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Diane Sultt Gilleland
LITTLE ROCK, ARKANSAS

1. cc: ~~Stop~~ Sec

2. Pres.

8/12/97

Send to Dagskind

Yes ☒

No ☐

Dear Mr. President —

Thank you for the opportunity and the American people as a appointee to the board of the S Marketing Association.

It has been an honor to be a Presidential appointee on the the advent and growth of Direct Shares of stock falling from \$78 to \$33 per share; the Administration and Company negotiations for rechartering and exit as a GSE; your intervention, inclusion in and signing of the Continuing Resolution which privatized Sallie Mae; three proxy fights which ultimately changed control of the company from a long-time board and management to a group of "dissidents" (who I joined in June because I believed their leadership was in the best long-term interests of students, taxpayers and shareholders); on July 31, 1997, shareholders voted overwhelmingly to accept the terms and support privatization of the company — the first GSE to do so; and the stock share price has quintupled in three short but eventful years.

It has been an honor to serve you — and easy — because I knew you wanted me to put integrity and the best interests of students

cc: Bob Nash
coordinate with
NEC on reply

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Diane Sutt Gilleland
LITTLE ROCK, ARKANSAS

1. cc: Staff Sec

2. Pres.

Dear Mr. President —

Thank you for the opportunity to serve you and the American people as a Presidential appointee to the board of the Student Loan Marketing Association.

It has been an historic time to serve as a Presidential appointee on the Sallie Mae board: the advent and growth of Direct lending; 52 million shares of stock falling from \$78 to \$33 per share; the Administration and Company negotiations for rechartering and exit as a GSE; your intervention, inclusion in and signing of the Continuing Resolution which privatized Sallie Mae; three proxy fights which ultimately changed control of the company from a long-time board and management to a group of "dissidents" (whom I joined in June because I believed their leadership was in the best long-term interests of students, taxpayers and shareholders); on July 31, 1997, shareholders voted overwhelmingly to accept the terms and support privatization of the company — the first GSE to do so; and the stock share price has quintupled in three short but eventful years.

It has been an honor to serve you — and easy — because I knew you wanted me to put integrity and the best interests of students

and taxpayers first. This guiding principle also resulted in what was best for shareholders. I believe the privatization of Sallie Mae will be regarded as an historic and successful accomplishment and transition of government and corporate interests.

I hereby submit my resignation as a President/ Appointee to the Board of the Student Loan Marketing Association, effective August 1, 1997, prior to my accepting a shareholder-elected seat on the privatized SLM Holding Company board and as Company-appointed member of the GSE board.

Thank you for being my friend and a friend to Deborah. I can never repay you. And words can never capture the gratitude we both feel --- maybe her tears said it best when she tried to tell you herself in June.

Your friend,
Diane

The South Pars gas project likely will be the first real test of a year-old American law designed to keep foreign companies from doing business in the U.S. if they make big investments in Iran's oil industry. Total has shrugged off the threat, partly because it doesn't have much investment in the U.S. Nor do Gazprom or Petronas, the Malaysian oil company, which may join Total's team. Shell, with extensive U.S. operations, won't comment on the sanctions threat, saying only that it is talking to Iran about South Pars but isn't signed on to the project yet.

International credit agencies and banks are under strong U.S. pressure to stay out of Iran. Financing is crucial because shipping gas is expensive. Natural gas is compressed (cooled to 160 degrees below zero centigrade), loaded onto specially insulated ships, then "regasified" in the receiving country. For distances less than 1,000 miles, pipelines are cheaper, especially for Iran, which can build pipes itself. Even so, gas pipelines are more expensive than oil pipelines and sometimes pass through hostile or unstable countries.

Qatar has high expectations. Its gas companies, Qatar Liquefied Gas Co. and Ras Laffan Liquefied Natural Gas Co. (RasGas), took up five buildings in downtown Doha, the capital. Investors lined the desert road from Doha to the gas town of Ras Laffan with luxury villas. Qatar's emir talked about his country becoming the richest nation in the world, with a huge petrochemicals industry based on gas. Ras Laffan, which until recently didn't even have a paved road, now has two 1,000-yard "trains" of gray pipes and towers that liquefy gas, and it is building a third one.

Token Royalty

So far, Qatar's financial gains seem modest. To make the project work, Qatar accepts a token royalty — about \$60 million a year for the gas from each Ras Laffan train — and offers foreign companies tax breaks and low rents for offices and plants. Foreigners have done most of the Ras Laffan construction. Yellow school buses carry Nepali and Filipino workers from the work site to nearby camps. Qatar, with \$1 billion invested in Ras Laffan, owns majority stakes in the gas companies, which invested another \$10 billion. But profits may take at least five years to materialize, because of the heavy debt load.

Since there aren't enough buyers to create a standard price for Mideast gas, contracts are based on the price a buyer would pay for oil producing the same amount of energy. At first, RasGas's agreement with South Korea ensured that the gas wouldn't drop below a price corresponding to \$14.44 a barrel of crude. That agreement allowed RasGas to raise \$1.2 billion in a bond offering. RasGas later agreed to scrap the price floor if South Korea, which had reached a deal to buy Oman's gas with no minimum price, would buy twice as much gas. To preserve the RasGas bond rating, Mobil pledged to pay as much as \$200 million to bondholders if oil prices fell so low RasGas couldn't meet its bond payments.

Mr. Al-Attiyah, Qatar's energy minister, says he doubts Mobil will have to ante up. But he says he is "afraid" other buyers won't accept a price floor in future contracts. That may even apply to Japan, since Qatar started shipping to that country before the two sides had agreed on a permanent price formula.

Iran has different reasons for trying to export gas. Because of pollution and oil-production problems, it is trying to convert power plants, and even taxis, to natural gas and needs to tap new fields. Fereidoun Barkeshli, a researcher with Iran's Institute for International Energy Studies, says Iranian officials have another reason to push hard to develop South Pars: "Not tapping that gas means the Qatari side will tap it."

Qatar's huge head start has made some U.S. officials nervous about potential friction between the Mideast neighbors. After all, Saddam Hussein invaded Kuwait after he accused it of poaching from the Iraqi side of a border oil field.

Military Ally

Qatar, a budding American military ally, has taken pains to stay friendly with Iran. The two countries exchange frequent ministerial visits, and Qatar's ruler pleaded on behalf of Iran against sanctions during a June trip to the U.S. Qataris say there is plenty of gas for both sides — even at full production Qatar wouldn't exhaust its side for several hundred years — and they have assured the U.S. that Qatar has a gas-drilling "agreement" with Iran.

But that refers to a 28-year-old accord on where the border lies. There is no agreement on how much gas each country can draw. And Iran and Qatar have had different notions of how much gas is on each side. The prospectus for the RasGas bond offering includes a map showing a small sliver on Iran's side of the border and says most of the gas is on the Qatari side. But Iran claims to have 300 trillion cubic feet, more than Qatar has.

"I'm sure 300 [trillion] is the minimum," says S.E. Jalilian, director of offshore development for the National Iranian Oil Co. "Based on our new calculations, it should have increased."

Also, though the field is huge, the best gas lies in a section called "K-4," straddling the border. Qatar started drilling there first, less than 10 miles from the border, and new RasGas wells are being drilled less than a mile from the border.

Even if that doesn't lead to conflicts, Iran's export plans will. The U.S. has tried to pressure Turkey to abandon plans for an Iranian gas pipeline. Construction has begun, but Turkey's new government plans to re-examine the deal. Iran is trying to get adversaries Pakistan and India to agree on a pipeline from Iran, but that presents different political problems. Pakistan's military doesn't want an offshore route that would require surveying the coastline, and India doesn't want an overland route controlled by Pakistan.

Iran is also trying to use gas to cement relations with former Soviet states. It is working to pipe gas to Armenia, despite that country's lack of hard currency, and intends to complete, by year end, a pipeline to help Turkmenistan get its gas to Turkey. That pipeline — dubbed "Project Peace" — competes with a pipeline, planned by Unocal Corp., of El Segundo, Calif., to bring Turkmenistan's gas through Afghanistan and Pakistan.

Gas deals tightly bind selling and buying countries, because it is difficult for buyer's factories and power plants to find an alternate source if the supply is disrupted. The 1990 Gulf War interrupted a pipeline between Kuwait and Iraq. Russia stopped taking Iranian gas after the government that took over after Iran's 1979 revolution demanded a huge price increase.

Iran says it would never cut off gas for political reasons. "We need foreign currency. We need to sell," says Mansoor Daftarian, an Iranian gas official. "If there's a similar revolution in Qatar, they have less than a million people. They don't need that money."

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Deep Pockets

Natural Gas Generates Enthusiasm and Worry In Oil-Soaked Mideast

Shift to Once-Ignored Fuel Lures Big Energy Firms; Qatar, Iran 'Share' Field

Sanctions Have an Impact

By DANIEL PEARL and PETER FRITSCH
Staff Reporters of THE WALL STREET JOURNAL

TEHRAN, Iran — For decades, this part of the world has been dominated by oil. But most of the excitement lately has been over something else: natural gas.

Middle East countries, some of them facing dwindling crude-oil reserves, are placing huge bets on gas-export plans to replace oil revenues.

Among the hopefuls:

- Iran plans to enter a deal with Total SA of France to develop a huge offshore gas field in the Persian Gulf.
- Qatar began exporting gas to Japan from the western side of the same field in December and is building gas-liquefaction plants to export to South Korea.
- Oman is building a similar plant by the Indian Ocean.
- Yemen set up a gas-development company with three foreign firms, agreeing to keep only a minority stake for itself.
- Egypt, with more than 20 gas discoveries since it started allowing oil companies to exploit gas finds, has three export programs under way.
- Iraq is choosing companies to export its gas once the United Nations lifts economic sanctions against it.

'Learned Our Lesson'

Until the 1980s, Persian Gulf rulers made it clear they were happy to leave gas in the ground since it didn't generate the same big royalties oil did. Qatar devoted just one line to its huge North Field discovery in its 1972 petroleum report.

"In the '80s, we learned our lesson, not to put all our eggs in one basket," says Abdulla Al-Attiyah, Qatar's minister of energy and industry. As fields in other parts of the world ran out of gas, oil companies have been drawn to the Persian Gulf, which has two attractions: huge reserves and gas that is relatively "wet," meaning it yields a lot of oil as a side benefit of the cooling process that liquefies it for shipping.

The growing competition over gas could increase regional tensions. Worries include potential conflicts over jointly owned gas fields and political struggles over the directions in which gas will flow. Countries are competing for financing and customers for multibillion-dollar projects, and they are undercutting each other by sacrificing prices in favor of larger volumes, just as oil producers undercut each other by exceeding production quotas.

For foreign companies, gas projects are long-term investments that carry the risk of price fluctuations. And Mideast gas can't easily be sold elsewhere if a buyer defaults or becomes unstable. But as gas becomes more important in the companies' world-wide operations, their goal is to turn the fuel into money. "No one can afford to ignore gas anymore," says Fritz Voigt, vice president of international gas for Exxon Corp., which has more gas than oil in its undeveloped but proven reserves.

Gas provides another lure to companies that couldn't get into the Mideast oil business: Countries need foreign expertise and capital to develop gas fields. "When you're active in a country, you'll develop relationships with people, with governments and be better placed to offer solutions" on oil projects that largely have been closed to foreigners, says Patrice de Vivies, senior vice president for gas at Total, which has a piece of the Qatar, Yemen and Oman projects.

Boom Years

Already, world-wide gas production is increasing at double the rate of oil production and faster than consumer demand. The Mideast, with one-third of the world's known natural-gas reserves, produces only one-fifteenth of the world's gas. With nearly \$40 billion in export projects planned or under construction, gas production here is expected to reach the heady rates seen with oil during the boom years of the early 1960s.

But the gas boom isn't simply a repeat of the oil boom. "Gas is a whole new ballgame," says Julia Nanay of Petroleum Finance Co., a Washington energy-consulting firm. "It makes a country and customer dependent on each other in a way that oil doesn't."

Middle East gas contracts between sellers and buyers run as long as 25 years. The long time frame is necessary because gas reserves are farther away from consumers, so more spending is required on transportation and infrastructure, and a dedicated buyer is needed to finance the projects. That leads to hard-fought battles for geographic turf.

For example, Iran plans to sell gas to Turkey, a market dominated by Russian gas. Russia would prefer Iran's gas to flow eastward. Executives of Russia's huge state-controlled gas company, Gazprom, recently trekked to Tehran and offered to help Iran build a liquefied-gas plant to ship offshore gas to Pakistan, India and China, say oil officials and diplomats in Tehran.

Also, some diplomats believe Egypt's fight with Qatar for Mediterranean gas markets is one reason Egypt hasn't agreed to attend this year's Middle East Economic

Please Turn to Page A8, Column 1

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Summit in Qatar. (Egypt denies it.)

Iran and Qatar are competing to tap the same gas field. Gas flows more freely underground than oil does, and "it's physically impossible to divide it" there, says an executive in one of Qatar's gas projects. "Once both countries insist on ownership, it becomes a political problem." So far, Iran hasn't done anything more provocative than send navy ships to observe construction of Qatar's drilling rigs.

U.S. Sanctions

Corporate competition adds to tensions. France's Total is a partner with Mobil Corp., of Fairfax, Va., in Qatar's first gas-export company. But Total got left out of the second phase of development at Ras Laffan, as Qatar moved closer to the U.S. — and Mobil — after the Gulf War.

Mobil is locked out of the Iranian side, because of U.S. sanctions preventing Americans from doing business in Iran. Two of the companies vying to develop Iran's South Pars field — Total and the Anglo-Dutch Royal Dutch/Shell Group — have gained valuable data about the location of the richest gas deposits along the Iran-Qatar border. (Shell discovered the field in 1971 while searching for oil.)

THE WALL STREET JOURNAL MONDAY, AUGUST 11, 1997

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A By PAM BELLUCK

CHICAGO, Aug. 7 — When a job in the press room of a printing company lured Francisco Hernandez to Addison, Ill., a dozen years ago, he was one of only a few Mexican-Americans in town.

The Chicago suburb, where boxy factories as flat as the land churn out gaskets and garage doors, conveyor belts and plastic bubble wrap, had long been a destination of the city's middle-class whites, many from an earlier kind of American immigrant stock: Greek, Italian, Polish or German.

But Mr. Hernandez was soon joined by other working-class Mexican-Americans, who abandoned Chicago's grit and strain for Addison's safe streets, humming economy and solid schools. By 1990, they made up more than an eighth of Addison's 32,000 residents.

Then, three years ago, the local government bulldozed the small apartment building where Mr. Hernandez lived. It also razed seven other buildings and condemned three more in Mr. Hernandez's neighborhood, saying those and dozens of other buildings containing several hundred apartments were blighted.

The Hispanic residents said Addison was trying to force them out of town, or at least discourage more from coming. The Justice Department agreed and sued, accusing Addison of intentional discrimination.

Today, Addison officials settled the Federal case and a private class-action lawsuit with an ambitious plan that Justice Department officials and housing experts said was a watershed resolution to a housing discrimination claim: While denying that it intentionally discriminated, the village will agree to build affordable housing to replace what it tears down, pay moving costs or compen-

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sation to dozens of families, deposit \$30,000 in a fair housing fund and put up a community center and parks in the two Hispanic neighborhoods.

The plan is expected to cost \$20 million to \$25 million, most of it in development costs, Addison officials said. The cost of damages to families and fair-housing groups alone, up to \$1.4 million, makes the settlement one of the largest by a municipality in a fair-housing suit, said Paul Hancock, Acting Deputy United States Attorney General for civil rights.

The case, Justice and housing officials say, is also the latest example of a recent and troubling trend in which Hispanic residents have become the target of a kind of bias that blacks once faced, with several municipalities in New Mexico, New Jersey and elsewhere in the country using government programs or zoning laws as discriminatory tools.

Hispanic Americans, now 10 percent of the United States population and expected to become the country's largest minority by 2010, are beginning to leave overcrowded urban neighborhoods for better jobs in the suburbs, many of which have long been dominated by whites.

"A lot of these jurisdictions for the first time are experiencing an increase in Hispanic population," Mr. Hancock said. "In previous decades we dealt with opposition to racial minorities moving to the suburbs. This seems to be similar."

In Addison, Mr. Hancock said, "our concern was not just that they were tearing down housing, but that their intent seemed to be to rid the village of Hispanics. Now with this plan they are improving the sections of the village where Hispanics live, and everyone will be able to stay in the village. That's what makes this such an important settlement."

Municipal officials said they were not biased, but were trying to address concerns about overcrowded housing and dilapidated apartments. Some said that if the Hispanic residents were affected by the ordinances, it was because their families tended to be larger, sometimes including several relatives beyond the immediate family, or because they lived in poorer sections of the suburbs where the houses were more run-down.

Addison officials denied any discriminatory intent in their decision to use a state tax incentive program to demolish some buildings and make way for new development. John Berley, the assistant village manager, said officials settled the case to avoid the cost of continuing legal proceedings and the risk of losing at trial.

Mr. Berley suggested that the village, a Republican stronghold, might have been the focus of a political agenda by a Democratic Administration in Washington. And he said that much of the settlement, including the new parks and community center, was "a plan we probably would have done anyway."

Hispanic residents and advocates say there is more to it. They say that Hispanic Americans encounter friction after their neighborhoods swell and their culture and language begin to be noticed.

"People hear Spanish being spoken in the street and at school," said Jonathan Rothstein, a lawyer who represented the plaintiffs in the class-action suit against Addison. "They see Latinos using their front yards instead of their back yards. It reaches what some people consider an unacceptable critical mass."

Charles Kamasaki, a vice president of the National Council of La Raza, said that Hispanic residents long unwilling or insufficiently savvy to file civil rights complaints were becoming better organized and more aggressive.

Mr. Hancock said the Addison settlement, which still must be approved by the Federal District Court judge handling the case, went far beyond what could have been achieved at trial and "the city deserves credit for sitting down and working out a solution."

In the last three years, three other towns have reached settlements with the Justice Department in housing discrimination cases against Hispanic residents.

In New Jersey, the beach town of Wildwood, near Atlantic City, agreed to pay \$75,000 in damages after the Justice Department accused the city of discrimination against Hispanic families by selectively enforcing an ordinance that allowed only one person to a bedroom.

The City of Hatch, N.M., settled a lawsuit brought by the Justice Department in December by agreeing to pay \$260,000. The suit said town officials used a ban on mobile homes to force Mexican farm workers to move out of Hatch and live in "colonias," squalid shacks without sewage systems or potable water.

Another Chicago suburb, Waukegan, agreed in May to pay up to \$200,000 in damages, hire a bilingual fair-housing counselor and stop enforcing a housing ordinance that limited the number of people who could live under one roof to the immediate family and two additional relatives.

And Cicero, Ill., a historically white town west of Chicago, is also being sued for what the Justice Department said was a similar restriction on occupancy that not only seemed to target the town's rapidly growing Hispanic population, but also angered real estate agents who said the ordinance kept them from selling houses to the many Hispanic families moving in.

A spokesman for Cicero, David Donahue, denied the allegations and said the town had no intention of settling the lawsuit. "If you have two families living in a single-family home," Mr. Donahue said, "they are only paying one set of property taxes. It's a safety reason and a school overcrowding issue."

Fair-housing advocates and Hispanic organizations said that the Justice Department was selective about the cases it chose and that they had seen similar examples of housing discrimination in Minnesota, Texas and other states.

In the Chicago area, where housing advocates have a long tradition and Hispanic immigration has risen sharply, several suburbs have been confronted about their housing plans or zoning laws and subsequently agreed to change them.

In Addison, a middle-class suburb on the loops of Interstate highways that rope Chicago to the rest of the Midwest and beyond, many of the residents work on assembly lines or in packing plants, and live in modest ranch houses or split-level homes. In the 1950's and 60's, Addison was a prime destination for white ethnic Chicago families. The village has seen its economy energized in recent years as a convenient place for companies to base their Midwest operations.

Addison officials said they did not intend to drive Hispanic residents out of town. "If it looks that way, we're sorry," Mr. Berley said. "We were doing our duty as public officials. Sometimes you have to do things in the public interest and sometimes a small number of people are going to get hurt in the course of it."

Mr. Berley said the buildings in Addison, 30-year-old yellow or tan brick low-rise apartments, had been built too close together and lacked adequate parking and playgrounds. He said the buildings had fallen victim to maintenance problems ranging from broken steps to cockroaches. Mr. Berley said newer residents were renters without the same stake as earlier owners in keeping up the property. "Hispanic families generally do live several families together in the same unit," he said. "That wears property down."

Mr. Berley also said the neighborhoods had been attracting gangs.

"O.K., they're not Cabrini-Green or Robert Taylor Homes," Mr. Berley said, referring to two of the most notorious Chicago housing projects. "Well, are we supposed to wait till it gets to be a Cabrini-Green?"

Hispanic residents say that Addison officials exaggerate the crime and maintenance problems, and that residents have been working to solve them. In a recent visit, the neighborhoods seemed generally neat, if weathered, with iron or concrete balconies, cut grass and children riding bikes or playing soccer outside.

Rita Gonzalez, 32, left one of Chicago's Mexican neighborhoods 10 years ago for a job in a plastic bag factory in Addison and the goal of better schools for her three sons, one of whom began using Chicago gang signals at age 5. A soft-spoken woman, Ms. Gonzalez said she found herself

the reluctant leader of the mushrooming Hispanic community.

Ms. Gonzalez, who lives in one of the two Addison neighborhoods designated for redevelopment and was a plaintiff in the class-action suit, said there had been few serious clashes with the "Anglos" in Addison, but she believed that officials were "surprised at how rapidly the community grew."

Mr. Hernandez, who used a disability payment to buy a house in Addison after his apartment building was demolished, said the Hispanic community contributed to the village

With a growing awareness of their rights, minorities are going to court.

economy, shopping in local stores and starting their own businesses, like the Tejano and Salsa music store, Mi Pueblo, that his family opened recently. "I feel betrayed by the village," he said. "But this is what I call my home."

The Mayor of Addison, Larry Hartwig, who is principal of a local junior high school, said officials were happy to have Hispanic people living in Addison. "I don't think it's a racial thing," Mr. Hartwig said. "I think it's a cultural thing. I see two types of Hispanics in Addison. There are those that have been here for a long time and are very acculturated. If you didn't know their last name, you wouldn't know they were Hispanic. Like Joe Fernandez, who owns the Pink Pony. He's like everybody else here in town. The newer ones, I don't blame them. We need to educate them. As they come and migrate to our country, they need to adapt and adopt our ways."

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The New York Times

FRIDAY, AUGUST 8, 1997

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Report: Violence on rise in federal, state prisons

By Kevin Johnson
USA TODAY

Prison violence is a growing problem, particularly in federal institutions where the number of assaults against both inmates and guards has risen sharply, according to a report released Thursday.

The Justice Department's new census of U.S. prisons found that the number of attacks in state and federal prisons jumped by more than 20% between 1990 and 1995.

But in federal prisons the rate of assault climbed even more dramatically. Prisoner attacks on federal guards increased from 169 to 1,124 between 1990 and 1995. During the same time, the number of inmate attacks on other inmates rose from 406 to 989.

The statistics corroborate an independent survey conducted last year that concluded that prisons had become "arenas of tension and rage."

The Justice Department census did not offer reasons for the rise in violence. Prison officials in both the state and federal systems, however, attribute at least part of the increase to a wave of new legislation requiring criminals to serve longer prison terms.

"Inmates are bringing a more dangerous street mentality to prison these days for a longer time, and it is something we have to deal with," said Dan Dunn, Federal Bureau of Prisons spokesman.

These new truth-in-sentencing laws, says an analysis pub-

Attacks inside the walls

State and federal prisons have had sharp increases in the number of assaults on inmates, as well as on guards and other staff members. The trend has been most pronounced in federal prisons, where assaults on guards increased more than sixfold between 1990 and 1995.

	Assaults on inmates		Assaults on staff	
	1990	1995	1990	1995
State	21,184	24,959	10,562	13,041
Federal	406	989	169	1,124
Total	21,590	25,948	10,731	14,165

Source: U.S. Justice Department

"Inmates are bringing a more dangerous street mentality to prison these days for a longer time, and it is something we have to deal with."

— Dan Dunn, Federal Bureau of Prisons

lished by an independent policy group called the *Corrections Compendium*, "threaten to create widespread frustration and hopelessness among inmates ... increasing the propensity for violence."

Officials said that an overall increase in inmate population also was a factor in the rising violence. According to the Justice Department census, the total prison population stood at 1 million people, a 43% increase

between 1990 and 1995.

Although state and federal authorities are building more prisons to house this burgeoning population, federal prisons are operating at 24% over their intended capacity.

Beyond the statistics there also has been increasing anecdotal evidence that prison life has become more dangerous.

► In New Jersey last week, Gov. Christie Whitman ordered all 6,500 state prison guards to add body armor to their uniforms after an inmate fatally stabbed a guard.

Two months earlier, more than a dozen guards were injured during an uprising at a New Jersey facility.

► In Idaho last week, prison officials ordered a lockdown while they quelled an uprising in its maximum-security unit.

► Another lockdown was ordered in Wyoming during the past three weeks after the murder of a prison guard there.

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Price of Political Life Is Increasingly Tallied in Lawyers' Fees

By Ruth Marcus
Washington Post Staff Writer

In 1996, political consultants raked in the big bucks from political parties and politicians. In 1997, it is the lawyers who are benefiting.

Like the Watergate, Iran-contra and Whitewater investigations before it, the sprawling campaign finance scandal—with its international cast of characters and multi-pronged inquiries by the Justice Department and both houses of Congress—has been very lucrative for lawyers.

The legal bills from Debevoise & Plimpton, the Democratic National Committee's outside law firm, are already \$8.5 million—nearly triple the amount of questionable contributions the party has returned to donors. Moreover, the DNC faces another \$500,000 in legal bills—with more to come—from the lawyers for 17 current and former workers whose expenses it has agreed to pay.

"This really dwarfs most civil litigation," said DNC general counsel Joseph Sandler.

The Republican National Committee has spent far less—\$300,000 to \$400,000—according to general counsel Michael Grebe, and has budgeted \$500,000 for the inquiry.

In one graphic example of the lawyerization of political life, former RNC chairman Haley Barbour was accompanied by seven attorneys when he testified before the Senate Governmental Affairs Committee last month. They included his lawyers at Williams & Connolly and the RNC's outside lawyers from Foley & Lardner. Grebe estimated the cost for that appearance alone was \$1,000 an hour—which doesn't account for

his time, which he donates, or the costs of the RNC's in-house lawyers.

"To the layperson, it seems curious but it is sensible," Grebe said of Barbour's legal squad. "There were that many people there ... to provide Haley with the sort of instant response he would need if something came up where he needed help with a particular document."

If modern political campaigns have become big-budget affairs, with their supporting cast of consultants and pollsters and media buyers, modern political scandals have become something of the same, with a big cast of white-collar criminal defense lawyers.

The current investigation may be the biggest of them all.

One administration official caught up relatively late in the fund-raising inquiry had to shop around for two weeks before finding a firm that was not "conflicted out" of representing him—the modern legal equivalent of waiting too long to ask a date to the prom. White House aide Bruce Lindsey is being represented by a Baltimore firm for the same reason.

The law firm of Perkins, Coie, which has a specialty in campaign finance law, represents seven clients who have already been interviewed by the Senate investigating committee and others who expect to be called, according to partner Robert F. Bauer, the lawyer for former DNC finance director Richard Sullivan.

"This is a very, very problematic political culture that we're currently functioning in, in which the price of participating in the political process is an almost endless demand for legal advice—and very steep fees to go along with it," Bauer said.

For the relatively small white-collar defense bar, having a client—especially a high-profile one—is a matter of pride. Even if the clients are slow to pay—or may not be able to pay at all—the lawyers still want to be in the mix.

"Particularly lawyers in the criminal defense bar—we like a good story. You want to be where the action is," said Robert Luskin, who is representing former White House aide Mark Middleton. "It's professional standing. All the other horses are out of the firehouse. Why are you still inside? There's clearly a cachet."

Luskin said he is trying to trim costs for his client by charging a reduced rate, writing off part of his fees, and taking money-saving steps such as attending depositions without an associate. "The object is to leave him standing at the end of this thing," he said.

Some observers say the legal costs of the fund-raising scandal are a symptom of the larger woes of an increasingly expensive legal system.

"We've set up a system in which to bring an accusation is to inflict the kind of costs that very few individuals or institutions can withstand and when we do that, we put the effective power in the system into the hands of those who can get an investigation going," said Manhattan Institute scholar Walter Olson, who has written extensively on the costs of litigation. "What I see here is a pattern that goes on, unfortunately, every day in the legal disputes of private life."

The DNC's fees are a case in point. The Democrats' \$8.5 million bill includes more than \$4 million in legal fees, even though Debevoise agreed to cut its normal billing rate by 15 percent. The bill also covers the firm's work on the "internal audit" the DNC

conducted—but not the \$235,000 the DNC paid the accounting firm of Ernst & Young for its work on the audit.

The Debevoise bill also includes more than \$800,000 in copying costs, and almost \$2 million for a computer scanning and document retrieval system that the DNC ultimately decided to stop using because it was too expensive to scan documents into it.

The DNC still owes Debevoise nearly \$6 million—and it is incurring new bills at the rate of \$200,000 per month. That is the "discounted" rate the party negotiated with Debevoise this spring after officials decided the legal debt had gotten out of hand and that it was going to move the massive "document production" effort in-house as a cost-saving measure.

The DNC is also paying \$15,000 a month to another law firm—Dickstein Shapiro Morin & Oshinsky—for the services of Peter Kadzik, who is overseeing the in-house document review. "You can understand why we are a little bit suspicious that part of the purpose [of the GOP congressional investigations] here might be to impose some costs and burdens and harass and disrupt our operations a little bit," said DNC general counsel Sandler.

Some other lawyers involved in the inquiry look at the DNC's bills with a mixture of astonishment at the size, envy that they're not earning at that rate, and relief that they will have an even more egregious example to point to the next time a client questions a bill.

"It's like when some house in your neighborhood sells for an exorbitant amount of money," said one lawyer involved in the campaign finance case. "On the one hand you feel really bad for the suckers who

bought it. On the other hand, you think, 'Well, my house just went up in value.'"

DNC officials defended the costs, which far exceed original projections. "We weren't going to watch CNN and look for a lawyer with an 800 number," said one official. "We went out and hired one of the best firms in the country." Judah Best, the lead lawyer at Debevoise, did not return calls seeking comment on the fees.

But the campaign finance inquiry has not been good to the bank accounts of one set of lawyers—those who left the private sector to work on the issue for the White House and Congress.

Financial disclosure forms show that White House lawyers Lanny J. Davis made \$724,719 at Patton Boggs and Lanny Breuer made \$234,955 at Covington and Burling. Both earn around \$100,000.

Michael J. Madigan, a partner at Akin, Gump, Strauss, Hauer & Feld before becoming the chief Republican counsel on the Senate Governmental Affairs Committee, reported making \$634,214 last year, while his Democratic counterpart, Alan I. Baron, made \$281,623 at Howrey & Simon and Foley, Hoag & Eliot. They're now getting \$130,000.

Staff researchers Nathan Abse and Barbara J. Saffir contributed to this report.

FOR MORE INFORMATION

To review The Post's coverage and read about key players in the campaign finance controversy, click on the above symbol on the front page of The Post's Web site at www.washingtonpost.com

The Washington Post

Monday, August 11, 1997

On My Mind

A. M. ROSENTHAL

Nullifying Anti- Terrorism

Congress passes legislation instructing the State Department to take a critical step against foreign terrorism in America. Naturally, State carries out the law — when it is good and ready.

After an intensive debate, Congress had told the State Department to draw up a list of foreign terrorist organizations that threaten the security of American citizens or their country. (We do still recall the bombing of the World Trade Center, don't we?)

Under the legislation, the terrorist groups named, and their sympathizers in the U.S., would no longer be able to raise funds for their work in the U.S. and abroad. Their members would be barred from the country, if any ever happened to be caught when they entered.

President Clinton signed it into law April 24, 1996. That was, let's see, almost 16 months ago. The list has not been published. What's more, a spokesman for the counterterrorism bureau says State does not know when it will be completed, which organizations will be on it, or how many.

So terrorist groups like Hamas continue to raise money in America, hold organizing meetings here, and if they are worth their membership cards, take good looks around for suitable targets.

Forty-two members of Congress have protested the delay to Secretary of State Madeleine Albright. But government departments do not stonewall Congress without approval, whenever the idea strikes them. Responsibility for ending the delay becomes President Clinton's. He supported the legislation and should get it out of the freezer.

The leader for the legislation was Representative Charles E. Schumer, the New York Democrat, against opposition of powerful parts of the left and right.

Mr. Schumer is steaming, as vot-

A case
for
Clinton.

ers will be if the story sinks in. On Aug. 1 he wrote Secretary Albright that State Department inaction made the legislation's rule against fund-raising and visas for terrorists "toothless" and "existing only in print." He said if the list of terrorist groups was not made public by September he would have a new goal — to withhold a "significant" part of State's budget.

State says the work is so slow because legal briefs of justification have to be prepared about organizations that would be listed, to be ready when their American sympathizers and civil liberties groups sue in court.

Oh, come on. The F.B.I. has addresses where fund-raising for Hamas takes place. Intelligence agencies in the White House, and the C.I.A., have file-stacks of information.

And State somehow manages to print an annual list of terrorist groups every year — when no penalties are involved. The report for 1996 played down state-sponsored terrorism and praised the Palestine Authority for its efforts to "rein in" terrorism. The 1997 report will be fascinating to read.

Sixteen months without a list that would indeed involve penalties against terrorist groups in America leads to Congressional complaints that State is showing a "lack of priority" about the job. That is a nice-nice way of saying "stalling" — or using a tougher word.

The word is nullification — a trend increasingly dangerous in America. Juries do it when they decide skin color, black, white or beige, is more important than crime or criminals. Judges and government attorneys do it when they decide their calendars and the jails are too crowded for them to obey the law about the penalties of crime — like drug-pushing.

The executive branch of government can nullify the law by purposeful diddling. Taking 16 months to prepare briefs supporting its own annual lists, without closure in sight, defeats the clear intent and purpose of the antiterrorism law to get speedy action against terrorist groups operating in America.

How come? Why this evasion of Congressional purpose? The Administration is hardly full of undercover terrorists.

But when Congress does something that would upset Arab states, like moving the American Embassy from Tel Aviv to Jerusalem, or even putting out a list that would penalize known terrorist groups, why, whole batches of people in the Administration become so twitchy and itchy that they just can't seem to get the work done. □

At Home Abroad

ANTHONY LEWIS

Healing The Wounds

How can a society torn apart by racial or ethnic conflict be made whole again? We know about the effort at healing in post-apartheid South Africa. But not many Americans are aware of the example in our own hemisphere: Guatemala. Or aware of our responsibility there.

For 42 years, from 1954 to 1996, Guatemala suffered from a conflict that reached levels of extraordinary savagery. In the attempt to defeat a guerrilla uprising, government forces indiscriminately targeted the Indians who make up 60 percent of the country's population of 10 million. The forces wiped out 400 villages and killed upwards of 150,000 unarmed civilians.

Editors, intellectuals and others who showed sympathy for the victims were murdered or "disappeared." A founder of Prensa Libre, Guatemala's largest-circulation daily, Isidoro Zanco, was shot down in 1970. His widow, Teresa Bolaños de Zanco, president of the board of the paper, said last week:

"In imitation of what happened in Europe during World War II, part of the population was exterminated: an example of genocide the likes of which has not been seen in any other country of the hemisphere."

Last December the conflict was brought to an end with the signing of peace accords. Leaders of the opposition who had left Guatemala were invited to return, and many have done so along with former guerrillas.

The peace accords called for constitutional amendments to make Guatemala officially a multi-ethnic society, allowing the use of the many Mayan or Indian languages in addition to Spanish. And, crucially, the accords promised constitutional change to limit the army's role to defending Guatemala's borders.

A Truth Commission set up under the accords began work last week. It is much weaker than South Africa's, lacking the latter's power to grant amnesty to individuals who confess to political crimes — a strong incentive to come forward. Moreover, the Guatemalan commission is forbidden to name individuals responsible for crimes; it can only identify institutions. But it still can tell Guatemalans something of what went wrong.

THE PRESIDENT HAS SEEN

8-13-97

Someone visiting Guatemala for

U.S. culpability, and obligations, in Guatemala.

the first time finds it hard to understand how this beautiful country could have fallen into such horror. But one reason is plain: the policy, over many years, of the United States Government.

In 1954 a U.S.-inspired coup overthrew the elected President of Guatemala, Jacobo Arbenz. A recent declassification of Central Intelligence Agency documents showed that the C.I.A. had a "disposal list" of 58 leaders to be assassinated, and had trained Guatemalans to do the killing. In the event, that was deemed unnecessary.

In 1966 the U.S. began to "professionalize" the Guatemalan Army, sending in hundreds of Green Berets and supplying military aid. The process turned the army into a killing machine: killers of its own people.

The United States finally cut off military aid to Guatemala in 1990, after human rights violations there had become notorious. But the C.I.A. helped secretly. Protests by Jennifer Harbury — whose husband, a Guatemalan guerrilla, was captured and ordered killed by an officer on the C.I.A. payroll — brought admissions that the agency had "assets" whom it knew to be killers.

The grim story of U.S. involvement in Guatemala was summarized in the journal Foreign Policy last year by Susanne Jonas. The Clinton Administration is supposed to release more documents. But enough is known already to make clear that the U.S. role in Guatemala ranks as one of the cruelest products of our obsession with perceived Communist threats during the cold war.

Given that history, the United States has a profound obligation to help the peace accords work. Secretary of State Albright made a wise gesture in May when she visited a remote camp in northern Guatemala where former guerrillas are being demobilized. But the Administration took a damaging step when it urged Guatemala to use the army against drug trafficking.

Are the peace accords taking hold? The signals are mixed. There has been little progress on the required constitutional changes. President Alvaro Arzú, who made the accords possible, puzzled supporters last week by reopening some military bases closed as a peace move. But no one is being killed, and that is reason enough for hope. □

The New York Times

FRIDAY, AUGUST 8, 1997

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THE PRESIDENT HAS SEEN
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By DEBORAH SONTAG

GUAYNABO, P.R. — Wearing his many tattoos like a sneer, Walter Cabrera Benavides, also known as the Scorpion, awaits his second deportation here at the Federal prison just outside San Juan.

As the product of a violent American subculture, Mr. Cabrera is an export dreaded by the Government of El Salvador, one of thousands of criminals apprehended for deportation by a newly efficient Immigration and Naturalization Service.

But in reality he, like many of his colleagues, is a human boomerang. A 27-year-old gang leader, he will not last long in El Salvador, he said, before he ventures across the border again, just as he did the first time he was deported.

"I cannot survive in El Salvador," he said in Spanish, his two front teeth framed in gold. "I'm too Americanized. It's so hot there, and there's no air-conditioning."

For more than a decade, Congress has been ordering the immigration service to improve its admittedly poor record of deporting criminal aliens on the supposition that it would make the United States safer.

In the last few years, particularly this year, with increased financing from Congress, stricter laws and better organization, the agency has finally built a more efficient deportation system — one that was able to

DEADLY EXPORTS

Second of two articles.

track down Mr. Cabrera in a county jail, where he was held under an alias.

But Mr. Cabrera's case illustrates a critical frustration for a system that is finally beginning to function. The criminals who are deported are finding it surprisingly easy to return. Partly as a result, the effect of the increased deportations are barely perceptible on the streets of the nation's major cities.

Born in El Salvador, Mr. Cabrera was made in the U.S.A. A hick kid when he left the small city of San Miguel for Los Angeles, he will return a felon many times over, with a bag full of tricks learned on the streets and in the prisons of the United States. Like Mr. Cabrera, criminal aliens are immigrants, legal and illegal, who are convicted of crimes, mostly felonies, in this country. The Immigration and Naturalization Service is supposed to deport them at the end of their sentences. But that has proved a task more challenging than critics of the agency have ever comprehended.

The agency still does not remove all or even most of the criminal aliens, and a result is that thousands are released every year, with little reason to fear apprehension unless they commit another crime. All the same, the agency expects to deport perhaps 50,000 criminal aliens this year, a record number.

So far, the repercussions have been most keenly felt abroad: many countries blame the deportations for

Continued on Page A8

Continued From Page A1

increases in American-style violent crime and the emergence of gangs. But in the United States, the increased deportations are not noticeably altering life on the streets. No analysis of the dropping crime rate, which has coincided with the increased deportations, even considers them a factor, except perhaps in isolated localities like San Diego.

"We applaud the I.N.S. for its efforts, but several hundred deportations from Rikers, or a thousand from the state prisons, make only a small dent in a city of this size," said Michael Farrell, a Deputy Police Commissioner in New York. "Our view is shaped by the order of magnitude of our own enforcement. We're making 350,000 arrests a year."

Immigration officials say this is the first year in which the volume of criminal deportations is substantial enough to be perceptible.

"If you look nationally, it's been a blip so far," said Russ Bergeron, a spokesman for the immigration agency. "This is really the first year it should pop out on the radar screen. But still the impact will vary from one location to another. Removing 1,000 criminal aliens from metropolitan New York might not have the same impact as removing three gang members from suburban Cleveland."

But even in those suburbs, local officials are skeptical that the immigration service can keep deported criminals from returning.

"It's been our experience that these people come back," said Jerry White, the police chief of Painesville, Ohio, a suburb of Cleveland. "We recognize the faces, even though they're now using the maiden name of their mother's aunt twice removed."

Case History

Growing Up Hard: Walter Cabrera

In a fiercely air-conditioned interview room at the Metropolitan Detention Center here, Walter Cabrera Benavides told the story of his life bluntly and articulately. Working his

way across his body, he pointed out tattoo after tattoo as if they were markers of key moments in his biography.

His parents left El Salvador in the mid-1970's without him — his mother for Los Angeles, where she found work chopping vegetables in a canning factory, and his father for Alexandria, Va., to work at construction. Both are now United States citizens.

In the eastern Salvadoran town of San Miguel, Mr. Cabrera stayed behind with his grandmother until his mother saved enough money to send for him. He had been sad without her, and he was grateful. To show it, he got his first tattoo, on his left forearm: Ester, his mother's name, next to the image of a curvaceous woman in a bikini.

Mr. Cabrera landed in Pasadena at the age of 10, short and skinny and intimidated. By 13, quick on his feet and agile with his fists, he had dropped out of middle school to devote himself to fighting.

His mother was very upset, but he told her it was the only way to survive in their neighborhood. The choice was not whether to join a gang but which one, he said.

He elected Mara Salvatrucha, a gang formed by Salvadoran immigrants in Los Angeles that is now pan-Hispanic, with branches in Seattle, San Francisco, Washington and elsewhere, including El Salvador. After his initiation, which was a severe beating, he had MS tattooed on his chest.

"MS totally gave me a feel of belonging," he said, demonstrating the hand signs that serve as the gang greeting.

By 16 he was chief of the gang's Hollywood chapter. Between the ages of 18 and 22, he accumulated 14 aliases and a rap sheet that included two dozen arrests and six felony convictions. He stole cars, dabbled in burglary and vandalism and occasionally strong-armed a rival gang member for money.

"We knew we were doing bad things, but bad things were valued as good things in our world," he said. "We were confused."

Law enforcement officials said Mr. Cabrera had rarely been arrested for violent offenses because he had quickly achieved a reputation for toughness that put him behind the scenes, directing the battles between others.

"This is a very intelligent man who, if he had had the benefit of a formal education and

The New York Times

MONDAY, AUGUST 11, 1997

the mores of a good home, would have been somebody," said Lloyd Miner, an agent with the immigration service who specializes in violent gangs.

During each of Mr. Cabrera's stints behind bars, he accumulated a triangular tattoo composed of three dots, which he said symbolized "la vida loca," the crazy life.

At 22, because of his criminal record, he was deported to El Salvador and returned to his grandmother's three-room apartment in San Miguel. He felt completely at a loss, he said: "I'm not really American or Central American. If anything, I'm a gang American. I'm more comfortable in the United States. The customs, the way of life, the food. I need hamburgers, macaroni, good pizza."

So Mr. Cabrera worked his way to and across the Mexican border with the United States. He said he flew from Los Angeles to Washington to move in with his father and "change his life." But there happened to be a fledgling Mara Salvatrucha chapter in Washington, and that did not help the process.

"The word spread that the Scorpion had arrived, and he was ready to sting," Mr. Miner said.

The System

A Soaring Number Of Deportations

To appreciate how relatively well the immigration service's criminal deportation program is working now is to appreciate how poorly it functioned before.

In 1986 the agency was deporting 1,000 criminal aliens a year. This year the number could be 50 times that.

"Do we have a handle on this? Do we have it under control?" said Mr. Bergeron, the agency spokesman. "The answer is no, if you want to know are we deporting the vast majority of criminal aliens. We are in the early stages of this initiative."

The easiest place to find criminal aliens is behind bars, and the most expedient way to deport them is to bring them before an immigration judge so they can be released from prison directly onto a plane or bus.

That is the Justice Department's chief strategy, but it has been costly and cumbersome to put into place and dependent on cooperation from the states, which is not always predictable.

In a report to Congress in July, the General Accounting Office found that the prison hearing program was so porous that immigration officials failed to identify thousands of deportable prisoners before their release.

And most were not put into deportation proceedings quickly enough, the report said: when they were released from prison, they had to be sent to Federal detention centers. That represented an additional \$63 million cost in 1995, the accounting office said.

That assessment, based on 1995 data, is already dated, immigration officials say, maintaining that they are finding almost all criminal aliens who are now entering Federal and state prisons — but not local jails — and most of those who entered since 1995.

But thousands of inmates who began serving their sentences before 1995 are largely lost to the immigration authorities — except in Texas, where the state has built a special prison in Huntsville for foreign-born inmates.

Even as the immigration agency builds a system to deport more criminal aliens, law



Andrew Itkoff for The New York Times

Leaving, but for How Long?

Walter Cabrera Benavides is in Federal custody in Puerto Rico, awaiting deportation to El Salvador. But he plans to return to the United States again.

enforcement officials in major cities question the ultimate impact of that effort.

To be truly effective, they say, the increased deportation of criminal aliens must be part of a comprehensive strategy — including better border enforcement and stringent prosecution of deportees who return and are caught, both of which are Justice Department goals but difficult to accomplish.

Attorney General Janet Reno sent a fat memorandum to all United States Attorneys two years ago, urging them to view deportation as a crime-fighting measure.

It was Alan D. Birson, the United States Attorney in San Diego, who took that directive most to heart. He obtained the convictions of nearly half of the 2,300 deported criminals who were found guilty of re-entering this country last year, and the increased deportations in his district have indeed been accompanied by a drop in street crimes.

And under the most recent immigration reform law, Congress raised the maximum penalty for returning after criminal deportation from a 15-year to a 20-year sentence.

Prospects

Will He Go Straight? Don't Bet on It

But whether these measures serve as a deterrent to aliens like Mr. Cabrera remains to be seen. Savvy about the system, Mr. Cabrera knows that the maximum penalty is rarely imposed. The average sentence is 29 months, according to the United States Commission on Sentencing. And it is not expected to increase substantially.

In Hispanic neighborhoods of Washington and northern Virginia, Mr. Miner, the immi-

gration agent, is known on the streets by a not-so-affectionate nickname: Aldea Lobo, or the Village Wolf. That is because he swoops in out of nowhere to lock up gang members.

He is the man to avoid, Mr. Cabrera said. The local police might annoy you, might even lock you up for a while, but Aldea Lobo could put you away without bond and then ship you home, he said.

Not long after Mr. Cabrera returned to the United States and settled in Alexandria, word of his Los Angeles reputation spread.

"He was like John Gotti walking the streets," Mr. Miner said.

In the Washington area, Mr. Cabrera had been arrested on a number of charges, from auto theft and vehicle tampering to larceny and assault, but he was largely considered to be operating behind the scenes.

"Our information had Walter attempting to recruit people from smaller-type gangs to join Mara Salvatrucha," said Detective Shirl Mammarella of the Alexandria Police Department. "He was trying to make it into a force to be reckoned with."

When Detective Mammarella discovered that Mr. Cabrera had a prior deportation, she turned to Mr. Miner, who operates from a special unit of the immigration agency that targets violent gangs — the only program devoted to apprehending criminal aliens who are on the streets, not behind bars.

In pursuit, Mr. Miner visited and revisited the homes where Mr. Cabrera was thought to be sleeping, going ever earlier in the morning. He arrested several associates on minor immigration charges, making it clear that he was after information, not them. Finally, in the late fall of 1995, one man blurted out Mr. Cabrera's whereabouts.

"You have him!" he said.

Mr. Cabrera was in an Arlington, Va., jail on an assault and battery charge, under the name Antonio Rivera.

After Mr. Cabrera was convicted and imprisoned, the fledgling Mara Salvatrucha chapter in the Washington area nearly withered away. But in short order, and as a result, Mr. Miner acknowledges, a rival Hispanic gang became more powerful.

Mr. Cabrera is expected to be deported in mid-August and to return to his grandmother's home in San Miguel, where there is now a chapter of his Los Angeles-based gang.

With a long, thin braid dangling from his buzz cut, he professes to have outgrown his criminality but not his loyalty; he is MS for life. What he wants to do, he said, is persuade his gang to become "more peaceful and constructive, like a club."

In El Salvador, for instance, they could help the Government paint yellow lines down the center of highways, "to make the country look more like California."

A patriot deep down, Mr. Cabrera sounded almost like a Salvadoran official lamenting the increased deportations. "El Salvador is just emerging from a long period of violence," he said. "It is desperate for some stability. And the last thing it needs are all us gang guys returning from up north. We're destroying the country."

But Mr. Miner doubts that Mr. Cabrera can go straight — not with a body riddled with tattoos and bad habits deeply entrenched. If he returns to the United States, after all, he will be triply illegal, not just undocumented, but a double deportee. And so, for the Federal Government, the chase will start anew.

"The moment his body leaves the airspace of the United States, I will be requesting his file," Mr. Miner said. "Because I will run into him again. No question."



Olympic Fibers, S. A.

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San José 1000
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July 28, 1997
GG163-97

The Honorable William Jefferson Clinton
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500
Fax: (202) 456-2418

8/12/97
Send to Donsky?
Yes ✓
No _____

Dear Mr. President:

On behalf of Olympic Fibers, S. A., I strongly urge you to actively work to ensure that Caribbean Basin Trade Enhancement legislation is included as part of the final version of the Tax Bill.

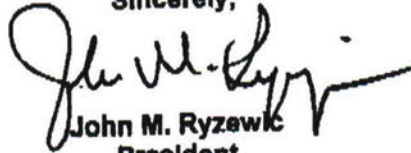
CBI Enhancement is vital to U.S. national interest because it will:

1. Strengthen the U.S., -based textile and apparel industry by ensuring that it can meet the challenge of Far East competition. This legislation will help sustain and expand high-value added U.S. jobs in the textile and apparel industry that supply the assembly operations in Central America and the Caribbean. Close to two-thirds of the value of U.S., textile and apparel imports from Central America and the Caribbean are comprised of U.S. made content compared to virtually no U.S. content in U.S. imports from China, Hong Kong and Taiwan.
2. Since enactment of the Caribbean Basin Initiative the United States has developed a consistent trade surplus with the region - over \$1.6 billion in 1996. The tremendous increase in U.S. exports to the region has made the nations of Central America and the Caribbean the highest-per capital consumers of U.S. made goods in the world. The United States sold 16.4 billion dollars in goods and services to Central America and the Caribbean in 1996 - over three times the amount of U.S. exports to both Eastern Europe and Russia combined.
3. The Central American nations have indicated that they are prepared to enter into a reciprocal and comprehensive free trade agreement with the United States which would further open those markets to U.S. goods and services. However, the economies of the

Central American and Caribbean nations are being impacted because of the more favorable access to the United States which Mexico obtained under NAFTA. Long promised Caribbean Basin Enhancement legislation will allow these nations to remain competitive with Mexico in exchange for further liberalization of their economies.

I urge you to fully support including CBI Enhancement legislation as part of the Tax Bill.

Sincerely,

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

John M. Ryzewic
President
Olympic Fibers, S. A.

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THE PRESIDENT HAS SEEN
8-13-97

William Raspberry

Then There Is Faith

Friends have been stopping by my bedside to reassure me that everything's going to be all right.

Not literally, of course. I'm fine *that way*. What evokes their sympathy is a piece I wrote about New Chance, an experiment designed to help single young welfare mothers learn some work and social skills, complete their high school education, improve their self-esteem, become better mothers and—not coincidentally—get off the dole.

The experiment covered 16 sites in 10 states, lasted nearly four years and cost \$12,000 (in private money) per enrollee per year. When it was over, you couldn't tell the difference in anything between those who enrolled in the program and those who tried but couldn't get in.

I must have come down with the journalist's equivalent of an attack of the vapors—hence my friends' touching solicitude.

Take, for instance, Florence Tate—a longtime social and political activist with a terrific mind—who said the actual results may be better than the reported ones. "It may be true that nobody came off welfare right away, or turned their lives around like *that*," she told me. "But I'll bet you some of these young women will raise their children differently—say different things to them and put different expectations on them—as a result of what they learned in those parenting classes. You can't always measure these things quickly or accurately."

I was prepared to dismiss her remarks as the equivalent of "there, there." But then came Pat Moynihan, the U.S. Senate's social policy guru, with much the same notion.

"Might I intrude just long enough to say there is nothing new in this, and nothing necessarily to be discouraged about also," he wrote. He named a number of studies that produced counterintuitive results and then reiterated (sociologist Peter) Rossi's Law, to wit:

The expected value for any measured effect of a social program is zero.

The point, Moynihan said, is that the results I reported are "probably accurate, but not necessarily so. It may be our evaluation methodology just does not pick up things."

Steve Hoffman, who was an assistant secretary of labor in the Bush administration, offered assurances of a slightly different sort. "We did a number of studies on job training when I was at Labor," he said, "and one of the startling findings was the importance of age. Older young adults—people in their late twenties or older did much better than those in their late teens or early twenties. Why? The older ones seemed to *believe* that things like job training and education made a difference in their job prospects, and, as a result, they applied themselves more."

New Chance, he noted, involved young women who were at most 22 years old when they enrolled. Many were years younger.

There, there.

Other clucking sounds came from friends who told me how naive the program's designers were to imagine that could make fundamental change in their young clients by dealing with them one-on-one. "These young women return to a community after the training is over," one man said, "and if that community is unchanged. . . ."

They are all correct, of course. And so are those who insist that it's absurd to expect a single entity—the welfare system—to regrow young lives that have gotten so badly off track.

But where does their sympathetic wisdom take us? Most Americans seem convinced that welfare has made matters worse for some of those it has tried to help—particularly teenage mothers. Much of the debate over welfare reform was about finding ways to discourage teen pregnancy—whether by the carrot of education and training or the stick of two-years-and-out.

Judith Gueron, whose Manpower Demonstration Research Corp. designed and managed New Chance, finds herself wondering whether we may be looking at a different brand of poverty than America is used to—a poverty not merely of money but of hope.

She's right, too. But where does this new hopelessness come from? What could possibly dispel it?

I have seen lives turned around—sometimes almost miraculously. Seldom, though, has the agent of that change been a government program, however well-thought-out and funded. Most often profound change begins on the inside and then transforms everything else.

I am talking about spiritual change, whether specifically religious or not. We haven't figured out how to combine the efforts of government with those of faith-based organizations to create the sort of change we need. But isn't it worth the price of an experiment or two to try to learn how?

The shrieks you hear are from the ACLU, to which I say: There, there.

The Washington Post

FRIDAY, JULY 25, 1997

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THE PRESIDENT HAS SEEN
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The Outlook

Part-Time Work Issue Is Greatly Overworked

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WASHINGTON

The story is repeated so often these days that it is widely accepted as a given: Amid the cutthroat capitalism of the 1990s, U.S. companies are turning to part-time workers, filling plants and offices with people who are cheap to hire and easy to fire. Worriers cite the United Parcel Service strike as proof-positive that the part-time employment trend is shredding what remains of a social compact in America.

There is only one problem with that story line: It isn't entirely true.

Part-timers do make up a growing portion of the work force at UPS and some other highly visible and rapidly expanding service-oriented businesses. But part-timers aren't a growing share of the overall U.S. work force. "Despite the fact that everybody thinks part-time work has become more common, it's not that different than it was 25 years ago," says Harvard Prof. Lawrence F. Katz, the former chief economist at the Labor Department.

The problem comes in how people read the statistics. Most point to data showing that between 1968 and 1993, part-timers jumped to 17.6% of the work force from 14%. True enough. But almost all that growth came before 1975. Despite minor ups and downs, there has been no consistent change in part-time employment in the past 15 years — the period, according to conventional wisdom, in which deregulation and the weakening of labor unions have left workers highly vulnerable. Whatever hit the economy hit it long ago.

"I don't understand why there's as much discussion of part-time work as there is," says Prof. Rebecca Blank of Northwestern University.

Those who blame part-time work for society's ills, however, think they have spotted another surge in part-time employment in the past three years. Bureau of Labor Statistics numbers do show part-timers rising to 18.9% of the work force in 1994, then sliding to 18.3% last year.

What can we learn from that increase? Not much. The BLS modified its survey in 1994. The surge in part-timers may stem merely from changes in survey design, not changes in the real world. "That's not an economic reality there," warns Thomas Nardone, chief of the BLS labor-force statistics division.

That hasn't stopped some economists from trying to find one. The Economic Policy Institute, a liberal think tank here, said in one report that "the share of total employment made up by full-timers declined steadily from 1973 to 1993." However, the EPI's associate research director, Eileen Applebaum, concedes, "If you're looking at the 1990s, it's been pretty flat."

But a few ripples are worth noting. First, most part-timers are "voluntary." Last year, 76.7% of those with part-time jobs said they didn't want full-time work. Among them are students needing extra cash, older workers who don't want or can't afford full retirement, parents with children but no child care and people choosing part-time work for lifestyle reasons — essentially college-educated professionals who prefer to spend more time at home and at play.

Whatever the case, they don't complain about a lack of full-time jobs. The share of voluntary part-timers in the work force dipped slightly between the late 1970s and 1993. UPS may be unusual; a union-sponsored study found three-quarters of former UPS part-timers were "less than satisfied" with full-time opportunities there.

To the extent there has been any recent movement in part-timers' share of the national labor force, it has been a small rise among those who would rather have full-time jobs — the "involuntary" part-timers. Their predicament does support those who see a dangerous trend toward part-time work. "I think that's very significant," says Kate Bronfenbrenner, Cornell University's director of labor-education research.

But the fluctuations in involuntary part-time work may have more to do with business cycles than with business strategies. When the economy slows, as it did in the early 1980s and early 1990s, more workers must make do with short hours. When the economy expands, they find full-time jobs. If business cycles were ironed out, the share of involuntary part-timers would have appeared almost flat since the early 1980s, says economist Alec Levenson of the Milken Institute for Job and Capital Formation in Santa Monica, Calif.

That doesn't mean there aren't issues of concern in the labor market. Just as pay for high-school graduates has declined relative to pay for college graduates in the past 15 years, the wages and, especially, benefits of part-timers haven't kept up with those of full-timers — a key complaint at UPS and one rightly highlighted by the EPI.

And many workers suspect that firms cut costs by hiring full-time temps and contractors with lower pay and benefits. A 1995 BLS survey showed that about 4.9% of the work force, about six million "contingent" workers, believed their jobs wouldn't last. Temp agencies have grown tremendously in the past 20 years, but the BLS doesn't know whether the share of contingent workers as a whole has increased or decreased.

"Workers in today's labor market do face tough issues," the Milken Institute's Mr. Levenson says. "The less-skilled and less-educated have seen their real wages drop or stagnate over the past two decades. There has been a dramatic increase in inequality, leading to social strife and concerns about class warfare. But the part-time bogeyman is just a myth."

—MICHAEL M. PHILLIPS

THE WALL STREET JOURNAL MONDAY, AUGUST 11, 1997

City Balks at Measure for Campus Workfare Jobs

By KAREN W. ARENSON

Fearing that workfare rules were forcing college students on welfare to drop out of school, the State Legislature adopted legislation this week that sponsors said would require officials to place students in workfare jobs on college campuses so they can continue their studies.

Whether students on welfare should be bound by the same workfare rules as other recipients has been one of the biggest battles between Mayor Rudolph W. Giuliani and the City University of New York.

CUNY has long pressed for workfare sites on its campuses, but the Mayor's office has allowed only two small pilot programs until now, one at La Guardia Community College in Queens and another at Lehman College in the Bronx.

CUNY officials welcomed the new legislation yesterday, saying it should help many students stay in college.

"This should enhance students' ability to get through college quickly by facilitating their workfare, and will literally speed these students into well-paying jobs and good futures," W. Ann Reynolds, the university's departing Chancellor, said.

Eileen Long, a spokeswoman for Gov. George E. Pataki, said yesterday that the Governor planned to sign the legislation.

But the Giuliani administration continued its attacks on CUNY yesterday, and denied that the legislation would require the city to offer workfare jobs on campuses. City Hall officials maintained that it was still up to them to decide what workfare sites to approve.

"There is nothing in the legislation to require us to open programs on

to give CUNY responsibility for overseeing workfare sites because it has done a poor job of educating its students.

"We would have to look at the terms of any program proposed to us," Mr. Coles said. He added, "If CUNY has troubles with its educational quality, it will have even more trouble administering an effective workfare program."

Mr. Coles said that the city has already accommodated students by trying to find them jobs near their campuses and by giving them work schedules outside of their class hours.

Assemblyman Roberto Ramirez, a Bronx Democrat who sponsored the workfare legislation with John J. Marchi, a Republican from Staten Island, said yesterday that the clear intent of their measure is to allow students to fulfill their workfare assignments on campus, at CUNY and at other colleges in the state.

"If this is exactly what the city is already doing, why did they fight until 4 A.M. Sunday morning against this?" he asked yesterday. "The larger policy issue is why the Mayor of New York would prevent students from getting their degrees and getting jobs."

If the city continues to resist, he said, "My answer is I'll see you in court."

Workfare recipients are typically required to work 20 or more hours per week to qualify for welfare benefits.

CUNY officials say that students asked to juggle both off-campus jobs and college classes have had trouble staying in school. Two years ago, before the workfare program was introduced in New York City, more than 10 percent of CUNY's student



Steve Berman for The New York Times

Nelifa Bocas, a single mother on welfare and a student at LaGuardia Community College, said she fulfills workfare requirements on campus.

CUNY officials believe the workfare program is a key reason for many

State legislation

State About

By JOH

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tures," W. Ann Reynolds, the university's departing Chancellor, said.

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But the Giuliani administration continued its attacks on CUNY yesterday, and denied that the legislation would require the city to offer workfare jobs on campuses. City Hall officials maintained that it was still up to them to decide what workfare sites to approve.

"There is nothing in the legislation to require us to open programs on every campus," said Anthony Coles, a senior adviser to the Mayor, who called the legislation a vindication of the administration's existing program because it requires students on welfare to work.

He said that the city has hesitated

from getting their degrees and getting jobs."

If the city continues to resist, he said, "My answer is I'll see you in court."

Workfare recipients are typically required to work 20 or more hours per week to qualify for welfare benefits.

CUNY officials say that students asked to juggle both off-campus jobs and college classes have had trouble staying in school. Two years ago, before the workfare program was introduced in New York City, more than 10 percent of CUNY's student body — some 27,000 students — received public assistance. The number of welfare recipients at CUNY has shrunk by a third, to about 18,000.

While there are no figures on how many students have left college because of workfare requirements,



Steve Berman for The New York Times

Nelifa Bocas, a single mother on welfare and a student at LaGuardia Community College, said she fulfills workfare requirements on campus.

CUNY officials believe the workfare program is a key reason for many people dropping out.

Many New York colleges — especially community colleges — have some welfare recipients among their students, but CUNY has by far the largest number.

The university expects that about 16,000 of its students will be on public assistance this fall, and that about 5,000 of them will be eligible for a campus workfare program. Students with disabilities and parents of very young children are among those exempt from workfare.

CUNY officials said yesterday that they have begun talking to officials at New York City's Human Resources Administration about implementing the program this fall. And they point to the success of the pilot programs, particularly the one at La Guardia Community College, which the city allowed to expand to 100 students from the original 50.

La Guardia's program currently has about 80 students, including Nelifa Bocas, a single mother on welfare, who was told early this summer that she would have to start working for her benefits. At first, she was afraid the workfare assignment would interfere with her classes and her plan to become a teacher of hearing-impaired students.

But under the pilot program, Ms. Bocas, a 40-year-old Trinidadian immigrant who recently became an American citizen, was allowed to work at the college. She is answering phones, sending out mailings and doing other office work at the college's career and transfer office.

State legislation addresses a fear that welfare rules prompt students to drop out.

She said she hopes to get her associate's degree in September and then transfer to Brooklyn College for a bachelor's degree.

"Once you have the drive, you have to keep it," she said. "People on public assistance and going to school deserve a chance."

Officials at La Guardia said that working on campus has many advantages for students. Not only does it save them time, since they don't have to commute to jobs elsewhere, but jobs are arranged to fit the students' class schedules. Students work in jobs ranging from tutoring and day care to office work.

Some students, however, said that juggling a job and school with their responsibilities as single parents complicates their lives.

Dianna Diaz, a 23-year-old single mother who is studying bilingual education at La Guardia, said that she has had less time to study and see her two children with workfare, even though she is working on campus tutoring students in math and likes her job.

"I'm doing this to get out of public assistance," she said. "Three more years and I'll be off. Why are they bothering us?"

Bill Voted in Albany to Allow Early Retirement by Teachers

By JACQUES STEINBERG

The New York State Legislature has approved a last-minute state budget item permitting thousands of New York City's most experienced teachers to retire early, a measure that runs counter to a legislative initiative announced with fanfare last week — one that would reduce class size by hiring more teachers.

The retirement measure, which is opposed by Mayor Rudolph W. Giuliani and Schools Chancellor Rudy Crew, still needs approval by Gov. George E. Pataki, and both City Hall and the city's Board of Education said they would lobby hard against it. A spokesman for the Governor said Mr. Pataki had not yet decided how he would act.

Included in a flurry of bills passed by the Assembly and the Senate on Monday in the waning hours of this year's legislative session, the provision would allow teachers to retire with a full pension at age 55 after as little as 10 years on the job. Currently, they cannot get full benefits until age 62 or after 30 years of service.

The Board of Education estimates

new program. Ms. Weingarten disagreed, saying no more than 100 would retire in the early months of school, with most preferring to wait until the end of the school year.

Filling any of the positions left by retiring teachers would be especially difficult, the officials said, because the school system is already scrambling to find qualified candidates for the 3,600 new teaching jobs created by the class-size initiative. The new positions, part of a \$2.3 billion statewide hiring plan for teachers, are intended to reduce class sizes in kindergarten through third grade to 20 from the current 25 to 28 and to help older students prepare for tougher State Board of Regents standards.

Lewis H. Spence, Deputy Chancellor for Operations in the city schools, said he feared that the bill would cast the early weeks of the school year into chaos if it allowed teachers to begin retiring after they had already been assigned their classes.

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THE PRESIDENT HAS SEEN
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School tax breaks may need study

The tax-cut bill signed into law this week is jammed with provisions designed to help families cope with rising college costs. Trouble is, the legislation is thicker than a chemistry textbook and about as much fun to read. USA TODAY personal finance reporter Sandra Block takes a look at some of the new rules and who will benefit.

Ever since their 12-year-old twin daughters were in diapers, Maria and Michael Whiteside, of Roanoke, Va., have saved for the girls' college education.

By investing regularly in several mutual funds, they've managed to save about \$25,000

MANAGING Your MONEY

in each girl's name. Still, Maria fears it won't be enough.

The Whitesides' combined income — she works at a community college, and he's an electrical linesman — disqualifies them for most financial aid. The family isn't counting on scholarship money, either.

"My children are average kids — they're not jocks," Maria says. "We'll probably have to foot the whole bill."

Now, families like the Whitesides may get relief. The tax bill signed into law this week by President Clinton contains a bevy of tax breaks for parents of college-bound children, graduate students and even adults who want to hone their job skills.

Unfortunately, the provisions are so complex that accountants are trying to figure out what they mean.

Some details won't become clear until the Internal Revenue Service issues its interpretation of the law later this year.

Still, there are steps you can take now to cut college costs for yourself or your children:

► **Pay close attention to the dates the provisions take effect.** While a school year



Road to the future: Maria, left, and Michael Whiteside, of Roanoke, Va., hope to take advantage of education tax credits for 12-year-old twin daughters Samantha, second from right, and Tiffany.

typically begins in the fall, the tax bill follows a calendar year.

As the accompanying chart shows, none of the tax credits kick in before Jan. 1, 1998, and some aren't effective until July 1998.

So don't plan on taking any credits on your 1997 tax returns, even if you've got children starting college this fall.

You may want to postpone paying for the spring semester until January if your college allows it. That way, you could probably take full advantage of the tax credits in 1998.

Similarly, if you have an outstanding student loan and intend to start making payments soon, you may want to try deferring the first payment until January. A provision allowing

students to deduct interest on their student loans covers payments due after Dec. 31.

In addition, the deduction is limited to the first five years of the loan repayment, so postponing your first payment will buy you some time.

► **Keep good records.** The tax bill is jammed with restrictions on how the credits, deductions and other breaks can be used.

You may need to demonstrate that the school your child plans to attend qualifies for a Hope credit, or that the night courses you want to take next year are job-related.

► **If you're divorced, or are getting a divorce, take a hard look at how your child-support agreements will affect**

your eligibility for the new tax credits. To qualify, a parent must pay the child's college tuition and claim the child as a dependent for tax purposes. If one parent pays the tuition and the other claims the child as a dependent, both may be denied the tax credit.

► **If you have young children, start planning now to take advantage of the education individual retirement account (IRA) next year.** The education IRA could be the most attractive provision in the bill, and most families can take advantage of it.

If you start one when your children are young and contribute the maximum permitted every year, you can build up a healthy sum by your

College accounts

How much you could save in an education account if you contributed \$500 each year on your child's birthday and earned an 8% annual rate of return:

Age of child	Value at next birthday
Birth	\$540
Five years	\$3,981
10 years	\$8,989
15 years	\$16,375
18 years	\$22,381

Source: Deloitte & Touche

By Dave Merrill, USA TODAY

child's freshman year.

And like the Roth IRA, you won't have to pay taxes on the withdrawals, as long as the money is used for education. Since the Hope tax credit is only available for the first two years of college, the education IRA can help you pay for the remaining two years.

The law bars families from taking a Hope credit the same year they withdraw money from an education IRA.

But some families may decide to forgo the credit anyway, says Tom Ochsenchlager, partner at accounting firm Grant Thornton.

"If you play the education IRA to the fullest extent possible, you may not need the other stuff," he says.

A look at the education tax incentives

USA TODAY • FRIDAY, AUGUST 8, 1997

Hope scholarship tax credit

How it works: The first two years of college, a family can get a maximum tax credit of \$1,500 (100% of the first \$1,000 in expenses and 50% of the next \$1,000). The credit is available for tuition and related expenses but not room and board. To qualify, the student must be enrolled on at least a part-time basis in an accredited college, university or vocational school.

Who qualifies: Single parents with an adjusted gross income (AGI) less than \$40,000 a year; married couples with an AGI less than \$80,000. Partial credits are available for singles making \$40,000 to \$50,000 and couples making \$80,000 to \$100,000.

Restrictions: Parents can't claim the credit for a student who has been convicted of a felony drug offense the year in which the credit applies. Financial aid and scholarship money may reduce the tax credits a family can claim. Parents who don't pay the student's tuition or list the student as a dependent on their tax returns can't claim the credit. Parents who are taking distributions from an education individual retirement account can't use a Hope credit in the same year.

Effective date: Jan. 1, 1998.

Lifetime learning credit

How it works: Families of college juniors, seniors or graduate students can receive a tax credit of up to \$1,000 (20% of the first \$5,000 of expenses) through 2002.

Working adults also can use it for classes to improve their job skills. Taxpayers can spread the credit over several years. In 2003, the maximum credit will rise to \$2,000 (20% of the first \$10,000).

Who qualifies: Single parents with an adjusted gross income of less than \$40,000; married couples with an AGI of less than \$80,000. Partial credits are available for singles who make between \$40,000 and \$50,000 and couples with an AGI between \$80,000 and \$100,000. Working adults who meet the income limits can use the credits to take college courses. Part-time students can also use the credits.

Restrictions: Families who are taking money out of their education IRA to pay expenses can't claim the Lifetime learning credit. Working adults must take classes that they can demonstrate will improve their job skills to claim a credit. Parents must pay the child's tuition and claim the child as a dependent to qualify.

Effective date: June 30, 1998.

Education account

How it works: Families can contribute up to \$500 a year per child in a special savings account set up specifically for education expenses.

Contributions aren't deductible, but withdrawals and investment earnings are tax-free if the money is used for education. Money left after one child has finished college can be used to pay another child's college costs.

Who qualifies: Single taxpayers with adjustable gross income up to \$95,000; married couples with AGI of up to \$150,000.

Families who meet the income limits can set up an education IRA even if they're contributing the maximum allowed to their 401(k) plans and other retirement savings accounts.

Restrictions: Although the account is called an education individual retirement account, it has nothing to do with retirement. If all the money in an education IRA isn't used for college, the family may have to pay income taxes and a 10% penalty on the balance.

In fact, the law requires families to withdraw all of the money by the time the child turns 30, even if the individual is still in school.

Effective date: Jan. 1, 1998.

Deduction for student loan interest

How it works: Students can deduct interest on qualified education loans from their taxes.

The limit on the deduction is \$1,000 in 1998; \$1,500 in 1999; \$2,000 in 2000; and then rises to \$2,500 in 2001 and beyond.

The deduction is an "above-the-line" deduction, which means taxpayers can use it even if they don't itemize on their tax returns.

Restrictions: The full deduction is limited to single taxpayers who make less than \$40,000 a year; singles who make up to \$55,000 can take a smaller deduction.

For married couples, the cutoff for the full deduction is \$60,000; couples who make up to \$75,000 can take a partial deduction.

But taxpayers who are still claimed as a dependent by their parents can't take the deduction.

The deduction is limited to the first five years of the loan.

Effective date: The deduction is available for interest payments due after Dec. 31, 1997.

For existing loans, interest payments can be deducted as long as the loan isn't more than 5 years old.

National Archives



Archivist of the United States

Washington, DC 20408

August 6, 1997

The First Lady
The White House
Washington, D.C.

WJ
Hope we can keep it
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THE PRESIDENT HAS SEEN
8-13-97

Dear Hillary:

Thanks again for the pleasure of our recent discussion about history and the National Archives and Records Administration. Enclosed please find the document I promised to deliver, attempting to give focus in just a couple of pages to the opportunity I described. The document derives from NARA's strategic plan and speaks to goals over the next three years towards which I hope to take first steps through my fiscal 1999 budget request.

Please share this with whomever will be interested at the White House, and let me know if you need additional detail or further elaboration of it. I will gladly provide whatever you need, and will make myself available at your convenience as soon as you are ready to discuss next steps. I hope we can move forward on what I continue to think is a great opportunity for the President and you to make a great, visible contribution to something of long-term value to this country. I am grateful for your consideration of the enclosed paper.

Sincerely,

John W. Carlin
Archivist of the United States

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HISTORY: A PLEA AND A PROGRAM

This is a plea, not for NARA, the National Archives and Records Administration, but for the history of the United States of America.

As the 20th century ends, the Clinton Administration has the opportunity to be remembered for securing the history of what will be remembered as the American Century. It is a rare maker of history who grasps the significance of events and acts to preserve the record of them for all posterity. But what this nation has attained is worthy.

In preceding centuries, Americans settled a vast territory, created a remarkably durable democratic republic, and held it together in a bitter Civil War. In the twentieth century, the United States led free nations to victory in two world wars and a long cold one, put a man on the moon and transformed life's conditions through bold government action, and at the century's end achieved unparalleled peace and prosperity as the planet's pre-eminent nation.

Documentation of all this exists. But we are losing it, just as civilization lost the public records of ancient Rome. Vandals are no longer the enemy, nor are fire and flood the destroyers they once were of American records before the creation of our National Archives. Today's threats are more insidious: acidic paper, nitrate-based film stock, and storage in space unprotected from temperature fluctuations result in the disintegration of both paper documents and photographic images. Worse, NARA hasn't the resources to identify up front all that should be saved to record adequately our national trials and triumphs. The problem is compounded by mushrooming quantities of computer-created records, so easy to delete, so endangered by the physical instability of computer tapes and disks, and so dependent on hardware and software that become obsolete, rendering unreadable even records that survive.

NARA has produced a strategic plan to stem the losses already occurring in our nation's recorded history, document the 21st century more fully and efficiently, and extend our rich resources to every office, school, and home. The plan provides a blueprint for a Clinton Administration initiative to document at relatively little cost achievements to come and those already made on which the nation has spent so much in money, energy, and even lives. Following the five major thrusts of the NARA plan over the coming three years, President Clinton can accomplish these things for posterity:

- **Preserve all historical records now at risk** by enabling NARA to provide permanent archival care for millions of U.S. military service records, dating from the 19th century through the World Wars to the present, now stored in a records center; to microfilm or otherwise preserve photos, films, and paper documents now in jeopardy in several NARA facilities because of high use and/or physical fragility; and to re-encase the Charters of Freedom on display in the National Archives rotunda—the Declaration of Independence, the Constitution, and the Bill of Rights—because even they, in aging containers, are no longer adequately protected.

■ **Move all valuable records into protected space** by enabling NARA to renovate our grand old, original archives building, and consolidate in appropriate quarters thousands of cubic feet of records now inadequately protected and inefficiently administered in small records centers and regional archives across the country, which are now so full that without new as well as better space NARA will have to impose a moratorium on accepting additional government records in the regions, which include records of Federal programs affecting transportation, economic development, and the environment.

■ **Assure that all Federal Government Agencies create, identify, and ultimately turn over to the National Archives records of historical value, by enabling NARA to give effective, practical, front-end guidance to agency records managers, so that 21st century records of domestic achievement and international peacekeeping will be there.**

■ **Stop losses of records in electronic form by enabling NARA to overcome current obstacles to managing such records, appraising their value, preserving them permanently, and enabling the public to access them electronically—records from space exploration, for example, such as the electronic images currently coming back from Mars, but also records that will be as important in the future as recently discovered Nazi Gold records are to us today.**

■ **Increase public access by enabling NARA to make original records and photos accessible by internet even to the most remote citizens and students in libraries and classrooms; to help Presidents at the beginning of their administrations plan for public access to their records in Presidential libraries, and to accelerate the public opening of Nixon tapes, JFK assassination materials, information requested under the Freedom of Information Act, and millions of documents becoming declassified under President Clinton's Executive Order 12958.**

This is a task both noble and necessary. It is noble because it take the long view, assuring Americans their just place in the history of nations. It is necessary because open government requires open records. Public faith in government institutions, today so seemingly lacking, depends on the confidence of citizens in the security of records that enable them to document their rights and entitlements, hold public officials accountable, and understand their nation's historical experience. Until now no President subsequent to Franklin Roosevelt, who asked that his own memorial stone be placed on the grounds of the National Archives, has recognized so well as he the relationship in a great democratic nation between doing and documenting. As the twentieth century becomes history, President Clinton has the opportunity to strengthen that recognition as part of his legacy.

THE PRESIDENT HAS SEEN
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CONGREGATION B'NAI ISRAEL

FAX COVER SHEET

DATE: 15 July 1997

NUMBER OF PAGES: 2
(Including fax cover sheet)

JUL 23 1996

TO: Nancy Harnreich

FAX #: 202-456-2883

FROM : RABBI EUGENE H. LEVY

OK 5/25/97

MESSAGE:

Hi Nancy -

I've enclosed a letter I mailed to Stephanie Sheehy and the President in ~~May~~. As you can see, we had extended him an invitation to come to the Temple following his presentation re: The Central High Events on Thursday, September 25.

That was supposed to be on the following day (actually for a Friday night Sabbath Service). Now I understand that he is supposed to go to Dallas + Houston.

Would there be a possibility of his moving what we wanted to do on Friday to Thursday or even Wednesday? I think it important to showcase a religious institution vis-a-vis the racial issue. The Temple was deeply involved in the Central High Event.

Thanks for your consideration + regards.

Shalom,
Eugene Levy



RABBI EUGENE H. LEVY

CONGREGATION B'NAI ISRAEL

3700 RODNEY PARHAM RD.

LITTLE ROCK, AR. 72212-2498

PHONE (501) 225-9700

FAX (501) 225-6058

Handwritten: "L.R. 2000" inside an oval.



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21 May 1997
Little Rock Arkansas, AR. 72212

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

Dear Mr. President:

I am pleased that you have maintained your position to veto the "Partial Birth Amendment." Even with mounting odds, you did the correct thing and have continued to show your concern for women and their health.

The main reason that I am writing is to invite you to be part of an event at Temple B'nai Israel, on Friday night, September 26, 1997—the same week that you are already planning to be here for festivities and commemorations for the 40th Anniversary of the Central High School Affair. (I remember distinctly being with you at the Governor's Mansion for the 30th, the night that Rabbi David Saperstein was in town for the NAACP Board Meeting—one of the real highlights of my life—along with the night at the White House!!)

Although nothing has been "set in stone" yet, a few of us have talked about having an interfaith type service, followed by a panel discussion led by some of the very clergy (or their family or their followers) who so valiantly struggled for desegregation in Little Rock in 1957. How magnificent it would be if you could be with us to take part in that recollection and dialogue!! And how likely might it be that some sort of city-wide and even nation-wide reconciliation might emerge from such a dialogue!!

I would be most pleased if you could share your thoughts with me, and would be ecstatic if you could find the time in your incredible schedule to be a part of that interfaith event on racial harmony at our congregation.

My best to you and your family. Have a wonderful summer.

Sincerely and Shalom,

Handwritten signature: Eugene Levy

Congregation B'nai Israel

Rabbi Eugene Levy • Congregation B'nai Israel • 3700 Rodney Parham Road • Little Rock, AR 72212-2498
Ph. (501) 225-9700 • Fax (501) 225-6058

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8-13-97

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Crime Prevention's Bottom Line

Crime rates are going down and Washington is eager to take credit. The Crime Act of 1994 quadrupled funding for state and local crime prevention to more than \$3 billion per year, the highest levels ever.

Whether that funding increase caused the subsequent decline in violent crime is unclear, primarily because federal funds support hundreds of different programs. Some programs work, some don't, and some may even increase crime. But until Congress spends more to evaluate these programs, we can't tell.

That is the major conclusion of a report prepared by the University of Maryland's department of criminology and criminal justice at the request of the Justice De-

Rule of Law

By Lawrence W. Sherman

partment and mandated by Congress. By asking for a comprehensive scientific evaluation of the Justice Department's funding for local crime prevention, Congress framed a more basic question: How do we know what works? What's the bottom line?

Despite recent efforts to "reinvent government" with closer analogues to a bottom line, the more appropriate model for evaluating crime prevention programs may be the Food and Drug Administration's approach to evaluating drugs: Do field tests with human beings show this program to be safe and effective? There are already documented examples of how this approach is relevant to crime prevention:

- A University of Southern California evaluation of a gang prevention program

found that the program was holding the gang together and sustaining its violent crimes. When the program lost funding, the gang broke up and its crime rate declined.

- Controlled evaluations of mandatory arrests for misdemeanor domestic assaults show that while arrest deterred some assailants, arrest caused some other assailants to increase their violence against women.

Despite these research results, Congress has spent hundreds of millions of dollars a year on domestic violence and gang prevention programs that may actually cause more crime to occur. Whether Congress is aware of these bottom-line results is unclear. What is clear is the absence of a systematic process for measuring the effectiveness of crime prevention programs.

Some of the most popular crime prevention programs have already been tested—at great federal expense—and found ineffective. Yet their funding continues unabated. Military-style boot camps for juveniles, Drug Abuse Resistance Education (D.A.R.E.) classes taught to schoolchildren by police officers, and neighborhood watch programs are but three examples of proven failures to which Congress gives millions of dollars annually.

More effective ways of treating juvenile offenders and preventing drug abuse have been demonstrated by careful evaluation research. Teaching juvenile offenders skills like reading works better than boot camps. Making schools more firm and consistent in overall discipline works better than D.A.R.E. But these strategies lack political advocates and lose out in the competition for funding.

The biggest danger from ignoring the bottom line of program evaluations is not

wasted funding; it is wasted opportunities. Some of the most effective crime prevention strategies known to science are not even on the national agenda for funding, let alone in congressional appropriations for the Justice Department. Two of these focus on a widely recognized cause of crime problems: early childhood development in the home.

In early infancy, home visits by nurses can produce major reductions in child abuse, which is a risk factor for later delinquency. Such visits are required in a number of Western nations. Hawaii offers it on a voluntary basis to all new parents, the majority of whom accept. Repeated visits for the first two

A recent RAND study suggests that home visits to infants may be more cost effective than prison.

years of life provide the greatest benefit to children at high risk. This is expensive, but the results are good. A recent RAND study suggests that home visits to infants may be more cost-effective than prison.

In preschool years, Head Start programs with home visits by teachers can prevent delinquency up through age 25. This clear effect has been found in several controlled tests started in the 1960s. Yet today, few Head Start programs are budgeted for teacher home visits, and Head Start itself lacks sufficient funds to meet demand.

The good news is that there is increasing evidence to support the largest single program in the 1994 Crime Act: putting 100,000 more police on the streets, funded

at \$1.4 billion in fiscal year 1996. National Institute of Justice studies show that an increased police presence reduces crime in high crime "hot spots," where most crime is concentrated. Full enforcement or "zero tolerance" policies in those hot spots may even reduce gun crime, the leading theory about New York City's free-falling homicide rate—now almost two-thirds lower than in the early 1990s.

The bad news is that much remains unknown about strategies for deploying police and the cost-effectiveness of different alternatives. Sudden increases in personnel provide an unprecedented opportunity for controlled tests of policing strategies, especially in high-crime poverty neighborhoods where policing often backfires. Funding this program without a substantial investment in comparing the impact of hundreds of different approaches to community policing is more than a wasted opportunity. It is comparable to the Eisenhower administration giving schoolchildren many different polio vaccines without testing any of them for safety and effectiveness.

The University of Maryland report recommends that 10% of all federal funding for local crime prevention be set aside for independent evaluations of the programs impact, commissioned by an independent evaluation agency in the Justice Department. Several bills now pending in Congress use the same formula. Opponents of this idea say that evaluation money could be better spent on effective programs to fight crime. But until Congress invests more money in program evaluations, it will have no way of knowing which programs are effective.

Mr. Sherman chairs the department of criminology and criminal justice at the University of Maryland.

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THE PRESIDENT HAS SEEN
8-13-97

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

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This is a great school
I like the idea of doing
it — I know this
young man — showed
up to that ~~meeting~~
He's interested but can't
commit this far ahead —
If they'll have open we can
let them know ~~in time~~
at this point to get to know
each other — etc.

Graves Tompkins July 17, 1997

Dear Mr. President:

I hope that you will strongly consider the enclosed. Speaking at our Graduation would highlight your commitment to excellence in education and the leaders of tomorrow.

Please give my best to The First Lady and wish Chelsea good luck as she ventures to Stanford.

Many thanks for responding to this issue.

Sincerely
Graves Tompkins

The Class of 1998
Thomas Jefferson High School
for Science and Technology
6560 Braddock Road
Alexandria, VA 22312

July 17, 1997

The President
The White House
Washington, DC 20500

Dear Mr. President:

As our senior year of high school rapidly approaches, the Thomas Jefferson High School for Science and Technology Class of 1998 is faced with a series of daunting tasks. These include building a float for Homecoming, choosing a location for Prom, and most importantly, planning for Graduation. Every year, the senior class has waited until the last minute to select a graduation speaker because it is the last function of their high school careers. Ultimately, they are always left with their third or fourth choice because of scheduling conflicts with potential speakers.

Our senior class is different. We have started early and we are aiming for the top. We would be honored if you would be the keynote speaker at our Graduation. It will be held on the evening of Saturday, June 13, 1998 at the Patriot Center on the campus of George Mason University in Fairfax, Virginia.

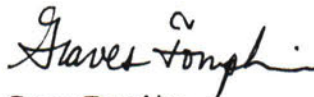
Allow us to provide some background information about our school. Thomas Jefferson High School for Science and Technology was established in Alexandria, Virginia in 1984. As the Governor's School for Science and Technology in Northern Virginia, this public magnet school selects its students on the basis of aptitude and interest in biological, physical, mathematical, and computer sciences and related fields. In the past thirteen years, Jefferson has risen to national prominence as a result of its rigorous curriculum and the academic achievements of its students. For six of the past seven years, Jefferson has produced more National Merit Semifinalists than any other high school in the nation. Science and technology are seamlessly integrated into every course and our students are regularly selected to attend the top colleges and universities in the country. Jefferson is widely regarded as among the very best high schools in the United States. If nothing else, it serves as a model of what the education system can be.

We believe that your favorable response to our request would benefit everyone involved. Our class would have the privilege of hearing from a leader of today what we can expect to encounter as the leaders of tomorrow. After all, our class consists of some of the brightest and most energetic students in America, and it is only a matter of time before we assume the responsibilities of leadership. It has been through your Presidency that our classmates have become truly aware of how the President's actions shape the course of our lives. By speaking at our graduation, you would have the opportunity to shape the course of our lives through your words. Thank you for your consideration.

Sincerely,
The Class of 1998



Trevor Burner
President



Graves Tompkins
Student Advisory Council Representative

ASQ Health Care Series
Chip Caldwell, editor

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~~Sister Mary Jean Ryan~~
② To C. J. Tanning
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CQI AND THE RENOVATION OF AN AMERICAN HEALTH CARE SYSTEM

A Culture Under Construction

Sister Mary Jean Ryan, FSM
William P. Thompson

CQI AND THE RENOVATION OF AN AMERICAN HEALTH CARE SYSTEM

.....
A CULTURE UNDER CONSTRUCTION

**Sister Mary Jean Ryan, FSM
William P. Thompson**

**ASQ Health Care Series
Chip Caldwell, editor**

**ASQ Quality Press
Milwaukee, Wisconsin**

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A Culture Under Construction

Sister Mary Jean Ryan, FSM, and William P. Thompson

ASQ Health Care Series Chip Caldwell, editor

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To President Clinton,
Your commitment to quality
health care is an inspiration to
us all.

Sr. Mary Jean Ryan, for
8/12/97

THE PRESIDENT HAS SEEN

8-13-97

A REPORTER AT LARGE

WAR INSIDE THE PENTAGON

As the armed forces look for a mission in a world without the Cold War, can William Cohen, the Secretary of Defense, make peace between political Washington and the military establishment?

BY JAMES CARROLL

WILLIAM S. COHEN, a for Republican senator from Maine, assumed the post of Secretary of Defense in January. Earlier this summer, I had arranged to meet him in his office, on the third floor of the Pentagon. It is an austere room, no different from any standard except the Pentagon's shoebox, with a low, flat ceiling. The room's most notable feature is a bank of four large windows through which glimpses of the Jefferson Memorial, Washington Monument, and, in the distance, the dome of the Capitol can be caught above a puffy screen of mat trees. In the office is a blue rug—the blue surface of a pond on which the office furniture seems to float. I stepped closer to Cohen's desk, eying the oversized telephone console, and looked for the red button. There was none. Next to the phone was a photograph of Cohen's wife, the striking Janet Langhart, an African-American television journalist.

I had been in this office before, when its occupant was Robert S. McNamara, the Secretary of Defense under Presidents Kennedy and Johnson. I had come here as a college student, usually at night, to fetch my father, an Air Force general, after his driver was dismissed. Dad's office was at the far end of the Secretary's suite. Now, as I looked out the window, I was ambushed by an imagined memory of what McNamara had looked out upon—a raging crowd of protesters in 1967, a nation come to spit at him. I still see his face—the rimless glasses, the slicked-back hair—when I hear the words "Secretary of Defense."

The portraits of Cohen's nineteen predecessors hang in a nearby corridor, and their presence underscores the fact that the office of the Secretary of Defense sits not only on the outer ring—the E Ring—of the Pentagon but on the forever stressed fault line of Amer-

ican history. Forrestal, lost his mind when the Japanese are coming," he wrote. "Not long before he jumped from the sixteenth-floor window of his room at Bethesda Naval Hospital, in 1949. Not even Dwight D. Eisenhower's first Secretary of Defense, Charles E. Wilson, the former head of General Motors, had his way with the brass—a failure that once prompted Ike to rail against the very generals who had obeyed him in Europe. "By God, this has got to stop," Ike said. "Those fellows don't realize they have a boss." Melvin Laird, like Cohen, came from the Hill—he was the first member of Congress to take the job—and Cohen's supporters are quick to cite Laird as a successful Secretary. But on Laird's watch, according to Mark Perry, the author of "Four Stars," a history of civilian and military leaders, the Joint Chiefs of Staff planted spies inside the Nixon White House, and the White House itself, under Henry Kissinger and his National Security Council aide General Alexander Haig, bypassed Laird on key military questions. Richard Cheney was the second Secretary who came directly

from the Hill, and he, too, is counted as a boomer, in large part for his role in overseeing the Gulf War. But he served with Powell, a chairman of the Joint Chiefs who trumped him at the White House in every way. One general told me "The President did one-stop shopping with Powell: got his military advice, his political advice, got his policy recommendations, got his public support." As for

Powell made it clear at the time Secretary of Defense was supervising the launching of the Gulf War. Cohen and I are of the same generation. In 1940, he does not quite fit the boomer, but his status as a boomer is a decided boomer Clinton administration stamps him in the mind, and so does his air of being younger than his years. Military officers of our age cohort have far more in common

than with their civilian siblings. For Cohen, the difference is emphasized by aspects of his history. He did not serve in the military. During Vietnam, he was, like Cheney, a beneficiary of the student deferment. Al Gore is the only first-team member of the Clinton Administration to have been in uniform—a circumstance that accounts, at least in part, for the missteps, insults, and defaults that are strewn along the road between "the Building," as the Pentagon is known, and the White House.

Since the moment Clinton took office, the job of Secretary of Defense has been defined largely by boomer preoccupations, with problems that are clumped too conveniently—and often inaccurately—under the derided category of "political correctness." The problems have ranged from the role of gays in the military and of women in combat to questions of adultery, sexual harassment, and inter-rank romance. As this summer's legal proceedings against Sergeant Ma-

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The portraits of Cohen's nineteen predecessors hang in a nearby corridor, and their presence underscores the fact that the office of the Secretary of Defense sits not only on the outer ring—the E Ring—of the Pentagon but on the forever stressed fault line of Amer-

ica's military-civilian divide. A warrior's purpose has nothing in common with a politician's, yet the Secretary of Defense—a Presidential appointment with a military role—has the impossible task of being both a warrior and a politician. He is the weakest link in the government's chain of command, and his office has been the venue where warriors and their mufti-clad superiors have repeatedly clashed. Perhaps the most remarkable American success is that mainly—even through the slow-motion emergency of the Cold War—the chain has held. On occasion, though, the weak link of this office has broken, and so has the man who occupies it.

The first Secretary of Defense, James Forrestal, lost his mind here. “The Russians are coming,” he was heard to cry not long before he jumped from the sixteenth-floor window of his V.I.P. room at Bethesda Naval Hospital, in 1949. Not even Dwight D. Eisenhower's first Secretary of Defense, Charles E. Wilson, the former head of General Motors, had his way with the brass—a failure that once prompted Ike to rail against the very generals who had obeyed him in Europe. “By God, this has got to stop,” Ike said. “Those fellows don't realize they have a boss.” Melvin Laird, like Cohen, came from the Hill—he was the first member of Congress to take the job—and Cohen's supporters are quick to cite Laird as a successful Secretary. But on Laird's watch, according to Mark Perry, the author of “Four Stars,” a history of civilian and military leaders, the Joint Chiefs of Staff planted spies inside the Nixon White House, and the White House itself, under Henry Kissinger and his National Security Council aide General Alexander Haig, bypassed Laird on key military questions. Richard Cheney was the second Secretary who came directly

from the Hill, and he, too, is counted a success, in large part for his role in overseeing the Gulf War. But he served with Colin Powell, a chairman of the Joint Chiefs who trumped him at the White House in every way. One general told me, “The President did one-stop shopping with Powell: got his military advice, got his political advice, got his policy advice, got his public support.” As for Cheney, Powell made it clear at the time that the Secretary of Defense was superfluous in the launching of the Gulf War.

Cohen and I are of the same generation. Born in 1940, he does not quite qualify as a boomer, but his status as a member of the decidedly boomer Clinton Administration stamps him in the Pentagon, and so does his air of being younger than his years. Military officers even of our age cohort have far more in common culturally with their parents than with their civilian siblings. For Cohen, the difference is emphasized by aspects of his history. He did not serve in the military. During Vietnam, he was, like Cheney, a beneficiary of the student deferment. Al Gore is the only first-team member of the Clinton Administration to have been in uniform—a circumstance that accounts, at least in part, for the missteps, insults, and defaults that are strewn along the road between “the Building,” as the Pentagon is known, and the White House.

Since the moment Clinton took office, the job of Secretary of Defense has been defined largely by boomer preoccupations, with problems that are clumped too conveniently—and often inaccurately—under the derided category of “political correctness.” The problems have ranged from the role of gays in the military and of women in combat to questions of adultery, sexual harassment, and inter-rank romance. As this summer's legal proceedings against Sergeant Ma-

job of the Army Gene McKinney went on, they revealed not only the sexual tensions in the military but the enduring American problem of race. The dispute over gays sank Clinton's first Secretary, former Representative Les Aspin, and the stresses that Aspin suffered on the job very likely contributed to his premature death, from a stroke, in 1995, at the age of fifty-six. The Scarlet Letter frenzy—the adultery charges brought against the female B-52 pilot Lieutenant Kelly Flinn, and then reports of past adultery involving Air Force General Joseph W. Ralston, the vice-chairman of the Joint Chiefs of Staff and Cohen's choice for the chairmanship—could yet be Cohen's undoing.

Cohen's first real test as Secretary has not been one of management, arising out of such matters as budget pressures and procurement issues, or one arising from the Administration's push for an expanded NATO alliance. Nor, despite his so far unaccepted recommendation for a new round of base closings and other cuts in the military infrastructure, has Cohen had much of a problem with the Hill. Ever since he became Secretary of Defense, the Russians have cooperated, and, despite edginess over Hong Kong, so have the Chinese; North Korea has not imploded, and Bosnian Serbs have not mounted large-scale retaliation for NATO's decision to arrest war criminals.

Rather, Cohen's first test has come from the military itself, and is an expression of the clash of two cultures in which, when push comes to shove, one side always loses. A pointed instance of that conflict came to a head a few days after my visit, when the Air Force Chief of Staff, General Ronald R. Fogleman, abruptly sought to retire more than a year ahead of schedule, implicitly in protest against a decision of Cohen's.

Fogleman would be the first Air Force Chief of Staff ever to do such a thing, and his act became the dénouement of a classic military-civilian power struggle.

Cohen, in his place on the E Ring of the five-sided building, finds himself at the center of what the author Gordon

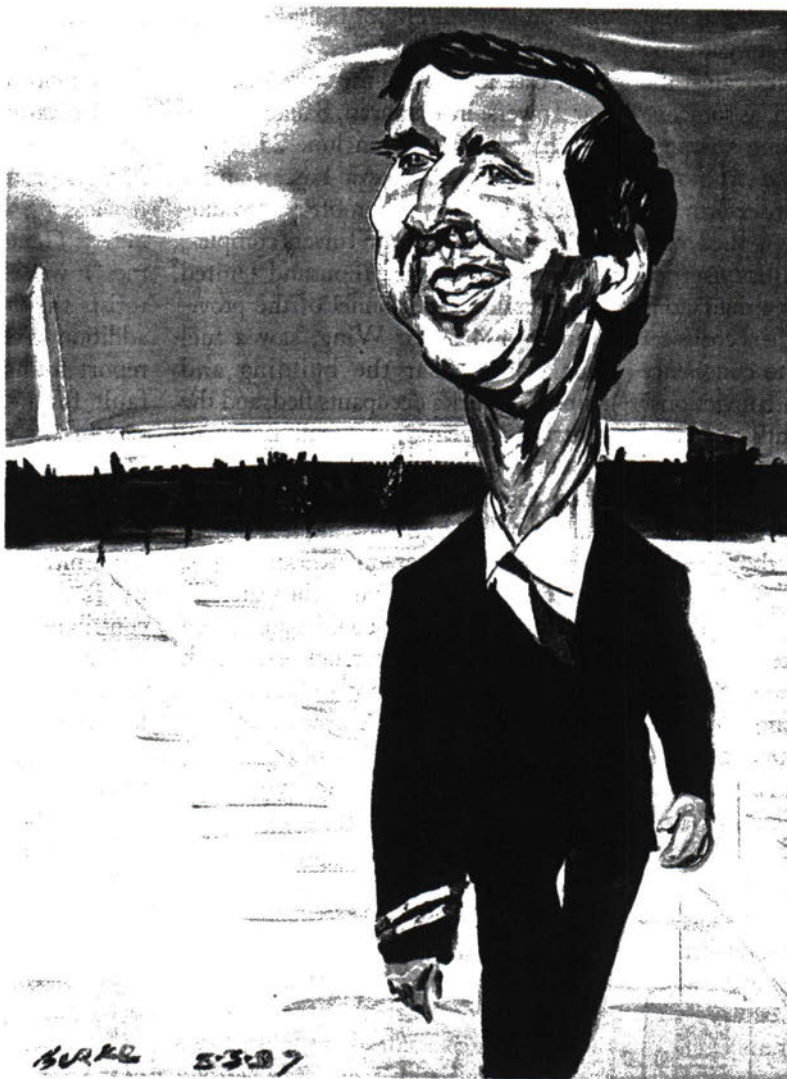
who has succeeded Powell as chairman of the Joint Chiefs, has compared the Pentagon to a monster: the Secretary's job is to tame it, without removing its teeth. Cohen offered a similar image not long ago, comparing himself to Captain Ahab. "I have finally come face to face

with the white whale," he said of the Building. "And I'm lashed to it."

I recently asked Colin Powell to assess the tasks confronting Cohen. "He brings great strength in knowing how to work with Congress," Powell said, "but the Pentagon is not a congressional committee. When you move from the Hill to the Pentagon, you have to stop being a legislator and begin being C.E.O. of one of the largest, most complex organizations in the world." I heard similar doubts expressed by generals, usually off the record, and by policy critics. A hawkish marine and a dovish policy analyst both told me that a legislator's skill at compromise, which Cohen showed in twenty-four years on the Hill, is the opposite of what's required to run the Building. Cohen has never run anything larger than a Senate staff; he has no technical background in a job in which technical matters dominate; and he lacks a close relationship,

or even a shared philosophy, with the President he must advise.

What's more, Cohen is temperamentally a contemplative, or, as one general put it, dismissively, "an introvert." Even a Cohen admirer wondered "whether his elegant, Zen-like strength will counter the brute force of daily life there." This person continued, "It doesn't compare with the Hill. The Pentagon is rude, brutal." And Cohen is, well, a poet. He is the author of two books of poetry and three novels. He has moved his personal library, consisting of some three thousand volumes, to an E Ring room down the corridor from his office,



"I have finally come face to face with the white whale," Cohen says of the Building. "And I'm lashed to it."

Adams called the Iron Triangle, whose three sides comprise defense contractors, a hawkish Congress, and the military establishment. The argument that Cohen presides over is fierce. On the one hand, there are warnings that, having, in Colin Powell's phrase, "cut our force thirty-five or forty per cent," we risk undermining our war-fighting capacity. On the other hand, Lawrence Korb—an Assistant Secretary of Defense under Reagan and now at the Brookings Institution—has, like others, pointed out, "We won the Cold War. . . . But we're still spending at Cold War levels," and asks, "How the hell did that happen?"

Army General John M. Shalikashvili,

perhaps as a way of making clear the importance he places on the solitary life of intellect and imagination. I travelled with Cohen to Maine one weekend this summer, and noted that in addition to briefing books he had brought along Conrad's "Heart of Darkness." As the only Republican to cast a crucial vote against Richard Nixon during Watergate and the only Republican to vote against the G.O.P. budget plan in 1995, as someone who argued in favor of using sanctions against Iraq and voted for Desert Storm, who advocated basic military reform and kept his home state well supplied with defense contracts, Cohen has usurped Hamlet's reputation. Is he a man alone or a man around whom others coalesce? A man sworn, above all, to conscience or a man of inconsistent convictions? "The Double Man" is the title of a novel he wrote with Gary Hart, in 1985, and *The New Republic* used the phrase as the title of a recent story about him. "Doctrine of Doubt" was the headline on the magazine's cover.

WHEN we were seated, alone, at a small table at one end of Cohen's office, the first question I put to him was whether a man temperamentally inclined to doubt was suited to the

job. He answered impatiently, as if this characterization had dogged him. "The role of doubt is to challenge basic assumptions, to see whether they stand up to intense analysis," he said. "That's a kind of doubt. I prefer to call it reasoned skepticism. . . . I see that as a positive role, on Capitol Hill or being over here as a civilian head of forces."

A case in point is the story of Khobar Towers, in Dhahran, Saudi Arabia. Just before 10 P.M. on June 25, 1996, three United States Air Force sentries standing guard on the rooftop of Building 131 in the Khobar Towers complex, which housed three thousand United States military personnel of the provisional 4404th Air Wing, saw a fuel truck draw near the building and stop. The truck's occupants fled, and the sentries, suspecting a bomb, began to evacuate the multistory building by knocking on the doors of the uppermost floor and sending alerted airmen to knock on other doors—an ad-hoc alarm technique known as the waterfall. Before the building could be emptied by this method, the truck exploded, blowing away the north face of the structure. Nineteen American airmen were killed, and hundreds of Americans and other nationals were wounded.

Almost three months later, on September 16, 1996, a Defense Department task force, chaired by retired Army General Wayne A. Downing, filed a report on the incident, finding that "the commander, 4404th Wing (Provisional), did not adequately protect his forces from a terrorist attack." And the recommendation reads, "Refer to the Chain of Command for action, as appropriate."

The commander was Air Force Brigadier General Terryl J. Schwalier. A fighter pilot, he had supervised flawless air operations in Saudi Arabia, but, as General Downing explained to me, "it was the ground threat from terrorists they were not prepared for." In addition to citing Schwalier, Downing's report found Schwalier's superiors at fault for not having given him the support he needed. When the report was released, Secretary of Defense William Perry, in an emotional appearance before the House National Security Committee, accepted "full responsibility" for any leadership failures that had contributed to the deaths of the airmen.

The Air Force launched its own investigation, but it was as if the service had taken Perry at his word. His acceptance of "full responsibility," offered in a magnanimous spirit, had the unintended effect of letting the commanders off the hook. In December, a report compiled by Air Force Lieutenant General James F. Record contradicted the Downing findings: it concluded that the responsible commanders had performed their duties as well as could be expected, and that no one—not even General Schwalier—should be punished.

By then, Perry's tenure as Secretary was drawing to a close, but senior civilian officials found the Air Force report inadequate, and pressed for a new investigation. General Record retired on February 1st, and a second Air Force investigation was launched, under the Air Force Inspector General, Lieutenant General Richard T. Swope. On February 25th, the Air Force Chief of Staff, General

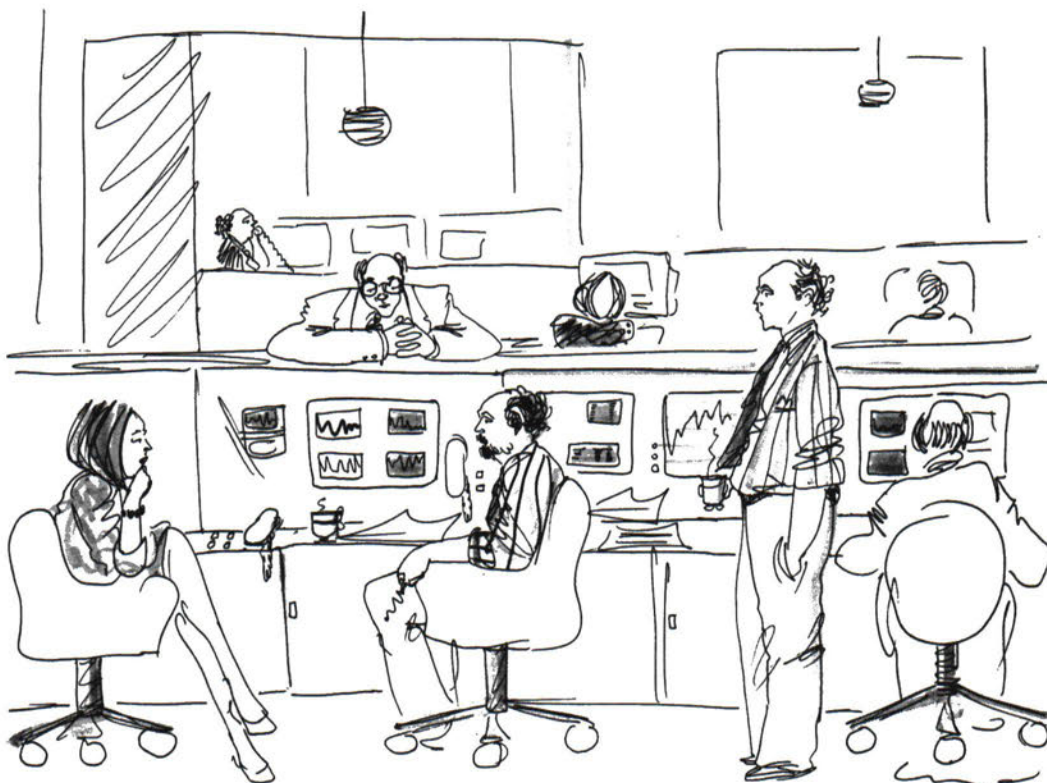


"All I can say is that we'll do everything we can to find a donor."

Fogleman, testified on Capitol Hill and denounced as "criminal" the continuing attempt to hold Air Force officers accountable for the Khobar Towers disaster. Fogleman regarded General Record's report as sufficient, and resented the intrusion of civilian officials. In his testimony he made it clear that he thought the Air Force was being pressed because of "political correctness or because the media has created a frenzy." General Fogleman's record includes three hundred and fifteen combat missions during the Vietnam War, marking him as a member of the warrior élite. He is blunt, more a man of action than of words. His odd use of the phrase "political correctness" in this context suggests that what really galled him was being second-guessed by politicians. Indeed, as the military is more and more often held to civilian standards, its resentment is apparent not only at identity politics but at what it sees as the politicians' unprincipled readiness to yield before pressure groups and public opinion. There is a clash here, in other words, about the meaning of democracy.

In April, the second Air Force report was issued, and, like the first, it rejected the Downing findings and exonerated all commanders, including General Schwalier. "The interesting thing now is what Cohen will do with it," an Air Force official said at the time. "It's going to be one of his first real challenges as Secretary."

BY the time I met with Cohen, the Khobar clock had been ticking for more than a year. Cohen's response to the April report had been delayed by, among other things, the controversies surrounding Lieutenant Flinn and General Ralston. As it happened, the Flinn case had been dramatically altered by General Fogleman, the self-appointed



"Yes, money talks—which means it can lie."

crusader against political correctness. On May 21st, breaking the rule of silence that ordinarily applies in such cases, he testified before the Senate Armed Services Committee on the matter of Flinn's court-martial and whether to grant her an honorable discharge. That night, televised footage of his testimony led the national news. "In the end, this is not an issue of adultery," Fogleman said. "This is an issue about an officer entrusted to fly nuclear weapons who lied. That's what this is about." Fogleman's testimony backfired on Cohen when, days later, the Secretary tried to "draw a line" on the adultery frenzy by recommending Ralston to be the next chairman of the Joint Chiefs, despite his long-past extramarital affair. But Fogleman had boxed Cohen into accepting an apparent double standard. Fogleman's rigid formulation, evoking the shadow of the mushroom cloud, finished Flinn, and that, in effect, finished Ralston.

Fogleman, however, was not finished. By the time Cohen turned his attention to a final disposition of the Khobar Towers attack, the Air Force Chief of Staff had let it be known throughout the Building that if the

Secretary of Defense did not accept the Air Force report, and held Schwalier responsible, he, Fogleman, would resign in protest. "If Fogleman should resign, it would be the first time a senior general officer has resigned because of civilian authority," an Army colonel said to me in one of the Building's many windowless rooms. "There could be other resignations," the colonel went on, noting that, at the very least, "the Joint Chiefs are not going to like a Defense Secretary meddling in service affairs."

I now asked Cohen how he was going to make his decision. He said, "I've gone back and examined the reports that have been filed: General Downing's report, General Record's report, and the I.G."—General Swope's—"report, which I found wanting, to say the least. I found it to be more of an advocate's brief than an objective line of inquiry. I tried to examine these three separate reports that have been filed, to see where Downing may have overstated the case, where Record understated the case, where the I.G. tried to make the case. And then I've tried to come to an understanding of the role and responsibilities of a wing commander in this particular case of force protection. And

I tried to look at each of the issues that are raised, in terms of what was done, what he did not do. I'll give you an example: Mylar."

Mylar is a polyester sheeting that prevents fragments of glass from scattering; it protects people the way automobile safety glass does. Fragmentation of glass was one of the main causes of the deaths and injuries at Khobar. Blown-out windows sent shards into the bodies of the airmen, lacerating them severely. Of the nineteen who were killed, twelve had glass injuries that might have been mortal even without blast trauma; between eighty and ninety per cent of the injured suffered lacerations from glass. Cohen concluded in his formal report, released and sent to Clinton on July 31st, "Mylar would not have prevented the majority of fatalities at Khobar Towers." But, he reasoned, it *could* have reduced the fatalities and injuries, and therefore it was an issue. Before the attack occurred, General Schwalier had been urged by security experts "to put Mylar on all the windows," Cohen told me. "He declined to do that, saying that it could wait. It could be in the five-year plan. . . . Instead, he would rely on the curtains that were in the buildings, heavy drapes, to protect inhabitants from any flying glass." In his report Cohen cited Schwalier's decision on Mylar as "evidence that he did not give sufficient consideration" to force protection.

But in Cohen's view there were two more serious failures, for which the commander on the scene had to be held accountable. "The key factor had to do with the absence of an alarm system," Cohen told me. The British barracks, nearby, had a fire-alarm system. The Americans' barracks did not. All the sentries on the roof could do, once they saw the truck's occupants running away, was bang on doors. "There was nothing you could punch," Cohen said. "Nothing that would set off a ringing bell that would say, 'Get the hell out of this place!' And, second, there had been no practice evacuation exercises. That is required. The airmen in that building were not clear where they should go under any number of circumstances. A SCUD attack—what would you do? They were not prepared."

In addition to studying the Downing report, Cohen had interviewed Downing himself. Later, I asked Downing what he made of the Secretary. "I found him extremely informed," Downing said. "He has understood the Khobar Towers issues better than anybody I have talked to. He knew them in detail." I asked Downing what was at stake in Cohen's decision. He said, "This will have a subtle but important impact on how we view command responsibility. It is a fundamental issue. How he handles it will send a real message to the field."

For Cohen, the question of military accountability comes down to the prospect of a very personal encounter: "For me to have to face the parents of the nineteen who died, and to say everything that reasonably could have been done was done—and I don't believe that's the case."

Cohen also considered the Downing report's findings of broader responsibility up the chain of command, but he concluded that that was overstated. Schwalier had never been denied any requested support related to force protection. In the end, the local commander's responsibility for on-site

OFF THE LEASH

For the past ten years, the Belgian photographer Michel Vanden Eeckhoudt has ranged Nepal, Switzerland, Scotland, Mauritius, Japan, and Egypt, among other countries, documenting the dog's life. In "Chiens," the engaging result of his efforts—published in Paris by Marval—he manages the difficult task of depicting the first animal to be domesticated, fourteen thousand years ago, without lapsing into cliché or sentimentality. His images are occasionally forbidding, but mostly they're humorous—at once ironic and tender—and visually witty, like those of Elliott Erwitt. Daisy, the poodle at the right, is a circus dog Eeckhoudt photographed as she tottered down a road in France one afternoon. Eeckhoudt likes the idea that, as he says, "you don't have to tell everything in the picture. If you have part of a shadow, part of a dream, people can make up their own stories."



neglect seemed paramount, and Cohen therefore decided to recommend to President Clinton that General Schwalier be removed from the promotion list—that he be held accountable.

Before the bombing, Schwalier had been routinely approved for promotion to the rank of major general, but, again routinely, he had yet to receive his second star. Removing an officer from the list, while it was not a form of official censure, would freeze him in his present rank, effectively ending his career. Because Schwalier had already been approved for promotion, however, he could be removed from the list only by his Commander-in-Chief—in this case, Bill Clinton.

I asked Cohen if such an act of intervention in a quintessentially military matter could be a defining moment for a President who had not had a confident relationship with the military. Cohen quickly pointed out that the Joint Chiefs' chairman and vice-chairman supported the decision to remove Schwalier, and that their support "makes it not quite as high a climb for the President, or for me." The vice-chairman, General Ralston, of the Air Force, made no public statement on the matter, but when I spoke to him last week he told me that his support for Cohen's Khobar decision was "strong and without reservation." But another officer told me that that support may not be as meaningful as it appears. Ralston has been compromised by the adultery charges, and Shalikashvili, who had himself come under implicit criticism in the Downing report, retires in September. When Truman fired MacArthur, he had the unanimous support of the Joint Chiefs—something that Cohen and Clinton lack. Truman was also a veteran of the First World War.

There is no doubt that Fogleman was well aware of Cohen's decision. Having attempted to intimidate the Secretary of Defense by threatening to resign, Fogleman, confronted with failure, would finally have no choice but to do so. And Cohen, it seemed clear to me, was furious with Fogleman. When I saw Cohen in late July, he said, "There is genuine concern in this building that Fogleman is pushing this too far. I could say to him now, 'You're fired.'



But I don't want to make a martyr of him. If he questions it"—Cohen's pending decision about General Schwalier's future—"I will relieve him of his duties."

Cohen said this with a cold matter-of-factness, and I thought of a conversation I'd recently had with former Senator Warren Rudman, of New Hampshire, who knew Cohen well in the Senate. In Rudman's Washington office, I asked him to characterize his friend. "This very open, friendly, and I guess, to some extent, warm exterior," Rudman said. "He just laughs a lot, smiles a lot, just a great sense of humor." Rudman was clearly reaching for something. "He's a warm, wonderful guy. He's a writer. He's a poet. What they don't understand"—Rudman leaned forward abruptly—"is that when you peel it back: stainless steel!"

On July 28th, Fogleman asked to retire, effective September 1st. It was a decision intended, he said, "to defuse

SMALL WATERFALL: A BIRTHDAY POEM

Maybe an engineer,
stumbling on this small, all-
but-forest-swallowed waterfall—
a ten-foot drop at most—
could with some accuracy
say just how much energy
goes unharnessed here.

Enough, is it, to bring light
and heat to the one-room hut
one might
build here at its foot—where,
piecing together the *hush*
in the current's *hurl* and *crash*,
a lone man might repair
to fix a shopworn life?

Enough, anyway, to light
one image in my head: this mist-
laced column of water's
as slim as a girl's waist—
yours, say, narrow still despite
the tumble down the birth canal
of a pair of nine-pound daughters.

Well, there's nothing for it but,
sloshing my way across the pool,

I must set whimsy into fact—
which is how, one blazing, cool
August day in New Hampshire, I
come to be standing with my
arms round a cataract.

... Nothing new in this, it turns
out—
for I know all about embracing
a thing that flows and goes
and stays, self-propelled and -
replacing,
which in its roundabout route
carries and throws, carries and
throws
off glints at every turn, bringing

all it touches to flower
(witness those flourishing
daughters).

Your reach exceeds
my grasp, happily,
for yours is the river's power
to link with liquid, unseen threads
the low, far, moon-moved sea
and the sun's high-lit headwaters.

—BRAD LEITHAUSER

the perceived confrontation between myself and the Secretary of Defense." Fogleman declined, through a spokesman, to be interviewed for this article, preferring, until the date of his actual retirement, to let his statement speak for itself: "After serving as Chief of Staff for almost three years, my values and sense of loyalty to the troops led me to the conclusion that I may be out of step. . . . I do not want the institution to suffer, and I am afraid that it will if I am seen as a divisive force, and not a team player."

On July 31st, Cohen went to the White House and presented for the President's signature the order removing General Schwalier from the promotion list. Clinton signed it. That afternoon, General Schwalier followed General Fogleman in announcing his retirement.

GENERAL FOGLEMAN's complaint that the disciplining of the Air Force over Khobar Towers was being done out of civilian "political correctness" illustrates the basic and peren-

nial clash between civilians and the military. One of Fogleman's predecessors as Air Force Chief, General Thomas D. White, said, in 1963, "I am profoundly apprehensive of the pipe-smoking, tree-full-of-owls type of so-called 'defense intellectuals' who have been brought to this Nation's capital." Army General George A. Joulwan, a former NATO commander, said upon his retirement, last month, "I only ask that whenever U.S. troops are placed in harm's way, please insure that we are not only politically correct but also militarily correct in our decisions."

It's a mistake to see this clash as merely the result of an innately imperious military. As Mark Perry and others emphasize, the missions of political leaders and military leaders are different, and, once violence is actively contemplated—or has occurred—that difference is bound to surface. "We bring young men and women into the armed forces to be warriors, in a warrior culture," Colin Powell told me. "They are not social workers. They are warriors, and every aspect of our policy must support that." What is a warrior? Someone who can coldly intend to isolate an enemy and, as Powell himself said of the Iraqi Army, "kill it."

But since the Second World War the United States has, with a few important exceptions, used its massive military arsenal for a politician's purpose, not a warrior's—that is, to change an enemy, rather than kill it. To the amazement, especially, of the Building, the Cold War ended nonviolently. The Soviet Union did change: the evil empire dismantled itself. But—and here is the befuddling irony—that successful political outcome depended on generals' and admirals' making minute preparations every day for almost fifty years to wage an unimaginably horrible war.

Civilians, living in what General White dismissed as "weightless dreamland,"

could always assume—or, at least, hope—that the strategy of nuclear deterrence would work. The military, by contrast, was explicitly commissioned to assume that it would not work. "Peace is our profession" was the Strategic Air Command motto, but SAC discipline, and that of the entire nuclear force, maintained—and still maintains, even though SAC is now called STRATCOM—a readiness to isolate the earth and kill it.

This division between politics and operations in the nuclear age is the split between civilians and the military. Americans find consolation in the thought that their elected leader is in sole possession of "the football," the communications device by which a President can launch a nuclear strike, but in fact the operational controls—and the necessary information systems—belong entirely to the military. One of Curtis LeMay's successors as nuclear commander is Air Force General George Lee Butler: from 1991 until his retirement, in 1994, Butler was the commander-in-chief of STRATCOM. "The elegant theory of nuclear deterrence was an intellectual mistake of cosmic proportions," he said to me in June. "It was out of control, and I saw

it." The point is that the civilian leaders who were supposedly in charge did *not* see it. Butler's on-duty contemplation of the SIOP, or Single Integrated Operations Plan—the concrete plan for a nuclear apocalypse—led to a conversion, unprecedented among members of the military high command. Butler went on, "I am the only person who ever looked at all twelve thousand five hundred of our targets. And when I got through I was horrified. Deterrence was a formula for disaster. We escaped disaster by the grace of God. If you ask one person who has lived in this arena his whole career, I have come to one conclusion. This has to end. This must stop. This must be our highest priority." Almost overnight, Butler went from being a top nuclear strategist to being a top nuclear opponent—"a Sakharov figure," in the words of one observer. Analyzing the central problem of the Building, Butler said, "The high priests of the nuclear age are having great difficulty letting go. I feel empowered to say that, because I was one of them."

General Curtis LeMay, who was the Air Force Chief of Staff in the sixties, had a reputation for gruffness—my family lived next door to him at



"Do you remember, Peg—are we on our way out or on our way back?"

Bolling Air Force Base when I was a teen-ager, and all he ever did was grunt at me—but a direct line runs from him, through his eventual successor General Fogleman, to Colin Powell, the nation's most deeply admired military figure. The line is tied to the word "warrior," which Powell has used to such effect. Men like LeMay, Fogleman, and Powell know that once a war begins all points of reference change, and that in the age of deterrence war effectively begins for the nuclear force every day. Even the most fundamental measures of the civilian world cease to apply. Ultimately, that explains why Fogleman could display such thinly veiled contempt for his civilian superior.

It is an old attitude. Janne E. Nolan, a national-security analyst at the Brookings Institution, recalls how, in 1960, one of McNamara's civilians dared to challenge the SAC commander, General Thomas Power, on war plans that called

for the total obliteration of the enemy. Power responded, "The whole idea is to kill the bastards. . . . At the end of the war, if there are two Americans and one Russian, we win." It was precisely this military hegemony over nuclear weapons—still essentially unchallenged—and the civilian culture's fear of them, that General Fogleman skillfully exploited in linking Lieutenant Flinn's offense to her role as a B-52 pilot.

A jacket blurb on Nolan's 1989 book, "Guardians of the Arsenal: The Politics of Nuclear Strategy," said that she "raises the provocative question of whether civilian officials, including the president, are truly in charge of the ultimate weapons of warfare." It went on, "While some may challenge elements of Nolan's analysis, few will contest her conclusion that informed, legitimate civilian authority must be put back into the nuclear planning loop." The author of this comment was Sena-

tor William Cohen. Much has changed since Nolan wrote her book, but what she refers to as the schism between mediators and gladiators endures. American nuclear orthodoxy still has the warheads on near-hair-trigger, capable of being targeted and launched in minutes; America still claims the right to respond to non-nuclear attacks with nuclear weapons; and America still declares its intention of keeping nuclear weapons as the permanent trump card in its arsenal.

Already, however, there have been signs of Cohen's readiness to depart from this orthodoxy. For example, he intends to nominate as his Assistant Secretary of Defense for International Security Policy a nuclear-strategy analyst named Rose Gottemoeller, who, as a member of the National Academy of Sciences' Committee on International Security and Arms Control, repudiated all three of those strategic pillars. In June, the N.A.S. committee called for "eliminating the hair trigger," for "no first use," and for the ultimate "prohibition" of nuclear weapons. After the N.A.S. report was published, I asked Cohen if he still intended to nominate Gottemoeller, and he answered, emphatically, yes. Cohen himself, in the same conversation, quietly broke with the nuclear gladiators—and with every previous Secretary of Defense—in accepting the idea that our goal must be total elimination. When I asked about nuclear-arms reduction, he said, "I feel that we are on the right track, that the Joint Chiefs are committed to going lower, that there is a national commitment to get lower and lower levels—to the point where we don't have them."

THE ghost of Robert McNamara hovers over Cohen's office. When I called McNamara, he declined to discuss Cohen. We spoke of my father, Lieutenant General Joseph F. Carroll, who, despite the stars on his shoulder, was an ally of McNamara's in his conflict with the military. When McNamara began to reflect on his own time as Secretary, his voice cracked, and he could not continue. McNamara did not have much in the way of feelings when this nation needed him to. Now his public feelings point to what is at stake.



"Sure, dead is important. But it has to taste good."

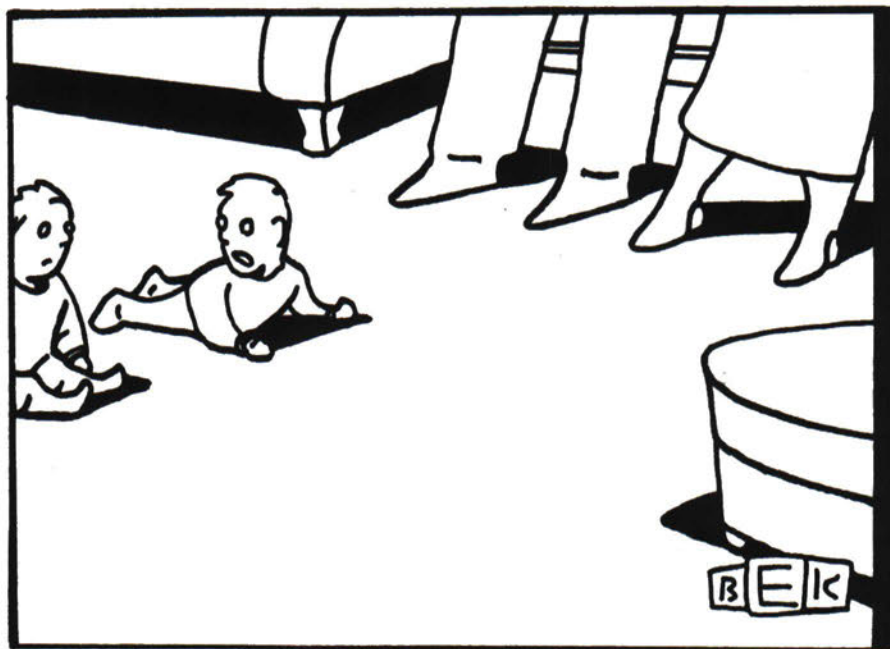
More than any other Secretary of Defense, McNamara challenged the nuclear gladiators. "The big battle that McNamara inherited was over control of nuclear weapons," John Steinbruner, a senior policy analyst at the Brookings Institution, told me. "And, believe me, that was a big battle, which he essentially won." That McNamara squandered his victory in Vietnam, Steinbruner added, "is a tragedy worthy of Sophocles."

Janne Nolan writes that the "key to establishing civilian control" was McNamara's takeover of the military-intelligence function through his 1961 order establishing the Defense Intelligence Agency. "The centralization of intelligence was to be another means of exerting control over service requirements," she explains. "The Air Force, in particular, had already offended McNamara with its aggressive promotion of missile gaps and bomber gaps as the basis for its requests for new weapons."

Yet McNamara tapped an Air Force general to be the first director of the agency—my father. His work with McNamara set him against LeMay and other Air Force leaders both on questions of nuclear policy and on the use of air power in Vietnam. My father was an attendant in the Sophoclean drama that brought down McNamara, and Dad—a general on the civilian side of the enduring schism—was brought down, too.

The conventional wisdom in the Building about Vietnam is that civilian leadership undercut the military by depriving it of the firepower and the freedom it needed, as LeMay put it, to "stop swatting at flies and go after the manure pile." The fact is, however, that the civilians gave the military tremendous firepower and freedom. McNamara and his successors became gladiators instead of mediators, pursuing victory at any price, rather than peace. As a result, the settlement that was very likely possible in 1968 was not reached until 1973, at a tremendous cost in lives on both sides—the true civilian failure.

Of course, the civilian who ultimately matters most in all this is the one across the Potomac River. When McNamara concluded, in 1967, that military victory in Vietnam was impossible, President Johnson refused to



"I'm going crazy staring at the same four legs."

hear him, and forced him out. I told a former senior Defense Department official that Cohen had described himself as Ahab lashed to the whale. He replied, "Who's the Moby Dick? The Building? Or the President?"

PERHAPS more than any other individual, President Clinton embodies the divisions between civilians and the military. His reluctance to challenge the disciplined, if necessarily myopic, culture of the military is rooted in the laxity of a self-indulgent civilian culture, which he has come to exemplify. And what might be called Cohen's "Bill Clinton problem" extends even beyond the obvious one revealed by the early-summer controversies over uniformed adultery and by the military's decidedly un-uniform response to it. In the words of one general, speaking with unconcealed contempt for the Commander-in-Chief, "There is no moral leadership from the White House on this. When challenged on adultery, the accused say, 'Who is it that is holding me accountable to this standard? Who?'"

Whether Clinton is inhibited by shame over his youthful draft avoidance or undercut by his failure to impose a workable policy for gays in the military or unable to join the sexual-harassment discussion because of charges arising

from his own history, he has not, to put it mildly, been a forceful voice in the national-security debate. So Cohen "doesn't have a mandate from the White House to do anything significant," Steinbruner said. "Quite the contrary—'Steady as she goes!' Whatever that means."

In fact, Steinbruner added, Secretaries of Defense are hardly ever given mandates for real change. "Mainly, when we put people in such offices we are trying to insure that they are not going to do anything dramatic." Such as take on an Air Force Chief of Staff? Or impose a strict standard of accountability on local commanders? Or begin to alter the terms of the arms-control debate? "McNamara went with the flow for the first nine months," Steinbruner said, but then "the differences began to show up." By that measure, Cohen, who was barely into his seventh month in office when he issued his findings on Khobar Towers, may be ahead. And, because the decision he made about General Schwalier amounted, by law, to a recommendation that the President take action, Cohen may have begun to solve his largest problem.

Early in the summer, after the Ralston controversy but before the Khobar Towers decision, I asked Cohen for his assessment of Clinton as Commander-in-Chief. "I think he has really matured

in the office," he said. "He has a sense of self-confidence now." The statement cried out to be taken as condescending, yet it wasn't. Cohen had watched Clinton begin his Presidency unable to discipline a sailor who had declined to salute the Commander-in-Chief boarding his ship; intimidated by veterans at the Vietnam War memorial; humiliated by retired Admiral Bobby Inman's assertion that before accepting the nomination to be Secretary of Defense he, Inman, had interviewed the President, instead of the other way around; sheepishly silent during the crucial debate surrounding military adultery and sexual harassment. As for Khobar Towers, as one senior general said, "The White House has marginalized itself from all this from Day One." But now Cohen asked the President to defy the Air Force, by holding one general to account and staring another down.

And Clinton did it. Cohen told me that the 1996 election has made a great difference in Clinton. "He's in a position—he can't get elected again—to take very strong positions on where he thinks the country ought to go," he said, and he added that the President could now "be decisive on a wide variety of issues, including the race issue, which is important to him personally, having grown up in the South."

A wide variety of issues is sure to present itself. Some crisis may arise—in North Korea? China? Bosnia? Russia?—to test the civilian leaders of the military in a way that will make the stresses of Khobar Towers seem less urgent. Short of such a crisis, Cohen will stand at the center of an effort to reach—or to defer—a new post-Cold War consensus on national security and nuclear strategy. After the hours I had spent with Cohen in his E Ring office, it struck me that I was more haunted by the failures of his predecessors than he was.

IN June, I had accompanied Cohen to Bangor, Maine, and to a small bakery where his father, Reuben Cohen, had made bread and bagels—and the Sabbath challah—for nearly seventy years. As a boy and as a young man, Cohen had worked with his father in the bakery, and he did so even as a senator whenever he came up from

Washington. In Bangor, a stranger I spoke to at random told me of having bought bread from Senator Cohen on Saturdays: "I'd go in there, and he would be covered with flour, and Ruby would be asleep in the chair." One night nearly two years ago, Ruby died of a heart attack while making the next day's bread. Cohen told me that his father's death was a factor in his decision to leave the Senate.

In Bangor, the story is told—I heard it from the rabbi who presided at Ruby's funeral—of young Bill Cohen's having been deemed ineligible for Bar Mitzvah because his mother was not a Jew. Half Irish, half Jewish, Cohen had grown up fitting into neither community, and many see that as the key to the kind of independent politician he became. "He was a set of one," a Bangor lawyer told me, "but he always had his father." Ruby had reared his son to be Jewish, sending him to Hebrew school from an early age. But after the Bar Mitzvah rejection, which provoked Bill to announce that he would never consider himself a Jew—and he never has—Ruby sided with his son. Cohen told me that his father then gave him permission to change his name to something less Jewish. "I said no," Cohen told me. "I would never do that."

Cohen has two grown sons of his own—Kevin, a New York businessman, and Chris, a former automobile mechanic who is now a nursing student at the University of Maine. When Chris and a social worker named Kerry Cox married, they adopted a new common surname—Irish. Chris Cohen became Chris Irish. This summer, at a reception for his father in a Bangor restaurant called Momma Baldacci's, I asked Chris and Kerry about the name change. "We did it to celebrate our new life together," Chris said, "and to claim what we have in common."

A few days later, in Washington, I asked Cohen what he made of his son's reversal of the decision that he himself had made. "I thought it was courageous on his part," Cohen replied, and he said it made him think of his own father's openness. I looked for a flicker of disapproval but saw none. "To me it was fine," he added. At another point, I told Cohen what someone had said about him: that as a senator he had been sur-

rounded by bright young staff members whose only purpose was his success, while in the Building a legion of detractors was waiting for him to make a mistake. He laughed. "That's true," he said, then said, with abrupt gravity, "And, obviously, mistakes will be made."

I tried to imagine McNamara saying such a thing in 1965. Cohen seems more self-accepting than self-doubting, yet if he can apply his habitual "reasoned skepticism" to himself, then, of course—as Fogleman and Schwalier learned—he can surely apply it to others. Cohen's exercise of power, in other words, may be rooted in something other than hubris. If so, that alone sets him apart from his most famous predecessors inside and outside the Building. Ahab and Hamlet—and, for that matter, Forrestal, McNamara, and Aspin—are tragic figures. But there's the difference. Cohen's reference to Moby Dick was a joke. If you ask him, there is nothing heroic in his story, and, more important for America and the earth, nothing tragic.

WHEN Cohen showed me around the office where he has been forced to deal more often with sexual-harassment charges than with arms control, it was as if the room were not actually his. Its artifacts and the history they evoked sparked in him a curator's enthusiasm. He told me that the altar-like desk had been Black Jack Pershing's, and he opened Clark Clifford's memoir to display a photograph of Clifford sitting there—right there. Then he led the way to a display case, to show me a dusky beret, which had been spontaneously given to him by a Russian soldier in Bosnia. The soldier had said, "Here's my hat," and handed it over, Cohen told me, and he took it, "as a peace offering . . . and I felt what a remarkable transformation." He was silent. I was sure that he routinely showed visitors the hat, yet he seemed genuinely moved by the sight of it there, behind the glass. In Bangor, Cohen had pointed out to me a hill on which he and other boys had played games of "war." In those days, the hats and helmets of enemies were war booty, trophies taken from the captured or the dead. In these days, a Russian soldier's hat is prized by the American Secretary of Defense not as a trophy but as a gift. ♦

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Sauy (Jim) - worm making - not LETTER FROM THE REPUBLIKA SRPSKA THE PRESIDENT HAS SEEN 8-13-97 HIGH NOON AT TWIN PEAKS Bc

In what may be its last chance, NATO weighs getting serious about the warmongers in Bosnia.

BY LAWRENCE WESCHLER

IT'S as though we'd become intent on running history backward around here, at hyperspeed," the independent Bosnian Serb journalist Perica Vucinic said to me one recent afternoon as we shared a few cups of the sort of mud-thick black coffee that the locals used to call Turkish, though not anymore. We'd been talking about life in the Republika Srpska, the ethnically cleansed Serb component, or "entity," of the Republic of Bosnia-Herzegovina. The Bosnian Serbs had splintered off from the wider Bosnian Republic at the very moment it had declared its own independence, in the spring of 1992, provoking a horrible three-and-a-half-year war. That war culminated in a peace conference in Dayton, Ohio, in late 1995, from which emerged a tortuous agreement that yoked the Serb entity, the Republika Srpska, ever so tenuously to its counterpart, the Muslim-Croat Federation.

Vucinic laughed bitterly and went on, "In less than a decade, we've managed to go from a seedy variation of twentieth-century post-Communism through an exceptionally florid version of nineteenth-century romantic nationalism into a full-fledged rendition of deep medieval feudalism. Look at us. We've become a land consisting of a few spectacularly rich warlords and their legions of pampered vassals, with everyone else reduced to something between indentured servitude and wretched peonage."

Drawing on their beloved medieval epics, the Serbs of Bosnia had just about managed to forge for themselves an ethnically pure medieval fate. Terrorized by visions of being enslaved to rampaging Turks (as their leaders had taken to characterizing their longtime Muslim neighbors), they had instead become subjugated to those very leaders who had inflamed and then purported to defend them.

Vucinic's comment haunted me through-

out my recent stay in the Republika Srpska, especially late one afternoon as I was returning from a visit to the cemetery on the outskirts of Bijeljina, a medium-sized country town in the northeastern corner of the Serbian entity. The cemetery itself had been an overwhelming experience, its acre upon acre of fresh graves reminding one that hundreds of thousands of Serbs had also suffered in the recent Bosnian fighting.

It's worth recalling, too, that at the war's outset the Bosnian Serbs had had a constitutional case just as strong as that of their Muslim and Croat neighbors; in fact, the two cases were virtually identical. Once the former Yugoslavia began breaking up, in the early nineties (setting aside, for a moment, the question of who bore principal responsibility for that disastrous sequence of developments), the Muslims and the Croats and the cosmopolitan nonnationalists of Bosnia had had every right to declare that they didn't care to participate in the remaining Yugoslav state, suddenly dominated by a Serb majority at least momentarily in the grip of a truly scary hypernationalist rapture. So they had opted for independence.

But, by the same logic, the Serb third of that new Bosnian state had had every right to assert their own misgivings—and they'd have been in a position to bring a powerful moral weight to those arguments, having been principal victims of German and Croatian Fascism fifty years earlier. At the time, they had responded heroically, emerging from that war with the aura of one of the century's more valiant peoples. Drawing on that legacy, today's Bosnian Serb leaders could have marshalled a singularly compelling non-violent struggle on behalf of maximal national autonomy. But, because of the appalling viciousness of the war upon which they instead chose to embark, those same leaders recast themselves and the people they represented as among history's moral pariahs—a remarkable achievement.

And in the process they had squandered the lives of thousands of their own people, as I was reminded that afternoon in the Bijeljina cemetery, with its row upon row of gray granite tombstones. Photo-realistic likenesses of the deceased (casually posed, often in military fatigues) had been etched into the polished stone. Born 1975, dead 1992. Born 1971, born 1965, born 1952, born 1940, born 1980. Two teen-age brothers born within a year of each other, slain within a month. Eight male members of one family killed on the same day. A two-year-old girl. Another child, born 1991. And another. And another. A whole swath of the cemetery had been given over to the relatives of the refugees routed from western Herzegovina and the Croatian Krajina during the closing days of the war. These particular graves were marked by rickety wooden crosses, and there were scores of them.

The area around Bijeljina is flat and bountifully fertile. But, driving back toward town, one couldn't help noticing how many of the fields now lay idle, overgrown with weeds. Almost all the original farmers—prosperous Muslims, many of whom lived in town and headed out to their fields early each morning—had been systematically removed during the war: murdered, terrorized, or evicted en masse (many ending up, now landless, of course, and bereft of occupation, wedged, with their families, into squalid one- or two-room apartments in Tuzla, about thirty miles to the south, in the Muslim-Croat Federation). They'd been replaced, for the most part, by Serbs from the scrubby, rocky hill country to the south and west—accomplished shepherds and goatherds, who had also been victims of cleansings, and who hadn't the faintest idea how to plant crops or manage fields. Somehow, the nationalist ideologues who had blithely advocated the redrawing of borders and the shuffling of entire populations had failed to anticipate the difficulty of transferring the entire fabric of

lives and livelihoods. The new arrivals either milled about in public squares, abject and shiftless and bored out of their minds, or scraped by on what they could earn hawking cheap goods at the ubiquitous flea markets.

Not that the town's economy had become entirely cratered. For one thing, those who had actually engineered the cleansing had made handsome fortunes in the process—initially by confiscating virtually all the possessions of those they

every shipment of gasoline, cigarettes, alcohol, or anything else attempting to come in over the border.

It's no wonder that on the way back into town from the cemetery one could spot, scattered among desolate and dilapidated housing blocks, several improbably opulent dachas and villas, in various states of completion, and often already expansively outfitted with the toniest of furnishings and accoutrements (many of them procured through the thriving

Gianni Versace boutique in Belgrade). The town's factories were virtually idle. They'd been replaced by ludicrously extravagant gasoline stations—petrol palaces, 7-Elevens on steroids, framed by kitsch-slender Corinthian columns—and by a veritable cornucopia of brothels. A town of about fifty thousand, Bijeljina now has eight such emporiums. ("Dodge City," as a friend of mine mutters.) The second most luxurious of them used to be owned by the former



The twin capos of corruption: Momcilo Krajisnik (at left) and Radovan Karadzic now feed off the people they once led into war.

were evicting but then by turning such new-honed skills on their remaining countrymen. One of the principal figures involved in the cleansing of Bijeljina, for instance, had become a specialist in security services and real estate, shaking down local businessmen and offering incoming Serb refugees their pick of "abandoned" homes, provided that they could come up with the requisite sweetener.

Bijeljina's geographical location—wedged right up against the border with Serbia proper—had also made it an ideal center for smuggling and contraband activities, especially after punitive embargoes started getting imposed on the Republika Srpska as the war dragged on. The same leaders who had managed the town's cleansing and in the years since had taken up positions of authority in its civilian, police, and customs establishments—"the mob," or "the mafia," as everyone else started referring to them in hushed tones—took charge of this fleecing as well, skimming tidy cuts off the top of ev-

chief of police (who recently cashed out); the most luxurious is said to be controlled, through relatives, by the head of the local branch of the ruling S.D.S. Party.

Meanwhile, my friend's father, a longtime schoolteacher, hasn't received a paycheck in more than six months: the town's coffers are desperately depleted, he has been begged to understand.

Much the same situation exists throughout the rest of the Republika Srpska. Prijedor, in the northwest corner, was the site of some of the most vicious fighting at the outset of the war, in which fifty-five thousand local Muslims and Croats were ethnically cleansed, many by way of the notorious concentration camps at Omarska, Keraterm, Trnopolje, and Manjaca: stripped of their possessions, the victims were forced at knifepoint to sign over deeds to any real property before being expelled—those who survived, anyway—into desperate exile. The police chief who played a leading role in that bloody operation, Simo Drljaca, managed

to retain control over the resulting purified *opstina*, or district. Locally, he was known as Mr. Ten Per Cent, because of the kickbacks and extortion payments he squeezed from almost every commercial enterprise in town.

What's more, four of the seventy-six people publicly indicted as war criminals by the War Crimes Tribunal in The Hague had retained plum positions in the Prijedor police force. And several of Drljaca's old colleagues from the so-called Crisis Staff, which oversaw the district's ethnic cleansing, had retained high civilian offices in the cleansing's aftermath. For example, Milan Kovacevic, an anesthesiologist who is reported to have managed the transport of thousands of his neighbors and colleagues to the concentration camps—from which many did not emerge alive—had in the meantime become the director of the Prijedor Hospital, and in that position, according to a Human Rights Watch report earlier this year, he'd been siphoning off hundreds of thousands of dollars' worth of international relief assistance.

Here, as elsewhere, the international forces assigned to the town to monitor compliance with the Dayton agreement have tended to gaze on indifferently. The tribunal in The Hague has regularly registered pleas that they go after at least those indictees whose whereabouts were known to everyone. (The tribunal, like most judicial-prosecutorial organs, can't

lay claim to any real police force of its own, and has to rely on others to make the actual arrests.) But the international forces, under orders from their commanders (who, in turn, have been taking their lead from the civilian commanders of the various contributing NATO countries), were entertaining the narrowest possible reading of their Dayton "mandate": they were technically authorized to make an arrest if they came upon a suspect during their daily rounds, but they were taking every possible precaution to avoid doing so.

At the time I arrived in the Republika Srpska, the entire place seemed to have become criss-crossed with corruption, with all the lines converging on the wartime capital of Pale, the former ski resort in the mountains above Sarajevo. Pale had been the site of many of the premier events in the 1984 Winter Olympics but had since degenerated into a sort of down-market Berchtesgaden—or, rather, as some of the locally based international correspondents and peacekeepers had joked during the war, each time they'd had to undertake the dangerous climb out of besieged Sarajevo, "Well, time to be heading back to Twin Peaks."

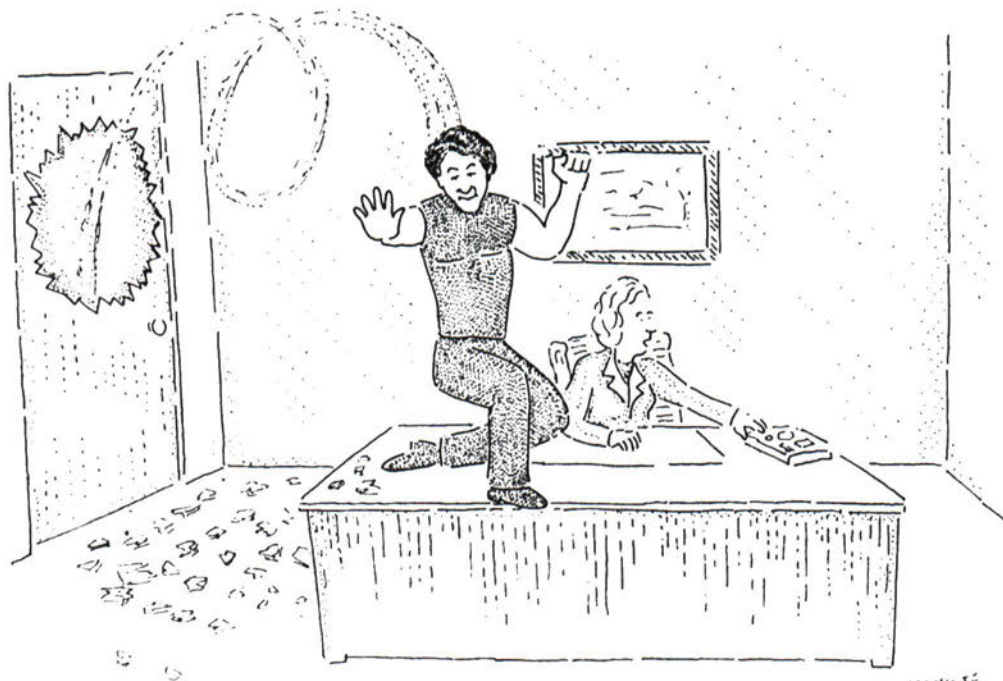
The epithet perfectly captured the spooky, vaguely creepy aura of the place, crammed as it was with urbane Sarajevo politicians and businessmen who had skipped town one fine spring day in 1992,

convinced that they would be returning home in triumph within the week. They'd hardly even bothered to pack any bags. But one week passed and then another, and then the weeks dragged into months, and on into years, and they all began going a little stir-crazy.

With time, the epithet began to take on additional shadings, evoking the two leaders who clearly commanded the place—the twin *capi di tutti capi* at the top of what had become a double pyramid of extravagant corruption: Radovan Karadzic, the former psychiatrist, would-be poet, and President of the Republika Srpska; and Momcilo (Momo) Krajisnik, the onetime contractor who had become the Speaker of the Bosnian Serb Parliament. The two (the former known for his awesomely big hair, the latter for his awesomely thick eyebrows) had known each other for years. They had even spent time together in prison back in the mid-eighties, though not for political crimes. Rather, they had been convicted in a shady business scheme involving the illicit transfer of funds into a chicken-farming operation.

Karadzic had twice been indicted as a war criminal by the tribunal in The Hague, for his command responsibilities in the massacre of as many as eight thousand unarmed Muslim prisoners following the collapse of the supposed safe haven of Srebrenica, in July, 1995, and, before that, for the ethnic cleansing in general and, in particular, his role in the bombardment of civilians in Sarajevo, where close to ten thousand died during a three-and-a-half-year siege. In those days, he had regularly visited his troops overlooking the city, in order to serenade them—accompanying himself on the single-stringed *gusla*—with bloodcurdling passages from the Serb epics, evoking heroic martyrdoms wending all the way back to the Battle of Kosovo, in 1389.

Karadzic wasn't even supposed to be in Pale anymore, let alone in power there. Dayton specifically forbade the continued tenure of indicted war criminals. But NATO personnel tended to ignore the situation. Even after he was finally forced to resign the Presidency in the lead-up to the parliamentary elections of Sep-



"A Mr. Jackie Chan to see you, sir."

THE TICKET

The poet saw the moon dimglimmering
through the dewy windowpane.
It was a nineteenth-century moon, soft as moths.
And he was on laudanum or opium.
Only yesterday when I asked her on the phone
why she sounded so happy, she replied,
"I'm on psychopharmaceuticals and in the country."
Ah, that's the ticket.

—HARVEY SHAPIRO

tember, 1996, everybody in the Republika Srpska knew that he retained complete control over the Serb entity and its still thriving black market and smuggling operations. After all, his personal enforcer, Interior Minister Dragan Kijac, had twenty-five to thirty thousand police agents under his command.

As for Momo Krajsnik, who had not been indicted at The Hague, he was able to secure the Serb seat on the tripartite cooperative Bosnian State Presidency, whose effective functioning he immediately started attempting to bollix. But everyone knew that such machinations absorbed only so much of Krajsnik's time. For one thing, he had to monitor his family's lumber monopoly, the spectacularly lucrative foundation of his own illicit empire. Not only was Krajsnik neglecting to pay taxes on any trees he cut but he didn't seem to have to pay for the lumber itself: his people were able to chop away pretty much at will anywhere in the Republika. Who was going to stop them, and who else was going to try to compete? Meanwhile, the lumber trucks, barrelling noisily and often perilously through the narrow streets of Pale at all hours of the day and night, lent the place another of its Twin Peakish aspects.

EVERYONE knows where Radovan Karadzic lives—in the vast compound on the outskirts of Pale, ringed by security agents. Everyone knows when he cruises around town in his chauffeur-driven sedan, unmolested by NATO. Everyone knows his kids, perennially draped in ill-matched designer clothes and tooling about in flashy cars. Everyone knows his legion of bodyguards, each of whom appears to have grown rich in his employ. "Those guys," a longtime resident of Pale

commented to me one morning, dismay spreading across her face as one of them went racing by in his spanking-new roadster. "They change their cars almost as often as they change their undershorts." The car careered around a bend and on out of sight. "More often," she corrected herself.

The Serbs are not the only Bosnians afflicted with corruption among their leaders. Things are almost as bad among the Croats, and though perhaps not quite as bad yet in the Muslim sector, they're getting worse there, too. In fact, the ethnic mafias exist in a state of near-perfect equilibrium.

"Dayton is functioning well at the level of the mafias," another independent journalist, this one in Bijeljina, told me. "I mean, take the car mafias. Each of the entities has its own car mafia, and they're in continuous touch with one another, sometimes even by walkie-talkie. A car gets stolen in Croatia, it's driven to the Republika Srpska border, where it gets traded for one stolen on this side. The police on either side claim they can't follow up on the thieves, because their respective forces don't communicate on an official level. But some of the same police are often themselves the mafia guys, or anyway they have been paid off by the mafia to provide phony documents or else to turn a blind eye. It's a whole elaborate system."

It's a system whose roots go back to the war, perhaps even to before it started. One afternoon, a United Nations monitor, a veteran of almost five years in Bosnia, shook his head dispiritedly, saying, "With that war, when you got down to the ground level, when you got under the skin of it, all the high-blown ideology and the nationalist rationales just seemed

to melt away, and all you were left with was mad savagery and greed, and it was enough sometimes to make you sick. And that was true on all sides. Whenever you sat the leaders down in a room—the heads, as I came to think of them, of the various heart-of-darkness constituencies—they all understood one another perfectly well, and they got along famously."

The journalist in Bijeljina, after describing the stolen-car rackets for me, said he wondered who was using whom. "Did the mafias promote the upsurge of nationalist feeling from the outset, banking on a war that they'd all subsequently be able to cash in on?" he asked. "Were the nationalists, for their part, relying on mafia types to help spread the sort of terror that alone could provoke the kinds of mass exodus that their doctrine of ethnic cleansing required? Were mafia types masquerading as nationalists, or did they maybe authentically believe all that stuff,

or was it, rather, that the nationalists—or some of them, anyway—only gradually succumbed to the criminal temptations all around them? I don't know. I do know that the nationalist parties maneuvered the country into war, and that the minute it started the common people on all sides were drafted and sent off to the front, while the mob operated behind the lines, trading among themselves, stealing and profiteering and cross-dealing. It was behind the lines that the fortunes were being made. And it goes on to this day. Those idled factories. Towns with employment rates of twenty per cent—that's *employment*, not unemployment. It's in the leaders' interest: an idle factory's market value continues to plummet, and now, of course, with the call for market reform and privatization, the same two or three guys are going to be able to buy up the whole economy of the Republika Srpska. It just goes on and on."

THE question I kept coming back to was *why* did it go on and on. Why did the common people of the Republika Srpska, for example, continue to put up with such shabby and life-sapping corruption instead of rising up in revulsion?

Well, for one thing, the relentless pauperization of the general population tended to undercut the potential for defiance. What's more, this war waged on



behalf of the Doctrine of Serbian Unity had ended up producing almost unprecedented disunity among the Serbs. When an entire village was uprooted, individuals from that village were often scattered among several widely separated receiving points; the separated refugees were far easier to manage, far more vulnerable, and, hence, far more deeply in thrall to the whims of the local officials. Meanwhile, fissures opened up in those newly constituted townships. After all, what did Herzegovinian peasants have in common with Bijeljina townsfolk? Time and again, in Bijeljina and Banja Luka and Zvornik and Vlasenica, I heard townspeople characterizing their new neighbors in terms dripping with bigoted contempt ("those yokels," "those illiterate slob," "those shiftless, lazy petty thieves")—indeed, in terms nearly as bigoted as any they reserved for their supposed ethnic enemies. In fact, not infrequently, although in a more circumspect tone of voice, I heard expressions of nostalgia for the old Muslim neighbors, with whom one at least shared a certain literacy and sophistication and humor, a frame of reference, a certain history.

However, if the immediate experience of daily life was one of atomization, the crushing weight of public pressure was toward an enforced homogenization: the surrender of any sense of self to the vast collective; the endlessly repeated need for continued vigilance and the continuing unity of all Serbs behind their leaders. After all, in each of Bosnia's entities, the principal media were still in the hands of the same parties and mafias whose hyper-nationalist exhortations back in the early nineties had set the stage for war in the first place.

Over the years, I've repeatedly heard accounts of how age-old and intractable ethnic hatreds in the Balkans made the recent war inevitable; it's a theory prized with almost equal fervor by local hyper-nationalists and foreign hesitationists, but I don't buy it. I've heard too many times that five years or two years or six months before the actual outbreak of the war nobody could have imagined that things were going to come to that—not here in this town, with these neighbors. The trouble is that, notwithstanding such mild sentiments, these same people, in overwhelming numbers, had voted for their respective nationalist parties in the crucial elections of 1990. They'd done so largely

out of propaganda-induced fear—specifically, fear that their neighbors would be voting for *their* nationalist parties, and so one had to support one's own, if only in prudent self-defense.

The same mass psychology that animated the descent toward war five years ago continues to predominate today: leaders on all sides are able to intone that if you think you had cause to fear and hate the other before this war, just think of all the cause you have now, after everything that's happened since—at which point the axiomatic life-and-death necessity of falling in behind those same leaders is meant to become self-evident.

It's a psychological gambit that tends to work. (Among Karadzic's specialties as a psychiatrist was paranoia.) Or, anyway, this is how I came to understand a subsequent remark by the woman who had been complaining so bitterly about how the Pale bodyguards seemed to change their cars more often than their undershorts. "Doesn't that annoy people?" I had asked her. "Why don't they rise up in rebellion?" She smiled, and said, not entirely self-deprecatingly, "Ah, we Serbs tend to respect successful corruption. You know, the Big Man—that sort of thing." If our leaders can treat us, whom they purport to love, in this way, she seemed to imply, just imagine what they'll do, if necessary, to those we hate in common.

And then there's the tribunal factor. It has been lost on no one that many of those indicted in The Hague emerged from the war as the leading mafiosi or security or political figures in the new order, whereupon they took to feasting on their own. One might think that, among the victims of their current depredations, this would have lent credence to the tribunal's charges against them, but just the opposite has tended to occur. The indictments get portrayed as an aspersion against all Serbs—an especially ironic charge, since the tribunal has repeatedly insisted that it is endeavoring to establish

individual criminal culpability precisely as a way of dispelling imputations of collective guilt. That message is clearly not getting through. Even more chillingly, the indictments are repeatedly cast as a potential personal threat to each and every individual Serb.

So the blockage within seemed total: the leaders entrenched, the populace entrapped. Among the international players, everyone seemed to favor arrests—often vociferously and somewhat self-righteously—only on the condition that someone else do the actual arresting and, in the end (after considerable furrowing of brows and poring over mandates), that the leaders of the various Balkan entities themselves be the ones to do it. And that, of course, wasn't about to happen. Meanwhile, the economy of the Republika Srpska lay mired in corruption so thick that neither international investment nor international assistance seemed likely to come flowing in anytime soon in anything more than a trickle. History seemed to have got stuck at high feudalism.

Everything had come to a standstill, and then—history being history—suddenly everything began to move again. The catalytic agent behind this lurch forward seemed most improbable: Biljana Plavsic, a sixty-seven-year-old biology professor, late of the University of Sarajevo, who had been one of the most fervently hyper-nationalist bulwarks of the wartime regime in Pale, where she had been serving as one of two vice-presidents under Karadzic. At the time, she was dismissed by most observers as an unmitigated wacko. For instance, she often contended, speaking professionally as a biologist, that Serbs were genetically superior to Muslims; one day, she even claimed that Bosnia's Serbs were genetically superior to their metropolitan Serb counterparts, since for generations they had been required to survive amid their predators. In a similar vein, she had proposed that Sarajevo should eventually be divided into two sectors, with most of the city going to the Serbs, since it was well known that Muslims liked to live on top of one another—it was part of their nature—whereas Serbs had more normal spatial requirements.

Plavsic was, in sum, from Karadzic's point of view, a truly useful idiot, and, for that reason, in the summer of 1996, when he was finally forced to relinquish the Presidency, he had had her installed in his

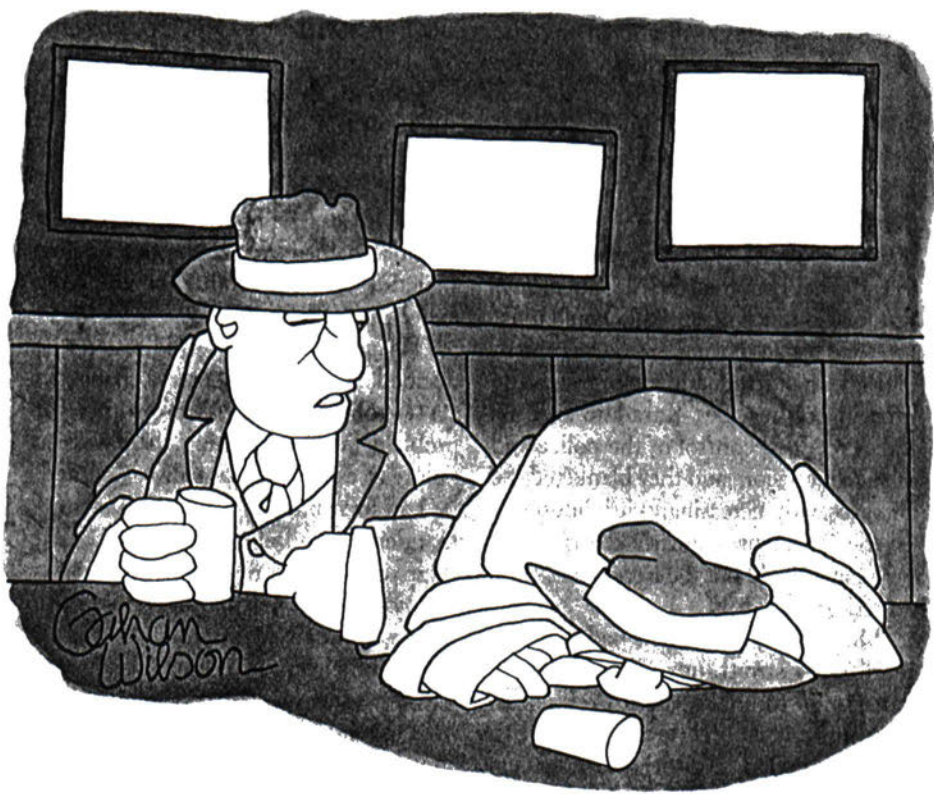


place, as a delegated puppet. This proved to be a big mistake, for he did not take into account two salient features of her personality: she was, by all accounts, personally uncorrupted, and when it came to Serb nationalism she was a true believer. She really was doing all this for her people, however quaintly naïve that may have seemed.

No sooner had Plavsic been ensconced in the Presidency than, to hear her tell it, she suddenly became aware of all sorts of shady dealings. During the winter of 1996-97, Serbia proper erupted in demonstrations against President Slobodan Milosevic. Alone among the Bosnian Serb leaders, Plavsic sent public messages of support to the Belgrade rallies. She had come to hold Milosevic responsible as the great archtraitor of modern Serbian history, both for his own pervasive corruption and for his betrayal of the Bosnian Serbs at Dayton, where, in a mad scramble to reinvent himself as the indispensable Man of Peace, he heedlessly sacrificed their claims to, among other things, Sarajevo. (It's worth noting here that, just as the initial upsurge of Bosnian Serb nationalism before the war had been but a side manifestation of Milosevic's own grotesquely opportunistic lunge for power back in Belgrade, so the Twin Peaks of Bosnian Serb corruption during and after the war were but foothills to the veritable Himalaya of such venalities that constitute the essence of Milosevic's regime.)

In the months that followed, Plavsic made a few tentative attempts at curbing the excesses of the security police tied to Karadzic's enforcer, Interior Minister Kijac, but then pulled back in the face of his manifestly superior power. After that, she seemed to disappear from the scene; indeed, she was seen less and less in Pale, having repaired to Banja Luka, the Republika Srpska's only real city.

In early June, the new American Secretary of State, Madeleine Albright, who had been a longtime proponent of more robust rules of engagement for international forces in Bosnia, and had probably grown tired of Washington's endless bureaucratic seesawing on the subject, set off on a whirlwind tour of the former Yugoslavia—in part, apparently, to see if she might be able to stir things up on the ground. As one element of that trip, she met with President Plavsic, in her Banja



"Of course, you see everything from a very special perspective."

Luka office, for almost an hour and a half. Albright appears to have warned Plavsic that the Republika Srpska existed, to the extent that it existed at all, only by virtue of the umbrella provided by the Dayton agreement, and that American and NATO patience was fast running out.

Four weeks later, on July 2nd, Plavsic, taking full advantage of the prerogatives of her office, delivered a televised address to the nation, which the nation absorbed, drop-jawed in amazement. At last, somebody was saying what everyone had been thinking but hardly anyone else had dared speak of in anything more than a whisper behind closed doors. And over Pale television, no less! Having described the Republika Srpska as "a state in which the budget actually does not exist, where police are involved in smuggling and stealing from their own state, and where a majority of the population is living in abject poverty," Plavsic went on to note that, while bribes and illicit profits coursed regularly into the pockets of a few individuals, the state, bereft of revenue, was unable to pay its teachers or its doctors, or even to bankroll the proper upkeep of its Army. Then, rehearsing the history of her Interior Minister's blatant insubordi-

nations, she noted how he might well be "receiving instructions from somebody else, who, according to the constitution, has been barred from such activities since the September elections"—a direct jab at Karadzic. In any case, she continued, "I am insisting on Minister Kijac's resignation."

After alluding to the warnings she had clearly received from Secretary Albright, she reminded her listeners that "seventeen thousand young people gave their lives for this state," further insisting that its current course could lead only to catastrophe. "Dear people of the Republika Srpska," she concluded, "all that is being asked is that responsible people behave responsibly toward the state. An end has to be put to the gray economy, to crime, and to the habits of the past. We do not have much time."

On that last point, at least, Karadzic and Krajisnik and Kijac all seemed to be in full agreement. Kijac announced that he would ignore his dismissal, while Karadzic and Krajisnik rushed to mobilize their allies in parliament for a special session, aimed at securing the President's removal. Plavsic was not without options of her own, however, at least on paper. Taking advantage

of the remarkable constitutional prerogatives assigned to the Presidency (an office that had been custom-designed to meet the commodious specifications of Karadzic himself), she preemptively suspended parliament and called for new elections in September. "Oh, yeah?" the Twin Peaks seemed to reply. "You and whose police force?" They convened the parliament anyway—or as much of it as they could muster—and began moving toward her ouster.

Plavsic started addressing steadily growing rallies, but Karadzic and his forces retained control of the police and of state television, and they blanketed the airwaves with increasingly vitriolic attacks on the President, regularly charging her with having sold out the Republika to the Americans.

Meanwhile, if Albright had been intending to stir things up in the Balkans so as to shake them up back in Washington, she certainly seemed to have succeeded. As the NATO leaders gathered for a summit in Madrid, on July 8th and 9th, there were growing indications that, in the light of the perilously unfolding power struggle in the Republika Srpska, the famously constricted "mandate" might be due for expansion.

And indeed, just a few days later, on

July 10th, NATO forces struck. Acting on a set of secret indictments, British special-forces teams swooped down on Prijedor, arresting the hospital director, Milan Kovacevic, in his office without a struggle, and engaging Mr. Ten Per Cent—Simo Drljaca, the notorious police chief who had helped oversee the cleansing of Prijedor—in a firefight, in which he ended up dead.

The action was a clear indication of a decided, if only momentary, change in NATO policy—but it was also somewhat problematic. For one thing, there was the failure to capture Drljaca alive. Granted, he had fired first, and the military commanders had all along complained that their people were never trained for this sort of police role. Still, he would have been an immensely important catch for the tribunal, especially when coupled with Kovacevic, who in several interviews over the last eighteen months has been showing signs of being as pickled in guilt as he is in alcohol.

At the end of July, Kovacevic was brought before the tribunal and pleaded not guilty. But if somehow, down the line, he can be caused to "turn," he could provide immensely detailed information on the horrific Prijedor cleansing. Com-

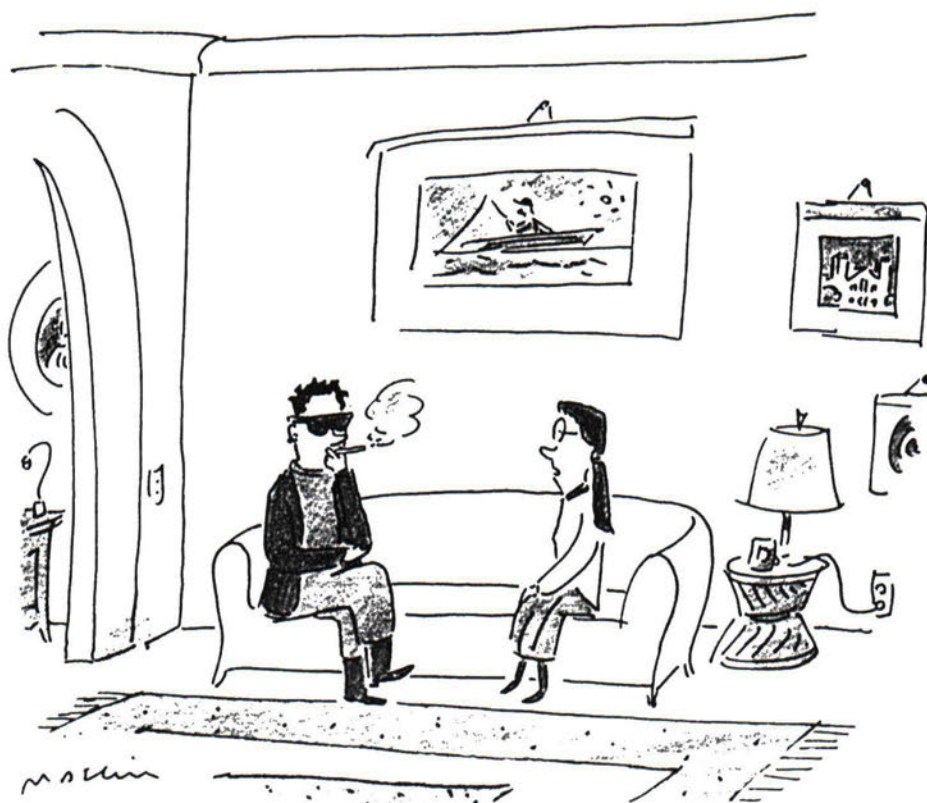
mand responsibilities for that campaign, however, led through Drljaca and from him on up to Belgrade and, possibly, to Milosevic himself. With Drljaca's death, yet another of the evidentiary trails that could have led toward Milosevic has been sundered.

But even more problematic than the outcome of these arrests was the choice of targets. These weren't small fry, by any means. (Drljaca, in particular, would have been included in almost anybody's Top Five list.) Rather, the issue was whether, especially given the current political crisis, with Karadzic's popularity at an all-time low amid the charges of corruption, it might not have made more sense to go after him first.

At any rate, the raid proved a disastrous setback—in the short term, at least—for President Plavsic. Pale television went on the offensive, playing film clips of the Albright-Plavsic meeting virtually non-stop while intimating that the President was guilty of treason. The attack was portrayed once again as an attack on all Serbs, and they were once again enjoined to hunker down, themselves against the world—a struggle that Plavsic was clearly no longer in a position to lead.

Posters went up all over the Republika showing photographs of a defiant Karadzic underscored by stark warnings—in English—to NATO forces: "Don't Touch Him" because "He Means Peace." A campaign of pinprick terrorism swept the region, ranging from midnight bombings of cars parked outside the homes of international observers to swipes at patrolling soldiers (by, variously, scythes and speeding Mercedeses). This was a game at which the Serbs were past-masters—the sort of thing that used to thoroughly spook Western leaders.

And yet it didn't seem to be working this time. The new Labour Foreign Secretary in Britain, Robin Cook, didn't seem the least bit fazed. The new American military commander on the scene, General Wesley Clark, seemed to be taking a decidedly broader view of his mandate than his predecessor, General George Joulwan, and so did the new civilian High Representative, Spain's Carlos Westendorp: he began making comments to the effect that not only would the war criminals have to be arrested in short order but corruption was going to have to be



"What's a nice guy like you doing in a persona like that?"

flushed out—perhaps by freezing foreign bank accounts. Even the old players were making new noises: NATO's secretary-general, Javier Solana, of Spain (a friend and former colleague of Westendorp's), was suddenly declaring that he wouldn't consider NATO's Bosnian mission complete until all the indicted war criminals had been delivered to The Hague. All these foreigners were converging on the region, and so was Richard Holbrooke, the architect of the Dayton agreement, whom President Clinton hauled out of retirement for one last arm-twisting tour in the first week of August, including yet another, and perhaps final, showdown with his old Dayton partner, the arch-villain Milosevic himself.

Whether the huffing and puffing would amount to anything remained to be seen. But there did seem to be a new sense of urgency—a sense that the next few weeks could decide the fate of the Dayton dream of a federated Bosnia, at peace, in which refugees might once again be able to return to their homes and ordinary people be allowed, finally, to take up the rebuilding of their communities.

NEVERTHELESS, even with all this new activism, it may be just too late to envision any sort of true ethnic reintegration for Bosnia. That's the reluctant conclusion toward which the Belgrade-based political analyst Aleksa Djilas—son of the great dissident Milovan Djilas, and himself an inveterate nonnationalist—has recently found himself tending. "I mean," he suggested hesitantly, "it's a little like a situation where a beautiful woman is walking down the street and a madman dashes up to her and slashes her face with a razor, exultantly screaming, 'I la ha, ha ha, you'll never be beautiful again!' Sometime later, the woman goes to a plastic surgeon, and the doctor examines her carefully, tenderly, before sighing, 'Alas, alas, you'll never be beautiful again.' It's the same sentence but with two radically different connotations—the difference between advocacy and diagnosis." He was quiet for a few moments, then added, "And, alas, alas, maybe Bosnia never will be beautiful again."

Maybe. And maybe even worse. For if the international forces now hesitate again (and history affords small cause for confidence in this regard), and if Plavsic

loses out—or maybe even if she wins (because, for all her daring, she remains an unreconstructed hypernationalist)—the Bosnian Serbs may continue obdurately refusing to cooperate in any meaningful way in the peaceful reintegration of the country, and at that point NATO may really give up in exasperation. If the Americans do pull out by July, 1998, as they are currently scheduled to do, everyone else will pull out as well.

Then, in all likelihood, the war will resume, and it could be a very short war. The Federation Army has been steadily building itself up, and the Serbs can no longer rely on the monopoly of heavy weaponry, upon which they based their spectacular early successes in the last war. In fact, the Republika Srpska Army is completely demoralized and gutted of effective leadership. The Muslims will be fighting to return to the idealized fantasies of their former homes, while the Serbs will only be defending the wretched wasteland that their leaders have made of their current ones. Their leaders, meanwhile, will very likely have skipped town, their wealth securely socked away in Cypriot bank accounts, their Belgrade villas handsomely outfitted—just as the Serb leaders did in the Croatian Krajina and in western Herzegovina before the outbreak of the final Bosnian-Croat offensive in 1995. The war, then, will be short and brutal, with perhaps a million Bosnian Serbs being forced from the lands their ancestors inhabited for centuries, and relegated to a life of abject desolation as refugees among the Serbs of Belgrade, who will have at last achieved the dark realization of the dream that Milosevic originally sold them on ten years ago: all Serbs in one state, indeed. The metropolitan Serbs will despise these new refugees (just as they despise the current crop) as the persistent mirror of their own onetime folly, and they will make the refugees know it. And that will be that. Except that, of course, it won't be. Those desolate shantytowns will doubtless incubate the next batch of history's aggrieved Serbs, avid for revenge and just itching for the next Fascist crusade to come along.

Or, then again, maybe not. There's a field alongside the road between Tuzla and Breko, near the place where the

highway crosses over from the Muslim-Croat Federation into the Republika Srpska. It was once the site of pitched battles, salted with trenches and mines, and, in fact, it marks the place where the war came to an end. Once the Americans arrived, they cleared the minefields and established a frontier checkpoint, and, little by little, merchants from either side of the divide started coming to

trade. Nowadays, by eight or so in the morning the place is swarming, with tens of thousands of merchants and customers trading everything from cas-

sette tapes and batteries and detergents and vegetables to stoves and cars and cattle—everything, they like to say, from pins to locomotives.

There are claptrap bars and outdoor cafés, and at one of those cafés, one afternoon, I happened upon a group of about eight merchants, relaxing after a busy day, joshing and ribbing and laughing up a storm. Two of the guys were Serbs, another was a Croat; there were two Muslims, a Montenegrin, and even a Hungarian, from the Vojvodina. I asked if any of them had fought in the war. "Oh, sure," one of the Serbs said, laughing. "In fact, I was stationed right up there." He turned, indicating the hills behind him. "And you were firing at me over there," one of the Muslims chimed in, pointing in the other direction and laughing just as hard. "A pathetic shot!" A waitress brought a round of drinks, and everybody toasted everything. I asked whether it felt strange for them to be gathered together like this after so much killing. The other Serb fixed me with his eyes. "Look," he said. "The thing you have to understand is that for eight hundred years around these parts, going all the way back to the Middle Ages . . ." Oh, no. I felt myself deflating. Here it all comes again: the Battle of Kosovo, the massacres during the Second World War, the endless endlessness of it all. "For eight hundred years," he repeated, "people around here have lived with each other *in peace*. Catholics, Muslims, Orthodox, Jews. In peace. No one anywhere else has been able to pull such a thing off. Sure, every once in a while some crooked politicians come along and muck everything up, but eventually they leave, and we're all still here. And people here know how to get along." ♦



Clean Air Rule

Roger M. Schwarz
Director - Federal Affairs

Public Service
Electric and Gas
Company

Washington, DC
202/408-0800
202/408-0214 - Fax



Bill Clinton

Copied
McGinty
COS

THE PRESIDENT HAS SEEN
8-13-97

Kathy McGinty

Then man told me
he'd like to keep us safe
and implement the new
clean air rule - You
or someone should
contact him - we need
the help!

BC

President of the United States



THE PRESIDENT HAS SEEN
8-13-97

copied
Sperling
LOS

Department Of The Treasury
Office of Tax Legislative Counsel
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

August 10, 1997

To: Gene Sperling

Fax: 456-5364

Confirmation: 456-2878

Number of pages (including this coversheet):

From: Jon Talisman/Clarissa C. Potter

Tel: 202/622-0140 or 0999

Fax: 202/622-9260

Attached are three additional items we prepared last night: (1) talking points on active financial services income, (2) an example for active financial services income, and (3) talking points on rollover of gain from a sale to a farmers' cooperative. We are continuing to work on the various other items you requested. We will fax you these other items when they are completed. Please call either of use if you need anything in the meantime.

NOTE: THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHOM IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND/OR RESTRICTED AS TO OR EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. If the recipient of this message is not the addressee (i.e. the intended recipient), you are hereby notified that you should not read this document and that any dissemination, distribution, or copying of this communication, except insofar as is necessary to deliver this document to the intended recipient, is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone, and you will be provided further instructions about the return or destruction of this document. Thank you.

EXEMPTION FOR ACTIVE FINANCING INCOME

Question: What was this provision supposed to do?

Answer: It is a special targeted provision designed to permit a small number of major U.S. banks, financing companies, insurance companies, and securities firms to avoid current tax on their income from overseas operations so that they may compete effectively against their foreign-owned competitors.

Question: Can you explain why this item is being canceled?

Answer: This provision was based on good policy, but is so inherently flawed that it cannot be countenanced. We also believe those flaws were understood when the bill was enacted and they were knowingly retained. Moreover, the provision was only to have been in effect for a single year.

Background: We worked closely with the affected industries and with the professional tax staff of Congress in an attempt to develop an acceptable proposal to address the financial industry's concerns. However, the modifications necessary to address the tax policy concerns were blocked. As a result, the provision has significant flaws that open the provision to abuse.

The provision's importance is masked by the limited time it is to be in effect. Despite the fact that the provision may not have received proper scrutiny by members of Congress or proper analysis by staff, there will be a strong presumption in its favor when it is being considered for extension.

Question: What kind of abuses would the provision have allowed?

Answer: It would have allowed some companies to avoid paying their fair share of tax by hiding income offshore in tax havens.

Question: Who would have benefited from the provision?

Answer: Any U.S. financial services company that has operations in a foreign subsidiary. This includes large U.S. banks, financing companies, securities firms, and insurance companies.

Question: Are there only 100 foreign subsidiaries of U.S. companies that could take advantage of this provision?

Answer: There may actually be more than 100 of the foreign subsidiaries, but it is their U.S. parent corporations that are the beneficiaries of this provision. We are confident that this provision would benefit 100 or fewer of these parent corporations in any fiscal year it is in effect.

Background: This provision applies to a taxpayer's first full taxable year beginning in calendar year 1998. Such years could begin as early as January 1, 1998, and could end as late as November 30, 1999. Thus, it applies in government fiscal years ending in 1998, 1999, and 2000. Although we understand that there may be approximately 250 taxpayers affected by the provision, we further understand that only very few of these taxpayers use taxable years that will result in tax benefits from this provision in the government's fiscal year ending September 30, 2000.

Question: You say the provision was based on good tax policy. Would you oppose ever adopting a similar provision to help our financial services industry compete overseas?

Answer: Although we find this provision unacceptable, we intend to continue working with Congress and the financial services industry to develop an appropriate regime for providing deferral benefits for active financing income. We believe that together we can develop an appropriate proposal that will satisfy the legitimate concerns of both industry and government.

Background on law:

U.S. corporations generally are required to pay current U.S. tax on easily moveable income earned by their foreign subsidiaries. U.S. taxation of other income of a foreign subsidiary, such as income earned in a local foreign manufacturing or service business, may be deferred until the earnings are paid into the U.S. as dividends. Any U.S. tax on foreign income may be reduced or eliminated by credits for foreign income taxes paid on the income. Thus, deferral of U.S. tax is of greatest value where local income taxes are low.

The theory behind deferral for the earnings of foreign subsidiaries is that it permits the subsidiaries to compete directly in foreign markets without the possible disadvantage of incurring current U.S. tax costs that are higher than applicable local tax costs. In the case of activities that are inherently mobile, there are no local competitive pressures; deferral would simply permit taxpayers to shift income from the United States to tax-haven jurisdictions.

Prior to 1986, income earned in connection with the active conduct of foreign financial services businesses, including interest, dividends and certain gains, generally was eligible for deferral. However, the Tax Reform Act of 1986 eliminated or curtailed deferral opportunities for such financial services income based on concerns about the ease with which financial services entities could shift income to tax-haven jurisdictions.

The provision would establish for one-year a rule that would allow deferral of U.S. tax on certain financial services income derived in the active conduct of a banking, financing or similar business that would not otherwise be eligible for deferral.

Revenue cost: The Joint Committee on Taxation has estimated the revenue cost of this provision to be a loss of \$94 million dollars through 2002. Treasury's Office of Tax Analysis has estimated that the provision will lose \$317 million dollars through 2002.

Active Financing Income Examples

Introduction:

The Taxpayer Relief Act contains a special targeted provision designed to permit a small number of major U.S. banks, financing companies, insurance companies and securities firms to avoid current tax on their income from overseas operations. While the primary purpose of the provision is proper, it has been drafted in a manner that permits substantial abuse and opens major tax loopholes for these companies. The proponents knowingly failed to eliminate the potential for abuse when the provision was drafted.

Purpose of the provision:

The primary purpose of the provision is to reduce certain financial services companies' U.S. tax burden on their foreign operations so that they may compete effectively against their foreign-owned competitors. Moreover, the provision was intended to treat financial service firms in a manner similar to manufacturers by allowing deferral of U.S. tax on "active business" income derived from transactions with customers. Like manufacturers, these banks, financing companies, insurance companies and securities firms generally have located their operations abroad for business reasons and thus their operating income should receive similar tax treatment.

Example: U.S. bank locates a company with an active banking operation in the United Kingdom because it has customers in the U.K. The U.K. bank earns interest income on loans that it makes to customers in the U.K. Under the law prior to passage of the Act, the interest income would have been taxed currently in the U.S. (subject to a tax credit for taxes paid in the U.K.). The provision would allow the U.S. tax on the interest income to be deferred until the interest income is repatriated to the United States.

Abuse potential:

The provision has a fundamental flaw that would allow the provision to be abused and would allow financial companies to avoid U.S. tax by diverting income to tax-haven jurisdictions such as the Cayman Islands.

Example: Assume the same facts as in the first example, except that the U.K. bank borrows money from a Cayman Island subsidiary. The interest paid to the Cayman company on this borrowing would be deductible to the U.K. bank (and accordingly would reduce the amount of U.K. tax it pays), but would be subject to little or no tax in the Cayman Islands. This income should not be entitled to the benefits of the special rule for active-business financing income because the Cayman subsidiary has no "active business" operations and no customers, but is being used merely as

a mechanism to avoid tax. The provision, however, allows the "active business" treatment of the U.K. bank to cause the Cayman lender's activities also to be treated as "active business" income. This so-called "look-through" treatment undercuts all of the protections included elsewhere in the Act. Thus, under the provision, the income is not subject to current U.S. tax on competitiveness grounds, even though it has been shifted to a tax haven.

This full "look through" treatment gives the financial service companies a better deal than manufacturers, who are not entitled to defer U.S. tax on income that is shifted outside the country in which they operate. Moreover, it provides an incentive for financial service companies to export U.S. jobs to tax-haven jurisdictions.

Example: U.S. bank consolidates its worldwide lending operations in a Cayman Islands subsidiary, moving credit analysts from New York and elsewhere. The Cayman Islands subsidiary has no Cayman Islands customers, and therefore no business reasons to operate there. From this base in the Caymans, however, the bank serves customers all over the world. Under the provision, the income from the Cayman activities are eligible for deferral of current U.S. tax even though they do not involve any customers in the Cayman Islands. The provision allows deferral without regard to where banking or securities customers are located.

The Administration is willing to continue to work with the proponents of the provision in order to develop an appropriate legislative proposal that allows deferral for the active business income of banks, financing companies, insurance companies, and securities dealers. However, the provision in the Taxpayer Relief Act is not acceptable.

DRAFT

**DEFERRAL OF GAIN ON CERTAIN SALES
OF FARM PRODUCT REFINERS AND PROCESSORS**

Question: Why was this provision chosen for a veto?

Answer: The provision ranks as one of the least defensible provisions in the Act from a tax policy perspective.

- It is a special interest provision that provides a tax benefit only to persons who sell corporate stock to farm cooperatives. There is no good tax policy reason for this different treatment.
- ✓ Farm cooperatives already have a significant advantage over corporate investors because the coops are generally exempt from tax on their income, while corporations have to pay tax on their income.
- ✓ It has features that are ripe for abuse. For example, it is possible for a seller under this provision to permanently avoid tax on gain from the sale.
- It is contrary to the consistent trend in the Internal Revenue Code away from special rules that allow taxpayers to escape tax on gain from the sale of a business.

Question: Does this mean the Administration thinks farmers are a special interest?

Answer: No. This provision is more likely to benefit big business than small family farms because the tax break is given to the seller of the processing plant, not the farmers' cooperative that buys it.

Background. The stated purpose of the provision to allow farmers to vertically integrate by buying the stock of processing facilities is not satisfied by the provision itself. There is nothing in the provision to ensure that a farmer cooperative will be able to capture the value of the tax incentive by paying a lower price for a processor. Even if cooperatives can capture a substantial portion of the tax benefit, there is no assurance that the benefit will go to individual farmers or small farms.

Question: Does the Administration oppose farmers' cooperatives owning processing plants?

Answer: The Administration supports the goal of encouraging value-added farming so that farmers can obtain some protection from price swings in their product. However, while it may

be true that the prices of processed agricultural products are less volatile than the prices of raw products, there are better, more efficient ways to promote value-added farming than the tax break given in this Act. This is an inappropriate use of the tax code.

Question: Don't employee groups and workers' cooperatives get this tax break? Why should farmers cooperatives be denied the same treatment?

Answer: The analogy between ESOPs (employee stock option plans) or workers' cooperatives and farm cooperatives is faulty. The special treatment of ESOPs and workers' cooperatives is based on the overall scheme for the tax treatment of workers' pensions, of which ESOPs and workers' cooperatives are an integral part. The treatment of farmers' cooperatives is unrelated. Moreover, the rules for ESOPs and workers' cooperatives contain appropriate restrictions that would not have applied to transactions covered by this provision, notably restrictions that the stock sold must not be traded on a securities market and that the seller must not be a corporation.

Question: Who would have benefited from this provision?

Answer: A seller of stock, which usually would be a corporation, would have benefited from this provision. We are aware of three or four transactions that were considering taking advantage of this provision.

Background: A big promoter of this provision was Harold Simmons and his company Valhi Inc. Valhi Inc. has transferred the Amalgamated Sugar Company to Snake River Sugar Company, a sugar beet farmers' cooperative, in a transaction that could defer Valhi's gain on the sale for up to 30 years. Although Valhi would receive little or no benefit from the provision at this time, Valhi has lobbied heavily on behalf of the provision primarily at the behest of the cooperative, which could have lower borrowing costs if the ownership of Amalgamated could be restructured.

Background on law:

A taxpayer may defer recognition of gain on the sale of "qualified securities" of a corporation to an employee stock ownership plan (ESOP) or an eligible worker-owned cooperative when the taxpayer reinvests the proceeds in certain other property. Gain is recognized later, when the taxpayer disposes of the replacement property.

The Taxpayer Protection Act of 1997 extends this deferral to the sale of stock of a refiner or processor to a farmers' cooperative. The treatment applies if the refiner or processor is a corporation whose only business is refining or processing agricultural or horticultural products that for at least the prior year has purchased more than one-half of these products from the cooperative (or the farmers who make up the cooperative). The cooperative must have acquired

100 percent of the stock. There is no requirement that the farmers' cooperative retain the refiner or processor for any length of time. The provision applies to sales after December 31, 1997.

Revenue cost: The Joint Committee on Taxation has estimated the revenue cost of this provision to be a loss of \$84 million over five years and \$104 million over ten years. Treasury has estimated the revenue cost of the provision to be a loss of \$98 million over five years and \$155 million over ten years.

THE PRESIDENT HAS SEEN
8-13-97

THE WHITE HOUSE
WASHINGTON

August 12, 1997

MR. PRESIDENT:

I understand from Erskine that you may want to see the guidelines on religious expression in the federal workplace that you are scheduled to release on Thursday.

In May, you approved a draft of a Presidential Memorandum and the accompanying guidelines (attached).

It's my understanding that you may have some concerns about the illustrations included in the guidelines -- illustrations such as religious proselytizing or pro-life advocacy (p. 3 and p. 7 of the guidelines respectively). Counsel's office notes that the guidelines (and the illustrations) have been carefully negotiated with outside groups, including those associated with the religious right, and that the guidelines are seen as a "package deal." Picking and choosing among the illustrations at this point could upset the unusual coalition supporting the issuance of the guidelines.

Phil Caplan

copied
Bowles
Echaveste
Ruff

Good OK
to the
[signature]

5-16-97

THE WHITE HOUSE

WASHINGTON

May 16, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN 

SUBJECT: Religious Expression in the Federal Workplace

In the attached memo, Chuck Ruff recommends that you approve issuance of a Presidential Memorandum and accompanying guidelines on religious expression in the workplace. DPC strongly concurs, while DOJ and OPM object.

The idea for guidelines and an initial draft came from the Christian Legal Society, American Jewish Congress, and People for the American Way. Our Counsel's Office then proposed White House participation, if the guidelines were limited to the federal workplace. **The basic principle of the guidelines is that religious expression in the federal workplace should receive the same level of protection as non-religious expression, with only limited exceptions, where, for example, the speech would violate the Establishment Clause as an official endorsement of religion, or constitute harassment or coercion.**

OPM and DOJ object on policy, not legal grounds. Both doubt the need for guidelines, saying that accommodating workplace religious expression hasn't been a significant problem. OPM also worries that the illustrations included in the guidelines -- such as religious proselytizing or pro-life advocacy -- may be seen by employees as a needless invitation to divisive conduct. Chuck answers by saying that problems involving religious expression in the workplace are likely to become more common, and defends the illustrations as necessary to demonstrate the principle that speech shouldn't be proscribed just because some find it offensive.

DPC concurs strongly with Counsel and sees the guidelines as especially useful since (1) the Religious Freedom Restoration Act may be overruled this spring by the Supreme Court, and (2) Republicans on the Hill have offered a religious liberty amendment that we will not be able to support. John Podesta concurs with Counsel, but questions the wisdom of including the pro-life illustration.

Approve memo/guidelines ☒Disapprove ☐Discuss ☐

1997 MAY 1 PM 5:24

THE WHITE HOUSE
WASHINGTON

May 1, 1997

MEMORANDUM FOR THE PRESIDENT

FROM:

CHARLES F.C. RUFF
Counsel to the President

SUBJECT:

RELIGIOUS EXPRESSION IN THE FEDERAL WORKPLACE

We are preparing to put into final form a Presidential Memorandum and accompanying Guidelines addressing the issue of religious expression in the federal workplace. These documents reflect the principles that led to your issuance of guidelines on religious expression in the public schools two years ago. Before the documents are presented to you for approval, however, we wanted to solicit your reactions on the substance of the proposal and the process we have followed.

BACKGROUND

For the past year the Counsel's Office, in conjunction with representatives from the Christian Legal Society, People for the American Way, the American Jewish Congress and the Department of Justice, has worked on developing guidelines governing religious expression in the federal workplace. Representatives from the National Catholic Conference, the National Council of Churches, the Baptist Joint Committee on Public Affairs, the Union of American Hebrew Congregations, the National Association of Evangelicals, the Equal Opportunity Commission, and the Office of Personnel Management have also, from time to time, been involved in these discussions.

The idea for this project originated with the Steve MacFarlane of the Christian Legal Society, Marc Stern of the American Jewish Congress, and Eliot Minberg of People for the American Way in response to the 1995 proposed EEOC guidelines addressing harassment in the workplace. The sections of the proposed EEOC guidelines addressing religious harassment were controversial and generated wide-ranging opposition from religious groups who believed that the EEOC guidelines might be construed by employers as prohibiting all religious activity in the workplace. MacFarlane, Stern, and Minberg believed that a set of guidelines dealing with religious expression in the workplace could be drafted which would be acceptable to most, if not all, religious organizations.

Accordingly, MacFarlane, Stern, and Minberg drafted a set of proposed guidelines which they circulated to various religious groups in the hopes that these guidelines could be issued as the product of a broad alliance of religious organizations. The Counsel's Office, however, suggested that it might be possible to issue the guidelines as a joint project of the White House and the religious groups if the guidelines were modified to meet certain objections and if they were narrowed to apply only to the federal workplace. The religious groups agreed and a draft entitled "Guidelines on Religious Exercise and Religious Expression in the Federal Workplace" was completed earlier this month. In its final form, the draft sets forth general principles and offers hypothetical examples illustrating the appropriate application of the principle involved.

The federal agencies that have been involved in the process, the Department of Justice, the Office of Personnel Management and the Equal Employment Opportunity Commission have signed off as to the basic propriety of issuing of the Guidelines. DOJ has also signed off on the constitutionality and legal validity of the principles and hypotheticals set forth in the Guidelines. DOJ and OPM, however, have raised policy objections to the Guidelines. These objections are discussed in Section V. below.

RELIGIOUS EXPRESSION IN THE WORKPLACE - GENERAL PRINCIPLES

The basic principle underlying the guidelines is that religious expression in the federal workplace should be entitled to the same level of protection accorded non-religious expression. For example, if a federal employee is allowed to display a poster with a non-religious message in her office, she should be allowed to display a poster with a religious message. Similarly, if employees are allowed to use space for non-religious meetings they should be allowed to use the same space for religious meetings.

The Guidelines also reflect that special restriction upon religious speech may be required in some circumstances. This would occur when an employee's private speech is perceived as an official endorsement of religion, thus violating Establishment Clause prescriptions, or when the religious speech in question constitutes religious harassment or is coercive. The Guidelines also make clear that religious speech, like non-religious speech, can be restricted when it unduly interferes with workplace efficiency.

RESOLUTION OF ISSUES ARISING UNDER THE GUIDELINES

The Guidelines state that they are not intended to create any new right, benefit, or responsibility enforceable by any party against the United States, its agencies, its officers, or any person. Rather persons with questions regarding interpretations of the Guidelines are directed to bring those questions to the Office of the General Counsel in their department or agency. There are no other enforcement provisions.

PROPOSED ISSUANCE OF THE GUIDELINES

The Guidelines would be distributed by OPM as an attachment to a Presidential Memorandum announcing your support for the principles contained in the Guidelines and directing the heads of all agencies to comply with its provisions. The religious groups envision an announcement ceremony similar to the one surrounding the issuance of guidelines addressing religious expression in the public schools.

AGENCY OBJECTIONS

As noted previously, DOJ and OPM have raised policy objections to the Guidelines. Specifically, both agencies have questioned the need for the issuance of the Guidelines on grounds that accommodating religious expression has not been a significant problem in the federal workplace and issuing the Guidelines, accordingly may raise more problems than it solves. OPM is additionally concerned with the potential impact of some of the hypotheticals contained in the document. Of particular concern to OPM is the Guidelines' use of controversial and potentially divisive examples of expression, such as religious proselytization or the advocacy of pro-life positions, as illustrations of what is legally permissible. The agency argues that these illustrations may be read by federal personnel, including supervisors, as an active invitation to engage in the potentially divisive conduct (rather than as a mere illustration of their rights to engage in that conduct) with the result being a dramatic increase in divisive expression in the federal workplace and a subsequent harm to federal workplace morale. For similar reasons, OPM also objects to the hypothetical which indicates that an applicant for federal employment can not be compelled to take a religiously objectionable oath as a condition of employment. OPM asserts that this example may actively encourage persons to avoid the oath requirement.

There are, however, strong counter arguments to DOJ's and OPM's positions. First, while it may be true that accommodation of religious expression in the federal workplace has not yet been a significant problem, these issues will likely become more common as religious organizations direct their attention to workplace issues. As noted in Section I, guidelines on religious expression in the workplace would have been issued and disseminated by religious organizations with, or without, our participation. The process leading to the development of these Guidelines thus has arguably only allowed us to get out front on a difficult issue.

Second, OPM's objection to the use of hypotheticals involving controversial religious expression may be descriptively accurate but it misses the fundamental point that examples involving controversial expression are absolutely necessary to illustrate the first amendment principle at stake. The principle that is at the heart of the Guidelines is that speech may not proscribed simply because it might be found offensive. This principle, by definition, can not be demonstrated by examples using non-controversial speech. OPM is correct that offensive speech or proselytization by supervisors raises a special set of concerns, particularly when the

activity approaches coercion or harassment, but the Guidelines recognize the specific problems associated with the speech of supervisors and address them directly.

Finally, OPM's objection to the loyalty oath hypothetical may be addressed on a number of counts. First, the conclusion that this hypothetical will encourage persons to avoid the oath requirement seems unlikely as a practical matter. Second, the right to forego loyalty oaths on religious grounds is protected under the Religious Freedom Restoration Act if not the constitution and the argument as to why people should not be informed of their rights is not readily apparent. Third, the religious groups have made clear that any changes in the existing document could easily lead to an unraveling of the agreement as a whole.

RECOMMENDATIONS

Given your support for the policies and principles contained in the Presidential Memorandum and Guidelines, we recommend that we finalize the documents and prepare them for your execution. Draft copies of the documents are attached for your reference.

_____ Prepare Presidential Memorandum and Guidelines for Execution

_____ Explore agency objections further

_____ Discuss

(May 1 Draft)

MEMORANDUM FOR ALL HEADS OF AGENCIES

SUBJECT: Religious Exercise and Religious Expression in the Federal Workplace

Religious freedom is central to the American system of liberty. Our nation's founders erected the twin pillars of this freedom, guaranteeing the free exercise of religion and prohibiting the establishment of religion by the state, in the very First Amendment to the Constitution. Throughout our history, men and women have come to this nation to escape religious persecution and secure this precious freedom. They and others have built a nation in which religious practices and religious institutions have thrived -- exactly because each individual has been able to choose for himself or herself whether and, if so, how to worship.

In the four years I have served as President, nothing has given me greater joy than the efforts of this Administration, in tandem with a broad coalition of individuals and organizations, to support freedom of religion. In 1993, I was proud to reaffirm the rightful and historic place of religion throughout our society when I signed the Religious Freedom Restoration Act, which protects the exercise of religion from being inappropriately burdened. In 1995, I was similarly proud to protect appropriate religious expression in the public schools when I directed the Secretary of Education to issue guidance to public school districts on the extent of permissible prayer and other speech of a religious character.

Today I focus on the federal workplace, directing all heads of federal agencies to comply with Guidelines on Religious Exercise and Religious Expression in the Federal Workplace to be distributed today by the Office of Personnel Management. All civilian executive branch agencies, officials, and employees must follow these Guidelines carefully. Strict adherence to these Guidelines will ensure that federal employers will respect the rights of those who engage in religious practices or espouse religious beliefs, as well as those who reject religion altogether. In particular, it establishes the following principles:

First, federal employers shall permit employees to engage in personal religious expression (as they must permit other constitutionally valued expression) to the greatest extent possible, consistent with interests in workplace efficiency and requirements of law. Of course, work is for work, and an agency may restrict any speech that truly interferes with its ability to perform public services. In addition, the agency may have a legal obligation to restrict certain forms of speech that intrude unduly on the legitimate rights of others. But when an agency allows non-religious speech, because that speech does not impinge on these interests, the government also usually must allow otherwise similar speech of a religious nature. The one exception to this principle of neutrality -- an exception mandated by the Establishment Clause -- is when religious speech would lead a reasonable observer to conclude that the government is endorsing religion. Subject to this exception, an agency may not typically subject religious speech to greater restrictions than other speech entitled to full constitutional protection, and therefore shall allow much of this speech to go forward.

Second, federal employers may not discriminate in employment on the basis of religion. This means that an agency may not hire or refuse to hire, promote or refuse to promote, or otherwise favor or disfavor a potential, current, or former employee because of his or her religion or religious beliefs. It means that an agency, or any supervisor within the agency, may not coerce an employee to participate in religious activities (or to refrain from participating in otherwise permissible religious activities) by offering better (or threatening worse) employment conditions. And it means that an agency shall prevent any supervisor or any employee from engaging in religious harassment or creating, through the use of intimidation or pervasive or severe ridicule or insult, a religiously hostile environment.

Third, an agency must reasonably accommodate employees' religious practices. The need for accommodation arises in many circumstances -- for example, when work schedules interfere with Sabbath or other religious holiday observances or when work rules prevent an employee from wearing religiously compelled dress. Once again, governmental interests in workplace efficiency may be at stake in such cases. But an agency, as specified in greater detail in the Guidelines, must always accommodate an employee's religious practice in the absence of non-speculative costs and may need to accommodate even when doing so will impose some hardship.

All of these principles are related. All are but variants or applications of a single rule of neutrality and fairness -- that federal employers shall treat employees with the same respect and consideration, regardless of their religious beliefs. Whether by allowing religious speech, preventing religious coercion or harassment, or making accommodations to religious practice, the government must act to ensure that the federal workplace is generous to followers of all religions, as well as to followers of none. The Guidelines will advance this goal. Although they doubtless will leave unresolved many difficult questions, arising from specific factual contexts and circumstances, they will clarify the obligations and appropriate commitments of the government, acting as an employer, to protect and enhance religious freedoms.

William Jefferson Clinton

Washington Post, July 8, 1997

THE PRESIDENT HAS SEEN

8-13-97

Ramen
anything worth pursuing
here? →

Jack Kemp and J. C. Watts Jr.

Better Than Affirmative Action

In San Diego, the president spoke to the serious need for racial reconciliation and for embracing our commonalities across racial lines. But when he turned to "affirmative action," he offered no improvement over the current system of race-based quotas, set-asides and preferences. He issued the following challenge: "I ask you to come up with an alternative. I would embrace it if I could find a better way."

Well, Mr. President, there is a better way, and we—on behalf of the party of Lincoln—take up your challenge. We do not have to accept the false dilemma between tinkering with the status quo and eliminating it, as some in our party have recommended. Neither option would remedy the undeniable inequity or allay the scarcity of opportunity that persists for far too many people of color today.

Our "better way" replaces discrimination with opportunity, poverty with jobs and despair with education. We offer more than the simplistic and absolutist version of "affirmative action." And we offer far more than the untenable option of simply closing our eyes to the still-present barriers to African Americans and other minorities and calling America "color-blind."

A new approach must focus not only on equality and strong enforcement of our existing civil rights laws but also on the expansion of opportunity. Instead of deliberating over fair ways to mete out educational acceptances, job openings, contract agreements and program slots, we should be looking for ways to multiply and extend them.

In America, the primary engine that drives this kind of expansion is access to capital. By capital, we mean more than cash or credit—we mean education, ownership, and employment; assets that men and women of every ethnic background, race and socioeconomic condition can employ to fulfill their God-given potential.

The "better way" that we offer can be summed up in five policy prescriptions to broaden access to capital in every home and

neighborhood in America, particularly those that need it most desperately:

(1) Establish renewal communities and enterprise zones to draw business and jobs into distressed urban areas;

(2) Open up the educational system to the influence of parental and community choice;

(3) Reverse federal and state welfare provisions to reward rather than punish recipients for working, saving and investing toward an independent future;

(4) Implement privatization of public housing and other efforts to bring home ownership and property ownership into low-income neighborhoods; and

(5) Embrace strategies that will get our national economy growing at a pace that can accommodate the talent of all Americans.

Noted sociologist William-Julius Wilson has said that the lack of employment in our inner cities is the single greatest crisis facing America today. The "better way" of expanding opportunity means opening more entryways into the job market. Excessive government regulation and stifling layers of taxation, among other factors, have driven businesses, and jobs with them, out of most of our inner cities.

No individual subsidy, quota or set-aside is sufficient to reverse the predicament of these whole communities. Nor would such preferential measures be right, since they would necessarily discriminate against someone else. Even traditional types of "affirmative action"—such as recruitment, outreach and training—seem irrelevant when there are no jobs.

The legislation that could help achieve all five of our desired goals is already before Congress in the Community Renewal Project. This bill, which we have been promoting for 18 months, would expand opportunity in our cities by removing tax and regulatory barriers to job creation and entrepreneurship and by expanding access to capital and credit.

The principal way to achieve expansion of educational opportunity is to turn the decision-making process back over to those who are

best equipped to evaluate their community's schools and who possess the highest motivation to see the schools improve: parents of the children who attend them. We must pave the way to a voucher and magnet school system of public and private school choice.

Expansion of opportunity also means establishing the ability and incentive to own property. A perverse logic pervades a number of our federal welfare and assistance programs, which penalize the poor for managing to save and accumulate their own assets.

Expansion of opportunity requires expanding the overall economy so that it has plenty of room for the effort and enterprise of all Americans, including minorities and women. On principle, we should not accept the idea that a job gained by one American equals unemployment for another, or that a contract won by one qualified bidder spells disaster for an equally qualified contractor.

Growth means more people will have a chance to own their own business. As Earl Graves, publisher of Black Enterprise magazine, has said, "If African Americans are ever to secure a full measure of freedom and independence in this country . . . they must not only be employees; they must become employers."

Finally, we must move to a place of real racial reconciliation—person to person, one heart at a time. We must begin the dialogue that President Clinton and others have called for. As our nation begins the work of reviving our inner cities, improving educational opportunity and reforming our assistance programs, we as American individuals must meet each other face to face, seek forgiveness and raise the public consciousness. As a great African American abolitionist, Frederick Douglass, said, "When we are noted for enterprise, industry and success, we shall no longer have any trouble in the matter of civil and political rights."

Jack Kemp is a co-director of Empower America. J. C. Watts Jr. is a Republican congressman from Oklahoma.

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Bill Clinton

THE PRESIDENT HAS SEEN
8-13-97

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President of the United States

Domestic Policy Dormant, Clinton Tries Exhortation

Some Fear Loss of Substantive Agenda

By John F. Harris
Washington Post Staff Writer

As President Clinton prepared to start his second term last January, he proclaimed in an interview that the 1996 election had settled a great debate about the role of government in his favor.

Three months later, there is scant evidence for Clinton's claim that his vision of lean-but-activist government has carried the day. With Washington's policy agenda mostly dormant, Clinton instead has fashioned a presidency of exhortation.

He has urged states to raise their education standards, though he has not suggested an expanded federal role in instruction. He has held a White House conference to draw attention to the latest research on early child development, though he has yet to persuade Republicans to support his proposed expansion of Head Start.

And, this week in Philadelphia, he joined with presidential predecessors of both parties to acknowledge the limits of government and extol the virtues of volunteerism, an idea that in recent years has been associated with the GOP.

White House aides say Clinton's pronouncements are a way for the president to have an impact on the issues that most concern Americans—even if Congress is in the hands of Republicans, and even if some of those issues fall outside the traditional domain of the federal government.

But at both ends of his party's ideological spectrum, there are questions about whether Clinton has found a new and creative way of advancing an activist agenda or is simply surrendering to conservative premises about the limits of government.

"The bully pulpit ought to be used to mobilize public support

See ANALYSIS, A6, Col. 1

ANALYSIS, From A1

Wellstone likewise expressed ambivalence about Clinton's declaration, outside Independence Hall on Monday, that the United States must launch a new "era of big citizenship." This line was a reference to Clinton's 1996 campaign declaration that the "era of big government is over but the era of big challenges is not."

"If it is volunteerism in addition to public policy that fulfills our national vow of equal opportunity—great," Wellstone said. "But if volunteerism is a substitute, that's a great leap sideways."

This unease about whether Clinton, for all his proclamations, has a substantive agenda is shared by some Republicans.

Sen. Dan Coats (R-Ind.), who strongly supports efforts to encourage volunteerism, praised Clinton's appearance at the Philadelphia summit—a reflection, he said, of bipartisan consensus that some problems are outside the reach of government and must be solved by citizen action. But he expressed frustration at what he called Clinton's "inertia" in the second term. "If the president was as confident as he says that the election was an affirmation of his policies," Coats said, "he ought to feel great freedom to move forward."

Rather than moving boldly to make progress with Republicans on the budget and other issues, Coats said, the White House has been timid to the point of "paranoia" about offending Democratic constituencies.

Paul Quirk, a University of Illinois political scientist who has studied Clinton's presidency, said legislative stalemate has inspired the president's efforts to engage issues outside Washington. Extolling volunteerism or discoursing on social issues "is not where presidents spend their time" when they can advance a traditional domestic agenda, Quirk said, "but it's not a bad alternative."

Quirk noted that when President George Bush confronted divided government, he basically abandoned a domestic agenda, while Clinton has looked for other ways to lead when Congress is stalled. "There is a big element of creativity here," he said. "Presidents should do something."

can, agreed that Clinton's appearance at the volunteerism summit was a laudable use of his presidency—and shrewd politics as well. "Bill Clinton is extraordinarily able in his ability to identify the right public wave," he said, noting a popular hunger for greater citizen participation. As a leader, Leavitt said, "you use what power you have, when you have it."

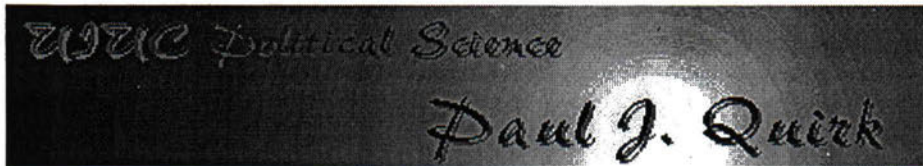
White House advisers say Clinton has not abandoned influencing policy in traditional ways, and they say what looks like a dry spell in Washington's governmental agenda will be replaced by a shower if Clinton and Congress reach a budget agreement, possibly as early as this week. Clinton's budget has plans to subsidize college tuition, increase health insurance for poor chil-

dren and boost spending on environmental cleanup. These are all traditional Democratic priorities, White House officials say, and would be included in any budget deal Clinton would sign.

White House senior adviser Rahm Emanuel said there is more of a connection than people realize between Clinton's "bully pulpit" pronouncements and his legislative agenda. The recent White House conference highlighting research about the development of children's brains inevitably helps build support for expanding health insurance. "There is a compatibility between the two, and it can have an impact," Emanuel said. "It's a responsible way to move a public policy debate."

You asked about Quirk

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**PAUL J. QUIRK**

regulatory politics
presidency
legislative politics
conflict resolution
the policy process

Professor, (Harvard University, Ph.D., 1978).

Professor Quirk joined the Department in 1991. Professor Quirk also holds an appointment in Institute of Government and Public Affairs. He has been awarded the Louis Brownlow Book Award of the National Academy of Public Administration and is a faculty member of the Phi Kappa Phi National Honorary Society. He has served on the editorial boards of several professional journals, including the *American Political Science Review*, *The Political Research Quarterly* and the *American Journal of Political Science*. His awards and fellowships include the Woodrow Wilson Fellowship, the Brookings Institution Research Fellowship, and research grants from the Smith-Richardson Foundations, the Gerald R. Ford Foundation and the Ameritech Foundation. He has been associate director for Chicago of IGPA and currently chairs the Institute's Illinois Focus Committee. His public service activities include writing articles for the *Baltimore Sun* and the *Chicago Tribune*, membership in the Committee on the Constitutional System, and participation in the Governance Project of the Ford Foundation. He is program chair of the Public Policy Section of the 1997 Midwest Political Science Association Annual Meeting.

Professor Quirk is the author of *Industry Influence in Federal Regulatory Agencies* (1981) and co-author of *The Politics of Deregulation* (1985). His articles have appeared in the *American Political Science Review*, the *Journal of Politics* and the *Journal of Policy Analysis and Management*. He has also contributed chapters to several significant edited volumes, including *Wilson, The Politics of Regulation*, (1980); *Nelson, The Presidency and the Political System* (1984, 1988, 1990); *Nelson, The Elections of 1992* (1993); *Mansbridge, Beyond Self Interest* (1990); *Crotty, Political Science: Toward the Future* (1991); *Davidson, The Postreform Congress* (1991); *Campbell and Rockman, The Bush Presidency: A Midterm Assessment* (1991); and *Campbell and Skocpol, American Society and Politics* (1994). His principal current project is a book, *The Presidency, Congress and the Performance of Government*.



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5TH STORY of Level 1 printed in FULL format.

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The Seattle Times

October 16, 1996, Wednesday, Final Edition

SECTION: EDITORIAL; Pg. B7

LENGTH: 1003 words

HEADLINE: A PASSING GRADE FOR A 'PABLUM' PRESIDENT

BYLINE: BY WALTER WILLIAMS; SPECIAL TO THE TIMES

BODY:

THE starting point in an assessment of President Bill Clinton's first term is to recognize the striking midterm transformation. The new president took office as a serious social-policy president pushing the most progressive social program agenda since Lyndon Johnson's War on Poverty. He ended with a harsh welfare bill that tossed a million more children into poverty and a campaign that serves up a pablum presidency of bland, feel-good, baby-sized proposals.

Clinton's large and clear social agenda at the outset of his presidency had universal health coverage, so long the quest of postwar presidents, as its crown jewel. Not only did Clinton have a relatively liberal agenda, he stayed committed to fight for it.

Nor did he do badly in his first two years, particularly his budget changes that cut deeply into the yearly deficit. He also led successful fights for family-and-medical-leave legislation, the National Service program, the Brady Bill and other anti-crime legislation, and the motor-voter bill.

In their two-year assessment of Clinton's domestic-policy presidency, University of Illinois political science professor Paul Quirk and graduate student Joseph Hinchcliffe observed: "One suspects that, if, at the beginning of his term, Clinton had been offered a guarantee of this much midterm accomplishment, he would have been tempted to take it."

However the experts might have assessed President Clinton's midterm performance, the public saw his efforts, particularly his defeated universal health coverage, signifying failure. The 1994 midterm election threw out the Democratic Congress and brought to center stage a Newt Gingrich-led Republican majority committed to enacting a Contract with America that offered a conservative agenda far more ambitious in scope than Clinton's earlier proposals.

After the Democratic debacle, Clinton moved to defensive governance against the Republicans, who in their hubris had mounted a truly radical agenda. The somewhat liberal president of the first two years shifted to one of his most finely honed acts - a campaigning strategy whereby he reinvents himself. His rapid moves to the right that claimed the era of big government to be over created turmoil in Republican ranks, where they were being pilloried for their domestic-policy effort.

His defensive moves wrapped in a campaigning style have brought Clinton to the point where he is ready to challenge the high levels of the 1964 Johnson

The Seattle Times, October 16, 1996

and 1984 Reagan presidential landslides. But does this popularity mean President Clinton deserves credit for a successful domestic-policy presidency in his first term or that he will have strong public support for tackling the nation's major problem in his second one?

I score the president somewhat lower for his initial two years than Quirk and Hinchliffe because his ineptness squandered the best chance in the postwar era to pass universal health coverage. The last two years are marked by continued deficit reduction, a minimum-wage increase, and an important but small health-insurance measure. Of greatest importance, Clinton's defensive governance killed the worst parts of the Contract with America, such as the balanced-budget constitutional amendment and term limits. On the downside, President Clinton sometimes led and certainly accepted a turning away from the nation's most needy citizens and from major health-care reform.

Summing up across the four years, David Broder in an Oct. 2 Seattle Times column made the important point in his assessment of the 104th Congress: "Measured against the challenges this society faces, almost all of the accomplishments except deficit-reduction appear marginal or minimal." The statement applies too for Clinton's active governance, but I would add as major accomplishment his defensive governance that thwarted the Republican agenda. So, Clinton's domestic presidency well merits a passing grade, one far higher than his two predecessors - Ronald Reagan and George Bush.

Readers may be perplexed in that I have lauded Bill Clinton both for undertaking a strong active governance effort in his first two years and for shooting down an active attempt to govern by the Republican Congress. To argue for one active governance effort and against another, however, is to recognize the uncomfortable reality: active governance can be good or bad. And key parts of the Contract with America were dangerous by either a liberal or a conservative standard.

Looking forward to a second Clinton term, we need recognize that the daunting domestic problems at the start of his presidency - such as the widening income gap between the top 20 percent and everyone else, failing schools, and tens of millions without health insurance - remain. Yet, I fear Bill Clinton, the reinvented right-leaning centrist, lacks the political courage to undertake a serious, sustained, active domestic-policy effort. He can be a pabulum president and, with the luck of Reagan, the economy could keep going, let Clinton continue his campaign style, bring the public praise he so loves, and dump the intended domestic problems on President Al Gore just as Reagan did on Bush.

Where does that leave us today as America still faces grave social and economic problems that demand active, strong and wise federal governance? A serious Clinton effort at strong domestic-policy governance before the 1998 midterm election is a risky venture that could trigger the politics of punishment that would cast Bill Clinton down again.

At the same time, Bill Clinton, with all his skills, has a shot at being a great president in his second term. However, that takes both sustained courage on Clinton's part and a willingness by the public not to punish even a wise effort to govern actively in domestic policy. That is a tall order. Walter Williams is a public policy professor in the University of Washington's Graduate School of Public Affairs, co-director of its Trust in Government project, and author of "Mismanaging America."

4TH STORY of Level 1 printed in FULL format.

Copyright 1996 Chicago Sun-Times, Inc.
Chicago Sun-Times

October 29, 1996, TUESDAY, Late Sports Final Edition

SECTION: NWS; CAMPAIGN '96; Pg. 6

LENGTH: 1070 words

HEADLINE: Who should wield power? ;
Big government vs. states' rights

BYLINE: BY SCOTT FORNEK

BODY:

When Republican Bob Dole waxes about reining in "big government," he is almost certain to wave around a copy of the 10th Amendment that he says he always keeps in his pocket.

"I wasn't there when the founding fathers wrote this, but Strom Thurmond was," he often adds as a joke.

Besides taking a poke at his own 73 years, Dole's message is clear: He is following the vision of the authors of the Bill of Rights in limiting the powers of the federal government.

It's a popular theme this election cycle -- shifting the balance of power between the federal and state governments.

And despite Dole's joke, it is an issue that both Democrats and Republicans take seriously. Experts point to the Republican welfare bill that Clinton signed this summer as proof that the discussion about returning power to the states is more than theoretical.

"This is a thing that policymakers could do and have done in some areas," said Paul Quirk, a professor at the Institute of Government and Public Affairs at the University of Illinois at Urbana. "But we might not always like the policy consequences."

Such concerns were expressed by the very historical figures that Dole and other conservatives evoke. The framers of the Constitution, including James Madison and Alexander Hamilton, favored strong central power because smaller state governments were considered too easy to take over.

In 1788, Madison wrote in a famous essay published as one of The Federalist papers that a strong federal government was essential to "break and control the violence of faction."

"Their view was basically, 'We don't trust the states,' " said Martin Redish, a constitutional law professor at Northwestern University School of Law. "And they were fought tooth and nail by the states'-rights people."

Chicago Sun-Times, October 29, 1996

The final concession was, of course, adding the Bill of Rights to the Constitution to spell out limits on the federal government. Included is Dole's beloved 10th Amendment, which reads simply: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Dole characterizes its message as: "We ought to return power to the states and power to the people."

Redish said the amendment is essentially a truism: "If a power is not given to the federal government, it is not given to the federal government."

But it assured those wary of the new system that the federal government's powers were limited to those listed.

"The 10th Amendment says, 'And we mean it,' " Redish said.

Still, the Constitution's flexibility allowed Washington to grow over the years -- exploding with Franklin D. Roosevelt's New Deal.

In 1930, two years before Roosevelt was elected president, the federal government had fewer than 30 programs that distributed money to the states for broad national goals, said John Frendreis, chairman of the political science department at Loyola University-Chicago.

That number jumped to 100 by 1960 and to at least 300 by 1970. In 1980, the director of the Advisory Commission on Intergovernmental Relations called the federal system "seriously overloaded."

"By that time there was no logical structure to what was a state and what was a local and what was a federal responsibility," Frendreis said.

President Ronald Reagan tackled the problem with his "New Federalism." Because in the main he failed, it remains a popular campaign issue today, Frendreis said.

Dole tried to make sure of that in this year's first presidential debate when he was asked about the role of the federal government.

"I trust the people; the president trusts the government," Dole said. "If you look back on the health care plan that he wanted to impose on the people -- one-seventh of the total economy, 17 new taxes, price controls, 35 to 50 new bureaucracies, a cost of \$ 1.5 trillion."

President Clinton voiced a more activist view: "I believe that the federal government should give people the tools and try to establish the conditions in which they can make the most of their own lives."

Clinton also tried to wave the 10th Amendment, boasting that he had cut "the federal government to its smallest size in 30 years." What Clinton didn't say was that two-thirds of the nearly 250,000 federal jobs he eliminated came from the Defense Department because of post-Cold War cuts.

You don't have to run for president to get into the debate. Republican Senate nominee Al Salvi also sounds the smaller-government war cry.

Chicago Sun-Times, October 29, 1996

"Washington has become too big, too arrogant and too unresponsive," Salvi wrote in an essay published in the Chicago Sun-Times Oct. 17.

In his essay the day before, Democratic rival Richard J. Durbin wrote, "I believe that government should be leaner, but not meaner."

Beyond making debating points, arguments about scaling back the size of the federal government have policy ramifications, experts say.

The advantages to giving states more power include their ability to function as "social laboratories" that more easily can experiment with innovative programs and their supposed greater proximity to the people.

The disadvantages include the greater corruption found at lower levels of government, the inability of states to deal adequately with "national problems" such as pollution or food inspections and the wide differences in programs from state to state.

The last problem worries some analysts, who fear "a race to the bottom," as states cut welfare and other social programs so they can cut taxes to remain competitive with other states in luring businesses.

"The inevitable outcome would be in some parts of the country people would be malnourished more than in other places," Frendreis said.

Sharing that fear is Mary Jo Shaver, 39, a Ravenswood homemaker who attended a Chicago Sun-Times Readers Forum this summer. She said that talk of dismantling federal programs is "definitely turning me off."

"We are going to wind up with the have-not states vs. the have states," she said.

Ruth Wade, 52, a discount store worker who attended a Readers Forum in Des Plaines over the summer, disagreed. "Cut back all this nonsense," she said. "On a state and local level we can get it done."

Don't expect the debate to end soon.

"The rule is, no one ever loses political capital beating up on Washington," said Harry Wray, chairman of the political science department at DePaul University.

GRAPHIC: See also related story.

LANGUAGE: English

LOAD-DATE: October 29, 1996

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May 28, 1997, Wednesday

SECTION: UNITED STATES; Pg. 3

LENGTH: 731 words

HEADLINE: Clinton Political Liability Limited in the Jones Suit

BYLINE: Linda Feldmann and Skip Thurman, Staff writers of The Christian Science Monitor

DATELINE: WASHINGTON

HIGHLIGHT:

President may be doing enough right to escape major woes from sexual-harassment case.

BODY:

On a personal level, President Clinton has been extraordinarily embarrassed by the reignited sexual-harassment lawsuit filed against him by Paula Jones.

But he is not mortally wounded politically, say political analysts, commenting on the Supreme Court's ruling yesterday that Ms. Jones may pursue her suit while Clinton is still in office.

As long as the economy is humming along, the nation is at peace, and his popularity ratings remain comfortably high, Clinton still has the clout to negotiate with Congress over the budget and other matters.

"But if the economy starts unraveling, and more comes out on Whitewater, there could be a piling-on effect," says William Schneider, a political analyst at the American Enterprise Institute.

Mr. Schneider also surmises that Clinton will not have to face trial as long as he is in office. His obvious first choice would be to settle the suit with her privately, an option she has refused in the past. Failing that, Clinton's lawyers can delay the case for years. "There are too many legal angles that can be used," says Schneider.

Still, the Jones case poses a major distraction to the president, and siphons attention from the momentous issues he is handling. While in Paris yesterday for the signing of the document enlarging NATO, the No. 1 question on the minds of the traveling American press was not about NATO or, say, the 50th anniversary of the Marshall Plan, but about Paula Jones.

"This is one that cannot be dismissed as just a tabloid story," says Doug Bailey, publisher of the Hotline political newsletter.

The longer the Jones case stays in the news - regardless of the outcome - the more embedded it becomes in Americans' picture of Clinton.

"It all inevitably becomes more fodder for late-night comedy shows," says Mr.

The Christian Science Monitor, May 28, 1997

Bailey. "The nature of our TV society is such that this runs the risk of dominating the remaining years of his term."

One irony in Clinton's situation is that because the news has been relatively good of late - or of little interest to the public, such as the political fund-raising scandals - journalists are scrambling for copy that they believe will be of public interest. The Jones case fits the bill.

Bailey notes that Clinton deserves some credit for the good news, and that the tarnish on his legacy as president could deepen as the Jones saga continues.

Stephen Wayne, a political scientist at Georgetown University in Washington, also touts Clinton's successes, even since the second term began: His ability to forge agreements with Republicans, with the Russians, and potentially with the Chinese.

"So what this [the Jones case] does is personalize his presidency in a way that is damaging to the president," says Professor Wayne.

The revived Jones case also adds to the challenge faced by the president's legal and public-relations teams, which in the past have stone-walled and issued blanket defenses, says Wayne.

"We'll see how Bowles and McCurry deal with this," he says, referring to White House chief of staff Erskine Bowles and press secretary Mike McCurry. "It will show their maturity."

THIS summer, the House of Representatives and Senate will both hold hearings into Democratic fund-raising practices from the 1996 elections which will likely embarrass the White House. The Whitewater case, a broad inquiry into the Clintons' failed real estate deal and other personal financial dealings, is also simmering as special prosecutor Kenneth Starr considers possible indictments.

From the perspective of Congress, the dynamic over dealing with the president really changes little, despite his legal problems. As Republican members discovered on the eve of last year's elections, it is just as much in their interest to enact legislation as it is in the president's interest.

"I don't think anyone the president negotiates with is expecting any leverage from the president's legal problems," says Paul Quirk, a political scientist at the University of Illinois at Champaign-Urbana.

Furthermore, the Jones case has now been around for several years, so it's not as if the Supreme Court's ruling has brought to light any new information about the president's conduct. Jones sued in 1994 and wants \$ 700,000 in damages.

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LOAD-DATE: May 28, 1997

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The Christian Science Monitor

August 23, 1996, Friday

SECTION: UNITED STATES; Pg. 1

LENGTH: 1050 words

HEADLINE: Clinton's Journey: A Social Engineer Turns Electioneer

SERIES: Four Years At the Helm: Clinton's Record. Part one of three.

BYLINE: Linda Feldmann, Staff writer of The Christian Science Monitor

DATELINE: WASHINGTON

BODY:

In the life of Bill Clinton's presidency, this has been an extraordinary week.

He signed into law a popular bill that makes health insurance portable between jobs. He approved the first increase in the minimum wage in five years. And, in the most controversial move of his term, President Clinton signed yesterday a welfare-reform bill that ends federal aid to the poor as an entitlement - and in effect ends President Roosevelt's New Deal as we knew it.

But within this flurry of penmanship, performed not coincidentally on the eve of the Democratic Party's convention in Chicago, lies clues to a nearly four-year odyssey that has left Mr. Clinton in good position to be reelected.

The end result is what counts in the eyes of voters, and justifiably or not, Clinton claims a strong record: a budget deficit cut in half, low unemployment and inflation, a decline in the welfare caseload, and less violent crime.

But it is Clinton's odyssey - his seat-of-the-pants victories, his utter defeats, and his ability to adapt to political realities - that have made his term noteworthy.

"The main story is his fairly dramatic change in course after the '94 election," says Paul Quirk, a political scientist at the University of Illinois at Urbana-Champaign.

Coming into office, Clinton was a young, idealistic reformer out to tame the budget deficit, revamp the nation's health-care system, and change welfare. But he entered the White House with a minimal mandate - just 43 percent of the vote and diminished majorities in a Congress that was, on balance, more liberal than he.

Enacting his first budget, which called for reducing America's budget deficit via spending cuts and tax increases, required Clinton to use up so much political capital that he had little left for health-care reform.

The failure of that reform effort had many causes: its secretive formulation, its authorship by two people more liberal than he (his controversial wife,

The Christian Science Monitor, August 23, 1996

Hillary Rodham Clinton, and Ira Magaziner), and the final product, which was criticized as big and complicated.

The failure of health-care reform left no time or game plan to handle welfare reform. A few months later, the public rejected Clinton and the Democratic control of Congress in the watershed election of November 1994.

But if Clinton's first two years were all about reform, his second two years have been focused on winning reelection - and completing the job of, one by one, taking most of the Republicans' issues away from them.

The Republican majority in Congress, possessing a self-described revolutionary zeal, proved to be the perfect foil for Clinton, a sometime liberal, sometime conservative who aims to position himself as a centrist.

As he begins his full-bore effort to convince the public he deserves a second term, social issues will play a prominent role in his pitch. How does the Clinton record really look? And how will history treat it?

*Welfare. Yesterday's signing of reform legislation may well turn out to be the most significant act of Clinton's presidency, say presidential analysts.

On paper, it does end welfare as we know it, terminating the Aid to Families With Dependent Children program, handing money to states in lump sums, and letting them craft their own programs, within certain parameters.

But if the fears of some begin to materialize - such as a dramatic increase in the number of children in poverty - followup legislation may soften some of the edges of reform.

During Clinton's term, welfare was already undergoing changes. His administration allowed 37 states to conduct experiments in welfare policy and heavily encouraged welfare-to-work programs.

Some argue that even talk of welfare reform has jolted many recipients to try to put their lives in order and get off the dole. The bottom line, Clinton aides emphasize, is that during his term, the welfare caseload has already declined by 1.2 million people. Whether Clinton can take credit for that is debatable, but it won't stop him from trying.

*Health care. The failure of major reform has been mitigated somewhat by the signing this week of health-insurance portability legislation.

In large part, the administration highlights what it sees as its success in averting bad outcomes, such as the Republican plan to turn Medicaid (health care for the poor) over to the states as block grants and to make cuts in the projected increase of Medicare spending.

*Crime. Clinton deputies speak often of the president's enactment of a plan to put 100,000 new police officers on the street. But, to date, only a fraction of those officers are actually hired and in place.

Still, crime rates have declined in some parts of the country, a fact that has become part of the administration's sound bite for why it deserves four more years in the White House.

The Christian Science Monitor, August 23, 1996

*Helping families. Now pitching this as the centerpiece of Clinton's reelection campaign, aides rattle off a string of initiatives.

At the top is the Family and Medical Leave Act, which allows workers 12 weeks of unpaid leave to care for a family member. Clinton inherited this from the previous Congress, signed it soon after taking office, and is happy to claim this popular measure as his own.

In addition, an increase under Clinton in the Earned Income Tax Credit, a tax rebate for the working poor, has provided tax relief for 15 million people, the administration says.

In recent months, Clinton has maximized the "bully pulpit" aspect of his presidency by supporting various measures that he says will help parents do their jobs: a TV ratings system, "V-chips" that screen out violent television programming, school uniforms, and an antitobacco campaign aimed at children.

*Gun control. The enactment of the Brady bill, which controls the purchase of handguns, may be most significant for its political value.

"It doesn't really change all that much, but it is symbolically important: Clinton beat the National Rifle Association," says Stephen Wayne, a professor of government at Georgetown University in Washington.

The enactment of a ban on 19 types of assault weapons holds similar value. The ban is popular with the public and allows Clinton to paint Republican leaders, who oppose it on constitutional grounds, as the captives of special interests.

GRAPHIC: PHOTO: LIGHTS, CAMERA, ACTION: As setup for next week's Democratic National Convention gets under way, technicians at Chicago's United Center calibrate the video screen behind the podium. President Clinton will outline to convention delegates - and American voters - why he thinks he is deserving of a second term., CHARLES BENNETT/AP

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July 20, 1993, Tuesday, NORTH SPORTS FINAL EDITION

SECTION: PERSPECTIVE; Pg. 17; ZONE: N

LENGTH: 922 words

HEADLINE: Moseley-Braun's political challenge

BYLINE: By Paul Quirk; Paul Quirk is a professor in the Institute of Government and Public Affairs and the Department of Political Science, University of Illinois at Urbana-Champaign.

BODY:

Judged by the media reports and public opinion polls, Carol Moseley-Braun has gotten off to a bad start in her Senate career. A series of scandals and embarrassments have led to a significant decline in her public approval. Critics charge that she has been slow to make her presence felt in Washington.

With more than five years before her next election, it is far too early to write her off. But to achieve a lasting recovery from her current malaise, she must resolve a basic dilemma of political positioning and find a way to transform her personal image.

Since the peak of her popularity last summer, Moseley-Braun has had to endure unfavorable news stories on a variety of matters: patronage hiring in the Recorder of Deeds office; paid lobbying during her county service; staff complaints about her campaign manager and boyfriend, Kgosie Matthews; an ill-timed vacation in Africa; and suggestions of financial irregularities involving her mother's Medicaid benefits, her purchase of an apartment and the source of funds for her trip to Africa.

In addition, critics in various camps have charged that Sen. Moseley-Braun has wasted time on peripheral issues, such as the Senate's dress code; that she has failed to speak up adequately for blacks and women; and that her Senate staff has been mismanaged, plagued by turnover and inaccessible.

Why has such an obviously talented politician had such difficulties and what must she do to overcome these?

In part, Moseley-Braun has been a victim of unfair criticism. In truth, she has been productively engaged in Senate business - not only on presidential nominations before the Judiciary Committee, but also on banking regulation and the budget.

She has worked hard on issues important to Illinois, opposing the Btu tax and a transaction tax that would hurt the Chicago futures markets.

At least at the top her Washington staff has been stable, and it is impressively qualified. Mr. Matthews, who is now Moseley-Braun's fiance, has no role in her Senate office.

Chicago Tribune, July 20, 1993

A much more important problem in the long run is that Moseley-Braun faces a potentially intractable dilemma of political positioning. By virtue of her unique position, she is expected to serve as a major advocate for civil rights. But as a senator from a swing state, with many conservative Democrats, she cannot afford a militant posture on racial issues.

It is instructive that the only previous black senator, Edward Brooke of Massachusetts, was a Republican moderate from one of the nation's most liberal states, and the only black governor, Douglas Wilder of Virginia, is another moderate who avoids issues of racial conflict. Nevertheless, Moseley-Braun's apparent recognition of this electoral reality has elicited strong criticism from black groups.

Moseley-Braun's personal image has suffered the adverse effects of a political upbringing in Chicago. Traditionally, Chicago politics have been largely about distributing jobs and contracts, rewarding friends and punishing enemies, and enjoying the perquisites of office, often including material gain. Although a slow transformation is perhaps underway, the city still has a high tolerance for naked partisanship and self-interest.

It is therefore not surprising that Moseley-Braun has made some decisions that allowed questions to be raised about her ethical sensitivity as she moved onto the larger stage of statewide and national politics.

Warranted or not, such questions can easily destroy the voters' trust. Of 47 House members who had more than 100 overdrafts in the essentially spurious House bank scandal in 1991, 26 are no longer in Congress.

As political scientist Richard Fenno points out in a recent book, Mark Andrews, a popular senator from North Dakota who was defeated 1986, began to lose trust merely by suing a doctor for malpractice. His large request for damages raised questions with the voters about his character and made him vulnerable to criticism on other matters.

With the right strategy, Moseley-Braun has a chance to surmount all of these problems. The unfair criticism will cure itself. If she continues to work hard on Senate business and look out for Illinois, the media will eventually report it.

The challenge of balancing the demands of civil rights groups with those of her broader state constituency, in contrast, will never end.

At times she can get away with lying low on racial issues - as she has done by refusing to discuss presidential nominees, including Lani Guinier, prior to their confirmation hearings. Occasionally she can attempt to provide thoughtful, moderate leadership on these issues.

Such leadership could make Moseley-Braun a key arbitrator of conflicts over civil rights, anti-discrimination, and other social policies. But for either approach, she must persuade civil rights leaders to show forbearance.

Finally, Moseley-Braun will need to take dramatic steps to overcome the legacy of Chicago politics and build an image of personal integrity.

Chicago Tribune, July 20, 1993

Merely staying out of further trouble will not soon regain the voters' trust. To overcome lingering suspicions quickly, she must create a new image of conspicuous virtue.

Fortunately, there is a proven method for doing so. Like a number of ultra-clean politicians, Moseley-Braun should set standards for herself stricter than the law requires on gifts, junkets, honoraria, perquisites, financial disclosure, campaign contributions, and so on. And of course she should point out these standards at every opportunity.

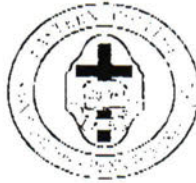
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LANGUAGE: ENGLISH

LOAD-DATE: 07-21-93

THE PRESIDENT HAS SEEN

8-13-97



To: ~~Harley~~ ~~Heinrich~~

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July 24, 1997

To: ~~Sale~~

He's a great man
see P.S. — a Prayer
BC

President Bill Clinton
The White House
West Wing
Washington, DC 20500-2000

Dear Mr. President:

I have not been in touch for awhile and I wanted you to know that you are much in my prayers. I have made it a commitment to hold you and your family before the Lord each day and I am keeping that commitment.

I want to strongly recommend for your reading the book of Zechariah, one of the neglected books of the Bible. In this book, the prophet Zechariah gives us a vision of the restoration of Israel. His vision gets particularly strong starting in the eighth chapter. Verses four and five give a magnificent picture of what he believes God will do when He restores the city of Jerusalem. I believe this is a vision of what we hope God will do for the cities of America. It is a wonderful vision in which the streets will once again be a place where elderly people sit out on their front steps and watch the children playing on the streets.

*"Thus saith the Lord of hosts; There shall yet old men and old women dwell in the streets of Jerusalem, and every man with his staff in his hand for very age. And the streets of the city shall be full of boys and girls playing in the streets thereof."
(Zechariah 8:4-5)*

There is one particular phrase in this book which I think is descriptive of people who want to create a better America. It is found in Zechariah 9:12 and it reads,

"Turn you to the stronghold, ye prisoners of hope: even today do I declare that I will render double unto thee."

Here God is calling upon us to hold fast to the things we know to be true and then He declares us Prisoners Of Hope! What an incredible thing for God to call His people!

In your speeches, I really would like you to consider using the words of the Hymn Book. I think the great hymn writers have captured some of the deepest sentiments of the human heart and have put them into words. These words have a capacity to inspire, and what is more is that as the words are quoted millions of people immediately sense a oneness with them and with the person who is quoting them. I am attaching with this letter a few examples of hymns that I think would be especially appropriate for incorporation into speeches. Also, I want you to consider taking the Hymn Book and using it as a devotional guide. To read a great hymn and to reflect on

President Clinton

July 24, 1997

Page 2

its message will do wonders for your soul. Read a great hymn everyday. Think about its message. You will be powerfully effected.

One last thing, I would like you to consider what Jesus says in Mark 6:31. The context of this is that the apostles, who have been working hard to do the work of the Kingdom, have just returned to Jesus to give him reports of the magnificent things that are being accomplished. In the midst of their activistic excitement, Jesus says,

"Come ye yourselves apart into a desert place, and rest a while: for there were many coming and going, and they had no leisure so much as to eat."

I think of the White House and the business of the place. I see people coming and going trying to do good and important things. In the midst of it all it is important to hear the words of Jesus who says, "Stop! Go to a quiet place! Rest awhile! And Pray!" You not only need this, but we all need for you to do this for us.

I have some ideas, words and phrases which I want to share with you during my next visit, because I think they might help you to further connect with the hearts and souls of the American people. You are doing that so well these days.

Stay in touch.

Your friend in the cause of God's Kingdom,

Tony Campolo

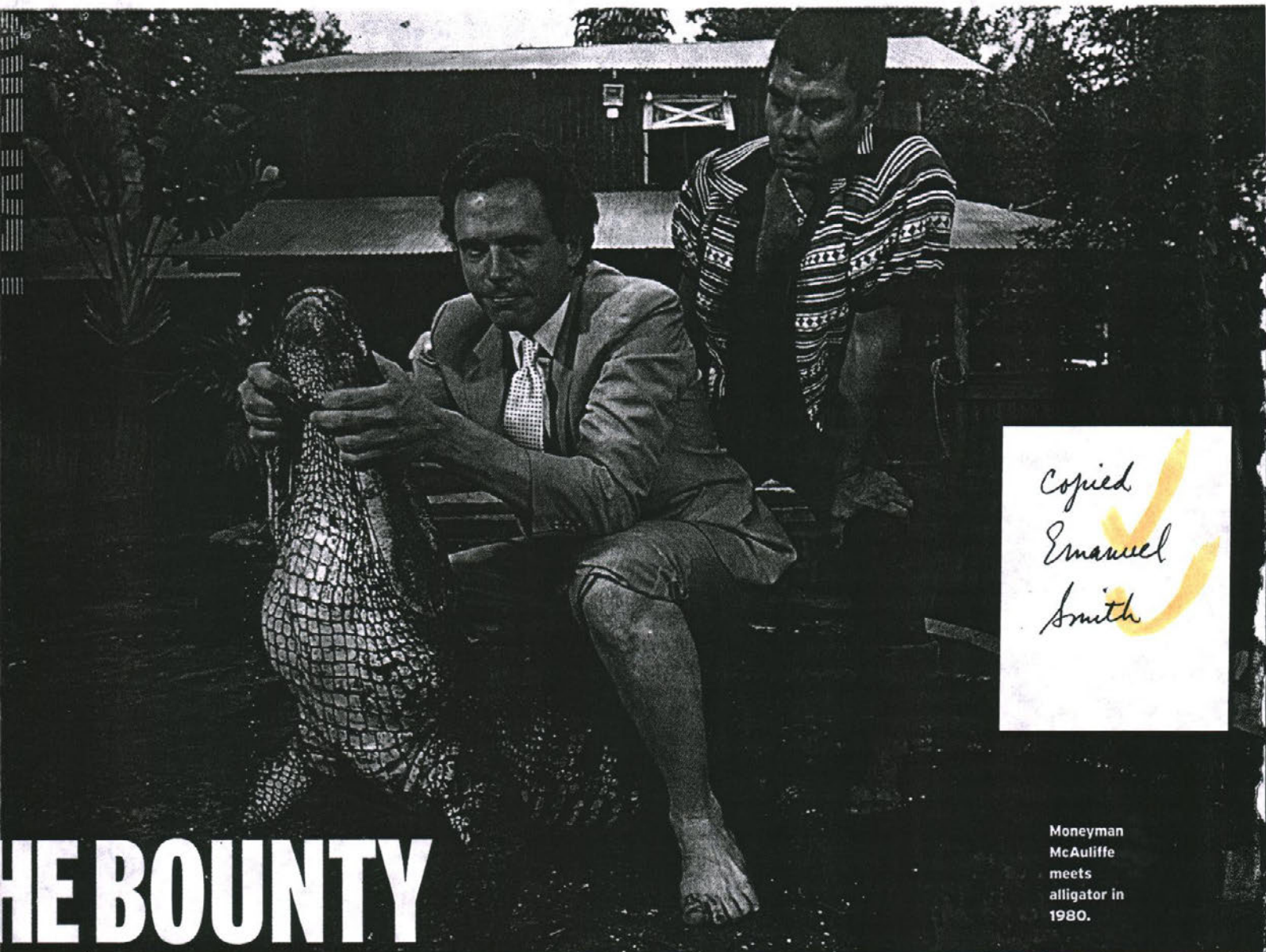
TONY CAMPOLO

TC:dmor

Enclosures

P. S. I understand from my friends in Brazil that you will be visiting that country in September.

There have been some feelers from the U.S. Consulate in Rio. One of our ministries is called, The Factory of Hope. This is a social project wherein the government has donated a large unused factory in Rio de Janeiro that covers over a half million square feet. Right now we are setting up seventy projects in partnership with various companies and foundations that are based in Brazil. We expect that this will create thousands of jobs. It is a brilliant example of the church, the state and the private sector working together to eliminate poverty. Since there was interest on the part of the people at the Consulate in having you visit this project, I simply want to lend my own encouragement of that possibility.



Copied
Emanuel
Smith

Moneyman
McAuliffe
meets
alligator in
1980.

THE BOUNTY HUNTER

TERRY McAULIFFE RAISED \$37 MILLION FOR PRESIDENT CLINTON FUNDRAISER IN POLITICS. BUT WHAT'S REALLY IMPRESSIVE ABOUT NEVER SEEMS TO TOUCH HIM—NO MATTER HOW HE RAISES

Last Halloween, David Eisenstadt, the congressional reporter for the New York *Daily News*, was working in his office when his phone rang. His editors in New York wanted him to write a "money story." For weeks, the *New York Times* and the *Washington Post* had been reporting that the Democratic National Committee appeared to have accepted illegal donations from Asians. And just two weeks before, John Huang—one of the DNC's top money raisers—had been suspended from his job amid questions about the \$4 million he had pulled in. But with the presidential election just days away, the *Daily News* hadn't run anything on the simmering Clinton fundraising scandal.

So Eisenstadt, a co-winner of a Pulitzer

Prize, began calling his stable of sources in the Clinton administration. According to the article he later wrote, several of them said that Huang was just a fall guy. The real story, they said (and Eisenstadt would write) was Terry McAuliffe, the president's top fundraiser, who created the president's fundraising strategy. If you wanted to get to the bottom of the Clinton fundraising scandal, they said, the man to write about wasn't John Huang—it was Terry McAuliffe. Eisenstadt then wrote a short article saying that McAuliffe, the former finance director of the DNC and chief fundraiser for the Clinton-Gore campaign, "has long tried to tap big Asian-linked campaign contributors." McAuliffe, Eisenstadt reported, supervised Huang's money raising.

The story was buried on page 29, where

it's likely that relatively few *Daily News* readers noticed it. But McAuliffe did. Shortly after reading the article, McAuliffe called the *Daily News*'s owner, Mort Zuckerman, and barked at him for almost 20 minutes. "You own a rag," he told Zuckerman. The next morning, the *Daily News* apologized for the story in a retraction remarkable for its lack of equivocation: "The *Daily News* yesterday quoted unidentified sources as saying that Terry McAuliffe... oversaw efforts to solicit foreign sources for contributions that may be improper. Upon reinterviews, the sources could not substantiate the allegations. The *News* regrets publishing their assertions." Then on November 11, Eisenstadt—who disputes that any "reinterviews" ever took place—was abruptly fired. McAuliffe's

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friends say he bragged for weeks about "getting a reporter fired."

"He was definitely pleased with himself," says one acquaintance of McAuliffe's. "He said he 'lit up' [Zuckerman]. He mentioned it in passing in conversations that had nothing to do with the story." Eisenstadt's attorney certainly thinks that McAuliffe used his clout to get the reporter sacked. "David was fired because he was right," argues his lawyer, John Shubin, who is considering legal action against the *Daily News*. Zuckerman confirms that McAuliffe made the call but says that he simply referred the matter to the appropriate editors. McAuliffe, who has said that he barely knew Huang, did not respond to repeated requests for an interview.

The Palm has a reputation as Washington's clubbiest restaurant, and it's not without some justification. In this small, boxy steak house, lawmakers, lobbyists, members of Congress, and journalists carve up legislation and make nice with each other. The Palm's regulars like to make themselves known. Few of them look at the menu before ordering. They address waiters whom they've never met by their first name (which is helpfully stitched onto their coats). Some call ahead and describe to the host what they're wearing, so when they walk in, they'll be identified by name. Fortunately for Washington society watchers, the Palm keeps a public record of its most important

LAST YEAR. HE MAY BE THE BEST MCAULIFFE IS THE WAY SCANDAL THE MONEY. BY STEPHEN GLASS

clientele. Along the walls of its otherwise stuffy dining room are dozens of caricatures of the restaurant's most famous eaters. There are Al and Tipper Gore. There's one of former House Speaker Tom Foley and another of Ted Kennedy. And then there are two portraits of Terry McAuliffe.

Unlike most of the painted faces, McAuliffe's would not be recognized on any street outside of Washington. His bushy brown hair, faint eyebrows, pinkish pale face, and wiry body distinguish him from the silver-haired heavies who normally frequent the Palm. McAuliffe is as low profile as he is nondescript. Though apparently a source for many Washington reporters, he himself is rarely written about, and he is surely one of the most powerful least-recognizable people in Washington. But McAuliffe

has earned his two Palm portraits. At 40 years of age, he is the premier moneymen of politics, a Democratic fundraiser generally considered to be the best in either party. In 1996, McAuliffe broke records when he pulled in \$37 million for President Clinton's re-election campaign in just eight months. And since it's widely thought that whichever Democrat he signs up with in 2000 will have a huge edge in the race to become the party's nominee, McAuliffe's every move is measured by political speculators. He's so good, some Republican competitors call him the Baker—whenever he puts the heat on, dough rises.

It takes a peculiar combination of skills to raise so many millions of dollars. McAuliffe has an uncanny ability to instantly remember names and faces, and to recollect details about everyone he meets. "It's like nothing I've ever seen," says a Chicago businessman. "We talked once for no more than three minutes. Then when we bumped into each other months later, he remembered every bit of the conversation. It makes you feel so important, you want to give him money." Adds a Democratic donor who has given to McAuliffe several times since the late 1980s: "A lot of fundraisers have called me over the years. Terry is unquestionably the best ever. I have to make sure my secretary doesn't put his calls through, because if I talk to him, I will end up giving him money. It's like when the Girl Scouts ring your bell, you have to buy a box of cookies—he makes you feel like it's your civic duty."

This blend of patriotism and personal bonding is linked with a raw persistence. McAuliffe once called former Florida congressman and space enthusiast Bill Nelson while Nelson was "in quarantine" at the NASA/Johnson Space Center before a 1986 flight on the space shuttle *Columbia*. No one was supposed to get through to Nelson except in emergencies, not even his family. But McAuliffe pressed. When the congressman got on the phone, McAuliffe wasn't apologetic. Instead, he reminded Nelson of an unfulfilled pledge: "You made a commitment to bring in \$5,000." When the congressman began hemming and hawing, McAuliffe chirped, "What's more important, your space shuttle or the Democratic majority in the House?" Nelson had the money sent the next day.

McAuliffe seems to have been born to raise money. By the time he was 11, growing up in Syracuse, New York, he had already made a name for himself as a sales-

man. His father, Jack, was the treasurer for the county Democratic party, and Terry hawked seats to political dinners for \$25 apiece. Until the young McAuliffe got involved, locals say, the candidates generally sold the tickets to family members and friends. But McAuliffe broadened his father's name recognition by selling the seats to strangers, using his dad's down-home ideology as the sales pitch. McAuliffe's entrepreneurial spirit showed elsewhere as well. Before he could even drive, Terry had started a small company, McAuliffe Driveway Maintenance. He continued to run the business from his college dorm at Catholic University in Washington, D.C.

After graduating in 1979, McAuliffe signed on with Jimmy Carter's 1980 presidential campaign. On his first day, he was arbitrarily assigned to work with Richard Swann, the Florida state finance chairman, who was organizing a fundraiser at Sea World. Swann, an Orlando real estate investor, took an immediate liking to McAuliffe. Six weeks later, the Sea World event, which was hosted by Rosalynn Carter, brought in more money than anyone had expected. Ten years later, McAuliffe would marry Swann's daughter, Dorothy.

Word of the fundraising wunderkind really spread after McAuliffe approached Florida's Seminole Indian tribe for a \$5,000 contribution. Pointing to a nine-foot, 260-pound Everglades alligator, the tribe's chief, James Billie, told him, "You ain't gettin' nothing today if you don't wrangle one." The day before, the alligator had eaten a wrestler's thumb, so McAuliffe asked for pointers. Chief Billie's advice: Straddle the alligator behind the head and pry open its powerful jaws. And if he lost his grip? "Run like hell." Shocking everyone, McAuliffe agreed, took off his shoes and socks, pushed up his sleeves, and rolled up his pants legs. He wrestled the alligator in hand-to-jaw combat for more than five minutes, five minutes that became a part of the McAuliffe legend: The man would do virtually anything for money.

Five years later, McAuliffe graduated Georgetown Law School and entered the private sector as a Washington lawyer, banker, and sometime lobbyist. He had already agreed in 1982 to serve as finance chairman of the Democratic Congressional Campaign Committee, a grueling job raising money for House races. DCCC donors learned never to tell McAuliffe that the check was in the mail. He would

tell them that the mail was inefficient—they should cancel the first check and overnight him a new one.

In 1987, McAuliffe left the DCCC to raise money for the presidential bid of soon-to-be House majority leader Dick Gephardt. During the campaign, Gephardt became a trusted friend of McAuliffe's family. So trusted that when Gephardt's presidential hopes stalled, a bank on whose board McAuliffe sat loaned the candidate \$125,000 to jump-start his campaign. That loan was all the more unusual since it was unsecured, increasing the possibility that it would never be repaid. (It was, and McAuliffe says he abstained when the bank's board first voted on the loan.) McAuliffe was earning a reputation as a fundraiser who would pull out all the stops for his candidate, and Gephardt was grateful. One Christmas Day, Gephardt paid homage to his moneyman by hand-delivering his Christmas present, a

golden retriever named Bailey. After Gephardt's loss, McAuliffe raised money for the Clinton campaign in 1992, and in 1994 he was named national finance director of the DNC.

The profession of fundraising tends to be split between two schools: one that focuses on tapping a select group of big donors, and another that tries to maximize small contributions with a broad base of contributors. Democrats historically pay homage to the smaller donors, while Republicans concentrate on the bigger tickets. But McAuliffe disagreed with the Democratic strategy, and that year he aggressively shifted the party's focus to major donors. That move ultimately helped Clinton win re-election. But it also left him mired in a swamp of scandal.

The story of McAuliffe's dash to raise money for Clinton began two days after Christmas in 1994. It's easy to forget how isolated Clinton was at the time. Two months earlier, Republicans had won the House and the Senate in a landslide victory. Clinton's major policy agenda, health care reform, had failed spectacularly. His popularity had dipped to record lows. With two years to go till Election Day, television talk-show hosts were already speculating on which Democrats would chal-

lenge Clinton in the presidential primary.

Earlier that December, Harold Ickes, one of Clinton's oldest friends and his top political adviser, warned the president that his position was dangerously weak. And Ickes, perhaps more than anyone else, knew the threat such a position posed. In 1978, President Jimmy Carter had been similarly handicapped, and Senator Edward Kennedy, with Ickes as a senior adviser, had later challenged Carter for the Democratic nomination. Although Carter defeated Kennedy, the primary race weakened Carter even further, ultimately helping Ronald Reagan win. Now, Clinton was equally vulnerable. The only way to prevent such a primary challenge was to raise a lot of money—and fast. Ickes, according to Bob Woodward's book *The Choice*, told Clinton that the only Democrat who could raise that much money that quickly was McAuliffe.

That December morning, according to two Clinton advisers, McAuliffe came to the White House and reassured Clinton he could get the cash. But there was a catch: McAuliffe told Clinton he needed to get those big donors in to see the president, even if only for a few minutes. Clinton agreed. One week later, McAuliffe sent a memo to a top Clinton aide asking him to reserve three dates during which Clinton could meet

The check's in the male: McAuliffe in action in 1986 (below) and as 1997 presidential inaugural co-chair (right) with Kentucky senator Wendell H. Ford, inaugural chair Virginia senator John Warner, and presidential friend Ann Jordan, also inaugural co-chair.



"MCAULIFFE REALIZED THAT HE HAD A PRODUCT TO PITCH THAT THE GOP COULDN'T MATCH," SAYS A DEMOCRATIC MONEY RAISER. "HE HAD TIME WITH CLINTON."



about 20 "major supporters" for breakfast, lunch, or coffee. "The purpose of these meetings would be to offer these people an opportunity to discuss issues and exchange ideas with the president," McAuliffe wrote. "This would be an excellent way to energize our key people for the upcoming year." McAuliffe added that the events could include jogging or golfing with the president and suggested ten big Democratic donors who might jump at the opportunity. Clinton welcomed the idea and famously jotted back, "Yes, pursue... promptly, and get other names at [\$]100,000 or more, [\$]150,000 or more.... Ready to start overnights [in the Lincoln Bedroom] right away."

During the president's first term, more than 938 people spent the night in the White House, many if not most of whom were donors. Many more drank coffee or dined privately with the president. As McAuliffe predicted, the events energized the donors and helped raise the maximum amount al-

lowed in record speed. "McAuliffe realized that he had a product to pitch that the GOP couldn't match," says another Democratic money raiser. "He had time with Clinton."

The Clinton administration has danced around the issue of whether the Lincoln Bedroom was "rented" for campaign dollars. But a little-known case provides more evidence that McAuliffe did offer time with the president. Peter Butenwieser, a Philadelphia philanthropist who in 1995 and 1996 gave more than \$150,000 to Democrats, claims McAuliffe called him on June 14 and tried to sell him a "truly intimate" lunch with the president. According to Butenwieser, McAuliffe said that he could dine with the president and a handful of others in the Blue Room on June 17 if he promptly sent a check for \$50,000. Insulted, Butenwieser declined. The philanthropist then wrote a letter to McAuliffe and sent a copy to Senate minority leader Tom Daschle, an acquaintance of Butenwieser's, complaining about McAuliffe's request. A copy of the letter, kept in Daschle's offices, reads, "I felt uncomfortable, even demeaned, last Friday (6/14/96) when I sensed, perhaps incorrectly, that you were offering me a chance to have a small (eight-person) luncheon with the president in the White House on Monday—for an additional \$50,000 contribution to the DNC."

When parts of this story were reported in the *Philadelphia Inquirer*, McAuliffe told the newspaper that Butenwieser was a "kook" and "crazy." He said he never talked to Butenwieser on the telephone and that the philanthropist was perhaps misremembering a discussion they had at the Renaissance Mayflower Hotel in Washington. But all of Butenwieser's charges that can be checked seem accurate: The White House confirms that Clinton ate around lunchtime in the Blue Room on June 17. He dined with eight guests and several staff members. Federal records indicate that at least one of the guests gave \$50,000 to the DNC shortly after the lunch, and others gave \$100,000 in the following weeks.

McAuliffe has also maintained that he has only a passing acquaintance with John Huang. But like his Butenwieser argument, that contention doesn't ring quite true. Since McAuliffe is renowned for remembering minute details about donors, the idea that he would not know a DNC staffer who had apparently brought in millions from a previously, almost untapped donor pool—Asian-Americans—seems highly unlikely.

McAuliffe has explained that he worked for the Clinton-Gore campaign in 1995 and 1996 while Huang was working at the DNC. Although the campaign and the headquarters were legally distinct organizations, the Clinton White House in effect controlled them both. Ickes, for instance, ran the party's campaign from the White House basement.

And McAuliffe—who served briefly as U.S. commissioner general to South Korea in 1993—certainly had experience in raising money from Asian-Americans. In the opening chapter of Brooks Jackson's respected book on campaign finance, *Honest Graft*, McAuliffe is depicted as fuming that then House Speaker Tip O'Neill did not show up at a Taiwanese-American fundraiser in 1986. The 65 donors were left waiting for O'Neill in a private room at the Beverly Hilton hotel. A year before, O'Neill had also blown off the group. "For them, that's an insult. You just can't explain it to them," McAuliffe said at the time. "It was a heart-wrenching experience. They were very, very, very disappointed."

Since last November's election, McAuliffe has managed to avoid the swirl of scandal that has touched so many others who worked for the DNC and raised money for Clinton. And he remains in demand from his party's potential Clinton heirs—torn between his old boss, Dick Gephardt, and his current boss's veep, Al Gore. White House sources say the president has tried several times to bring McAuliffe entirely into the fold by hiring him to head the Democratic National Committee. Each time, McAuliffe has said no—though during one December meeting in which Clinton and Gore both pressured him, he reportedly almost agreed. But McAuliffe's wife apparently wants her husband to spend more time with their three children: Dorothy Swann McAuliffe said as much to Clinton while dancing with the president at a Christmas party. In a subsequent half-hour phone call, Gore tried to change her mind but failed.

Some veteran McAuliffe watchers believe the fundraiser has simply benched himself for two years to wait for the 2000 election cycle to gear up. They believe that McAuliffe's first loyalties are to Gephardt, and working for the DNC would require him to support Gore more than he would like to. "Look, both will want McAuliffe to work for them," one of McAuliffe's friends says. "Hell, even the Republicans will want him." Scandal or not. ☐

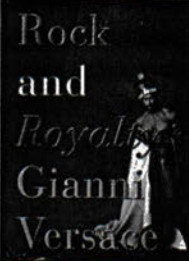


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THE WHITE HOUSE

WASHINGTON

JUL 22 11:21

July 22, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN *mw*
TERRY EDMONDS *TE*
SUBJECT: TRACEY BROWN BOOK INTRODUCTION

Tracey Brown has asked you to write the introduction to her book, *A Seat at the Table: The Life of Ron Brown*. The request was forwarded to us to work on. The attached draft reflects many of your public comments since Secretary Brown's death, as well as sentiments you expressed during the interview you granted Tracey in April of this year. As noted in Tracey's attached letter to you, her manuscript is due to the publisher August 1. Upon your review, comments and direction, we will immediately get this to her.

Thank you.

*This is very good - I read on
success change
this can be good in
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from the desk of
Tracey L. Brown, Esq.

you're right
for the book
you're right
you're right
you're right
you're right

Mr. President,

The time has come! I'm writing to
remind you of your promise to write
the introduction to my book,
A Seat at the Table: The Life of Ron Brown

Since I've had such a difficult
time getting back on your schedule to
complete our interview, please use
any anecdotes or memories in your
introduction. It should be three (3)
pages & I desperately need it by
August 1, 1997, which is when my
manuscript is due to the publisher.

Call me if you have any questions.
(202) 362-3723

Thanks,

Tracey

PRESIDENT WILLIAM J. CLINTON
INTRODUCTION TO
***A SEAT AT THE TABLE: THE LIFE OF RON BROWN*, BY TRACEY BROWN**
JULY 21, 1997

History remembers great men as collections of great deeds. More than a year after the tragedy that took his life, history remembers Ron Brown as the Chairman who returned his party to the White House, as the Secretary who revolutionized the Commerce Department, and as the leader who worked to bring all Americans into the new global economy.

For those of us who knew him, though, Ron Brown was more than a mere collection of achievements. He was an incredible life force. Intelligent and successful, caring and determined, Ron was one of the most impressive men I have ever known. He was my friend.

His energy was contagious. As long as I live, I will remember the day Ron Brown forgot I was President and beat me at basketball. We were visiting a sporting goods store in Los Angeles, and in the back of the store, we found a basketball court and a group of boys and girls who couldn't wait to show us their jump shots. So we divided up sides-- Ron took a few kids, and I took a few kids--and suddenly it didn't matter that Ron was a cabinet member, or that I was the President. "The President was in my face from 20 feet out," Ron would say afterwards. "But when I shot - nothing but net."

His enthusiasm brought out the best in people, and it brought people together. I first met him in 1988, when he was working on Jesse Jackson's campaign. At the end of that year, when Ron announced that he wanted to chair the Democratic National Committee, I knew he was the leader who could rejuvenate the party. And as he broadened the party's foundation, harmonizing the differences between its members, Ron went beyond my expectations.

~~Even so, when he~~ announced in 1992 that the world's oldest political party would regain the White House, ~~I found myself among the skeptics.~~ We had lost the last three presidential elections, and many Americans felt that our party was outdated. But if he felt it, Ron never showed any doubt. His confidence inspired an enormous amount of confidence in those around him.

And after I won the party's nomination, he inspired a greater confidence in me. I could not have become President without Ron Brown.

When I became President, the job of Commerce Secretary seemed tailor-made for Ron. At that time, the Department of Commerce was a moribund agency with only a negligible role in our nation's everyday life. Yet Ron recognized, as I did, that the Department had the potential to transform of the American economy. I knew that he was up to the challenge. "This is a big, new world out there," I told him, "and you ought to be Secretary of Commerce. You could change the future of America, and make a real

difference for millions of people around the world.”

“That sounds good,” he said. “I’ll think about it.”

Ron Brown entered my administration like a force of nature, becoming one of the best Commerce Secretaries in our nation’s history. He recreated the Commerce Department, based on a simple creed that he required his staff to memorize: “The mission of the Department of Commerce is to ensure economic opportunity for every American.”

As the first African-American Commerce Secretary, and a man who never forgot where he came from, Ron focused especially on those Americans who had traditionally been left behind. He treated African-Americans as people with economic potential, rather than economic need, and he challenged minority businesses to join the new global economy. The son of a Harlem hotel manager, Ron had lived the American Dream. He felt it was his duty to give others the same chance, and he worked tirelessly for their opportunity.

Ron also believed that the American Dream was not limited to Americans. Cultivating prosperity abroad as at home, he lifted aspirations around the world. On his final mission overseas, he traveled to Bosnia with hopes that the vigor of the American economy could restore peace to the Balkans.

Filled with excitement about his mission, Ron visited me at the White House, shortly before he left. He was proud of the men and women who would accompany him. They were business executives, Commerce employees, journalists, and military personnel-- 32 courageous Americans who demonstrated the power and the responsibility of the individual to address the concerns of humanity. Like Ron, they were patriots and they were role models, who gave up their lives to solve a problem nearly 5,000 miles from home.

I will never forget the morning I called Alma Brown to tell her that her husband's plane was missing in the Balkans. "I want you to hear it from me first," I told her. It was one of the saddest moments in my life.

A few hours later, when our worst fears had become our new reality, Hillary and I joined friends and family at the Brown home. He had only been gone for a short while, but we already felt the emptiness of Ron's absence. While I was preparing to address Ron's colleagues at the Department of Commerce, my White House Assistant and Ron's longtime friend, Alexis Herman, shared with me Ron's favorite Scripture verse. It was that wonderfully apt line from Isaiah: "They who wait upon the Lord shall have their strength renewed. They shall mount up with wings as eagles. They will run and not grow weary. They will walk and faint not."

Ron Brown walked, ran and flew through life, with an extraordinary vivacity that

touched everyone who knew him. As a daughter's testament to her father, this book captures the deeds that make Ron the stuff of history, the character that makes him worthy of our continuing admiration, and the spirit that won him the love of millions around the world. In our greatest tribute to this legacy, let us follow Tracey Brown's lead, and live by Ron's example.

Call to
✓

THE WHITE HOUSE
WASHINGTON

August 13, 1997

Megan DeLamar Schroeder
601 North University Avenue
Little Rock, Arkansas 72205

Dear Megan:

Thanks for your good letter and, more importantly, for your service at the CFTC. Hillary and I will miss you and Trey and want to say how much we appreciate your hard work and dedication these past years.

Thanks for your words about Stanford. I'm sure Chelsea will find success there.

We wish you both the very best and hope you'll keep us updated on what you are doing. Please know you are always welcome here.

Sincerely,

Bill Clinton

Megan DeLamar Schroeder
601 North University Avenue
Little Rock, Arkansas 72205



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August 8, 1997

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

Dear President and Mrs. Clinton:

It has been a distinct honor to serve you and the American people over the past four years, and it is with great sadness that Trey and I bid you farewell. This has been a time of great professional and personal growth for me; I came to Washington as a new attorney fresh from a judicial clerkship, and I leave with a full education in federal financial regulatory policy, Congressional relations, and Washington politics. On the home front, we have created a very happy little family of our own which we hope to expand in the coming years in Little Rock!!!

I cannot resist the opportunity to congratulate you and Chelsea on a perfect college choice. As a fellow Stanford alumna from Arkansas, I know that she will join a long list of Little Rock natives who have flourished on that sunny campus. It is the perfect college for her because Stanford will warmly embrace and welcome her but then will leave her alone to create her own unique undergraduate experience.

Thank you for the wonderful opportunity to contribute and to learn. As always, please do not hesitate to call on me in the future if I may ever be of any assistance to you.

Yours very truly,

Megan DeLamar Schroeder
Megan DeLamar Schroeder

cc Josh

WHITE HOUSE
WASHINGTON

August 13, 1997

Ruth Burks
Number 301
101 Long Island
Hot Springs, Arkansas 71913

Dear Ruth:

Thanks for your letter and for telling me about Allison starting All Saints Episcopal Boarding School.

I know that it's a difficult time for you. Sending a daughter off to school does leave one feeling empty. We just have to be strong, plan visits, and pray that our children will find the support and encouragement they need while they're away. Allison is a strong young lady, and I'm sure she'll do well.

Good luck with the charity tournament. Hillary and I send our best.

Sincerely,

Bru

Ruth Burks
101 Long Island #301
Hot Springs, AR 71913

and never gave up. your ²
letters of encouragement did just
that, they gave her courage to
reach for her dream. Never
giving up. I admire her for
that.

I have always been able to
use you as an example. Even
way back when you were Gov.
I've raised her right. With
good strong values. Like we
were taught. When she was in
the fifth grade she beat out 16
High School kids to receive the
JC Penney Golden Rule Award for
Volunteerism. She will always
give back to her community and
her world. Thank you for helping
me raise her.

I'll give you her address
when I get it. I hope that you
can keep in touch. She loves
you so. And since you can't
run for President again, who
knows? maybe she'll visit you to
be her V.P. (Haha)

With Chelsea leaving for California
How do you feel that hole in
your heart? Or at least stop
the bleeding? Aren't we lucky
that we raised neat children
that we enjoy?

With Allison gone I'll be
here all alone. Except for my
dog, Sam. It'll be the first
time in my life. I don't have any
family except Allison. (Oh, I'll be
going by her first name, Jessica,
at school. Her choice. New Start I
guess.) I'm free to go anywhere
and do anything.

Now that the elections are
known that there is so much that
you want to do to leave your
office, this county and the world
a better place. I know that
being President ^{isn't} ~~isn't~~ just about
politics to you. I want to
help you achieve your goals,
I want to do whatever needs
done.

I can go wherever you need (4,
trust, hard work and insight. I'm
reliable, even if I can't spell it.
I can move around or travel,

think about it. I know that there's
a spot for me. Or maybe many
spots or places. Just let me know.
I'll be fishing quick until
then. But, remember, winter
comes soon. And I'll be a frozen
popsicle or icesicle if you forget me.
And that gives me too much time
to think about my baby being
gone.

I'm glad that your knee is better.
I hope that you can still hit a few
golf balls. I bet that I could
play with you now. I played
in a ~~at~~ charity tournament not
long ago and someone wanted to
know what I shot on the back
nine at Belvedere. And all I
could tell them was skeet, quail
pheasant, whatever is back there.
(28)

The deer have moved in out (5)
there. They are everywhere. Still
doesn't help my game, but they
might make a good excuse.

I'm thinking about organizing
a charity tournament for the
CCMC Charitable Christian Medical
Clinic here in H.S. We treat about
125 patients a week for \$5.00 ^{co-ins}
Dr., test, medicines, etc. everything.

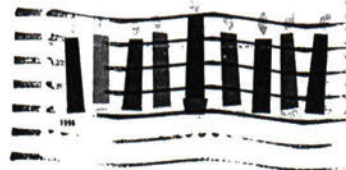
I wish that you could work
it one night. Dr. Sandra Nichols
of the AR Dept of Health will be
working it in Aug.

I have to go now. This time
is going to be tough for me. So
you'll probably be hearing
from me more often. I don't
expect a reply each time. It's
just comforting to have you
to listen to me. If I could have
had a brother I would have
chosen you. Sincerely,
Ruth

Bulls
101 Long Island
#301
2nd Spring
AR 71913



HANUKKAH, USA 32



RECEIVED

97 JUL 31 P2:18

WHITE HOUSE MAIL
ROOM 49 RECEIVED

President Bill Clinton
The White House
1600 Pennsylvania
Washington

DC 20500 2000

P.S.
I hope that
you liked the
1959
Phone
book!