where more than $1.3 billion in Marshall Plan aid enabled the country to revamp its factories and surpass its prewar industrial production level in 1951, one year before the end of the Marshall Plan.

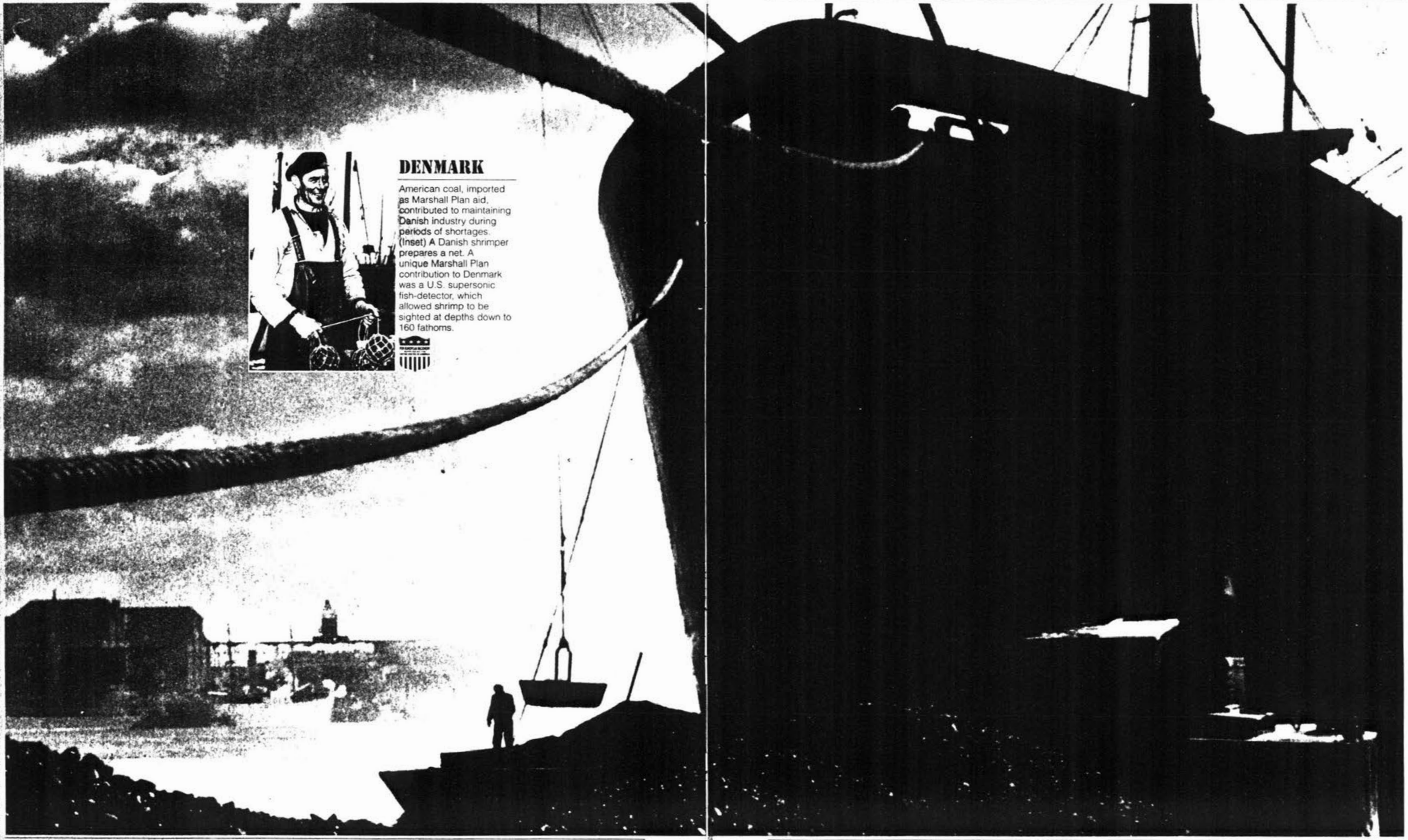
THE NETHERLANDS

(Below) Marshall Plan counterpart funds enabled the reclamation of some 1,200 square kilometers of war-ravaged land in the Netherlands and the construction of roadways needed for the shipment of supplies. (Right) Dutch workers take a break from the relentless task of reclaiming land.



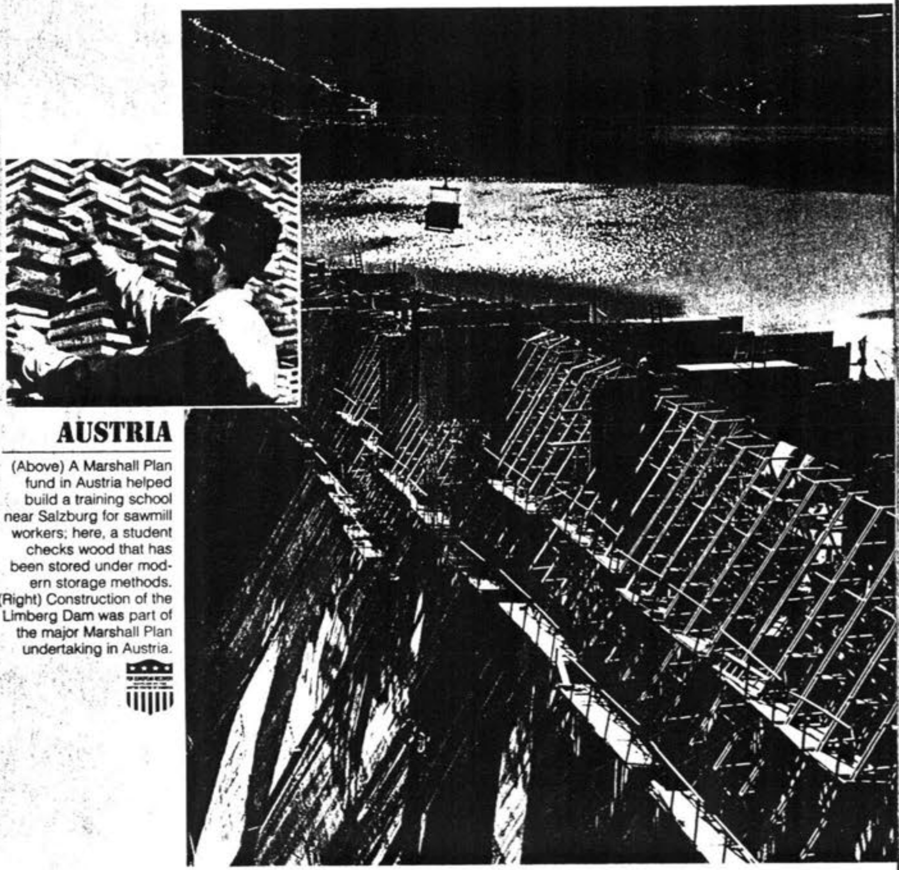
GREAT BRITAIN

The bombing of Britain during World War II damaged 1.5 million homes and business buildings, including the Houses of Parliament. Here, Parliament receives a new roof. (Inset) An early emergency measure under the Marshall Plan was the distribution, by Britain's Ministry of Food, of American orange juice concentrate to expectant mothers and young children.



DENMARK

American coal, imported as Marshall Plan aid, contributed to maintaining Danish industry during periods of shortages. (Inset) A Danish shrimper prepares a net. A unique Marshall Plan contribution to Denmark was a U.S. supersonic fish-detector, which allowed shrimp to be sighted at depths down to 160 fathoms.

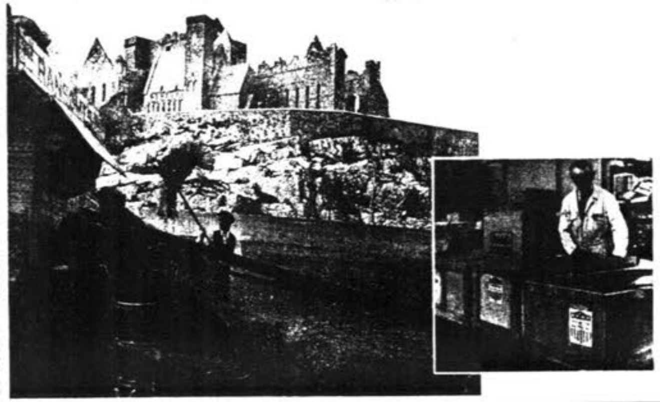


AUSTRIA

(Above) A Marshall Plan fund in Austria helped build a training school near Salzburg for sawmill workers; here, a student checks wood that has been stored under modern storage methods. (Right) Construction of the Limberg Dam was part of the major Marshall Plan undertaking in Austria.

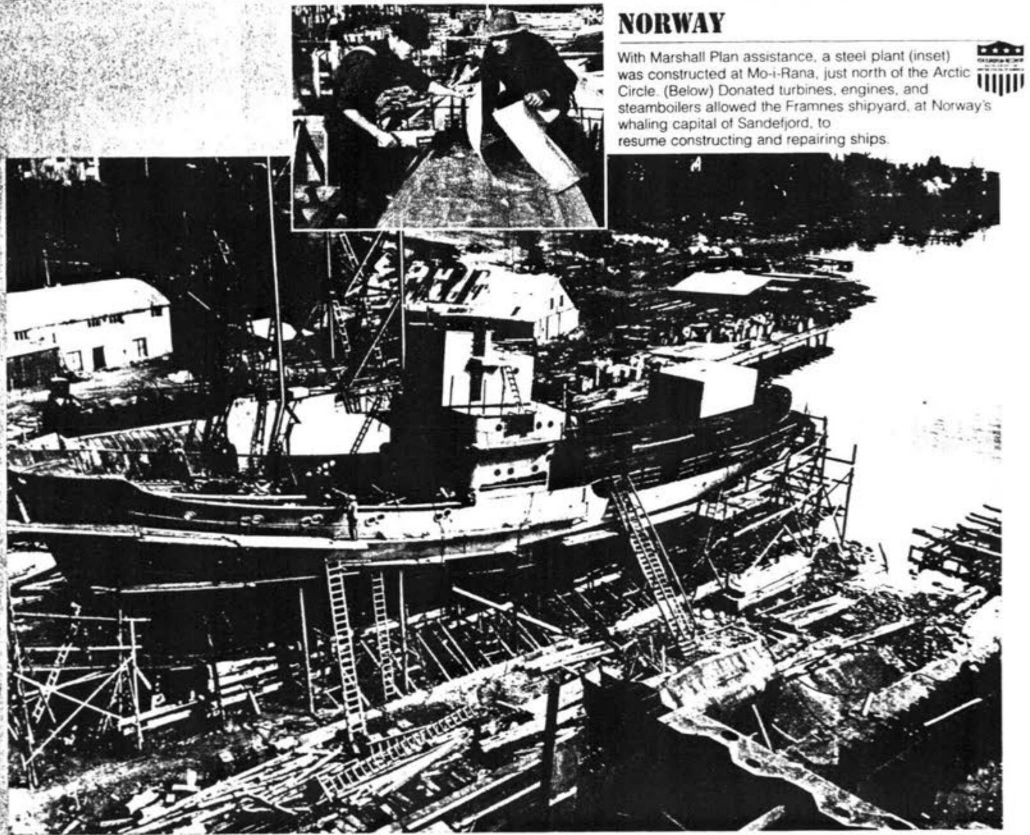
IRELAND

(Right) With American threshers, binders, and tractors — paid for in counterpart funds — Ireland's farmers increased agricultural production by 93 percent over 1947 levels during the four years of the Marshall Plan. (Far right) At a Ford automobile plant in Cobh, a worker uncrates spare parts purchased through the Marshall Plan.



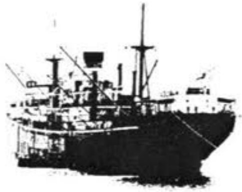
NORWAY

With Marshall Plan assistance, a steel plant (inset) was constructed at Mo-i-Rana, just north of the Arctic Circle. (Below) Donated turbines, engines, and steamboilers allowed the Framnes shipyard, at Norway's whaling capital of Sandefjord, to resume constructing and repairing ships.



GREECE

(Below) At the government's economic recovery exhibition building in Athens, a truck bearing the one millionth ton of Marshall Plan aid to Greece is blessed by Greek Orthodox priests. (Right) With ECA help, Greece accelerated exploitation of its bauxite reserves to provide raw materials for European aluminum production and supplies for the U.S. stockpile.



GEORGE CATLETT MARSHALL

Army General, Chief of Staff of the Army, Secretary of State, Secretary of Defense — George Catlett Marshall served the United States and the world as a soldier and a statesman.

According to Marshall's civilian superior during World War II, Secretary of War Henry L. Stimson, Marshall was "one of the most selfless public officials" he had ever known. It is not by chance that his name is given to what Sir Winston Churchill described as "the most unsordid act in history" — the Marshall Plan — through which thousands of millions of U.S. dollars were channeled to a war-torn Europe for economic reconstruction.

The son of a coal merchant, Marshall was born in Uniontown, Pennsylvania, on December 31, 1880. He graduated from the Virginia Military Institute in 1901. Commissioned a lieutenant of the infantry, Marshall was first assigned to serve in the Philippines. There, according to historians and biographers, he developed the self-discipline, study habits, and other attributes of command that would allow him to excel.

During World War I, Marshall served as Chief of Operations of the First Army and gained recognition for his role in preparing the Meuse-Argonne offensive in 1918. He later served as Assistant Commandant for Instruction of the Infantry School at Fort Benning, Georgia. At the school, Marshall made changes in instruction methods and influenced several generals who became prominent in World War II.

Marshall became Chief of the War Department's War Plans Division in 1938. Nominated for Army Chief of Staff by President Franklin D. Roosevelt in early 1939, he served as acting chief for two months and then took full control on September 1, 1939 — the day that World War II began with Nazi Germany's invasion of Poland.

As head of the army, Marshall directed the American military buildup for World War II. He presided over the raising of new divisions, the training of troops, the procurement of equipment, and the selection of top commanders. Under his leadership, the U.S. Army grew in less than four years from fewer than 200,000 men to a well-trained and well-equipped force of 8.3 million men.

As Chief of Staff and principal U.S. war planner, Marshall strongly advocated an Allied drive on Nazi forces across the English Channel, which evolved into the Normandy invasion on June 6, 1944, and the campaign to liberate Western Europe.

Marshall's later career has often been discussed in terms of whether it was desirable to have a "military mind" in a high civilian post. U.S. statesman Dean Acheson pointed out that, "Nothing could be more mistaken than to believe that General Marshall's mind was a military mind in the sense that it was dominated by military considerations, that is, considerations relating to the use of force." Acheson wrote in his 1959 book, *Sketches From Life*, that Marshall not only kept military concerns from ruling his civilian decisions, but also, "when he thought about military problems, nonmilitary factors played a controlling part." Bernard Baruch, an American businessman and statesman, called him "the first global strategist."

Marshall recommended that his protégé, Dwight D. Eisenhower, lead the Allied forces in Europe, after Roosevelt decided that Marshall himself was too indispensable in Washington. In late 1944, Marshall was named General of the Army.

Marshall retired as Chief of Staff in November 1945 at the age of 65. Only days after Marshall left the army, President Harry Truman persuaded him to go to China, as his special representative, to try to mediate the bitter civil war there. Although his efforts were unsuccessful, Truman asked him to accept the post of Secretary of State. The U.S. Senate disregarded precedent and unanimously approved the nomination without a hearing on January 8, 1947, making Marshall the first military leader to become the head of the U.S. Department of State. As secretary, Marshall directed his staff to formulate a program of economic recovery for Europe, which he outlined in a brief but historic address to Harvard University's graduating class on June 5, 1947.

Marshall worked at the United Nations and in other forums for treaties with the defeated powers that would restore them to places of respect and equality in the family of nations. He championed rearming Western Europe to bolster the region against potential Soviet aggression, and he indicated a willingness for the United States to participate in a regional arrangement for collective defense. He also initiated a series of regional alliances for the United States and Latin America, which were designed to promote hemispheric cooperation. Ill health led to his resignation from the State Department in early 1949.

After the outbreak of the Korean War in 1950, President Truman asked Marshall to return to government as the head of the Department of Defense. In the year that he served, Marshall increased the size of the army, promoted a plan for universal military training, and helped to develop the North Atlantic Treaty Organization (NATO).

Marshall was dedicated to building a strong defense, but he also labored to find peaceful solutions to world conflicts. In December 1953, he was awarded the Nobel Prize for Peace in recognition of his contributions to the economic rehabilitation of Europe. He was the first soldier to win that honor.

Not long before Marshall's death in Washington, D.C., on October 16, 1959, Winston Churchill paid him the following tribute: "During my long and close association with successive American administrations, there are few men whose qualities of mind and character have impressed me so deeply as those of General Marshall. He is a great American, but he is far more than that. In war he was as wise and understanding in counsel as he was resolute in action. In peace he was the architect who planned the restoration of our battered European economy and, at the same time, labored tirelessly to establish a system of Western defense. He has always fought victoriously against defeatism, discouragement, and disillusion. Succeeding generations must not be allowed to forget his achievements and his example." ■

— Jeanne Holden
USIA Senior Staff Writer

> *The Marshall Plan consisted essentially in vast-scale American aid to Europe. Its success depended entirely on the use the Europeans made of that aid. Driven by a will to renew, as well as by strong pressure from the Americans, they were able to put it to good use — that is, they concentrated their efforts on investment and exports, with only limited satisfaction of consumer wants, just enough to prevent social tensions from reaching the breaking point or, at any rate, from causing an acute crisis.*
>
> – *Robert Marjolin*
> ***Secretary-General,***
> ***Organization for European***
> ***Economic Cooperation,***
> ***1948-1955***

Children play on a street in Marseilles, France, as new housing rises in the background.

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ON THE INTERNET

George C. Marshall Foundation home page:
http://www.GCMarshallFDN.org/index.html

U.S. Information Agency international home page:
http://www.usia.gov/usis.html

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THE GERMAN MARSHALL FUND (Washington, D.C.): inside back cover.

In 1950, artists from 13 Marshall Plan countries took part in a competition to create posters capturing the goals and spirit of the Marshall Plan. From some 10,000 designs submitted, an intra-European jury in Paris made up of museum curators, art educators, and others chose 25 for production and distribution throughout Western Europe. Ten of the 25 winning posters are shown above.

THE PRESIDENT HAS SEEN
8-6-97

Scout Dies In Accident At Jamboree

Youth, 16, Lost Control While Driving Humvee

By Justin Blum
Washington Post Staff Writer

FORT A.P. HILL, Va., Aug. 5—A 16-year-old Boy Scout driving a U.S. Army Humvee without permission or training at the Scouts' National Jamboree was killed Monday night when he lost control of the military transport vehicle, causing it to overturn on the shoulder of a winding dirt road.

The accident, in which two other Scouts were injured, cast a heavy shadow on the quadrennial gathering of 30,000 Scouts at this Army training facility 80 miles south of Washington. The Jamboree, which ended today, is a nine-day event at which Scouts normally revel in camping, fishing, biking and other outdoor activities.

Police said Robert Combes, of Finleyville, Pa., who was not wearing a seat belt, was thrown from the driver's window of the Humvee and then pinned under the vehicle after it flipped over. It was one of 16 Humvees the Army had lent to the Boy Scouts for delivery of supplies at the Jamboree, and Combes was among the volunteers making the deliveries.

But Combes, being younger than 18, was not supposed to be driving the Humvee, Scout officials said. He had obtained his learner's permit to drive a car only two months ago, according to police.

The teenager apparently persuaded the three other Scouts in the Humvee, all of whom were 18, to let him have a turn behind the wheel, said Virginia State Police 1st Sgt. Anthony Lippa.

"The boy just wanted to drive and he asked the others," Lippa said. "You have a situation with an inexperienced driver . . . going fast enough that they were bouncing and coming around a curve and losing control."

Scouting officials said they did not try to monitor who was driving the Humvees, and that they trusted the Scouts who were authorized to drive to keep others from doing so. About 150 Scouts and Scout leaders in the supply operation had obtained a special Army license to drive the vehicles after taking a 3½-hour training class.

"I don't know that there's a lot more we could have done," said Gregg Shields, a national Scouts spokesman.

Police said they had not determined how fast Combes was driving. They said there was no indication drugs or alcohol were involved.

The front-seat passenger, David Lundstrom, of Rockford, Ill., wore a seat belt and was not injured, although he was held for observation at a hospital at Fort A.P. Hill and was released today. There were no seat belts in the rear of the Humvee, which was configured for cargo and had two benches in back.

Nathaniel Searls, of Sioux City, Iowa, one of the two Scouts sitting in the back, was treated for back pain at Mary Washington Hospital in Fredericksburg, Va., and released.

The other, David Lipson, of Moon Township, Pa., suffered a clavicle fracture and remained at Mary Washington Hospital in stable condition.

The Army has used the Humvee, short for High-Mobility Multipurpose Wheeled Vehicle, since 1985 to replace its older Jeeps. The vehicle and its load weigh up to 7,700 pounds and it is wider and higher than regular cars, allowing it to manage rough terrain and steep slopes.

Several automotive safety experts said the Humvee could pose problems for anyone not used to driving a vehicle of that bulk.

See SCOUT, B6, Col. 4

SCOUT, From B1

"Once you make a turn and you overcorrect, you're throwing that weight of the vehicle totally in the opposite direction," said Robert Livingstone, director of automotive services for the American Automobile Association's Potomac chapter.

"With a vehicle of this nature, it doesn't really take that much, once you get the physical weight moving, to keep it going. These aren't really designed for high speed."

David E. Davis Jr., editor of Automobile Magazine in Ann Arbor, Mich., said the Humvee was too hard to handle for someone as young and inexperienced as Combes. "A 16-year-old high on testosterone has absolutely no business driving a vehicle like that," he said.

As his parents flew to Virginia today, neighbors and other Boy Scout parents in Finleyville, a town about 20 miles southeast of Pittsburgh, remembered him as a kind young man who was reserved but had become more outgoing in recent years.

"The whole neighborhood is distraught," said John Ferrence, the Combeses' next-door neighbor. "He was a very, very nice yofing man. He was no trouble for anyone. He was in Scouting all his life."

Patricia Staley, whose husband, Leonard, is the scoutmaster for Combes's troop, said the teenager had taken on a leadership role.

"He always helped younger Scouts. You couldn't say a bad thing about him, really," she said.

Combes was about to enter his junior year at Ringgold High School, and he was chosen to attend the Jamboree as a volunteer on the support staff because of his work in July at Heritage Reservation, a Scout leadership camp in Farmington, Pa., Staley said.

Several of Combes's friends organized a memorial service for him today at the Jamboree. "It's devastating," said Brian Smoley, 15, of Pittsburgh. "Rob was a real good friend."

But many of the Scouts here did not know about the accident.

Scout officials said it would have been logistically difficult to make a Jamboree-wide announcement about Combes's death, and Pittsburgh area Scout leaders said they wanted to wait until their Scouts were home so the boys could deal with their grief with their parents nearby for support.

"We're trying to get through the end of this without them getting worked up about this," said David Fohr, a scoutmaster from the Pittsburgh area. "These boys don't need to know right now."

Some Scouts criticized the officials' decision to avoid spreading the word about the accident and proceed with the normal Jamboree schedule.

"It seems like it should have been canceled," said William Scipio, 13, of Baltimore. "We should have had a moment of silence or something. Everybody should have been told what happened."

Scout officials said this was the second death at a National Jamboree, an event that dates to 1937. At the 1977 Jamboree, held in Pennsylvania, a Scout was struck by lightning.

Monday's accident happened about 8:15 p.m. on a bumpy dirt and gravel road about three miles from the camp where Combes and the three other volunteers were staying. The road, shrouded by pine trees, has been used mostly by Scout volunteers and supply vehicles.

The volunteers in Combes's vehicle had been assigned to deliver ice at the Jamboree.

But police said they believe that the trip the four Scouts were making when the accident occurred—to pick up ice at a supply trailer—had not been authorized.

Shields, the national Scouts spokesman, said the Jamboree used Humvees to carry supplies because the vehicles can easily traverse rough terrain.

He and Army officials said that properly trained 18-year-olds should not have difficulty operating the Humvees, and he said Scout officials were not concerned about continuing that practice.

Some Scouts said they thought that driving Humvees was dangerous for their peers, even those who are 18 years old.

"Just the Army should be driving those," said Brian Howle, 17, of Baltimore.

"They're the ones who are a lot more trained. You should prevent things like this from happening in the first place," he said.

Staff writer Sewell Chan contributed to this report.

Should write a letter to his parents —

The Washington Post
WEDNESDAY, AUGUST 6, 1997

We will send to Dorskind for reply once you have seen.
B.

8-6-97

Evolution of an Oil Rush

By Daniel Yergin
and Thane Gustafson

CAMBRIDGE, Mass.

The hottest spot in the oil industry? The Caspian Sea region, where Europe, Central Asia and the Middle East meet. The region's energy reserves are worth trillions of dollars; developing them will cost an estimated $50 billion or more over the next decade.

The stakes are huge. The Caspian Derby is a feverish amalgam of competition, collaboration and political and economic wrangling. The outcome will be critical to global economic growth in the next century — and to the political consolidation of the independent states of the former Soviet Union, relations between Russia and the West and the role of Iran in the region's economy.

The Caspian may hold oil and gas reserves second only to those of the Middle East. Conservative estimates run as high as 100 billion barrels or more — almost 10 times the reserves of Alaska. That amount could increase as exploration moves into deeper waters.

By as early as 2010 the Caspian could produce as much oil as the North Sea today, making it one of the world's main production centers. This will take pressure off the global market; by that time, the world could be consuming 30 percent more oil than it is today, with much of the increase in demand coming from Asia. The Caspian region also holds the potential of becoming a crucial supplier of the natural gas that Asia badly needs to meet its growing electric power requirements.

Azerbaijan, Kazakstan and Turkmenistan look like the big winners — Azerbaijan and Kazakstan with the lion's share of oil, Kazakstan and Turkmenistan with well over half the gas. Russia and Iran appear to have only minor reserves in their corners of the Caspian.

Chevron is already shipping oil by rail from Kazakstan through Russia toward markets in Europe, and oil from Azerbaijan's new offshore fields is expected to reach the shores of the Black Sea, via a pipeline through Chechnya, for shipment to Europe later this year.

This treasure of the Caspian is a treasure rediscovered. In 1873, Robert Nobel, brother of Alfred Nobel, the inventor of dynamite and endower of the Nobel Prize, headed south from St. Petersburg to what is today Azerbaijan. He was looking for walnut trees, whose wood was used to make rifle stocks for the Czar's army. Instead, in Baku, on the shores of the Caspian, he found that local people had already established a primitive oil industry.

The Nobels built up the region's leading oil company; Robert Nobel's brother Ludwig became known as the Oil King of Baku. At the end of the 19th century, Baku was the world's number one source of oil. Until the middle of the 20th century it remained the largest European oil supplier, and capturing Baku was Hitler's top strategic objective when he invaded the Soviet Union in 1941. (The Nazis got close to it but ran out of fuel before they could capture it.) After World War II, output declined, and Soviet oil men turned their attention to the Urals and then to West Siberia for the resources that made the Soviet Union the world's largest oil producer, ahead of Saudi Arabia, by the 1980's.

As recently as the early 90's, many Western companies feared that investment in the Caspian region was too risky. The new independent countries of the former Soviet Union were shaky at best, and were ruled by ex-Communists. Russia might be back any day; there were numerous ethnic conflicts in the region, particularly between Azerbaijan and neighboring Armenia.

The Caspian Sea region may soon be fueling the world.

The region is hardly stable now, but the situation has improved enough to encourage investment. Russia is coming back but in a different way, as Russian companies promote their interests in the Caspian area. There are cease-fires in Chechnya and between Armenia and Azerbaijan. And though former Communists are still in power around the region, a number of them are, to one degree or another, embracing the free market and trying to attract Western investment.

Azerbaijan's President, Heydar Aliyev, got a warm welcome in Washington last week. Mr. Aliyev, the longtime Secretary of Azerbaijan's Communist Party who was a hard-line opponent of Mikhail S. Gorbachev in the Soviet Politburo, talked to American business leaders about his conversion to free markets.

Mr. Aliyev has played a skillful hand, using oil to strengthen his country's bargaining position against Russia by inviting two dozen foreign companies and governments — Russian, American, British, French and Turkish, among others — to develop the oil wealth off his country's shores. President Nursultan Nazarbayev of Kazakstan, meanwhile, has welcomed Chinese as well as Western investment in Kazakstan's oil development.

Yet the risks to Caspian oil development remain considerable. The key is transportation — that is, pipelines. At least half a dozen projects are under way or well along in the planning stages. Every single pipeline in the works must cross more than one country's border, and every one involves a delicate geopolitical balance.

For example, there is intense rivalry between Russia and Turkey over the route of the main pipeline that will carry Azerbaijani oil to world markets. If it cuts through Russia, to a Black Sea port for shipment by tankers through the Bosporus Strait, the Russians will increase their leverage in the Caspian region, and Russian companies will profit. If the pipeline crosses Georgia and then cuts south across Turkey to the Mediterranean, it would be an economic boon to Turkey.

Yet the sources of instability that scared off oil companies in the early 1990's are still threats. The conflict between Armenia and Azerbaijan, for example, remains unresolved; renewed fighting could jeopardize the Azerbaijani pipeline projects.

And if fighting breaks out again in Chechnya, just north of Azerbaijan, an important transportation route from the Caspian could be threatened. There is also inherent tension between Azerbaijan and Iran. About as many Azeris live in Iran as in Azerbaijan. Most Azerbaijanis are Shiite Muslims, but Mr. Aliyev has reaffirmed the country's commitment to secularism. That puts it directly at odds with Iran's Shiite fundamentalists.

Russia casts a large shadow on the region. Some fear it may try to reclaim control over the region. The legal status of the Caspian Sea is still unsettled, and some Russian politicians see the Caspian area as part of Russia's sphere. But the current Government in Moscow is showing more interest in getting the best business deals than in geopolitical hegemony.

In all this, the United States has sought to cast itself in what Deputy Secretary of State Strobe Talbott recently called the role of the "honest broker," helping to solve regional conflicts and building institutions of a market economy, like tax codes.

The Caspian development is off to a much more promising start than might have been expected even two or three years ago. Multinational involvement in projects, including Russian and Turkish companies, will be critical to stability, especially on the main pipeline that will transport Azerbaijani oil. Already, Lukoil, the leading new Russian oil giant with close ties to the Russian political leadership, is an important player in the Caspian region, along with other Russian companies. Other Russian companies are expected to follow.

Indeed, if there is any lesson so far from the Caspian Derby, it is that the more players and the more oil and gas pipelines, the better. This makes it less likely that political interests will overplay their hands. □

Daniel Yergin is president and Thane Gustafson is director of Cambridge Energy Research Associates, an oil research and consulting firm. They are co-authors of "Russia 2010 and What It Means for the World."

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The New York Times
WEDNESDAY, AUGUST 6, 1997

Gene S/Dan T
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8-6-97

THE WORKERS

Angry Voices of Pickets Reflect Sense of Concern

By DIRK JOHNSON

WILLOW SPRINGS, Ill., Aug. 5 — The picket signs bobbed like kites in the wind. Clenched-fisted truckers along 79th Street blared horns of solidarity. The striking workers chanted, vowing never to surrender.

But there was more worry than bravado in the voice of Linda Borucki, who has been a part-time worker at United Parcel Service for 13 years.

"You look around and it's hard to find real full-time work anymore," said Ms. Borucki, 31, who brought children's books to the picket line to occupy her 8-year-old son, Cyril. "How do people expect you to make it?"

On the outskirts of the huge U.P.S. center in this Chicago suburb, where about 70 percent of the 5,500 employees are part-timers, the striking workers sounded at times as if they were not simply taking on one company, but corporate America.

"These companies all have the formula," said Laura Pisciotti, 30, who rides two buses for more than an hour to work for $8 an hour, 20 to 25 hours a week. "They don't take you on full time. They don't pay benefits. Then their profits go through the roof."

The use of part-time workers and the pension fund are the two crucial issues in the stalemate in contract talks between the International Brotherhood of Teamsters and U.P.S. The union says in a booming economy, the company should be creating more full-time, higher-paying jobs.

But in a quick-turnaround business, U.P.S. sees the part-timers as an economic lifeline.

Those workers were walking the picket line today, a sunny day with just a hint of autumn chill.

Ms. Borucki, drives an older-model car and shares a one-bedroom apartment with her son in Burbank, Ill., a working-class suburb. Her son takes the bedroom; she sleeps in the living room.

"Where would we cut back?" she asked.

A woman at her side, Leatha Hendricks, 36, spoke up in anger.

"People don't even look at workers as human beings anymore," Mrs. Hendricks said. "My name is Leatha, but to them, I'm just a machine. All they care is that you've got some strength in your back. And when your back goes out of whack, it's over. You're gone."

Most of the strikers said they had very little financial reserve to endure a long strike.

George Sanchez, who came to the United States from Mexico as a child in 1979, said he could last two weeks, at most, before looking for another job.

"I'll have to take something," Mr. Sanchez said. "But most jobs are not union. And they're worse than this."

Mr. Sanchez said that as a part-timer he earned $8 an hour, for 20 to 25 hours a week, but had little prospect for advancement. He also fixes cars in his Cicero neighborhood.

"I don't have insurance for my kids," he said, as two of his three children, Jasmine, 8, and Kiara, 3, stood nearby.

Mr. Sanchez's father came to Chicago looking for work, taking a job at a Zenith factory. But he lost his job when Zenith moved its production to a plant to Mexico.

Mr. Sanchez said U.P.S. was unwilling to pay more, or to give workers more hours. And the job atmosphere was tense, he said.

"They push and push," Mr. Sanchez said, "always on top of you."

Ms. Pisciotti, the single mother of a 3-year-old daughter, said she fell recently and hurt her arm, and a supervisor pushed her to keep working.

"He just yelled, 'Come on — get going, get going,' " she said.

While most of the newer workers make about $8 an hour, some longer-term ones make $14 an hour. A small minority make nearly $20 an hour.

The disparity stems from a two-tiered wage scale that the union accepted in the 1980's, and now regrets. The differences in wages for people doing the same jobs has sometimes caused dissension within the ranks.

Mike McCartan, 38, a part-time worker for 10 years, said he could survive financially only because his wife had a job in a grocery store.

The father of 5-year-old twins, Mr. McCartan is a tall, square-shouldered man who wore a sticker on a T-shirt that pledged, "We'll fight for more full-time jobs."

He said the company had been dangling the prospect of a full-time job for him for many years.

"You can't feed your family on promises," Mr. McCartan said. "You can't make the house payment on promises."

The striking workers carefully watched a car cross the picket lines about every 10 minutes. When the face inside the car was familiar — a neighbor or a friend — a gasp would go up, and then jeers.

"No. Don't do it," said Erma Young, a 45-year-old striking worker, as she spotted an acquaintance crossing the line.

Ms. Young shook her head, then cast a look of affection toward some fellow strikers.

"Don't matter if we're white, black or purple," she said, "just matters that we stick together."

A teamsters official stopped at the picket site to rally the strikers.

"We've had reports that some people are going inside, working their shift," said Mike Marasovich, the teamster official, "then coming out and signing, as if they'd been on the picket lines."

As boos rang out, Mr. Marasovich told the strikers: "We need you to look out for each other. Somebody pulls that, you isolate them. You deserve better than that."

Kathy Gedeon, a shop steward who has been a part-time U.P.S. worker for 23 years, said teamster members had taken a more active role in the last few years, as the union has become more democratic.

"People are just now learning what a union can do for them," said Ms. Gedeon, who has a master's degree in psychology, and works a second job as a counselor at a homeless shelter. "We now feel like we have a say-so."

Strikers called today for keeping the heat on upper management.

Marilyn Lange, a 43-year-old part-timer worker, raised aloft a sign that said, "The men in suits are making all the loot."

The New York Times
WEDNESDAY, AUGUST 6, 1997

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THE PRESIDENT HAS SEEN
8-6-97

J Winston

Good column

should stay in touch
with him —

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THE PRESIDENT HAS SEEN
8-6-97

THE WALL STREET JOURNAL
WEDNESDAY, AUGUST 6, 1997

CAPITAL JOURNAL
By Gerald F. Seib

A New America Begins Its Quest For Racial Calm

THERE ARE MANY visions of America, but few of them look quite like this:

It is a country that is just 51% white. The largest minority is Hispanics, who make up a quarter of the country and outnumber African-Americans by almost 2 to 1. Another 8% of Americans are of Asian descent. But all of these distinctions are blurring, because one out of five Americans has an ethnic background that is racially mixed.

Yet that is precisely the America that will exist in half a century under current trends, according to a new National Academy of Sciences report. And that is why, though cynics scoff, the most significant initiative that President Clinton has taken this year hasn't been on the budget or Bosnia. His most significant move has been to convene a national advisory panel on race relations, and to commit to making his own full report to the nation on the future of race relations.

And nobody should be too concerned that the opening discussions of Mr. Clinton's race panel were a little rocky. Many rocky discussions lie ahead before Americans come to grips with the country that will evolve in the new millennium. The sooner these discussions get started, the better.

At a minimum, America needs to begin moving race relations beyond the images, terminology and presumptions of the past. However necessary the task, though, it won't be easy. Black leaders are frustrated, and rightfully so, at America's inability to finish the job of building a truly fair biracial society despite decades of civil-rights struggles. But that shortcoming will pale compared with the travails America faces if it fails to lay the groundwork for a fair and tranquil multiracial society.

So the race panel will hold a series of open hearings around the country, while Clinton aides wrestle with the policy decisions that will shape the future of race relations. Ultimately, Mr. Clinton will report to the nation.

THE TOP GOAL is simply to get Americans to comprehend the stakes. "Many of our communities are in such a state of explosive change that all of the implications haven't been discerned," says Christopher Edley Jr., a Harvard law professor and adviser to the panel. "We don't even know enough about these issues to know what we disagree about."

So it's no surprise that there was some tension in the air at the opening meeting of the president's race advisory council. Council member Angela Oh, a Korean-American attorney from Los Angeles, urged looking beyond black-white tensions: "I just want to make sure we go beyond the black-white paradigm. . . . The world is about much more than that."

But others on the panel were uneasy, implying that moving beyond black-white problems would only leave old wounds to fester unhealed. As far as racism is concerned, America "cut its eyeteeth" on black-white problems, said the panel's chairman, John Hope Franklin, an emeritus professor of history at Duke University.

Both arguments are, of course, right. Now, Mr. Edley and Ms. Oh alike say they don't think there's actually much disagreement among panel members over the substance of what Ms. Oh said. But sensitivities are high, which is precisely why it is healthy to get the discussion on the table.

"Each of us feels a tremendous responsibility to the president and to the nation," Ms. Oh says in an interview. "I take umbrage at the argument that Angela Oh is out there saying things white people want to say but are afraid to. That is insulting to my experience as an Asian-American." In part, she says, the racial discussion sometimes is chilled by the unfortunate fact that so much government largesse is distributed according to the size of rigid racial categories.

IN TRUTH, there are three new emerging realities big enough to make everybody, not just black leaders, uncomfortable down the line. The first is the rise of the Hispanic population. That raises policy questions about such emotional topics as bilingual education and immigration policy, which, of course, will help determine the ultimate size of the Hispanic population. The second big reality is the declining predominance of the white majority. How will whites handle being a significantly smaller majority?

The third big change is the rise of the population of people of mixed race, which affects everything from census categories to congressional redistricting. The National Academy of Sciences report, which focuses on immigration, says starkly: "By the middle of the next century, the social meaning of ethnic and racial lines will become increasingly blurred."

All this could make America a shining example to the world—or turn it into an oversized Bosnia. President Clinton is right to try to get everyone moving toward the healthier outcome. If he succeeds, that alone would be an admirable second-term legacy.

THE PRESIDENT HAS SEEN
8-6-97

Copied
Reed
COS

Bruce
FYI
Should do
nice letters
to Rob & [illegible]

BC

THE PRESIDENT HAS SEE
8-6-97

The New York Times
WEDNESDAY, AUGUST 6, 1997

Actor-Director Focusing on Children

By MARY B. W. TABOR

LOS ANGELES — The President spoke in his State of the Union Message about the nuturing of children from the first days of life. The theme of the National Governors' Association convention in July was early childhood development. It was the subject of a special issue of Newsweek, an ABC-TV special and a series of public-service advertisements showing Dad tenderly holding Baby.

Behind the scenes, orchestrating this collective national visit to the nursery is the actor and director Rob Reiner.

So deep is Mr. Reiner's commitment that he put aside movie making for more than a year to get a national campaign called "I Am Your Child" off the ground. Its message is simple: the crucial groundwork for a person's emotional and intellectual life is laid between birth and age 3, and parents should have access to support services, if they need them, to help their babies develop.

"This is something that I've been thinking about for almost 20 years," Mr. Reiner said recently over lunch at Maple Drive, a Beverly Hills restaurant just steps from his office. "It is something deep in my core."

He and his wife, Michele Singer Reiner, a photographer, said they began thinking about a national campaign in 1994. They were new parents and veterans of psychotherapy, a combination that provoked constant discussion about how their behaviors affected their children, and they found it difficult to find scientific research on the subject.

But they also suggest that their own childhoods were somewhat lacking in the kind of nurturing they now believe is essential.

"I can tell you that both Michele and I have struggled tremendously in our lives," said Mr. Reiner, the son of Carl Reiner, the actor and director. "Obviously, we got enough good to outweigh the bad, but I can categorically say that I can trace my struggles, and the difficulties I've had in functioning and fitting in, to early influences."

"You've seen 'When Harry Met Sally'?" he said by way of explanation, referring to his movie in which Billy Crystal plays a man who struggles with the notion of whether men and women can be both lovers and friends. "I rest my case."

At a robust 6 foot 2, Mr. Reiner, 50, has aged gracefully since his "Meathead" days on "All in the Family," his long brown hair and handlebar mustache giving way to a balding pate and salt-and-pepper beard.

Using a Hollywood power base to make gains in a new arena.

His office at Castle Rock Entertainment is classic Hollywood, with leather screening-room chairs and framed posters of his films, among them "A Few Good Men," "This Is Spinal Tap" and "Stand By Me" as well as "When Harry Met Sally."

But the bulk of the paperwork on his desk these days is not screenplays or production schedules. Instead, the telephone messages, photographs and letters are from politicians and foundation heads, doctors and business leaders — the eclectic cast of the "I Am Your Child" campaign.

In less than three years, the Reiners have pushed aside the stereotype of the liberal Hollywood dilettante by mobilizing scores of groups and people interested in children's healthy development and helping them form coalitions. It is a feat that has eluded many health-care workers, political figures and grass-roots organizations.

"I now have a power base and a media base and an ability to reach out to people and get a message across," Mr. Reiner said. "And if I don't use those capabilities to disseminate this information to the public, then, I think, that is negligent."

The Reiners' campaign started in 1994 when they arranged a meeting with Tipper Gore, who they knew had interests in protections for children and mental health issues.

"I just called her up," Mr. Reiner said. "I'd heard she was interested in mental health issues, and I tell you I was just a babe in the woods. I really didn't know who to call or what to do."

Mrs. Gore encouraged the Reiners to pursue the issue. Then, a few months later, they invited a group representing media, political and foundation interests to their home in the Brentwood section of Los Angeles for an afternoon meeting where they could exchange ideas and contacts.

"It started in a very organic way," Mr. Reiner said, smiling over a bowl of asparagus soup.

They became acquainted with Ellen Gilbert, an agent at International Creative Management who had connections in the foundation world, and they came across a 1994 Carnegie Corporation report called "Starting Points: Meeting the Needs of Our Youngest Children."

The report said that if a child received warm and responsive care in the form of talking, reading and playing, his brain could develop to its full potential. If a child is abused or neglected, the problems can compound over a lifetime.

They attracted the interest of Teresa Heinz, who offered financing from her philanthropy, and several other big name sponsors jumped on board, among them AT&T, which paid for the public service advertisements; I.B.M., which agreed to pay for a CD-ROM with information for parents; Johnson & Johnson, which produced a parenting video that features Mr. Reiner, and Kaiser Permanente, which is sponsoring a conference for business leaders next year.

The next target was Washington. Just before the 1996 election, Mr. Reiner said, the couple asked to discuss their campaign ideas with President Clinton.

To their surprise, they were granted 15 minutes alone with the President and one of his aides.

"We told him all the things we were interested in," Mr. Reiner recalled. "And he said, 'What do you want me to do?' "

They asked that he make early childhood development a priority for his next term and mention it in his next State of the Union Message. And they asked for a White House conference devoted to the topic.

Barry Toiv, a White House spokesman, said that the President and First Lady had already been planning a conference on children, but that the Reiner meeting "meant the issue and the conference would get a tremendous boost."

"The Reiners brought energy, ideas and an ability to draw more attention to the effort," Mr. Toiv said.

The ball was rolling.

Mr. Reiner's status as a heavy hitting director has clearly been an asset. Who else could get Tom Hanks, Robin Williams, Shaquille O'Neal and Gen. Colin L. Powell and the Clintons to star in the one-hour ABC special to sing "Itsy Bitsy Spider" or read "Good Night Moon?" The special was broadcast on April 28 and will be repeated on Aug. 17.

In the video for parents, Rob Reiner appears talking about how "scary" it is to be a new parent and talks about the need to give children "consistent, predictable, nurturing and enriching experiences."

Next February, "I Am Your Child" and Kaiser Permanente are holding a conference for the business community, to highlight what it can do to help insure a healthy start for children, like offering parenting programs, corporate day care, developing company health plans that promote early childhood development or working with government agencies to develop family resource centers.

Mr. Reiner plans to return to movie making, and has begun working on a film about domestic terrorism. But he said his passion is still for the "I Am Your Child" campaign — named after the Barry Manilow song used as its theme — and has begun talking to television executives about incorporating some of its themes in situation comedies like "Mad About You" and "Friends."

"Movies don't really hold the excitement for me that they used to," Mr. Reiner said, almost quietly. "To be totally honest with you, if I could make a really good living doing this, I would not make films, I would devote the rest of my life to this."

That would be welcome news, said child care advocates who have become part of his coalition.

"It's a very exciting, positive thing that's happening," said Anne S. Arnesen, director of the Wisconsin Council on Children and Families, a child care advocacy group based in Madison. "I Am Your Child" has "focused attention on something that good mothers and people in the child care business have known for years, but that hasn't been in the public consciousness."

Senator John Kerry, Democrat of Massachusetts, who is married to Ms. Heinz, cites Mr. Reiner as a key endorser of his recent bill that would expand programs for at-risk infants and establish a scholarship fund for child-care workers, among other things.

Perhaps the only irony has been a personal one for the Reiners. With the campaign has come long hours at the office and on the road. That has meant time away from their own two sons, ages 6 and 3.

"Here we are trying to promote children's healthy development and give parents tools for helping develop their children, and that has meant taking time away from our kids," Mr. Reiner said. "It's a constant push and pull."

8-6-97

THE WHITE HOUSE
WASHINGTON

August 5, 1997

MR. PRESIDENT:

Attached is a follow-up memo from Gene on the Social Security issue. I have also attached a copy of Gene's earlier memo that you received this afternoon.

Phil Caplan

THE PRESIDENT HAS SEEN
8-6-97

'97 AUG 5 PM 9:56

THE WHITE HOUSE

WASHINGTON

copied
Sperling
Sylvia Mathews
Podesta
COS

Must discuss
in light of my conversation
w/ Spratt also what will
be GOP bottom line once
they take up

August 5, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: Laying down a marker on Social Security

As today's longer memorandum on Social Security notes, the decisions on Social Security reform involve at least three different levels:

- Overall process strategy: timing for a real deal, whether to call for a commission, whether to make a unilateral announcement, etc.

- Substantive decisions: Forging policy proposals to address the Social Security challenge

- Whether to lay down an early marker on the issue

Your advisers will clearly have extensive processes to evaluate different scenarios and options on the first two levels. The immediate question is whether you want to lay down an early marker on the issue. Your advisers have discussed this specific question both yesterday and today, and have narrowed the options to the following three.

1. <u>Declare tomorrow that you want to act on Social Security before Medicare</u>

Possible language: *"While the Medicare commission is conducting its analysis, we must work in a bipartisan way to create solutions -(before the Medicare commission issues its report)- that will strengthen Social Security, so that Social Security will be just as strong and secure for the next generation as it has been for past generations. We must act not because we are in a state of crisis, but because we have the opportunity to act wisely to prevent a crisis from ever occurring. I will be asking my economic team to engage in broad consultation with the Congressional leadership, with Democrats and Republicans, with those who represent seniors and younger people, and with experts and hard-working citizens, so that we can find the best way to garner the full support of our people for such a significant reform."*

<u>PROS</u>

- Signals that you want to do Social Security first and puts you out front on issue
- Provides flexibility, since it commits us only to have proposals before March 1,

1999 -- when the Medicare Commission reports.

- May lead to questions about timing and process, but at least the questions would be about our actions and our strategy.

CONS

- Could raise expectations for a specific proposal
- Endless questions could make us look evasive
- Could still be seen as not quite stepping up to the plate

2. Maintain current stance and do not signal anything new on timing

Possible language: *"I want to explore a bipartisan process for strengthening Social Security, so that it will be just as strong and secure for the next generation as it has been for past generations. We must act not because we are in a state of crisis, but because we have the opportunity to act wisely to prevent a crisis from ever occurring."*

PROS

- Until we know how to proceed, we should not make any pronouncements
- Doesn't lock us in to anything specific

CONS

- Some will say you didn't seize the initiative when you were strong
- Leaves door open to other political leaders to be first to call for addressing Social Security
- Doesn't break new ground or make news because it doesn't make clear that we want to do this before Medicare.

3. Conduct a prominent interview (e.g., New York Times) next week in which message is the same as in Option 1 (Social Security proposals before Medicare) to lay a marker

PROS

- Still allows us to lay a marker without drowning out budget stories this week
- Gives us more time to analyze options and speak to you about them

CONS

- Leaves door open over the next week for other political leaders to be first to call for addressing Social Security
- Less high-profile than the press conference

Recommendations

The principal benefits of Option 2 are that it does not limit our flexibility on Social Security reform at all -- including whether to act on Social Security before Medicare. Along with Option 3, it doesn't drown out the budget stories this week. The principal danger with Option 2 is that the longer we wait to lay down a marker, the higher the likelihood that we will be criticized by opinion leaders and some on the Hill for not stepping up to the plate on entitlement reform.

In terms of tomorrow, most of your advisers support Option 2 rather than Option 1, although Gene and John Podesta support Option 1. A compromise position that Rahm, Sylvia, and Gene support is not to make news tomorrow, but rather to do a prominent newspaper interview next week (Option 3). Secretary Rubin wanted to stress that he is not against the idea of laying down a marker, but thinks that such a step should be taken only after you have had a chance to consider and internalize all the different options and constraints.

THE WHITE HOUSE
WASHINGTON

August 5, 1997

MEMORANDUM TO THE PRESIDENT

FROM: **GENE SPERLING**

SUBJECT: **Social Security**

While you have made clear your desire to enact meaningful long-term entitlement reform, it is crucial that we decide our strategy for how best to accomplish this goal. You have indicated to us in response to a previous memorandum that we should proceed on parallel tracks on Medicare and Social Security, but that you agreed with a strategy of putting an initial focus on Social Security reform. Achieving Social Security reform requires not just addressing difficult substantive issues. It also requires thinking carefully about our strategy for coming out with proposals, and for getting those proposals passed.

Given the importance and complexity of the issues involved, we thought it would be useful to think through a variety of strategic scenarios on how to achieve reform. This memorandum examines some scenarios that may help you think about how to maximize the probability of effecting reform, and discusses whether you should lay down a marker *this week* on Social Security. *Your immediate decision is whether to make an announcement on Social Security this week -- and if so, what the announcement should say -- while we are mapping out our plan.* An appendix provides a brief overview of the Social Security problem, and outlines the three schemes proposed by the Gramlich commission on Social Security.

I. Possible scenarios

We face an extremely complicated and difficult -- but compelling -- challenge. While there are well-defined options, it is important to realize that all of them involve highly controversial reforms that will be portrayed by critics as raising Social Security taxes or cutting Social Security benefits. (Investing the Trust Funds in equities raises other difficult questions -- such as perceived and real risks of market volatility -- and is seen by some as more of an accounting gimmick than a true solution.) Indeed, the only measures included in all three Gramlich Commission plans were expanding the taxation of benefits (which we learned was difficult in 1993), and extending coverage to state and local workers (which may prove very unpopular in California and Ohio).

In considering our best strategy for going forward, we must consider the various elements and steps that will play out under any scenario. In doing so, it is helpful to keep in mind the following goals and the means to achieve them:

- *Fundamental goals:*

-- Long-term viability: 75-year or perpetual balance; is the year-to-year path important?
-- Keep some social insurance/progressivity in system
-- Establish Presidential leadership

- *Key issues/other goals:*

-- Increase national savings
-- Impact on budget reform
-- CPI
-- Acceptability of partial solutions

- *Optional means:*

-- Expert commission
-- CPI commission
-- Public education advisory board
-- Public education campaign

- *Eventual real process for proposals:*

-- You simply announce a proposal (alone or following commission or public education effort)
-- Leadership-designated negotiating process
-- Non-leadership bipartisan process
-- Commission with fast-track/base-closing vote
-- Key players commission (similar to second possibility above), including chairs of relevant committees, etc.

Three scenarios

Keeping the above factors in mind, it may be helpful to think through the timing of when specific proposals will need to be discussed seriously and released publicly. This "real deal" period could be the State of the Union 1998; March/April 1998; or post-election/State of the Union 1999. Within these three different scenarios, there are still many decisions to make about which elements would be useful (the scenarios do have some different implications for the feasibility of some potential elements of the process -- such as outside commissions or public education boards). Considering the timing for releasing specific proposals seems one useful way of organizing our thoughts.

Scenario 1: State of the Union 1998

Elements:

- Timing constraint would probably not allow the creation of an outside commission.
- Since we would be acting soon, it may be difficult (if not impossible) to do a CPI commission. If we want a CPI fix, we may therefore have to do it our own.
- Key to success may be large-scale consultations. Could look to working with outside Republicans and key Democrats to get buy-in and bipartisanship for announcement.
- If our proposals do not generate support, you could call for a bipartisan process to report back after the 1998 elections. But in the meanwhile, we could have undermined our chances for achieving reform.
- For better or worse, the timing means that the fall would likely be filled with stories of our substantive discussions on controversial issues and specific proposals.

Options:

- Option 1: You announce proposals in State of the Union 1998. We could then either follow the normal legislative procedure or convene some sort of ad hoc high-level negotiating process with the Hill leadership.
- Option 2: You announce Leadership/POTUS negotiating process.

Pros:

- With defined, specific proposals, a January move would be seen as demonstrating great Presidential leadership on Social Security. You would be addressing a critical long-term reform as the focus shifts from deficit reduction to entitlement reform.
- If we use consultation period well, we could garner some bipartisan support and outside validation, although it is unlikely that we would succeed in obtaining the support of the Republican leadership along.
- Our window of opportunity may be short-lived, especially given the budget and electoral cycle. So acting in January would push the process along.
- An early move could help focus the debate and the public education process.
- Given that it is unlikely that legislation will be passed quickly, it may be helpful to release proposals to demonstrate your leadership on this issue.

Cons:

- Even the most basic proposals are likely to create a firestorm in the absence of strong bipartisan support. For example, taxing benefits proved to be extremely controversial in 1993, and including state and local workers from California and Ohio is also likely to generate significant opposition.
- Democrats may be upset at again having process that few could get involved in.
- Acting soon may not permit us enough time to invest in public education/outreach.
- Putting out specific proposals without bipartisan cover may push Democrats and Republicans to make "no Social Security tax hike or benefit cut" pledges in the fall elections, thereby setting back our reform effort.

Scenario 2: Release proposals in March or April 1998

Elements:

- Aiming to release specific proposals in March or April 1998 allows a longer consultation and public education period, and opens up the possibility of appointing a short-tenured commission of either outside specialists or the real players.
- May allow enough time for a CPI technical advisory panel. But we may still have to release a CPI adjustment on our own, with little bipartisan cover.

Options:

- Option 1: Turning the issue over to an official commission comprising top-level representatives of Congress and the Administration, perhaps with some sort of "fast-track" mechanism for ensuring passage of the commission's proposals.

- Option 2: Convening a commission of eminent Americans -- such as Bob Dole, Warren Rudman, Bill Bradley, and George Mitchell -- to report back by early next year. We would flesh out our own ideas internally over the same period, and then engage in high-level negotiations with the Republican leadership -- possibly also involving the eminent Americans. Such an approach would mirror the informal method ultimately used by the Greenspan Commission.

- Option 3: Engaging in a more extensive public education and outreach effort to obtain Republican validation for reform effort, while allowing more time for an internal policy process to develop our own proposals. We could then release our proposals and either follow the normal legislative process or engage in a special high-level negotiating process with the Hill leadership.

Pros:

- Allows more time to educate the public and generate bipartisan support before releasing specific proposals
- Allows enough time for a commission to report back, if we want a commission

Cons:

- May provide too little time before the fall 1998 elections
- May still not permit us enough time to invest in a comprehensive public education and outreach effort before releasing proposals.
- Putting out specific proposals without bipartisan cover may push Democrats and Republicans to make "no Social Security tax hike or benefit cut" pledges in the fall elections, thereby setting back our reform effort.

Scenario 3: Release proposals after the fall 1998 elections, perhaps in State of the Union 1999

Elements:

- We would have more time to develop an extensive public education effort and to allow the public to digest the various options.
- May allow enough time for a CPI technical advisory panel. But we may still have to release a CPI adjustment on our own, with little bipartisan cover.
- Moving after the fall 1998 elections would also facilitate, if we wanted, having a longer-term outside commission that would issue its own policy recommendations.
- The AARP, Pew Foundation, and others will be undertaking year-long public education efforts. Our efforts could dovetail with theirs.

Options:

- Option 1: Public education effort including public education advisory board, while developing specific proposals. The public education effort could involve a panel of prominent Americans -- such as Bob Dole, Warren Rudman, Bill Bradley, and George Mitchell -- in addition to the Administration's own efforts and those of the AARP and the Pew Foundation. This approach would be a type of "commission-lite."

- Option 2: Engage in public education effort without blue-ribbon public education board while developing our own specific proposals. Then use a variety of implementation strategies: announcing our own package, conducting ad hoc high-level negotiations, or forming a commission of top officials with tight deadline and mandate to come up with a specific package.

- Option 3: Form a longer-term outside commission that would issue its own policy recommendations (the panel of prominent Americans mentioned above would not issue policy recommendations). The benefit may be bipartisan buy-in. The substantial cost is "commission-itis" -- especially after the Gramlich commission. We would also still need an implementation strategy for turning the commission's proposals into law.

Pros:

- Allows more time to develop policies and bipartisan support for policies.

- Allows a full-fledged commission, if we want one.

Cons:

- May look weak.
- Runs into Medicare, since the Medicare commission must report by March 1, 1999.

II. Laying down a marker this week

Depending at least in part on when you decide that you may want to come out with proposals, you may want to lay down a marker soon to ensure that the Administration is identified as leading on the Social Security reform effort. Your message could be:

> "This balanced budget agreement is the most significant package of savings and reforms to strengthen and modernize Medicare in the history of the program.
>
> "Yet because we must also prepare for the retirement challenges of the next century created by the aging of the so-called baby boom generation, I am pleased that this budget legislation includes a bipartisan Medicare commission that will report back by March 1, 1999 on how to keep Medicare strong for decades and decades to come.
>
> Then you could follow with one of the following options.

Option 1: Deadline before Medicare commission reports

> *"But while the Medicare commission is conducting its analysis, we must work in a bipartisan way to create proposals -- before the Medicare commission issues its report -- that will strengthen Social Security, so that Social Security will be just as strong and secure for the next generation as it has been for past generations. We must act not because we are in a state of crisis, but because we have the opportunity to act wisely to prevent a crisis from ever occurring. I will be asking my economic team to engage in broad consultation with the Congressional leadership, with Democrats and Republicans, with those who represent seniors and younger people, and with experts and hard-working citizens, so that we can find the best way to garner the full support of our people for such a significant reform."*

PROS

- Signals that you want to do Social Security first and puts you out front on issue
- Provides maximum flexibility, since it commits us only to have proposals before March 1, 1999 -- when the Medicare Commission reports.
- May lead to questions about timing and process, but at least we questions would be about our actions and our strategy.

CONS

- Could be seen as not quite stepping up to the plate
- On the other hand, it may raise expectations for a specific proposal
- Endless questions could make us look evasive

Option 2: No deadline

> *"But I want to explore a bipartisan process for strengthening Social Security, so that it will be just as strong and secure for the next generation as it has been for past generations. We must act not because we are in a state of crisis, but because we have the opportunity to act wisely to prevent a crisis from ever occurring."*

PROS

- Until we're sure of how we want to proceed, we should not make any pronouncements
- Doesn't lock us in to anything specific

CONS

- Doesn't break new ground or make news because it doesn't make clear that we want to do this before Medicare.
- Leaves door open to other political leaders to be first to call for addressing Social Security

Option 3: Deadline before Medicare commission reports and CPI commission

> *"But while the Medicare commission is conducting its analysis, we must work in a bipartisan way to create proposals -- before the Medicare commission issues its report -- that will strengthen Social Security, so that Social Security will be just as strong and secure for the next generation as it has been for past generations. We must act not because we are in a state of crisis, but because we have the opportunity to act wisely to prevent a crisis from ever occurring.* ***We must start by addressing the bias in the consumer price index. I am therefore calling for a commission on the CPI."***

PROS

- Adds more specificity to commitment to address Social Security by calling immediately for CPI commission
- Lives up to our commitment to address CPI outside budget

CONS

- Putting initial Social Security emphasis on CPI focuses the debate on benefit cuts
- Best way to deal with CPI may be as part of overall broader Social Security reform that "saves Social Security," and when negative impact from CPI fix could be mixed together with other reforms that have progressive effects

Option 4: Announce that you will make proposals in State of the Union

> *"But while the Medicare commission is doing its work, I want to explore a bipartisan process that will lead to proposals to strengthen Social Security. After broad consultation with the Congressional leadership, with Democrats and Republicans, with those who represent seniors and younger people, and with experts and hard-working citizens,* ***I will be announcing a plan to save Social Security in my next State of the Union address."***

PROS

- Will be a bold, news-generating step.
- Will generate support and credit from important policy-makers, both Democratic and Republican, and influential opinion leaders.
- Will make our internal and external steps on substantive Social Security issues the main focus of domestic policy debate for the fall and winter.

CONS

- Takes away our flexibility if we decide we need more time or more of a bipartisan process.
- Could set up partisan reaction: Republican leadership may pull back and wait to see approach; Democrats may feel excluded and want to distance themselves from perceived Social Security tax increases or benefit reductions. Without bipartisan cover for our proposals, Democrats and Republicans may make "no Social Security tax hike or benefit cut" pledges -- thereby setting back our reform effort.
- Will make our internal and external steps on substantive Social Security issues the main focus of domestic policy debate for the fall and winter.

Appendix: Overview of the Social Security challenge

According to the 1997 intermediate projections of the Social Security actuaries, the combined Old-Age and Survivors and Disability Insurance (OASDI) Trust Funds would be exhausted in 2029. The same projections suggest a 75-year actuarial deficit in the OASDI program equivalent to 2.23 percent of taxable payroll. In other words, immediately raising the combined employer-employee OASDI payroll tax by 2.23 percent (from 12.4 percent to 14.63 percent) would produce long-run balance in the program -- income from payroll taxes and interest on the Trust Fund assets would be sufficient to meet projected expenditures over the next 75 years. If the payroll tax rate is not increased immediately by 2.23 percent, other changes to the tax system or benefit provisions would be necessary to eliminate the long-run actuarial deficit.

One underlying question that we must address is what our goal is in reforming Social Security. One goal may be to eliminate the 75-year actuarial imbalance and extend the life of the Trust Fund. But that may be too narrow: we may want to ensure that reaching balance doesn't involve unsustainable flows either into or out of the Trust Fund during sub-periods of that 75-year horizon. Or we may want to focus on the more fundamental goal of ensuring that any reform boosts national saving, thereby raising future income and reducing the burden implied by our falling worker-beneficiary ratio.

At the same time, other priorities may include maintaining the system's progressive benefit structure and its protection against elderly poverty. Social Security benefits currently represent more than three-quarters of money income for elderly households in the bottom two quintiles of the income distribution. Social Security benefits keep some 15 million people above the poverty line, and are commonly associated with the dramatic reduction in elderly poverty over the past several decades. The elderly poverty rate has fallen from more than 35 percent in 1959 to just 10.5 percent in 1995. Balancing the desire to maintain the social insurance aspects of the program against the desire to restore long-run solvency and raise national saving is perhaps the fundamental trade-off in the effort to reform Social Security.

Gramlich Commission options

The Advisory Council on Social Security, led by Ned Gramlich, produced three different plans for addressing the long-run actuarial imbalance in the program: the maintain benefits (MB) plan, the individual accounts (IA) plan, and the personal security accounts (PSA) plan. The plans include several extremely controversial proposals, including establishing individual accounts -- either managed by the government (as in the IA plan), or by individuals themselves (as in the PSA plan) -- and investing the Social Security funds in equities.

The Maintain Benefits (MB) plan would (numbers in parenthesis show the reduction in the long-run actuarial imbalance resulting from the change):

- Increase the payroll tax rate in 2045 by 1.6 percentage points (0.22);
- Consider investing 40 percent of the Trust Fund in equities (0.82);
- Change the benefit computation period from 35 years to 38 years (0.28);
- Phase out the low-income thresholds for taxation of Social Security benefits (0.16);
- Redirect revenue for taxation of high-income benefits from HI to OASDI Trust Fund (0.31);
- Tax benefits in the same manner as private defined benefit pension plans (0.15); and
- Cover all state and local employees (0.22)

The Individual Accounts (IA) plan would:

- Require all workers to contribute 1.6 percent of their taxable wages to government-administered individual savings accounts;
- Accelerate the increase in normal retirement age (0.10) and index it to life expectancy (0.40);
- Reduce benefits to middle- and upper-income recipients by roughly 20 percent (1.32);
- Change the benefit computation period from 35 years to 38 years (0.28);
- Phase out the low-income thresholds for taxation of Social Security benefits (0.16);
- Reduce the spousal benefit from 50 percent to 33 percent (0.17);
- Replace the surviving spousal benefit with highest of spouse's benefit, own benefit, or 75 percent of combined benefit (-0.32);
- Tax benefits in the same manner as private defined benefit pension plans (0.15); and
- Cover all state and local employees (0.22)

The Personal Security Accounts (PSA) plan would:

- Redirect 5 percentage points of combined employer-employee OASDI taxes to Personal Security Accounts (-4.60);
- Replace current benefits with basic flat benefit equivalent to $410 per month (3.82);
- Accelerate the increase in the normal retirement age, index to life expectancy, raise early retirement age, and limit disability benefits (1.25);
- Increase payroll tax by 1.52 percent of taxable payroll from 1998 to 2069 (1.42)
- Phase out the low-income thresholds for taxation of Social Security benefits (0.16);
- Replace the surviving spousal benefit with highest of spouse's benefit, own benefit, or 75 percent of combined benefit (-0.39); and
- Cover all state and local employees (0.22)

While the three plans clearly adopt different approaches to fundamental aspects of Social Security -- differences with which we will have to grapple in formulating an Administration position -- they do share several common elements. It is often argued that these elements could form the basis for an Administration approach to Social Security reform. It is important to recognize, however, that these steps would not suffice to address the long-run actuarial imbalance by themselves. And many of them could prove quite controversial -- we had difficulty passing raising taxes on benefits for high-income beneficiaries in 1993, and state and local government workers in California and Ohio will resist inclusion in the Social Security system. The common elements of the plans include:

Provision	**Percent of 75-year taxable payroll**
Measures included in all three plans:	
Expand coverage to state and local workers	0.22
Remove low-income thresholds for taxing benefits	0.16
Sub-total, provisions included in all three plans	*0.38*
Measures included in two of three plans:	
Tax benefits like other pensions	0.15
Change averaging period for calculating benefits, reducing average benefit by 3 percent	0.28
Accelerate increase in normal retirement age	0.10
Index normal retirement age to life expectancy	0.40
TOTAL	*1.31*
PROJECTED 75-YEAR DEFICIT	*2.23*

The Gramlich Commission plans illustrate two points:

- There is substantial controversy over whether to allow individual accounts or investments of the Trust Fund in equities.

- Even the steps that are common to the plans -- including changes in the coverage of the system and the tax treatment of benefits -- could be very controversial and would not by themselves eliminate the 75-year deficit in the program.

[illegible]

INDUS, INC.
ALLIANCES FOR BUSINESS, TELECOMMUNICATIONS AND FRANCHISING

777 East Wisconsin Avenue
Suite 1900
Milwaukee, Wisconsin 53202
414-283-0080
Fax 414-283-0090

July 25, 1997

President William J. Clinton
The White House
Washington, DC 20500

Dear President Clinton:

I'm very pleased to hear that yo … of the Federal
Communication Commission.

I met with Bill at his office wh … nications Development Fund
Committee. We've had occasi … ;. I am very impressed by his
background and telecommunic … President, Bill has worked
with Reed Hunt and knows th

The economy is in good shap … pleased that even Alan
Greenspan has nice things to … ıtion. When I met you in 1992,
I strongly believed in you an … u then as support you today. I
especially remember when I … leaders from Wisconsin to
discuss the Deficit Reductio … ohl to go along with your plan.
You single-handedly took that budget … ss. Since then, the deficit has
been reduced and the budget will be balanced by the year 2000.

7/30/97
Send to ~~Scheduling~~?
Dostwd Yes ___
no ✓
ccs NSC Yes ___
no ✓
C,

I understand that you are planning a trip to India for January, 1998. Steve Grossman from the DNC called and said he'd be coming to Milwaukee and Chicago soon. I told him that I had just returned from India. I met with telecommunication regulators and business people, along with my colleagues from AT&T, Hughes, Lucent and Ericcsen, regarding digital wireless technology and presented the TDMA digital technology for wireless telephony and my Milwaukee Wireless Business model.

I'm sure that Ramesh Kapur and I can be of some help for your upcoming trip to India and would be happy to accompany you there. Please let us know.

Mr. President, Phil Verveer and Melanne are my good friends and Phil is my legal counsel in my Personal Communication business in Milwaukee.

I'd love to hear from you, Mr. President. My wife Becky sends her regards.

Sincerely,

Kailas J. Rao

5780 Sec

INDUS, INC.
ALLIANCES FOR BUSINESS, TELECOMMUNICATIONS AND FRANCHISING

777 East Wisconsin Avenue
Suite 1900
Milwaukee, Wisconsin 53202
414-283-0080
Fax 414-283-0090

July 25, 1997

President William J. Clinton
The White House
Washington, DC 20500

Dear President Clinton:

I'm very pleased to hear that you have named William Kennard as Chairman of the Federal Communication Commission.

I met with Bill at his office when I was being considered for the Telecommunications Development Fund Committee. We've had occasion to interact several times since that meeting. I am very impressed by his background and telecommunication industry experience. Furthermore Mr. President, Bill has worked with Reed Hunt and knows the ins and outs of the FCC and the Congress.

The economy is in good shape and the markets are reacting favorably. I'm pleased that even Alan Greenspan has nice things to say about the health of the economy and inflation. When I met you in 1992, I strongly believed in you and your plans for the economy. I supported you then as support you today. I especially remember when I came to the White House with other opinion leaders from Wisconsin to discuss the Deficit Reduction bill and how I helped to convince Senator Kohl to go along with your plan. You single-handedly took that budget issue and got it through the Congress. Since then, the deficit has been reduced and the budget will be balanced by the year 2000.

I understand that you are planning a trip to India for January, 1998. Steve Grossman from the DNC called and said he'd be coming to Milwaukee and Chicago soon. I told him that I had just returned from India. I met with telecommunication regulators and business people, along with my colleagues from AT&T, Hughes, Lucent and Ericcsen, regarding digital wireless technology and presented the TDMA digital technology for wireless telephony and my Milwaukee Wireless Business model.

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Mr. President, Phil Verveer and Melanne are my good friends and Phil is my legal counsel in my Personal Communication business in Milwaukee.

I'd love to hear from you, Mr. President. My wife Becky sends her regards.

Sincerely,

Kailas J. Rao

[illegible]

WALTERS POWER
INTERNATIONAL

'97 AUG 5 PM 1:45

July 24, 1997

Via Facsimile (202)395-4198

The Honorable William Jefferson Clinton
President of the United States of America
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

As you know, I have been active in Haiti working on proposed independent power projects. As a result of this work, I have made a number of good friends in the country. I have now made 14 trips to Haiti in the last 2 years with my most recent trip in April for a meeting with President Preval.

* I send you this letter to bring to your attention the name of Dr. Gilbert D. Myrthil. Dr. Myrthil hopes to be named the next Prime Minister of Haiti and recently spoke with me about his position on the current political turmoil and future reforms necessary to advance Haiti's economy. While I am not familiar with Mr. Eric Pierre or any of the other candidates for Prime Minister, I found Dr. Myrthil to be an impressive, well educated and well motivated person who hopes to have an opportunity to serve his country.

Dr. Myrthil has extensive experience in the U.S., living here for over 10 years, being educated here and being honorably discharged from the U.S. Army. He returned to Haiti in 1989. He is not a member of the political parties. He is a skilled technocrat and manager.

I realize that the U.S. Government does not have a direct role in this decision, but obviously, the acceptance of the U.S. Government is important to the decision makers in Haiti. Thank you for considering the above information as you attempt to support Haiti on its road back to a strong democracy and economy.

All the best.

Sincerely,

David Walters

David Walters
President

Send to NSC? for reply ✓

Yes __✓__ No ____

cc: The Honorable James Dobbins

5600 N. May, Suite 300 • Oklahoma City, OK 73112 • 405/840-8383 • Fax 405/840-8999 • Mobile/Voice 405/833-1071
http//www walterspi.com • e-mail - dwalte01@sprynet.com

Vanderbilt University Medical Center

Vanderbilt University School of Medicine
AIDS Vaccine Evaluation Unit
Divisions of Infectious Diseases

A-4103 Medical Center North
Nashville, TN 37232-2582
Office: (615) 322-HOPE
Fax: (615) 322-8222

July 29, 1997

'97 AUG 5 AM 11:48

Honorable President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Send to Dorskind?

Dear President Clinton,

Yes [✓] No ____

Jim - fine deal what's with this. who is Barney Graham? Phil

Thank you for your recent commi
provided encouragement and rea

I am a Partner in the ***S.A.V.E.***
Partnership of the AIDS Va
Medical Center. By lending ou
company encourage people to co

I am writing to support Dr. Barne
recognition of these volunteers. They have demonstrated an outstanding personal commitment to the development of an AIDS vaccine by overcoming public perception and fear of becoming infected from the vaccines. They took the steps to learn that these vaccines can not infect people and chose to volunteer.

I believe that their service to America is worthy of recognition, and your leadership on this issue would additionally encourage the business community to get involved. I ask that you consider national acknowledgement of their volunteer contributions in a formal ceremony. With this level of recognition, affirmation of America's appreciation for their efforts will enhance the ability to recruit volunteers and meet your goal of a preventive vaccine by the year 2007.

Sincerely,

Kathy Mattea

Kathy Mattea, Mercury Records
Titley-Spalding
900 Division Street
Nashville, TN 37203

"An Equal Opportunity/Affirmative Action Employer"

Vanderbilt University Medical Center

Vanderbilt University School of Medicine
AIDS Vaccine Evaluation Unit
Divisions of Infectious Diseases

A-4103 Medical Center North
Nashville, TN 37232-2582
Office: (615) 322-HOPE
Fax: (615) 322-8222

July 29, 1997

'97 AUG 5 AM 11:48

Honorable President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton,

Thank you for your recent commitment to the development of an AIDS vaccine. You have provided encouragement and reassurance to those working on this global problem.

I am a Partner in the ***S.A.V.E.*** **(Support the AIDS Vaccine Effort) Community Partnership of the AIDS Vaccine Evaluation Unit (AVEU) at Vanderbilt University Medical Center.** By lending our name to promotion of the AVEU to the community, I and my company encourage people to consider participation in the vaccine studies.

I am writing to support Dr. Barney Graham's recent letter to you about the need for national recognition of these volunteers. They have demonstrated an outstanding personal commitment to the development of an AIDS vaccine by overcoming public perception and fear of becoming infected from the vaccines. They took the steps to learn that these vaccines can not infect people and chose to volunteer.

I believe that their service to America is worthy of recognition, and your leadership on this issue would additionally encourage the business community to get involved. I ask that you consider national acknowledgement of their volunteer contributions in a formal ceremony. With this level of recognition, affirmation of America's appreciation for their efforts will enhance the ability to recruit volunteers and meet your goal of a preventive vaccine by the year 2007.

Sincerely,

Kathy Mattea

Kathy Mattea, Mercury Records
Titley-Spalding
900 Division Street
Nashville, TN 37203

"An Equal Opportunity/Affirmative Action Employer"

Staff Sec

Naylor Dupont Advisory Neighborhood Commission 7B
DISTRICT OF COLUMBIA GOVERNMENT
3200 S STREET, SOUTHEAST
WASHINGTON, D.C. 20020
(202) 584-3400

97 AUG 5 A11:27

August 4, 1997

The Honora
President
The White
1600 Penns
Washington

Send to Doratinal?

Dear Presi

Yes ✓ No ____

I am writ ... residents
that I re ... t is my
understan ... duled to
sign the ... the
provision ... National
Capital R

However, these benefits to the city have been comp... ershadowed by the provisions attached to the bill that appear to citizens to be a trade-off of freedom for federal funds. These provisions are so-called management reforms to the bill by North Carolina Senator Lauch Faircloth, Chairman of the Senate D.C. Appropriations Subcommittee.

I realize that it was not your intention to take away the rights of D.C. residents. D.C. citizens have been voting for representatives of their choosing since 1965. In both of your elections, you received overwhelming support from D.C. residents. It is my understanding that the Line Item Veto Act does not allow you to veto portions of this bill.

Mr. President, I am requesting that you do not sign this bill as a form of protest on behalf of the 540,000 residents of the District of Columbia. The bill in it's current form violates the rights of the 540,000 residents of D.C. This bill gives even more rights to an un-elected body to govern the day to day lives of our citizens without our input or permission. No elected official in this country would allow an un-elected body to make decisions on behalf of their constituents. Some would say that D.C. brought this on themselves due to mismanagement. If this is the case, the whole Federal Government should be run by un-elected bodies.

Naylor Dupont Advisory Neighborhood Commission 7B
DISTRICT OF COLUMBIA GOVERNMENT
3200 S STREET, SOUTHEAST
WASHINGTON, D.C. 20020

(202) 584-3400

August 4, 1997

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Ave N.W.
Washington , D.C. 20500

Dear President Clinton:

I am writing this letter on behalf of the fourteen thousand residents that I represent in Advisory Neighborhood Commission 7B. It is my understanding that on Tuesday, August 5, 1997, you are scheduled to sign the balanced budget bill which contains nearly all of the provisions in your District of Columbia rescue package, the National Capital Revitalization and Self Improvement Act.

However, these benefits to the city have been completely overshadowed by the provisions attached to the bill that appear to citizens to be a trade-off of freedom for federal funds. These provisions are so-called management reforms to the bill by North Carolina Senator Lauch Faircloth, Chairman of the Senate D.C. Appropriations Subcommittee.

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How can we continue to preach around the world that their should be free and democratic elections, but not allow the same thing to occur in Washington, D.C. the Nations Capitol? How can we say that it is okay for D.C. residents to fight and die in wars that we didn't start, but don't have a true voice in governing our day to day lives like other americans? How can we say that D.C. residents should pay more taxes than 49 other states, but continue to have less rights than everyone else?

Mr. President, something is wrong with this picture. I believe that it has something to do with the racial composition of D.C., and the fact that a majority of the senators and congressmen do not like our mayor. Mr. President I am asking that you be the voice for the 540,000 residents by not signing this bill in it's present form. Signing this bill creates another form of slavery for D.C. residents. Thanking you in advance for your continued support and assistance. I can be reached at 202 584-0414 home 202 584-0417 fax or 301 497-8105 office.

Sincerely,

Roscoe Grant Jr

Roscoe Grant, Jr.
Chairman, Advisory Neighborhood Commission 7B

cc: Norton
Barry
Cole
7B Commissioners

National Council of the Churches of Christ in the USA

Office of the
General Secretary

Staff sec

August 1, 1997

To Dorskind for reply?

Yes ✓

No ___

coord with NSC

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the leaders of … t you to our active
concern for the well-being … erbaijan,
especially in Nagorno-Kar…

In your meeting with Presi… or you to know of
the active membership of the Armenian Orthodox Church in the United States in the National Council of Churches. Archbishop Barsamian currently serves as a Vice President and you may recall his presence during our visits with you.

A little more than 18 months ago I led a delegation from our churches on a formal visit to the Catholicos of the Armenian Church in Etchmiadzin. There we came to appreciate first-hand the complexities of national, ethnic and religious relationships. We learned of a tax on Armenian Christians which resulted again in their slaughter, the destruction of villages as recently as five years ago, "ethnic cleansing" and similar tragic violence. We were pleased by our country's role in opposing violence and affirming human and religious rights, especially through Section 907 of the Freedom Support Act. We trust that current conversations will not compromise that 1992 legislation. We believe current conditions confirm both the need for such legislation and its value in maintaining an uneasy but successful cessation of hostilities.

With the current heightened interest in oil development, we are especially fearful that issues of religious freedom and human rights for the Armenian community will be overlooked. In a time of increased attention to religious freedom everywhere, using oil development to compromise such important human issues is especially to be avoided.

Insofar as our resources as a wider Christian community can be of use in attending to

National Council of the Churches of Christ in the USA

Staff Sec

August 1, 1997

Office of the
General Secretary

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the leaders of our 33 national church bodies, I write to alert you to our active concern for the well-being of the Armenian Christian community in Azerbaijan, especially in Nagorno-Karabagh.

In your meeting with President Aliyev of Azerbaijan it may be helpful for you to know of the active membership of the Armenian Orthodox Church in the United States in the National Council of Churches. Archbishop Barsamian currently serves as a Vice President and you may recall his presence during our visits with you.

A little more than 18 months ago I led a delegation from our churches on a formal visit to the Catholicos of the Armenian Church in Etchmiadzin. There we came to appreciate first-hand the complexities of national, ethnic and religious relationships. We learned of a tax on Armenian Christians which resulted again in their slaughter, the destruction of villages as recently as five years ago, "ethnic cleansing" and similar tragic violence. We were pleased by our country's role in opposing violence and affirming human and religious rights, especially through Section 907 of the Freedom Support Act. We trust that current conversations will not compromise that 1992 legislation. We believe current conditions confirm both the need for such legislation and its value in maintaining an uneasy but successful cessation of hostilities.

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Insofar as our resources as a wider Christian community can be of use in attending to

475 Riverside Drive • Room 880 • New York, NY 10115-0050 • 212•870•2141 • Fax 212•870•2817

these concerns, we stand ready to be of assistance to you and to your Administration. I know that these matters will require sustained attention and we want to be of help in any appropriate way. Thank you for giving this your attention. Our Washington Office and its director, The Rev. Dr. Albert M. Pennybacker, will be available as a place of contact.

Gratefully and with warmest regards,

Joan Brown Campbell

(The Rev. Dr.) Joan Brown Campbell
General Secretary

cc: Secretary Madeleine K. Albright
Mr. John Shattuck
The Rev. Dr. Albert M. Pennybacker

'97 AUG 5 PM 4:42

COMMONWEALTH of VIR

Office of the Governor

George Allen
Governor

August 5, 1997

To Dorskind for reply?
Yes ✓
No ___

Coordinate with Bruce Lindsey
cc: Bruce Lindsey (with bck slip)

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I respectfully request that you intervene in the Teamsters strike against United Parcel Service (UPS).

As you may be aware, many of the jobs created in Virginia during the past 3 1/2 years have been at mail order companies which rely on UPS to support their operations. Without a rapid resolution to this strike, thousands of Virginians will have to be laid off because they are unable to process their orders from customers. Many of these companies, and even UPS, have been enthusiastic partners in Virginia's welfare reform efforts, and we must not let the progress we have made in moving families from government support to self sufficiency erode.

I strongly believe that the challenges posed by this threat are equal to those in the American Airlines dispute in which you intervened earlier this year. Federal action in the UPS strike is necessary to ensure that both the economic disruptions and the potential threat to the health of Americans, should certain medical supplies not be delivered promptly, are minimized.

Thank you for your consideration of this request. I urge you to act as soon as possible.

With warm regards, I remain,

Sincerely,

George Allen

George Allen

GA:cdl

THE WHITE HOUSE

WASHINGTON

Date 8-6 97

To: Jim Steinberg
Dan Tarullo
Leon Fuerth
Larry Summers
Gene Sperling
Bob Boorstin

From: The Staff Secretary

This is the guidance that State agreed to at 10:30 pm last night. I think it's fine & makes the basic points we want make.

Todd

Proposed Talking Points for Bonn
(Final/8-6-97)

- The United States is committed to reaching an agreement that will take serious, substantial steps to limit the emissions of greenhouse gases. We are engaged in an intensive effort to refine specific policies to meet that goal.

- The President is personally committed to this goal.

- At the same time, the United States will not accept an agreement that is inconsistent with the President's fundamental commitments -- first to maintain economic growth while we act to protect the environment, and second that all countries commit to take meaningful concrete steps to address the problem of climate change. These elements are essential for public support in the United States and approval by the U.S. Senate.

- The United States Government will continue working intensively to develop realistic targets, timetables and, as appropriate, further initiatives -- including initiatives concerning developing countries -- that meet our larger objective.

- As we move forward, we will keep you informed.

Copied
Reed
COS

<u>Bruce</u>
FYI
Simmons did
nice letter
to Bob & Michael
BC

THE PRESIDENT HAS SEEN
8-6-97

JIM DORSKIND:

Please coordinate the reply.

THE PRESIDENT HAS SEEN
8-6-97

The New York Times
WEDNESDAY, AUGUST 6, 1997

Actor-Director Focusing on Children

By MARY B. W. TABOR

LOS ANGELES — The President spoke in his State of the Union Message about the nuturing of children from the first days of life. The theme of the National Governors' Association convention in July was early childhood development. It was the subject of a special issue of Newsweek, an ABC-TV special and a series of public-service advertisements showing Dad tenderly holding Baby.

Behind the scenes, orchestrating this collective national visit to the nursery is the actor and director Rob Reiner.

So deep is Mr. Reiner's commitment that he put aside movie making for more than a year to get a national campaign called "I Am Your Child" off the ground. Its message is simple: the crucial groundwork for a person's emotional and intellectual life is laid between birth and age 3, and parents should have access to support services, if they need them, to help their babies develop.

"This is something that I've been thinking about for almost 20 years," Mr. Reiner said recently over lunch at Maple Drive, a Beverly Hills restaurant just steps from his office. "It is something deep in my core."

He and his wife, Michele Singer Reiner, a photographer, said they began thinking about a national campaign in 1994. They were new parents and veterans of psychotherapy, a combination that provoked constant discussion about how their behaviors affected their children, and they found it difficult to find scientific research on the subject.

But they also suggest that their own childhoods were somewhat lacking in the kind of nurturing they now believe is essential.

"I can tell you that both Michele and I have struggled tremendously in our lives," said Mr. Reiner, the son of Carl Reiner, the actor and director. "Obviously, we got enough good to outweigh the bad, but I can categorically say that I can trace my struggles, and the difficulties I've had in functioning and fitting in, to early influences."

"You've seen 'When Harry Met Sally'?" he said by way of explanation, referring to his movie in which Billy Crystal plays a man who struggles with the notion of whether men and women can be both lovers and friends. "I rest my case."

At a robust 6 foot 2, Mr. Reiner, 50, has aged gracefully since his "Meathead" days on "All in the Family," his long brown hair and handlebar mustache giving way to a balding pate and salt-and-pepper beard.

Using a Hollywood power base to make gains in a new arena.

His office at Castle Rock Entertainment is classic Hollywood, with leather screening-room chairs and framed posters of his films, among them "A Few Good Men," "This Is Spinal Tap" and "Stand By Me" as well as "When Harry Met Sally."

But the bulk of the paperwork on his desk these days is not screenplays or production schedules. Instead, the telephone messages, photographs and letters are from politicians and foundation heads, doctors and business leaders — the eclectic cast of the "I Am Your Child" campaign.

In less than three years, the Reiners have pushed aside the stereotype of the liberal Hollywood dilettante by mobilizing scores of groups and people interested in children's healthy development and helping them form coalitions. It is a feat that has eluded many health-care workers, political figures and grass-roots organizations.

"I now have a power base and a media base and an ability to reach out to people and get a message across," Mr. Reiner said. "And if I don't use those capabilities to disseminate this information to the public, then, I think, that is negligent."

The Reiners' campaign started in 1994 when they arranged a meeting with Tipper Gore, who they knew had interests in protections for children and mental health issues.

"I just called her up," Mr. Reiner said. "I'd heard she was interested in mental health issues, and I tell you I was just a babe in the woods. I really didn't know who to call or what to do."

Mrs. Gore encouraged the Reiners to pursue the issue. Then, a few months later, they invited a group representing media, political and foundation interests to their home in the Brentwood section of Los Angeles for an afternoon meeting where they could exchange ideas and contacts.

"It started in a very organic way," Mr. Reiner said, smiling over a bowl of asparagus soup.

They became acquainted with Ellen Gilbert, an agent at International Creative Management who had connections in the foundation world, and they came across a 1994 Carnegie Corporation report called "Starting Points: Meeting the Needs of Our Youngest Children."

The report said that if a child received warm and responsive care in the form of talking, reading and playing, his brain could develop to its full potential. If a child is abused or neglected, the problems can compound over a lifetime.

They attracted the interest of Teresa Heinz, who offered financing from her philanthropy, and several other big name sponsors jumped on board, among them AT&T, which paid for the public service advertisements; I.B.M., which agreed to pay for a CD-ROM with information for parents; Johnson & Johnson, which produced a parenting video that features Mr. Reiner, and Kaiser Permanente, which is sponsoring a conference for business leaders next year.

The next target was Washington. Just before the 1996 election, Mr. Reiner said, the couple asked to discuss their campaign ideas with President Clinton.

To their surprise, they were granted 15 minutes alone with the President and one of his aides.

"We told him all the things we were interested in," Mr. Reiner recalled. "And he said, 'What do you want me to do?' "

They asked that he make early childhood development a priority for his next term and mention it in his next State of the Union Message. And they asked for a White House conference devoted to the topic.

Barry Toiv, a White House spokesman, said that the President and First Lady had already been planning a conference on children, but that the Reiner meeting "meant the issue and the conference would get a tremendous boost."

"The Reiners brought energy, ideas and an ability to draw more attention to the effort," Mr. Toiv said.

The ball was rolling.

Mr. Reiner's status as a heavy hitting director has clearly been an asset. Who else could get Tom Hanks, Robin Williams, Shaquille O'Neal and Gen. Colin L. Powell and the Clintons to star in the one-hour ABC special to sing "Itsy Bitsy Spider" or read "Good Night Moon?" The special was broadcast on April 28 and will be repeated on Aug. 17.

In the video for parents, Rob Reiner appears talking about how "scary" it is to be a new parent and talks about the need to give children "consistent, predictable, nurturing and enriching experiences."

Next February, "I Am Your Child" and Kaiser Permanente are holding a conference for the business community, to highlight what it can do to help insure a healthy start for children, like offering parenting programs, corporate day care, developing company health plans that promote early childhood development or working with government agencies to develop family resource centers.

Mr. Reiner plans to return to movie making, and has begun working on a film about domestic terrorism. But he said his passion is still for the "I Am Your Child" campaign — named after the Barry Manilow song used as its theme — and has begun talking to television executives about incorporating some of its themes in situation comedies like "Mad About You" and "Friends."

"Movies don't really hold the excitement for me that they used to," Mr. Reiner said, almost quietly. "To be totally honest with you, if I could make a really good living doing this, I would not make films, I would devote the rest of my life to this."

That would be welcome news, said child care advocates who have become part of his coalition.

"It's a very exciting, positive thing that's happening," said Anne S. Arnesen, director of the Wisconsin Council on Children and Families, a child care advocacy group based in Madison. "I Am Your Child" has "focused attention on something that good mothers and people in the child care business have known for years, but that hasn't been in the public consciousness."

Senator John Kerry, Democrat of Massachusetts, who is married to Ms. Heinz, cites Mr. Reiner as a key endorser of his recent bill that would expand programs for at-risk infants and establish a scholarship fund for child-care workers, among other things.

Perhaps the only irony has been a personal one for the Reiners. With the campaign has come long hours at the office and on the road. That has meant time away from their own two sons, ages 6 and 3.

"Here we are trying to promote children's healthy development and give parents tools for helping develop their children, and that has meant taking time away from our kids," Mr. Reiner said. "It's a constant push and pull."

THE PRESIDENT HAS SEEN
8-6-97

Scout Dies In Accident At Jamboree

Youth, 16, Lost Control While Driving Humvee

By Justin Blum
Washington Post Staff Writer

FORT A.P. HILL, Va., Aug. 5—A 16-year-old Boy Scout driving a U.S. Army Humvee without permission or training at the Scouts' National Jamboree was killed Monday night when he lost control of the military transport vehicle, causing it to overturn on the shoulder of a winding dirt road.

The accident, in which two other Scouts were injured, cast a heavy shadow on the quadrennial gathering of 30,000 Scouts at this Army training facility 80 miles south of Washington. The Jamboree, which ended today, is a nine-day event at which Scouts normally revel in camping, fishing, biking and other outdoor activities.

Police said Robert Combes, of Finleyville, Pa., who was not wearing a seat belt, was thrown from the driver's window of the Humvee and then pinned under the vehicle after it flipped over. It was one of 16 Humvees the Army had lent to the Boy Scouts for delivery of supplies at the Jamboree, and Combes was among the volunteers making the deliveries.

But Combes, being younger than 18, was not supposed to be driving the Humvee, Scout officials said. He had obtained his learner's permit to drive a car only two months ago, according to police.

The teenager apparently persuaded the three other Scouts in the Humvee, all of whom were 18, to let him have a turn behind the wheel, said Virginia State Police 1st Sgt. Anthony Lippa.

"The boy just wanted to drive and he asked the others," Lippa said. "You have a situation with an inexperienced driver . . . going fast enough that they were bouncing and coming around a curve and losing control."

Scouting officials said they did not try to monitor who was driving the Humvees, and that they trusted the Scouts who were authorized to drive to keep others from doing so. About 150 Scouts and Scout leaders in the supply operation had obtained a special Army license to drive the vehicles after taking a 3½-hour training class.

"I don't know that there's a lot more we could have done," said Gregg Shields, a national Scouts spokesman.

Police said they had not determined how fast Combes was driving. They said there was no indication drugs or alcohol were involved.

The front-seat passenger, David Lundstrom, of Rockford, Ill., wore a seat belt and was not injured, although he was held for observation at a hospital at Fort A.P. Hill and was released today. There were no seat belts in the rear of the Humvee, which was configured for cargo and had two benches in back.

Nathaniel Searls, of Sioux City, Iowa, one of the two Scouts sitting in the back, was treated for back pain at Mary Washington Hospital in Fredericksburg, Va., and released.

The other, David Lipson, of Moon Township, Pa., suffered a clavicle fracture and remained at Mary Washington Hospital in stable condition.

The Army has used the Humvee, short for High-Mobility Multipurpose Wheeled Vehicle, since 1985 to replace its older Jeeps. The vehicle and its load weigh up to 7,700 pounds and it is wider and higher than regular cars, allowing it to manage rough terrain and steep slopes.

Several automotive safety experts said the Humvee could pose problems for anyone not used to driving a vehicle of that bulk.

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SCOUT, From B1

"Once you make a turn and you overcorrect, you're throwing that weight of the vehicle totally in the opposite direction," said Robert Livingstone, director of automotive services for the American Automobile Association's Potomac chapter.

"With a vehicle of this nature, it doesn't really take that much, once you get the physical weight moving, to keep it going. These aren't really designed for high speed."

David E. Davis Jr., editor of Automobile Magazine in Ann Arbor, Mich., said the Humvee was too hard to handle for someone as young and inexperienced as Combes. "A 16-year-old high on testosterone has absolutely no business driving a vehicle like that," he said.

As his parents flew to Virginia today, neighbors and other Boy Scout parents in Finleyville, a town about 20 miles southeast of Pittsburgh, remembered him as a kind young man who was reserved but had become more outgoing in recent years.

"The whole neighborhood is distraught," said John Ferrence, the Combeses' next-door neighbor. "He was a very, very nice young man. He was no trouble for anyone. He was in Scouting all his life."

Patricia Staley, whose husband, Leonard, is the scoutmaster for Combes's troop, said the teenager had taken on a leadership role.

"He always helped younger Scouts. You couldn't say a bad thing about him, really," she said.

Combes was about to enter his junior year at Ringgold High School, and he was chosen to attend the Jamboree as a volunteer on the support staff because of his work in July at Heritage Reservation, a Scout leadership camp in Farmington, Pa., Staley said.

Several of Combes's friends organized a memorial service for him today at the Jamboree. "It's devastating," said Brian Smoley, 15, of Pittsburgh. "Rob was a real good friend."

But many of the Scouts here did not know about the accident.

Scout officials said it would have been logistically difficult to make a Jamboree-wide announcement about Combes's death, and Pittsburgh area Scout leaders said they wanted to wait until their Scouts were home so the boys could deal with their grief with their parents nearby for support.

"We're trying to get through the end of this without them getting worked up about this," said David Fohr, a scoutmaster from the Pittsburgh area. "These boys don't need to know right now."

Some Scouts criticized the officials' decision to avoid spreading the word about the accident and proceed with the normal Jamboree schedule.

"It seems like it should have been canceled," said William Scipio, 13, of Baltimore. "We should have had a moment of silence or something. Everybody should have been told what happened."

Scout officials said this was the second death at a National Jamboree, an event that dates to 1937. At the 1977 Jamboree, held in Pennsylvania, a Scout was struck by lightning.

Monday's accident happened about 8:15 p.m. on a bumpy dirt and gravel road about three miles from the camp where Combes and the three other volunteers were staying. The road, shrouded by pine trees, has been used mostly by Scout volunteers and supply vehicles.

The volunteers in Combes's vehicle had been assigned to deliver ice at the Jamboree.

But police said they believe that the trip the four Scouts were making when the accident occurred—to pick up ice at a supply trailer—had not been authorized.

Shields, the national Scouts spokesman, said the Jamboree used Humvees to carry supplies because the vehicles can easily traverse rough terrain.

He and Army officials said that properly trained 18-year-olds should not have difficulty operating the Humvees, and he said Scout officials were not concerned about continuing that practice.

Some Scouts said they thought that driving Humvees was dangerous for their peers, even those who are 18 years old.

"Just the Army should be driving those," said Brian Howle, 17, of Baltimore.

"They're the ones who are a lot more trained. You should prevent things like this from happening in the first place," he said.

Staff writer Sewell Chan contributed to this report.

Should write a letter to his parents —

The Washington Post
WEDNESDAY, AUGUST 6, 1997

We will send to Dorskind for reply once you have seen.
B.