THE PRESIDENT HAS SEEN
12-31-97

What are we doing w/ Mich?
Dc

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Government Trims Downsizing Tool

Today Marks End of Most Buyouts Used to Meet Work Force Goals

By Stephen Barr
Washington Post Staff Writer

Today, the Clinton administration loses one of its big downsizing carrots—the government-wide authority to offer cash "buyouts" worth up to $25,000 to each employee who volunteered to quit or retire.

The buyouts helped the administration deliver on its 1992 campaign promise to shrink federal employment. Buyouts also helped the administration minimize its use of the stick—layoffs—to achieve downsizing goals.

The latest tallies show that 47,873 non-defense employees opted for buyouts between Oct. 1, 1992, and June 30, 1997, according to a draft report prepared for Congress by the Office of Personnel Management. During that period, another 100,628 employees at the Defense Department took buyouts, OPM figures show.

Although the government-wide authority has expired, Congress has authorized three large agencies to continue offering the cash incentives.

Under separate laws, the Defense Department can offer buyouts until fiscal 2001, while the Agriculture Department and the National Aeronautics and Space Administration can use them through fiscal 2000.

What has happened inside federal agencies in the midst of the buyouts and the downsizing remains difficult to assess. But the preliminary data offers a few snapshots of the changing bureaucracy:

- The average age of employees retiring with a buyout was 59.8 years in fiscal 1997, slightly younger than the average of 61.3 years for employees who opted to retire with the buyouts the previous fiscal year.
- Employees resigning before being eligible for retirement and taking a buyout averaged 44 years of age in 1997, virtually unchanged from 1996.
- The percentage of women and minorities in the work force increased slightly over the last two years, suggesting that more senior, white men were the ones taking advantage of the buyout offers. Women make up 44.2 percent of federal employees and minorities are 29.4 percent of the work force.
- All but two of the 15 pay grades on the General Schedule, where the bulk of the government's white-collar employees are tracked, showed reductions in employment.

Employees at the GS-8 level, however, increased 21 percent between December 1992 and September 1997, according to OPM data, primarily because the Justice Department needed more prison workers and the Social Security Administration hired more people to interact with the public.

The data also suggest that the bureaucracy became more top-heavy. Between December 1992 and September 1997, the work force plummeted by half in the bottom three grades and absorbed substantial losses in the middle grades, while the supervisory ranks showed only small declines (GS-14, down 4 percent; GS-15, down 2 percent).

The drop in supervisory positions, which went unfilled after downsizing and buyouts, however, apparently caused a backup at the GS-13 level, which grew by 6 percent.

Donald F. Kettl, a senior fellow at the Brookings Institution who has studied civil service issues, said he fears the administration put in "a lot of effort to get people out the door" but has lagged on developing strategies for "a smaller work force that works smarter."

"What we have not figured out is exactly how we're going to take the existing programs, the need to find a way to deal with budget cuts, and a need to bring the government into the information age, and incorporate all that in a work force in which we have not invested much money," Kettl said.

Buyouts began in 1992, when Congress gave the Pentagon permission to offer them as a way to cope with the post-Cold War military drawdown and base closings.

Two years later, Congress extended buyouts to non-defense agencies after Vice President Gore's "reinventing government" task force sought them as a way to help achieve its downsizing goals, including proposals to cut the government's management layers.

The Clinton administration calculated that cutting 250,000 jobs would save more than $10 billion each year, based on the assumption that each government worker costs more than $44,000 annually in net pay and benefits.

The first round of buyouts was authorized for 1994 and 1995, with some payouts delayed until later years if the agency decided it needed to retain individual workers for a longer period. Congress authorized a second round of buyouts, with more restrictive conditions than the first set, to run from October 1996 through Dec. 30, 1997.

Congressional hearings and General Accounting Office reviews faulted the first round of buyouts. A GAO survey of 24 agencies found that most offered the buyouts without advance planning and made them available to virtually all employees.

GAO said 15 agencies "experienced a loss of corporate memory and expertise, and 11 agencies said that there were work backlogs because key personnel had separated." GAO also found five agencies that used contractors to perform work previously done by employees who took buyouts.

As a result, Congress placed restrictions on how buyouts were used in the second round, directing agencies to prepare strategic plans for congressional review. This summer, when GAO examined buyouts again, the congressional watchdog agency found they were being used in ways that tended to increase budget savings, avoid layoffs and help agencies restructure more appropriately.

In addition to using buyouts, federal agencies also used hiring freezes and offered early retirement packages to cut jobs. As a last resort, some agencies, including the Pentagon, used layoffs. Between October 1992 and July 1997, OPM figures show that 33,895 federal employees were laid off.

As for the overall downsizing, it appears that the Clinton administration has met its numerical goals. The number of full- and part-time federal employees dropped by 282,582 between January 1993 and July 1997, OPM figures show. More than 40,000 of the job cuts came in the Washington area.

Washington Post data specialist Jo Craven contributed to this report.

FOR MORE INFORMATION

To read a list of online resources for federal workers, click on the above symbol on the front page of The Post's Web site at www.washingtonpost.com

The Washington Post
TUESDAY, DECEMBER 30, 1997

THE WHITE HOUSE

WASHINGTON

DATE: January 2, 1998

NOTE FOR: Mark Penn, President
Penn & Schoen Associates, Inc.

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

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

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12-31-97

Rahm / Begala / Bless / Emanuel / M. Penn

Will you encourage
This is an opportunity
for progress (EITC min wage)
tied to cabinet + white house
visit of new jobs plan (maybe
on weekend/bus trip — maybe
time to separate/bless w/ ___

BC

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Reed
Sperling
Bowles
M. Penn

12-31-97

New York's Richest Get Richer, Poorest Poorer

By Blaine Harden
Washington Post Staff Writer

NEW YORK, Dec. 18—Mayor Rudolph W. Giuliani's vaunted miracle of a safe, clean and prosperous New York City has a gaping hole in it.

Two studies of U.S. Census Bureau data show that the city's middle class, especially the black middle class, is shrinking. At the same time, the studies found a rapidly widening gap between the rich and the poor.

In the past two decades, the earnings disparity between the rich and the middle class has grown faster in New York than in any other state, according to an analysis released this week by the Washington-based Center on Budget and Policy Priorities. The gap that shows up in New York state is heavily influenced by high salaries paid in the city, according to the study's authors.

In only one other state has the gulf between the rich and the poor grown faster in the past 20 years, according to the study. It is Connecticut, whose southern suburbs are home to many of New York City's richest brokers, investment bankers and corporate executives.

Similarly, a study this week by the New York City Council, entitled "Hollow in the Middle," found that in the past two decades rich and poor families have been increasing as a percentage of the city's population, while the percentage of middle-class families has declined.

Two words explain the reason that the rich are racing away from everyone else in the city: Wall Street.

The city's financial service sector is ringing up another record year, with pretax profits predicted at a record $12 billion (following the record $11.3 billion last year), with million-dollar-plus bonuses again expected in major trading houses such as Goldman Sachs and with the city's tax base becoming ever more dependent on a relatively small, but phenomenally wealthy slice of the population.

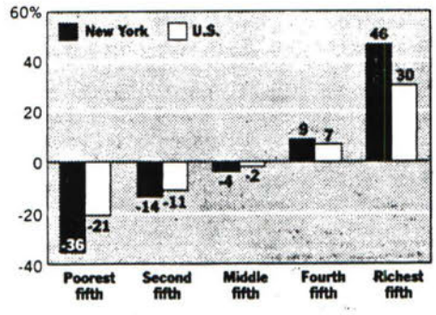
Wall Street accounts for just 4.5 percent of the employment in New York, but generates 17 percent of the city's personal income tax revenue. City budget analysts say most of a projected budget surplus of about $1.2 billion is based on record receipts of corporate and income taxes paid on Wall Street.

"We are becoming very concerned that the city is just too dependent on Wall Street," said Peter F. Vallone, a Democrat from Queens who is speaker of the City Council and who requested his staff to do the study.

INCOME GAP WIDENS

New Yorkers with incomes in the top fifth make nearly 20 times more than those in the bottom fifth—the largest gap of any state. Since the late '70s, as the rich have gotten richer and the poor poorer, the disparity in real income grew 127 percent, twice as fast as the U.S. total.

Change in family income, late '70s to mid-'90s



NOTE: The gap between rich and poor is understated, since the census data on which the study is based count income over $100,000 from any one job as only $100,000, and because capital gains income is not included as earnings. "Late '70s" reflects data from 1978-80; "mid-'90s" is 1994-96.

SOURCE: Center on Budget and Policy Priorities

	Poorest fifth	Richest fifth	Ratio
Biggest gaps:			
New York	$6,787	$132,390	19.5
Louisiana	6,430	102,339	15.9
New Mexico	6,408	91,741	14.3
Arizona	7,273	103,392	14.2
Connecticut	10,415	147,594	14.2
Smallest gaps:			
Iowa	13,148	104,253	7.9
Wisconsin	13,398	103,551	7.7
Vermont	13,107	97,898	7.5
North Dakota	12,424	91,041	7.3
Utah	15,709	110,938	7.1
Local numbers:			
D.C.	5,293	149,508	28.2
Maryland	13,346	147,971	11.1
Virginia	10,816	116,202	10.7
Total U.S.	**9,254**	**117,499**	**12.7**

THE WASHINGTON POST

In this city of 7.4 million people, only about 163,000 people work on Wall Street. Ominously, in the midst of Wall Street's longest-ever boom, overall unemployment in New York City continues to hover around 9 percent, nearly double the national average.

As compared with all 50 states, the District of Columbia had by far the largest income gap between rich and poor, according to the study by the Center on Budget and Policy Priorities. The average income of the bottom fifth of families in the District was $5,293 a year, while the top fifth made $149,508. But that figure, according to Elizabeth McNichol of the center, reflects the "high poverty rate of an urban center" and is likely to be found in many American cities.

The center's study found that the income gap between the top fifth of New York state families and the bottom fifth of families grew by 127 percent since the 1970s.

Economic gains made by the black middle class during the boom years of the 1980s in New York City were "wiped out" by recession and slow recovery this decade, according to the City Council study. It found that the percentage of middle-class black households in the city fell from 31 percent in 1989 to 22 percent last year. The decline coincided with the elimination of about 60,000 city government jobs since 1991.

"Public employment has always been a route into the middle class for minority New Yorkers," said John Mollenkopf, a co-author of the City Council study and director of the City University of New York Center for Urban Research. "I attribute a lot of the loss in the black middle class to contraction of government employment."

As for why the entire New York City middle class was smaller in 1996 than in 1989, Mollenkopf said one of the reasons is a merger-driven consolidation of banking and brokerage jobs on Wall Street, with fewer professionals holding down the best jobs, but with those jobs paying far more than ever before.

One of the most notable findings in the City Council's study was the success of native-born white men in hanging on to most of the very highest paying jobs in New York City. Outside of the lucrative cluster of jobs in banking, management and Wall Street, the study shows that native-born white men have lost ground in the city's labor force to blacks, Latinos, Asians, women and the foreign-born.

"Considering how white males have declined in the population as a whole, their hold on the best jobs has persisted," said Mollenkopf.

The percentage of whites in New York has fallen from 43 percent in 1990 to 38 percent last year. But Mollenkopf writes that native-born white men have been able to hang on to 57 percent of the "highly remunerative" jobs, down from 67 percent in 1980.

Since Giuliani was first elected in 1993, the Republican mayor has been given credit by voters for a remarkable transformation in the livability of the city. New York has become the safest big city in the country. It is noticeable cleaner and tourism is setting new records.

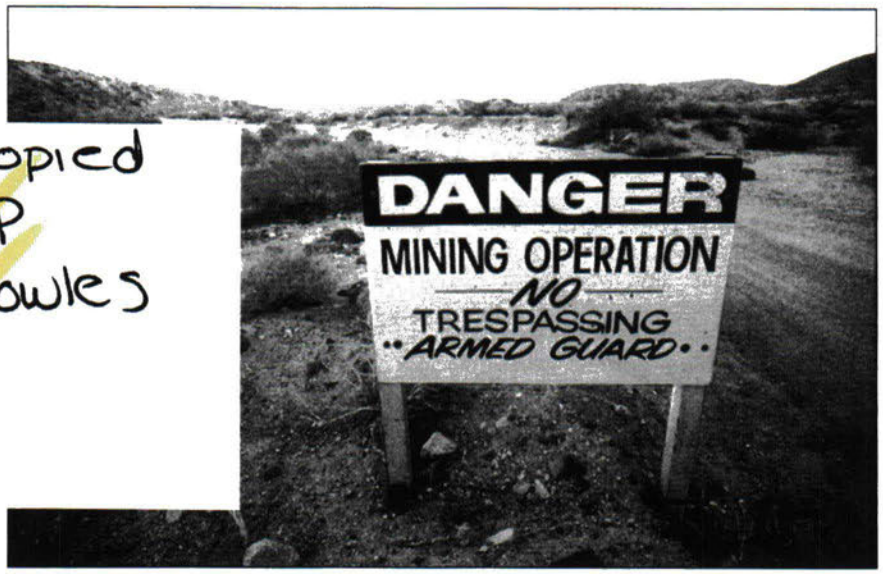
But the apparent decline of the middle class, said City Council Speaker Vallone, "is an alarm going off."

"In New York, there has always been a ladder you could climb to get a good education, own a home and get a good job." Vallone said. "I just can't imagine what would happen to us if we would let the middle class disappear."

CORRECTION

A chart accompanying the Trendlines column in yesterday's Business section misstated the initial deposit that would be required for each American at birth to finance a self-sustaining Social Security system. It should have said $6,294.

The Washington Post
FRIDAY, DECEMBER 19, 1997



How subsidies destroy the land

AS THE global-warming summiteers wend wearily home from Kyoto, Bill Clinton has been taking a pounding for being insufficiently eager to reduce greenhouse-gas emissions. A better test of whether his administration is serious about environmental reform, or just willing to let Al Gore bore for America on the subject, is what it has done to phase out federal subsidies that actually encourage dead fish, foul air and denuded landscapes. On this, the record is patchy indeed.

Begin with mining subsidies, basically unchanged since 1872, when Congress wanted to encourage settlement of the West. Anyone who can identify a piece of federal land with hard-rock minerals in it—such as gold, silver, platinum and copper—can apply to "patent" a claim—that is, demonstrate the presence of minerals. When the patent is approved, the prospector can buy the land for $2.50-5 an acre. The benefits can be staggering. In 1994, a mining company paid $9,765 for an area in northern Nevada with a gross mineral value of $10 billion. Between May 1994 and September 1996, land containing almost $16 billion-worth of minerals was sold for $19,190. The government does not get a penny in royalties.

Besides being a bad deal for the federal taxman, the mining law has also had undesirable effects on the landscape. First, because the original law imposed no environmental requirements, for many years mining companies could and did sink mines and then abandon them. Miners are now bound by environmental laws, and so behave better. But history matters: the Western Governors' Association estimates that more than 3,000 miles of streams have been polluted by hard-rock mining wastes. Second, because mining companies do not have to pay royalties on public land, and pay only derisory sums for the land itself, they have every incentive to operate marginal or degraded mines. There has been a moratorium on new patents since 1995, but many mines are still being worked, and every effort at reforming the law has failed.

There is nothing wrong in principle with mining on public land. The federal government owns half of mineral-rich California and 80% of Nevada; to leave these resources untouched makes no sense. But neither does it make sense to allow all the wealth on public lands to accrue to private companies.

From open-cast to open range: in the West, miners are closely matched by ranchers in their uninhibited enjoyment of federal subsidies. Ranchers graze their livestock on both public and private lands. The difference is that private landowners make money from the practice; the government does not. The 1997 Economic Report to the President quoted estimates that grazing fees for federal land averaged $1.20 per cow (or per five sheep) per month between 1965 and 1992, compared with $11.20 for private grazing in 11 western states. In 1996, according to Green Scissors, a coalition of environmentalists and free-market economists, grazing fees recovered only $25m of the $77m it cost to manage the programme. Subsidised grazing occurs on 270m acres of American land, an area the size of California and Texas combined.

When the price of grazing is too low, the result is over-use—or, more broadly, inappropriate use. There can be grave effects on habitat and wildlife. A study of the Bureau of Land Management range programme estimates that 60% of its rangelands have lost half their native plants and grasses.

If ranching is a bad case of agricultural welfare-dependency, sugar is worse. The sugar industry swears it is not subsidised; but it rests on a system of daunting price supports and import restrictions. Each year, the Department of Agriculture decides how much sugar can be imported at low tariffs; anything above that level is charged prohibitive rates of duty. About three-quarters of domestic consumption is from American producers.

Protecting sugar has two sour results: Americans pay more for sugar than they need to, and the environment is damaged more than it should be. In California, it takes 3,400 gallons of (heavily subsidised) water to grow a dollar's-worth of sugar beet. The more contentious area, however, is Florida, which accounts for about a quarter of domestic production. Thanks to the federal government, much of the Everglades was drained in the name of flood control from the 1920s to the 1970s. This was a colossal mistake that destroyed a unique ecosystem. Planting sugar on 700,000 acres of it was the next mistake.

Soil in the converted wetlands is fibrous, made chiefly of rotted-down vegetable matter, and therefore degrades easily. So fertilisers are used to enrich the soil; but the phosphate runoff changes the composition of the vegetation from sawgrass (sedge) to cat-tails (reed mace). Cat-tails do not provide suitable habitat or forage for wildlife native to the Everglades, so those species disappear.

The sugar industry says that phosphate runoff has gone down, that water discharge is cleaner, and that they are kinder to the Everglades. All this is true. But the fact remains that growing sugar has been a disas-

ter for the Everglades. Sugar operations are actually expanding there, despite a $1.5 billion federal programme to buy back Everglades land being used for sugar production. Without the web of sugar supports, none of this would have happened.

Last in this litany of damaging policies comes timber. The national forests have 380,000 miles of roads, eight times more than America's interstate highway system. These are the most visible symbol of the dated, destructive and downright silly system of selling timber on federal lands.

The problem is simple. Timber from federal lands is sold for less than the cost of preparing that timber for sale—a net difference of $195m in 1995. And timber companies pay less for building roads to get to timber stands than the cost of building them. As with all kinds of under-pricing, the result is over-use: trees get felled that would not be worth cutting anywhere else, in areas that are often pristine and better off without roads or logging.

The system of timber sales dates from 1897, when land was set aside by law for national forests; managers were authorised to sell timber from the land as a way of covering the cost of maintaining it. They are losing money instead. It is hard not to. Congress, which is not brimming with forestry specialists, specifies each year how many board-feet of timber must be sold. If the requirement cannot be met any other way, then new roads are built to get to new stands. Although the timber requirement is now falling, every bill to introduce a moratorium on new roads has failed. There is nothing intrinsically wrong with felling timber or building roads on federal land, but why do it at a loss?

Under the Clinton administration, some cheeky efforts to expand subsidy programmes have been fought off; but the president has resisted cutting back subsidies that have strong Democratic support. And he has never suggested the sensible alternative approach to managing federal lands, which is to charge those who use them—whether they be campers, souvenir-sellers or miners—the full cost of their activities.

The politics of subsidy reform is always contentious. The beneficiaries are well organised, and many of the subsidies go to western states, where there is bipartisan agreement to defend them to the death—in the name, ironically, of the rugged independence said to be typical of the western way of life. As the West becomes more suburbanised, the political balance could shift from protecting ranchers and loggers to protecting nature itself. But nothing remotely close to that has happened yet.

Home entertainment

The virtual gambler

MIAMI

IN THE age of the Internet, you can trust technology to stay one step ahead of the law. Indeed, you can bet on it. Frustrated for decades by laws prohibiting sports betting and casino gambling, growing numbers of Americans are spinning the roulette wheel at "virtual casinos" on the World Wide Web.

These cyber-casinos, set out of reach of the law in discreet Caribbean islands, allow gamblers to indulge themselves from

When the wheels won't stop

CHICAGO

HOW times change. In 1972, a Catholic priest was arrested in Dubuque, Iowa, for sponsoring a bingo game. Twenty-five years later, Iowa has nine riverboat casinos, three Indian casinos and three race tracks with slot machines. Iowans mirror the nation in two respects: they are betting more than ever, and many of them can't stop.

A 1995 study conducted by the Iowa Department of Human Resources found that 5.4% of the state's population had a gambling problem, up from 1.7% before the state introduced riverboat gambling. Americans as a whole are wagering nearly $600 billion a year on lotteries, horse racing, casino gambling and bingo—more than they spend on groceries, and 50% more than they gambled in 1993. Experts reckon that problem gambling is growing, too. Video poker and keno have earned a reputation as the "crack cocaine of gambling" because they are faster and more addictive than traditional table games such as blackjack.

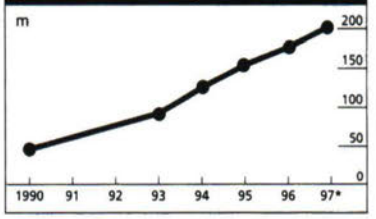
Experts haggle over the numbers, but up to 3% of the population may be compulsive gamblers as defined by the American Psychiatric Association. Another 1-2% may have serious gambling problems. (The distinction between compulsive gambling and problem gambling is similar to the distinction between alcoholism and problem drinking.) Compulsive gamblers wager to the point of ruin. In 1996, the 26,000 callers to the New Jersey gamblers' helpline reported average gambling debts of more than $31,000. Gambling has become the fastest-growing cause of personal bankruptcy, and 28 states now have help programmes for compulsive gamblers.

According to a report just released by Havard Medical School (a review by Howard Shaffer, a psychologist, of 120 gambling studies conducted over 20 years), the number of Americans with severe gambling disorders has increased by 55% over the past two decades. Meanwhile, the number of "problem" gamblers—those who have lied, cheated, stolen, or suffered anxiety attacks as a result of gambling—has climbed from 4% of the adult population to 7%.

Most addicts go bust in the end, some more spectacularly than others. In La-

It could be you

Casino visits by households



Calls to gamblers' helplines

	Nebraska	New Jersey	Texas
1993	475	14,577	1,665
1994	990	15,025	1,756
1995	1,518	24,270	3,097
1996	3,587	26,080	3,404
1997*	4,800	35,000	2,961

Sources: American Gaming Association; Nebraska Council on Compulsive Gambling; Council on Compulsive Gambling of New Jersey; Texas Council on Problem and Compulsive Gambling *Forecast

place, Louisiana, a car mechanic confessed in November to six murders, including the bludgeoning to death of an elderly couple. The man allegedly stole $200,000 to feed an addiction to slot machines and video poker. Police say he had "a quest for the big win and a lust for a piece of the American dream". Most of his victims were found in their homes with their pockets turned inside-out.

hole-Hidden first step. Laurie Flynn, Western Reserve and author of "Re- gamesmanship by physicists who try

Robert / Sidney
We need to get to the bottom of this

I think Colin cited his experience in the Calif. Affirmative Action debate in '96 - check - BK

THE PRESIDENT HAS SEEN
12-31-97

THE NEW YORK TIMES **OP-ED** TUESDAY, DECEMBER 23, 1997

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Colin Powell's Promotion: The Real Story

By Clifford Alexander

WASHINGTON

In his recent town meeting on race relations in Akron, Ohio, President Clinton engaged in an exchange about the Army "affirmative action program" that led to the promotion of Colin Powell to brigadier general. As the session wound down, the writer Abigail Thernstrom challenged the President. "Americans believe in affirmative action," she charged. "They don't believe in preferences." The President then walked toward Ms. Thernstrom, stood over her and asked: "Abigail, do you favor the U.S. Army abolishing the affirmative action program that produced Colin Powell? Yes or no? Yes or no?"

Clifford Alexander, who was Secretary of the Army in the Carter Administration, is president of Alexander & Associates, a consulting firm.

The President and Ms. Thernstrom did not know what they were talking about. There was no affirmative action program that prompted Colin Powell's promotion to brigadier general in 1978.

Mr. Powell and several other black colonels received their first stars while I was Secretary of the Army, from 1977 to 1981. All of those black men, and one black woman, were as qualified to move up the chain of command as their white colleagues. They all served their nation with distinction. I did not promote these black people to the rank of general officer through an Army- or Cliff Alexander-invented affirmative action plan.

But those promotions, including Colin Powell's, did not just happen. At an early point in my tenure as Secretary, I held up a list of proposed general officers because no black colonels had been promoted, even though many had achieved that rank and served with distinction. I met with the General Officer Board, and other boards subsequent to the first one, and gave them a series of instructions.

> He received nothing extra.

They were told to look back at the early records of the eligible black colonels to see if their ratings in past years had been in any way influenced by the prejudices of the rating officers or if they had received lesser assignments or had been kept out of command positions because of the racial predisposition of any assigning superior officer. If such inconsistency was found, the board was instructed to eliminate the unfair rating and judge the people, both black and white, only by fair and equitable criteria.

The boards followed my directives, and the result was equity and fairness. Black people with sterling records emerged on those lists. Yes, Colin Powell was like his white fellow generals — no better, no worse. He did not get anything extra — but more important, his white colleagues did not get anything extra either.

Affirmative action plans are tools to create a more inclusive workplace, and they should not be confused with preference programs. The rise of Colin Powell through the ranks of the United States Army to brigadier general had to do with his performance as a soldier — by any fair comparison, he carried out his assignments with skill and courage. Fortunately, if the general officer boards that evaluated him found any differences in ratings based on race, they were stricken.

Let's hope that President Clinton will choose his examples a little more carefully in the future. □

t is no longer a bar to higher ɔo itical office in the United States to daily with a woman who's not your wife. Or to have done favors for a savings and loan racketeer. Or to have inhaled. Or to have lied about inhaling.

But there is still one private activity that no would-be political star dares admit to — even though it's entirely legal and ethical, not to mention healthy. As Bruce Babbitt, a Democrat, once codified it succinctly: "My advice to politicians, from the third grade on, is: Don't go near a psychiatrist. It's the kiss of death."

For proof, one need only invoke the horror story of Thomas Eagleton, the Vice-Presidential nominee who was

The New York Times
WEDNESDAY, OCTOBER 8, 1997

Closing of Helium Reserve Raises New Issues

By SAM HOWE VERHOVEK

AMARILLO, Tex. — Of all the Federal programs that have ever come under attack, perhaps none has been more ridiculed or more reviled than the national helium reserve, here on the high plains of the Texas Panhandle. It is a collection of pipelines and pumps and vats and, most of all, a seemingly staggering amount of helium: 31 billion cubic feet, enough to supply current Federal needs for 100 years.

"Amazingly stupid, even by Government standards," P. J. O'Rourke, the conservative humorist, said of the program, which forces Federal agencies to buy helium at inflated prices from the reserve. "The poster child of Government waste," said Christopher Cox, the California Congressman who led the fight to get rid of this veritable Fort Knox of helium.

But now that President Clinton has signed a bill that will get the Government out of the helium business and sell off the nation's helium reserve to private industry, which has long claimed that it can supply helium more cheaply to agencies like NASA, the issue is turning out to be more complicated. In a vivid demonstration that cutting the Federal budget is rarely as easy or as simple as it seems, some experts are even daring to say it: maybe the helium reserve wasn't such a dumb idea after all.

The jury is still out on just how much money will be saved by closing the operation near here, in part because the new law, for reasons that might prove daunting even for a Nobel laureate in economics, still requires the Government to pay an inflated price for helium. In some of the first contracts signed for privately supplied helium, irritated National Aeronautics and Space Administration officials note that the price, around $70 per thousand cubic feet, is roughly the same that they paid for helium from the reserve.

The American Physical Society, a prominent group of physicists, warns that getting rid of the nation's helium stockpile is profoundly shortsighted. Though most people may think of helium as the thing that fills balloons and blimps, it is essential in all kinds of scientific pursuits, including the space program. For future generations, scientists say, it will be vital in the development of superconducting power lines, magnetically levitated trains, new kinds of generators and motors, and technology not yet even dreamed of.

No one is predicting that the Government's helium operation, in tumbleweed country about 25 miles north of Amarillo, will be magically revived. "Everything you see here — it's all going to go," said Robert Robertson, an operator in the plant's control room. "The death warrant has been signed."

Nonetheless, even a cursory examination of the privatization of the Federal helium program, which the President set into motion when he signed the law a year ago, suggests that so far, instead of saving money, it has led to a messy accounting quandary in which the benefits are not yet clear.

Because the stores here are so large, the law requires that the helium, stored in a massive underground dome, be sold off slowly, over the next two decades, so as not to disrupt prices in the growing world market for helium. And in what, in effect, creates a secondary market in which Government agencies will bid for helium at above-market prices, the helium must be sold at prices that will fully pay off the $1.4 billion "debt" the helium conservation program has accumulated since President John F. Kennedy helped begin it in the 1960's so the nation's space program would have a reliable supply.

But because the debt is actually money that is owed by one Government agency to another, paying it off is basically a paper transaction intended to clear the helium reserve's ledger. The Congressional Budget Office has already ruled that paying off the helium program's debt will not do anything to reduce the national debt, currently at $5.3 trillion or so.

The bottom line, of course, is just how much money the Government will save by buying helium from private suppliers like the Exxon Corporation. Even the Helium Advisory Council, the industry group that has lobbied vigorously for privatization, says it is not easy to calculate the saving, partly because the new law has not yet cleared the way for the true privatization of the helium program, which would mean selling at market prices.

Carl Johnson, chairman of the council, predicts that the closing will save money. But when he was asked just how much taxpayers would save annually and when they would start seeing the saving, he said, "It's a very difficult question, and I don't even know how I would begin to answer it."

Representative Cox, a Republican from Orange County, Calif., who led the crusade to kill the helium program, was more definitive, saying the saving would eventually amount to about $24 million a year: $20 million from the greater efficiencies at private plants, compared with the antiquated complex here, and $4 million from lower helium costs.

But NASA, the main Federal recipient of helium, has yet to save any money because of the privatization.

"We were all in favor of helium privatization, but we missed something here," said Steve Parker, a procurement official at the Kennedy Space Center in Cape Canaveral, Fla. "Your question is, are we getting the savings we were promised? That's a no. We're still paying inflated prices for the accrued debt."

Meanwhile, because nobody knows what will happen to the world market price for helium in coming decades, no one can say for sure whether selling off the national reserve is a good idea in the long run.

"What it really boils down to is this: Do you think this is true debt that is costing the American taxpayers, or is it a cost of a strategic decision to conserve crude helium?" said Timothy R. Spisak, general manager of operations of the helium program here. "Remember, you've still got an asset out here, 30 billion cubic feet of helium. If you sell it off, you don't have it anymore."

Colorless, odorless and largely inert, helium is unique among Earth's 100 or so elements because it remains liquid even at just above absolute zero, which is roughly 460 degrees Fahrenheit. That makes it extremely useful as a pressurizer and a coolant.

Robert L. Park, a professor of physics at the University of Maryland and the director of the Washington office of the American Physical Society, said that helium would have vastly increased uses in the future and that selling off the Federal reserve might one day be seen as a catastrophically heedless decision. He urged Congress to find some way to mandate an increase in the size of national reserves, even if they are held by private industry.

The supply-and-demand equation involving helium, which is nonrenewable, is extremely complex. The problem is that helium is a byproduct of natural gas and that it is not always economical for companies to extract it. Currently, only about half of the 6.7 billion cubic feet of helium taken out of the earth each year is separated from natural gas and saved. The rest disappears into the atmosphere.

But critics of the Government reserve program say concerns about the current loss of helium are overblown. They say there is no reason that the future demand for helium cannot be met by private industry, which already supplies 90 percent of the helium used in the United States.

"The physicists are right and more expert on the value to science of helium than any source you could consult," Representative Cox said. "But the physicists are not experts on economics and markets. And a great deal of what's at stake here is the latter and not the former."

In the Texas Panhandle, where the helium operation's staff of 165 will be whittled to a skeleton crew of about three dozen in the next few years, there has long been a sense of local pride in the program and outrage over the national scorn heaped upon it.

"The public's been misinformed," said Trooper Barker, a worker at the plant. "They think it's all some big joke about putting gas in blimps. Well, I've never once had a blimp fly out here and say, 'O.K., fill 'er up.' "

Mr. Barker said that once private industry took over the helium, it would find ways to raise the price, an opinion widely shared in Amarillo.

"If NASA calls tonight and says, 'We need 20 tank cars,' we'll get it out of our plant tonight," said Terry Byrd, the production and maintenance manager, during a tour of the site. "Private industry might charge a premium to do that."

The helium program has had its defenders over the years, but the widespread national criticism has often made them seem to be voices in the wilderness. In a column two years ago, Gregory Curtis, the editor of Texas Monthly magazine, said that the derision was undeserved and that the helium conservation program was "in fact an example of government working at its best." Mr. Curtis said workers and managers at the helium program were "intelligent, efficient and proud of their work, exactly the opposite of the thick and lazy bureaucrats Federal workers are often said to be."

The program has often been on the verge of elimination. In 1993, Bill Sarpalius, a Democrat who was Amarillo's Congressman, persuaded President Clinton to keep the program alive. The President, struggling to gather a majority for his budget bill, spoke to Mr. Sarpalius four times on the day of the vote.

"Sure I talked to the President about helium," Mr. Sarpalius, who was later defeated for re-election, said at the time. "I talk to everyone I can in the Government about helium. And when I had the opportunity to explain to him that this was not really a billion-dollar loss, that this is a program that makes money for the Federal Government, that there's another side to this picture, he was fascinated by it. He was really interested in helium."

Mr. Sarpalius voted with the President, and the program was spared another year.

But in 1996, with a conservative Republican Congressman, William M. Thornberry, now representing Amarillo and sentiment rising against the program, its gradual elimination was approved. Sometime around 2015, all the helium now in the Federal reserve is expected to be owned by private industry.

"There will be savings," said Representative Cox, who is the father of 3- and 4-year-olds. "We won't know how much until my kids are out of college."

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The Washington Post
FRIDAY, DECEMBER 19, 1997

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Charles Krauthammer

Dog Days in the Golden Age

What does it mean when the major item in the president's end-of-year news conference is a puppy-naming? It means we should be wistful at the passing of 1997. We may never see another year like it. When a chocolate Lab leads the news, we know times are good.

How good? Look at the numbers. Unemployment is at its lowest in two decades. Inflation hovers at 2 percent, early 1960s numbers. That is not supposed to happen. We have been bred on the axiom that unemployment and inflation are mutually contradictory, that when one form of social misery declines, the other must rise. Well, not anymore.

The economy is growing at more than 3 percent. Hourly wages are up 4 percent. Factories are producing at that perfect knife-edge of near capacity, but not quite so much as to create industrial bottlenecks (and thus shortages and inflation).

Even more amazing are the indices of social pathology, which we once assumed must inexorably get worse. They have reversed course. Crime is down, dramatically. Rape, for example, is down 45 percent since 1993; murder about 30 percent. In New York City, the crime rate has not been this low in 30 years. The unlivable has become livable again.

Welfare rolls are down, too. After just 12 months of welfare reform (August 1996-July 1997), one in every six welfare recipients has gone off the dole. That is almost 2 million people. In places with aggressive anti-welfare programs such as Wisconsin, rolls have been cut by a third. Even such recalcitrant indices as abortion are down.

Nor are the good times just economic and social. Geopolitically, we are enjoying the fruits of victory in the Cold War. At no time in the past 500 years has the gap in power between the No. 1 nation and its nearest rival been as great as it is today. While the critics had conceded America's military and cultural hegemony—a carrier in every ocean, a Big Mac in every pot—they had long clung to the idea of American economic decline.

And look what happened. We are now riding a productivity and growth spurt that has left the rest of the world in our dust. Europe lives with double-digit unemployment and almost total economic stagnation. Asia, the rising tiger, is now in the throes of a collapse so great that its ripples, ironically, constitute the one major threat to our current prosperity.

Now the puzzle: If this is a golden age, why doesn't it feel like a golden age? I recently told an assembly at my son's high school that they were living through a time so blessed they would tell their grandchildren about it. They looked at me uncomprehendingly. First, because they have known little else but good times. And second, because it is hard for anyone to apprehend the sheer felicity of one's own time until it is gone.

But I suspect there is a third reason: We live in gold—but without glory. We associate golden ages with heroic times like that of Pericles. Our triumphs, in contrast, are of the domestic variety. This is the age of Seinfeld, life in miniature. No great battles, no great art, no great triumphs. We know these are diminished times when our most recent military hero is a pilot who, shot down by ragtag Serbs, manages to survive by hiding in the forests of Bosnia like a "scared little bunny rabbit" (his words: Scott O'Grady's heroism is his honesty).

"We are now riding a productivity and growth spurt that has left the rest of the world in our dust."

No matter. Who needs wars? Who needs heroes? Who needs glory? These things are not sought; they are thrust upon a nation, unwillingly. Britain's finest hour was 1940. Would you choose for your child to live in London during the blitz, or in Lansing under Clinton?

By any historical standard, life has never been so good. Why, the news has gotten so absurdly good we have to cast our net very far to find the bad. El Nino is about the best we can do.

Does this mean that the news will only get better? On the contrary. With every passing month of such profound tranquility and prosperity, the implausibility of these times becomes all the more striking.

Golden ages never last. There might be a sudden crisis, perhaps a collapse of economic confidence coming from the Asian contagion. Or perhaps just a gradual undoing of all the self-reinforcing good news: a spike of inflation, a little recession, a rise in welfare, and the whole cycle slowly reverses itself.

I hold with those who say this lovely world will end in ice, not fire. But either way, it must surely end. So enjoy it while it lasts. Because it won't.

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The New York Times
WEDNESDAY OCTOBER 8 1997

G.O.P., Eye on '98, Builds Education Plank

By ALISON MITCHELL

WASHINGTON, Oct. 7 — Stealing a technique from President Clinton, Speaker Newt Gingrich was using an inner-city school as a backdrop to promote proposals with which Republicans hope to cut into the Democratic advantage on the vote-rich education issue.

In the cheerful yellow library of Hine Junior High School here, Mr. Gingrich posed with teen-age girls and members of the House Republican leadership, then highlighted a series of education bills making their way to the House floor.

"We're here today to say we believe the real learning occurs in the local community," he said, his setting a school that has shed its reputation as Horrible Hine to become an education success story. "It's the local students, the local teachers, the local parents."

Mr. Gingrich's appearance at the school, on Monday, was a vivid display of how the Republicans have had to readjust their strategy since the days when their education policy amounted to little more than calling for the abolition of the Department of Education.

When Mr. Clinton, campaigning for re-election last year, suddenly unveiled an array of education initiatives ranging from his support for uniforms in the public schools to his proposal for tax credits for college tuition, the Republicans initially scoffed. But here was Mr. Gingrich promoting an education agenda that the Republicans could call their own, and staging precisely the kind of photo opportunity that Mr. Clinton has made a staple.

"The bind Republicans put themselves in for a while was with the rhetoric 'Let's close the Department of Education,'" said Ed Goeas, a Republican consultant. "If you lead with that, it closes large segments of the public off from thinking you care about education."

That perception is a particular problem for Republicans looking toward the 1998 Congressional elections. Polls show that education is becoming a leading public concern as other issues recede with the continuation of economic prosperity and the end of the cold war. And Frank

'Left in the dust' on education, Republicans act.

Luntz, a Republican pollster, recently warned his party in an advice manual that in education, "politically and rhetorically Democrats have left us in the dust."

In his State of the Union Message in February, Mr. Clinton called education "my No. 1 priority for the next four years" and proposed a 10-point plan that included plugging classrooms into the Internet, adopting national tests to measure children's performance in reading and math, and increasing Federal assistance to college students.

Riding this agenda during the negotiations that led to the balanced-budget agreement this year, Congressional Democrats portrayed themselves as the defenders of education programs. And every few days they stage another education event, whether it is the showcasing of computers for the classroom or announcement of a drive to create a Federal construction fund for decrepit public schools.

Congressional Republicans are now countering with proposals of their own.

To some extent, their program involves political repackaging. At the heart of their agenda are several proposals for school tuition vouchers, long advanced by Republicans as a way to allow students to opt out of public schools and create competition that would force bad schools to improve. The idea is also thought to have appeal among swing Roman Catholic voters who pay to send their children to parochial schools.

In addition, Senator Slade Gorton, Republican of Washington, has tacked on to a spending bill a measure that would turn Federal education aid into block grants free of regulation by the Education Department.

And Congress is expected to vote later this month on another bill, sponsored by Senator Paul Coverdell, Republican of Georgia, that would allow parents to establish special savings accounts that they could use to pay expenses — as varied as private school tuition and computer purchases — related to their children's elementary and secondary education. Under the bill, a family could put as much as $2,000 a year into this special account, and all interest would accumulate tax-free.

But it is vouchers that remain the centerpiece of the Republican program. And with some strategists warning that the party could leave itself vulnerable if it appeared to be favoring private schools at the expense of public schools, the Republicans are also putting forth in the next few weeks spending measures that would benefit public-school children. One, for example, would provide grants for reading teachers, and for parents to buy tutorial assistance, a counterpoint to a Clinton proposal to train students in the national service program to act as reading tutors.

Still, the terms of next year's campaign debate over education are already becoming clear, and to a large extent they involve vouchers. Mr. Clinton has accused "some in Congress" of working to "diminish our country's commitment to public education by siphoning badly needed funds away from our public schools into a voucher program that would support private academies" with a "very limited number of students."

Mr. Gingrich has countered with an echo of the old attacks on limousine liberals.

"I think anybody who is going to vote no should send their child to the worst school in their state," the Speaker said. "Don't tell us you have the right to move to the suburbs, you have the right to move to a very small town with a good school system, you have the right to send your child to a private school, but by the way, if you're poor and in public housing, you have no hope."

Although Senator Daniel R. Coats, Republican of Indiana, failed last week in trying to attach a $7 million tuition voucher program for the District of Columbia to a District spending bill, he fell only two votes short of the 60 needed to break a Democratic filibuster. That was a high-water mark for the years-long effort. Republican leaders are vowing to keep the program alive in the House, and it may be passed there later this week.

But the most interesting test for the Republican program may be whether Mr. Coverdell's proposal for education savings accounts can get the extra two votes needed to get past a Democratic filibuster. In July, Mr. Clinton issued a last-minute threat to veto the entire balanced-budget agreement unless the provision was removed. The President's aides say the Coverdell measure is a cousin of tuition vouchers, because the tax revenue lost by the Government might wind up paying for private school tuition.

Mr. Coverdell counters by saying that although parents could use the money in the savings accounts to pay private school tuition, in most cases they would simply supplement their children's public school education, by buying computers or paying for tutors. "If 9 out of 10 students are in public schools today," the Senator said, "then I guess I would assume that 9 out of 10 savings accounts are going to be in support of a public-school child."

Such debates are expected to grow in intensity as Congress pushes to end the session in November. The White House has issued a string of education-related veto threats on spending bills, hoping to fend off voucher programs and push adoption of Mr. Clinton's plan to give school districts standardized tests on fourth-grade reading and eighth-grade math.

THE PRESIDENT'S FILE

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Catharin Dalpino

A Better Way To Persuade China

In its Dec. 12 editorial "Mr. Wei at the White House," The Post urges the administration to get an early start on efforts to pass a resolution criticizing China at the U.N. Human Rights Commission (UNHRC) meeting in Geneva next spring. Last year's attempt "failed miserably," it concludes, due to U.S. procrastination.

The editorial is well timed; December is indeed the point at which the administration begins internal discussion on a resolution and consults with other UNHRC members. However, The Post falls prey to two fundamental, if common, misconceptions: that it is within the U.S. reach to get such a resolution passed and that doing so would advance the cause of human rights in China.

The annual confrontation at Geneva became practice only after the 1989 crackdown in Tiananmen Square. Originating in the Bush administration and carried over by Clinton without question, the resolution has developed a constituency and a cycle of its own. Congress and nongovernmental groups expect the administration to campaign against Beijing every spring.

Despite nearly a decade of effort, no China resolution has ever passed. Typically, Beijing is able to prevent its even reaching the floor by lining up votes for a "no-action" motion. Those Asian leaders

Taking Exception

who maintain the primacy of "Asian values" over universal standards have come to regard the resolution as an affront to all of Asia. With the exception of Japan, it is categorically impossible to muster Asian support for it.

By 1997, it was clear that Washington, rather than Beijing, had become isolated by the China human rights resolution. Last spring the European Union declined to play its customary role of introducing the UNHRC motion. At the same time, to underscore this sea change, the EU made a substantial grant to the Chinese Ministry of Civil Affairs to support local elections. Denmark was ultimately persuaded to introduce the resolution as an individual country, but the cracks in the democratic coalition were undeniable.

The United States should use this drop in momentum to shift gears, and to steer its human rights policy toward a more productive use of the U.N. system. By definition, a UNHRC China resolution is an ad hoc, one-sided instrument. If a resolution were to succeed—and there is no reason to be more optimistic in 1998 than in previous years—it would be a Pyrrhic victory at best. Censure in that form would drive Beijing farther from participation in an international human rights regime. China's tolerance for open discussion of its human rights record is more likely to increase in a regular, reciprocal process.

Specifically, the United States should redirect its diplomatic efforts, both bilateral and multilateral, to encourage Beijing to sign the Covenant on Civil and Political Rights. Freedom of thought, conscience, religion and expression are guaranteed under the covenant, and signators are required to report to the United Nations on their progress toward those goals on a regular basis.

China has in fact opened the door to just that possibility. After the handover, Beijing announced that it would maintain Hong Kong's status under the International Covenant on Civil and Political Rights by reporting on human rights conditions in the former colony. Encouraging China to expand that commitment to the whole of its territory is a worthwhile goal of the administration's human rights policy. However, it is one that will be neither instantaneous nor easy.

To find the patience for such a policy, the United States would do well to look toward its own recent history. Although the United States signed the International Covenant on Civil and Political Rights in 1977, it did not ratify it until 1992. Moreover, its first (and only) report to the United Nations, in 1994, created a small domestic firestorm. Critics on the left charged that the report was a whitewash. The right found the exercise to be pointless self-flagellation, and an invitation to America-bashing.

After a two-day hearing on the U.S. report, the United Nations issued a methodical response. It expressed concern over continued racial and gender-based discrimination, the use of the death penalty, and the widening gap in income levels and other aspects of economic well-being for citizens. If this process makes some Americans squirm, it helps to balance accounts with the international community. A nation that issues an annual report on human rights conditions in every country holding U.N. membership, as the administration is required to do under U.S. law, must submit to similar scrutiny to maintain its credibility.

It is obvious that significant and lasting improvement in China's human rights situation cannot be accomplished by a single resolution in an international forum. Real progress will depend upon the push and pull of internal change in China, particularly in such areas as advancing the rule of law and strengthening civil society. These are lengthy, complicated tasks. In China, as elsewhere in the world, the international community cannot direct, much less dictate, such change, but it can encourage it. To do even that requires a hard assessment of the available instruments and the ability and willingness to separate policy from posture.

The writer, a guest scholar at the Brookings Institution, was deputy assistant secretary of state for democracy, human rights and labor from 1993 to 1997.

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Hiding Behind the Rule of Law

The New York Times
FRIDAY, DECEMBER 19, 1997

By Azar Nafisi

WASHINGTON — Conciliatory remarks by President Mohammed Khatami of Iran earlier this month spurred hope in the West for a more open Iran. Only a few days before Mr. Khatami's gesture, however, the United Nations General Assembly passed a resolution calling for Iran to "stop executions for nonviolent crimes and establish human rights for women and minority religions." The United Nations special investigator, Maurice Danby Copithorne, concluded that improvements in human rights under President Khatami have been "so modest as to represent little substantive improvement." As if to confirm these findings, Ibrahim Yazdi, a former Foreign Minister and the head of an opposition group, was imprisoned on Dec. 14 without an explanation or charges.

Seen in this context, President Khatami's repeated remarks about the value of a civil society and the importance of the rule of law ring hollow. The explanation for this discrepancy lies in a misconception about the meaning of "the rule of law" as used by leaders of the Islamic Republic, as well as the West's failure to recognize that the real force for change in Iran is the Iranian people — not President Khatami.

> Iran's leader is no force for change.

In the West, rule of law connotes the Bill of Rights and democracy. But this Islamic republic's constitution, which Mr. Khatami insists on observing, mandates the subservience of women, morality patrols, the negation of minority rights and censorship of all that is deemed "un-Islamic." Iran's supreme religious leader can annul any decision made by the Parliament.

Ordinary Iranians have their own methods of challenging the law. For instance, there was the "soccer revolution" last month, when millions of Iranians celebrated their team's qualification for the World Cup by pouring into the streets of Teheran, honking their horns, playing music, singing and dancing. Women, who are officially banned from the sports stadium, rushed in to join the celebration. Some even doffed their head scarves. All such acts are punishable by fines, prison terms and flogging. In this case, though, the sheer number of revelers made it impossible for the Iranian police to make arrests.

Mr. Khatami is not the cause of change in Iran; he is, at best, its symptom. What the Iranian people are demanding is anchored in a history of struggle for a more modern and civil society.

President Khatami's victory in September was rooted in a paradox: he had to belong to the clerical hierarchy to qualify for the elections, but to win popular support he had to campaign against many of the ideas this hierarchy stood for.

He now expresses hope for "a thoughtful dialogue" with the United States. In response, President Clinton identified terrorism, the manufacture of weapons of mass destruction, and active opposition to the Arab-Israeli peace process as obstacles to Iran's overtures. Unfortunately, he missed the opportunity to voice concern for the human rights of the Iranian people. It is they who have demonstrated that the defense of individual rights and the creation of a civil society is not a Western concern, but a universal one. □

Azar Nafisi, an Iranian scholar, is a visiting fellow at Johns Hopkins University. She was fired from her teaching position at Teheran University for not wearing a head scarf.

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JUDY MANN

A Birth Control Option Worthy of Mention

Kate Michelman, head of the National Abortion and Reproductive Rights Action League, calls it "the nation's best-kept secret:" emergency contraceptive pills that can be taken up to 72 hours after unprotected sex, with a 75 percent rate of effectiveness in preventing pregnancy.

Half of all pregnancies in the United States—about 3.2 million a year—result from unprotected sex or contraceptive failure. Experts such as James Trussell, director of the Office of Population Research at Princeton University, have estimated that as many as 1.7 million of the unintended pregnancies each year could be prevented by emergency contraceptives, including as many as 800,000 pregnancies now terminated by induced abortion.

The pills are ordinary birth control pills that contain the hormones estrogen and progestin taken in higher-than-usual doses. The first dose is taken within 72 hours of intercourse, with a follow-up dose 12 hours later. Currently, seven brands of combination oral contraceptives can be used and an eighth is available that contains only progestin. Six are made by Wyeth-Ayerst, two by Berlex.

The Food and Drug Administration took the unusual step last year of declaring that certain combined oral contraceptives containing the hormones are safe and effective for post-coital emergency contraception, without the manufacturers requesting that approval. The manufacturers have not been marketing the pills as emergency contraceptives.

Trussell says women don't know about emergency contraceptives, therefore, they don't ask doctors about them. And doctors don't routinely talk to patients about using the pills that way. Drug companies, Trussell says, are wary of suits. "They know for certain, as do we, that emergency contraceptive pills do not cause birth defects. However, if you market this product, there will be a woman [who takes the pills as an emergency contraceptive] who would have had a child with a birth defect in any event, and she will sue."

Two years ago, a Kaiser Family Foundation survey found that only 61 percent of women and 45 percent of men between the ages of 18 and 44 had heard of emergency contraceptive pills. Results of a survey released yesterday in New York show awareness has increased slightly, to 66 percent among women and 51 percent among men. Close to 100 percent of medical practitioners in positions to prescribe such pills consider them safe and effective. Yet only about 10 percent of them routinely discuss the option with patients.

In 1997, 85 percent of obstetrician-gynecologists reported prescribing emergency contraceptive pills at least once during the previous year, up from 69 percent in 1995. Three-quarters of nurse practitioners and physician assistants, surveyed this year for the first time, had prescribed the pills' use this way within the year.

Ideally, Trussell says, doctors would discuss it with their patients and prescribe the pills so they would be on hand for an emergency. The Office of Population Research and the Washington-based Reproductive Health Technologies Project raised $1 million from foundations to launch a public education campaign, so far targeting Los Angeles, Seattle, San Diego and Chicago with a campaign set to start in Miami next year. The campaign has a hot line (1-888-NOT-2-LATE), which has received more than 72,000 calls since it was launched last year. The hot line will give you the five nearest prescribers of emergency contraceptive pills. There is also a Web site (*http://opr.princeton.edu/ec/*), which has a list of 2,500 people who prescribe them, and it has had more than 165,000 hits since its launch in October, 1994.

Nausea occurs in 30 percent to 66 percent of patients who take the combination pills, but it seems to be less of a problem when women take the progestin pill. A third form of emergency contraception, which has shown to be 99 percent effective, is the insertion of the Copper-T IUD, although IUDs carry risks for some women. Almost all women, including those not advised to use contraceptive bills on an ongoing basis, can use the emergency option, Trussell says. The only time they are not indicated for use is when the woman is pregnant: Then they simply won't work.

Despite the potential to reduce the number of abortions, only 1 percent of women 18 to 44 surveyed by the Kaiser Family Foundation reported ever having used emergency contraception, a percentage that has not increased since 1995.

A number of reproductive health organizations are getting behind the drive to inform the public about emergency contraception, including many of the nation's most prominent medical organizations. It's an effort that probably holds more potential for reducing the number of abortions and unplanned births in this country than anything to come along in quite a while. It deserves widespread support.

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E. J. Dionne Jr.

The 10 Percent Solution

How Texas hopes to balance diversity and fairness in school admissions.

It is now standard fare in every conversation about affirmative action: Somebody notes that if you refer to "affirmative action" in a poll, people say they're for it. But if you refer to a program that uses "preferences" or "quotas," people say they're against it.

This is interpreted as showing how easily public opinion is manipulated. Here's an alternative view: People know exactly what they're saying. They seek a society that recognizes hard work, striving and merit. They also care about fairness and know that racism and economic disadvantage deprive many of a fair start in life.

There is no contradiction here. Many years ago the sociologist Seymour Martin Lipset recognized that the American character is marked by two central ideas: equality and achievement. Each conditions the other. Because Americans believe in achievement, they reject the sort of equality that levels everyone to the same set of rewards and income.

But our belief in achievement is tempered, in turn, by our belief in equality. Americans don't think high achievers should lord it over everyone else, or that kids should be damaged just because their parents achieve less than others, or that social status should be linked to income or inherited position. Nor do we believe that a single failure in life ought to block someone forever from having another shot at greatness. We're a country that loves underdogs as well as winners.

Putting these ideas together is a central task for President Clinton's race initiative—and for those who want to save some form of affirmative action. The president got a little testy at his news conference Tuesday when he was grilled on how well the initiative was going. He should be grateful he was challenged to articulate a mandate for his race commission that has so far eluded it.

Clinton noted that the affirmative action debate as it relates to college admissions is focused on whether standardized tests, such as the SAT, should be the main determinant of who gets in and who's left out. SAT scores are taken as synonymous with "merit." It's true that SAT scores are not a bad predictor of success in college. But as Clinton said, they are "not a perfect predictor."

The president made the key point just in passing. He mentioned a new Texas law requiring that the top 10 percent of every high school graduating class in the state be admitted automatically to the University of Texas or some other college in the Texas system. The law was pushed by Latino and African American legislators after the university's affirmative action program was ruled unconstitutional.

The great strength of the "10 percent plan," as University of Texas law professors William Forbath and Gerald Torres argue in the current issue of the Nation, is that it embodies "a standard of merit even more deeply rooted than the SATs: working hard, getting good grades and doing very well what's expected of you." It also "provides a powerful new incentive to students whose horizons have been unfairly narrowed by class: Work hard and you can go to UT."

The irony is that patterns of residential segregation mean that the plan will benefit black and Latino students without using any racial criteria at all. In many schools, every member of the top 10 percent will be black or Latino. Forbath and Torres quote historian David Montejano, who notes that "this law is colorblind, but it uses our bitter history of segregation to promote diversity." It will also help poor white kids who might not otherwise have a chance.

The Texas law is not a cure-all. Being at the top of your class in a bad school does not guarantee success in college. Affirmative action at the college level is no substitute for fixing elementary and high schools. The law could also hurt highly qualified Texas kids who happen to go to good high schools. A university with a strong national reputation could be forced to admit fewer out-of-state students. Forbath and Torres also note that this law does not address the problems of affirmative action for postgraduate education.

But the "10 percent plan" is a big start in getting us to think along the right lines. As a country, we can't give up trying to include the excluded. And we don't want to give up the values of hard work and merit. Texas is telling us that with some creative thinking we can advance on both fronts.

The Washington Post

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The New York Times
FRIDAY, DECEMBER 19, 1997

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Shouldn't We Help Parents Be Parents?

By David Blankenhorn

Guided by an admirable desire to address the nation's child care problem, President Clinton is preparing to announce two proposals that are socially irresponsible and morally wrong. He wants to create new tax breaks for corporations that provide day care for children of employees, and he wants to expand the tax credit for employed parents who use paid child care.

Both of these proposals are flawed for the same reason: this Democratic President is making the classic Republican mistake of believing that we can solve a social problem by subsidizing private business. As a result, instead of focusing on all children, these policies focus on a minority of children whose parents are relatively affluent. And, because the heart of the President's plan consists of special subsidies for commercial child care, it would, in effect, punish parents who want to spend more time with their children.

David Blankenhorn is president of the Institute for American Values.

About 77 percent of preschoolers are cared for by mothers, fathers or other family members, according to Census Bureau data. Day care centers serve only about 15 percent of preschoolers; the rest are cared for by baby sitters or other nonrelatives, most of whom are unlicensed.

The small but growing child care industry, like any industry large or small, wants to expand its customer base. Toward that end, its lobbyists, especially those in its nonprofit sector, make frequent statements about their high-minded goals. (Much of this rhetoric was on display and endorsed at the recent White House conference on child care.) Also like lobbyists from other businesses, the child care lobby often seeks special benefits and protections from government, including direct financial subsidies and pro-industry regulations.

The President's main child care initiatives go a long way toward embracing the industry's point of view. But, as we ought to have learned by now, simply meeting the demands of a special interest group is almost never an effective way to confront a social problem. For starters, a tax break for corporate day care would essentially be a subsidy for the affluent, since it would primarily benefit employees (and stockholders) of large, high-wage companies offering good benefits. Expanding the dependent care tax credit would also be primarily a subsidy for the affluent, since two-earner couples with children, who are the credit's main beneficiaries, are significantly wealthier than one-earner couples with children.

A Government-endorsed day care strategy for employees might also crowd out other, more popular options. Many parents avoid full-time day care because they believe it is not good for their children. For these parents, flexible work hours, home-based work or part-time employment would be much more desirable than day care. Why should the Government subsidize one benefit for working parents but not others?

> The President's child care proposal is misguided.

More important, the President's proposals would create a subsidy only for those parents who use commercial child care. That type of subsidy is what economists call a market distortion, causing some people to act differently than they otherwise would. It is also what most people who study child development would call a crazy idea.

Everything we know about children tells us that we should encourage parents to spend more time with their children, not less. Could there possibly be a worse policy than taxing everyone, including millions of struggling at-home parents, to help relatively affluent families put their children in day care?

Instead of increasing a tax credit that benefits only parents who use paid child care, why not extend the credit to all parents of preschool children? Similarly, instead of giving tax breaks to corporations that sponsor day care, why not give the money directly to parents — for instance, by giving them a one-time tax benefit by increasing the existing child credit for the year in which a child is born or adopted? Some parents could use this "baby bonus" for day care, and others could use it to allow them to stay home with the new baby longer.

The Administration won't formally release its proposals until the State of the Union Message in late January. It's not too late for the President to do the right thing. □

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wants our response —
will GOP counter with this?

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Medicare fraud probes net 3,000 in '97

By Larry Wheeler
Gannett News Service

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WASHINGTON — More than 3,000 doctors, dentists, chiropractors and equipment suppliers who cheated Medicare were barred from the system in 1997, an analysis of federal records shows.

That is twice as many as in 1996 and four times the 1990 count, according to the Gannett News Service study.

Legislation passed since 1996 has strengthened the government's hand in weeding out fraud. This year, the inspector general for the Department of Health and Human Services (HHS) opened six investigative field offices. Six more are to open next year, putting fraud auditors in nearly 40 states.

Fraudulent and abusive health-care providers were excluded from Medicare at a rate of nine per day for the first 11 months of 1997, the analysis showed. Among them:

▶ A California oncologist was banned for 10 years. He had submitted claims for more than 3,900 excessive, substandard, unnecessary and potentially risky services to seven Medicare beneficiaries over a six-year period.

▶ A Texas physician was excluded for a minimum of 10 years. He had billed Medicare and the Civilian Health and Medical Plan of the Uniformed Services for services provided to patients who responded to ads for "free" cholesterol and blood circulation tests.

▶ The part-owner of an Ohio mobile X-ray company who received more than $430,000 for X-ray services that were never provided was banned for at least 10 years.

"Right now, we're going after . . . good, old-fashioned stealing," said Lewis Morris, HHS's assistant inspector general for legal affairs.

In the past 10 years, about 1% of an estimated 1 million Medicare service providers have been sanctioned.

But health-care industry leaders have complained that recent aggressive efforts are attempts to over-regulate and micromanage, criticism that is rejected by Morris.

"We have a long way to go before people need to worry about the health-care police being everywhere," he says.

USA TODAY · TUESDAY, DECEMBER 30, 1997

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For Clinton, 1997 was (mostly) a very good year

Whatever the experts and pundits say, the American public thinks President Clinton is nearing the end of his best year in office.

His job-approval rating for 1997 averaged a respectable 58%, his highest annual average yet, as measured by the USA TODAY/CNN/Gallup Poll.

Politics

By Richard Benedetto

In 1996, the year in which he won re-election, he averaged 55% approval. But in each of the three years before that, he was never able to average as high as 50%.

So 1997 has to be considered a good year for Clinton. Women continued to support him more than men did; his numbers among Democrats and independents were solid; and a majority of citizens backed him in all regions of the country, most strongly in the Northeast.

"Clinton has never been overwhelmingly strong, but he's been a marker of time in a period when the country feels comfortable about his positions," says Everett Ladd of the University of Connecticut's Roper Center for Public Opinion Research.

Looking back on the year, the public gave Clinton a lot of credit for reaching a historic budget compromise with Congress.

The polls also showed that the public has more confidence in Clinton than in the Republicans when it comes to managing the environment, health care and education.

He won points for pushing legislation that would extend heath insurance to children who had not been covered.

And his frequent discussion of education, an issue ranking at or near the top of most worry lists, convinced many Americans their president was addressing their concerns.

Dropping crime rates also helped Clinton, who boasted that his efforts — most prominently his plan to put 100,000 more police officers on the streets — were starting to show positive results.

And whether he had much to do with it or not, he got credit for the economy, which remains robust. Finally, the world had a relatively peaceful year, albeit uneasily peaceful, further contributing to Clinton's decent grades.

Taken together, all the factors helped push Clinton over the rough spots he encountered in 1997.

He was dogged by the campaign-finance scandal that stems from questionable fund-raising in his and other 1996 Democratic campaigns. Any public anger toward Clinton was mitigated by the belief that both parties were guilty.

Also, the Paula Jones sexual harassment suit against Clinton, with the president forced to make legal depositions under oath, continued to make news. And Clinton's efforts to start a national dialogue about race relations had a rough start.

All of these negatives probably were a drag on Clinton's job-approval rating but not enough to put him in the danger zone. But without them, Ladd suggests, Clinton might be enjoying job-approval ratings closer to 65-70%.

The coming year contains some big questions and challenges for Clinton. Many analysts wonder whether he is willing to expend his political capital to tackle difficult problems. Some suggest he is showing signs of being content to coast and play it safe with small-step issues the public finds popular but not risky. Yet big questions loom:

▶ Can the booming economy maintain its momentum?

▶ Can Saddam Hussein be made to comply with U.N. inspection rules without military force?

▶ Will the troubled Middle East peace process get back on track, and will Bosnia problems ease?

▶ Can he continue to escape major damage from the Jones suit and the fund-raising debacle?

▶ Will Democrats and Republicans engage in nasty partisanship as the election year unfolds?

But for now, Clinton can look back on '97 and say it was a good year.

Richard Benedetto's column appears Mondays. Past columns on USA TODAY Online at www.usatoday.com

USA TODAY • MONDAY, DECEMBER 29, 1997

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Just had a
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The Vacancy Act Fight

PRESIDENT CLINTON'S installation of Bill Lann Lee atop the Justice Department's Civil Rights Division has ignited a dispute between the administration and the Senate over an obscure statute known as the vacancies act. This law generally restricts acting officials such as Mr. Lee to terms of 120 days. It was designed to prevent the president from circumventing the Senate's advise-and-consent authority by designating acting officials instead of submitting their names to the Senate for confirmation. While Mr. Lee is the most dramatic case, he is not the only official at the Justice Department whose service has raised concerns under the law. Walter Dellinger served an entire Supreme Court term as acting solicitor general, with the White House never bothering to nominate him formally. And the department's Criminal Division has had an acting assistant attorney general for more than two years. Sens. Orrin Hatch and Robert Byrd both have written letters to the attorney general expressing concern that Mr. Lee's service bypasses the vacancies law and the important Senate prerogative it was passed to safeguard. This is no insignificant concern.

The Justice Department has an answer to it, and that is a different provision of federal law that, the department argues, allows the attorney general to appoint acting officials without reference to the vacancies act. This provision permits her to "make such provisions as [she] considers appropriate authorizing the performance by any other officer, employee, or agency of the Department of Justice of any function of the Attorney General." The use of this law to trump the vacancies act may seem like a bit of a stretch, but it is actually a rather old interpretation, one that successive administrations—Republican and Democratic alike—have used to get the Justice Department around the requirements of the more restrictive vacancies act. As far back as 1973, in fact, the department's Office of Legal Counsel held that the vacancies act could put no time limit on Robert Bork's service as acting attorney general following the "Saturday Night Massacre." If senators are concerned that the law may give the Justice Department a loophole for filling vacancies, they should think about amending it.

But this would address only one symptom of a much larger problem. A recent report by the Twentieth Century Fund Foundation notes that "the presidential appointment process has been evolving away from its constitutional roots" in recent years. Indeed, it has grown increasingly political—with nominees such as Mr. Lee being rejected simply for agreeing with administration policy. Such incidents make everyone skittish, so vetting nominees takes ever longer, and potential nominees are increasingly unwilling to put themselves through the hearing process. The 120-day time limit, which sounds reasonable in principle, does not comport in the real world with the difficulty of moving nominees through the confirmation process. As long as this remains the case, any administration is going to look for legal alternatives—even controversial ones—to that process. The real solution is to restore both swiftness and a measure of comity to presidential appointments.

Good luck to the new guy also pass a few bills

12-31-97

Marriage Penalty

HOUSE SPEAKER Newt Gingrich says there ought to be a tax cut every year for the next several years. Among his goals is eliminating the marriage penalty—the extra tax that in many cases two single earners find they owe if they marry. The president likewise said at his news conference the other day that the marriage penalty is "not defensible." But getting rid of it without creating a different penalty—another form of unfairness—in its place turns out to be less simple than you might think.

The penalty arises from the fact that the tax code treats different kinds of households differently. Married couples and single payers are taxed at different rates. But as the Congressional Budget Office observed last summer in a study of the matter ("For Better or for Worse: Marriage and the Federal Income Tax"), more married couples actually win under the arrangement—pay less than if they were taxed individually—than lose. The separate tax rate for married couples was also itself created to overcome a kind of unfairness. It serves to make sure that families with similar incomes are similarly taxed. Without it, many two-earner married couples would end up paying less than those in which one spouse earns and the other stays home. You adjust this system at your peril.

Until the end of World War II, the government taxed all individuals at the same rate, without regard to marital status. There was no marriage penalty. There was, however, a penalty for having all a couple's income come from one breadwinner instead of being split between two. Because the tax code is progressive—the higher your income, the higher the rate you pay—the family whose income was split and taxed as two separate, smaller amounts paid less. Congress's solution was to create a separate rate schedule for couples, implicitly treating them all more or less as if their income was split. But with taxes, the price of eliminating one rift is almost always to create another. The equal tax treatment of families meant the unequal treatment of individuals. Two individuals, one married, one single, could earn the same; the single one would pay more.

A number of times since, Congress has adjusted the various rate schedules—since the 1950s, there's also been one for unmarried heads of household—to reduce perceptions of unfairness. The problem is partly that there are so many different points of comparison and therefore definitions of unfairness. A married taxpayer says he ought to pay less than his single counterpart, because he has higher costs. A two-earner couple says it ought to pay less than its one-earner counterpart, because it too has higher costs; it has to buy child care. And so it ever goes.

The other difficulty is revenue reduction. One way of equalizing taxes among assorted groups would be to raise the taxes of some while lowering those of others, but that's not a lot of fun. On the other hand, simply reducing the taxes of joint filers until no more marriage penalties exist would mean a revenue reduction of about $25 billion a year, CBO says—and most of the benefit of that would go to couples who already enjoy a marriage bonus. There is no way to have a progressive tax, equal treatment of married couples and marriage neutrality all at the same time, according to the CBO report: "the incompatibility of those three goals . . . results in a continuing tension within the tax code." And that's before you get to the other tension, between revenue reduction and the goal of deficit reduction. The one piece of good news is that CBO has reviewed the literature and concluded that the marriage penalty has little effect on the decision to marry. "The tax costs or benefits of marriage are of highly uncertain—but almost surely slight—importance" in this matter, it says.

The Washington Post
MONDAY, DECEMBER 29, 1997

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William Raspberry

Tempest in a Teapot Dome?

Will historians a generation from now refer to the scandal-plagued Clinton administration the way they refer now to Teapot Dome or Watergate?

Or will they scratch their heads in wonderment over the money, time and reputations squandered in an orgy of late-'90s federal investigations?

To be clear: I'm not talking about what a politician may have done in an Arkansas hotel. That's a matter between the pol and the woman who has sued him in civil court. No, I'm talking about the scandals that have spawned a spate of special prosecutors, occupied hundreds of congressional leaders and journalists and brought more than one erstwhile public servant to the brink of bankruptcy.

I'm thinking in particular about three former members of the Clinton Cabinet. Hazel O'Leary appears to be in the clear now. But the Justice Department spent thousands of hours investigating whether O'Leary, as energy secretary, essentially extorted money from a California businessman who wanted her to meet with some Chinese pals of his.

Awful stuff and costly to fight. But the particulars—even if true (O'Leary still insists they're not)—aren't exactly the stuff of major scandal. She wasn't accused of selling government secrets, or of lining her pockets or anything ordinarily considered scandalous. The allegation was that someone acting for O'Leary, in exchange for agreeing to meet with the foreign visitors, got California businessmen Johnny Chung to make a $25,000 contribution to a charity of hers—Africare.

Although Africare is a highly regarded organization devoted to funding and carrying out local projects in Africa, I don't suggest that extorting money even for noble purposes is okay. To repeat, she says it didn't happen, and Attorney General Janet Reno found no evidence to the contrary.

But even if it had, is it the sort of thing for which you'd want to send a competent and effective civil servant into disgrace and near-penury?

Mike Espy, the former secretary of agriculture, recently had a federal judge dismiss several counts against him—mostly allegations that he accepted gifts from companies he was supposed to be regulating.

The gifts, as far as I understand, amounted to such things as tickets to a couple of sporting events. The law he allegedly broke was enacted to keep rank-and-file workers like meat inspectors from taking bribes to overlook health violations.

My point is not to absolve Espy—he can handle his own defense—but to note the relatively petty nature of the charges *even if true*. Dumb is about the best I can make of it.

Then there's Henry Cisneros, the highly respected former secretary of housing and urban development recently indicted for perjury, conviction on which could end his political career and ruin his reputation. He could actually go to prison.

And for what? When he was mayor of San Antonio, he had an affair with a woman, made a public confession of his infidelity, mended his marriage and declined to seek reelection to the mayorship. All that, while deeply embarrassing for the strait-laced Cisneros, was not illegal. Nor was the fact that he sent his ex-lover what amounted to support payments after their affair ended.

This was: During the vetting process for his cabinet appointment, he lied to the FBI about the *amount* of the payments. As he told me some time back, he had not revealed to his wife the full amount of money he was giving the other woman, and he—stupidly and falsely, he admitted—decided to give the FBI the same figure he'd given his wife.

Hardly exemplary behavior. But for this we'd send a man to bankruptcy and disgrace? Actually, the disgrace may be the easy part. Cisneros, who's spent a life in public service, had to leave government (he would have preferred a second term at HUD) in order to earn enough money to defend him against the perjury charges on a matter that has zilch to do with the public's interest.

Part of what is going on is blatantly partisan, and part is an unhealthy media preoccupation with scandal. But if the trend continues, it will make an awful lot of good and competent people steer clear of public service as too hazardous to their carefully maintained reputations.

Maybe it already has.

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The Washington Post
MONDAY, DECEMBER 29, 1997

establish himself outside the party, where he inspires neither awe nor affection. It is unlikely he will ever draw as much love as Mr Mandela. Yet that may not matter. South Africa is moving from a period of great political turbulence to one of economic and social reconstruction. As long as Mr Mbeki has the courage to stick to the policies put in pla cessor, and as long as he can build the su them, South Africans need not worry to can be good rulers without being loved. T gets used to that idea, the easier it will be t

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Policing the moneymen

12-31-97 Dallt/Shirley Fgl-Bz

Unlike Asia's banks, those of America and Western Europe are in no need of a rescue. So now is the time to improve the way they are regulated

GIVEN the black cloud that has settled over the banking systems of Japan and East Asia, this may seem an odd time to worry about the banking conglomerates of America and Western Europe. By comparison with their counterparts in Asia, most of these are basking in the sun. Whereas Asia's failing banks are being knocked together in desperation, mergers such as this week's between Swiss Bank Corporation and Union Bank of Switzerland are part of a battle between well-capitalised banks to dominate what they hope will be a profitable world-straddling super-league (see pages 61-63). Still, regulators should pay attention.

They might start by reflecting on the fate of Rowe & Pitman. In 1985 this sleepy London stockbrokerage was bought by S.G. Warburg, then Britain's finest investment bank. Ten years on, Warburg surrendered itself to Swiss Bank Corporation, where it has joined other conquests—a derivatives outfit, a fund manager and another investment bank, all of them American. Now Swiss Bank's merger with the equally international UBS adds more to the mix. Within a dozen years, Rowe & Pitman has become part of a globe-spanning giant. Two issues, in particular, offer cause for worry.

The first is geographical. The fruit of this week's Swiss marriage, to be known as United Bank of Switzerland, will operate in more than 100 countries. As banks have become more global, however, their regulators have remained national. Rules about matters such as setting aside reserves to cover bad loans vary from country to country, as the continuing debacle of Japan's banks has made clear. A regulator that spots dangerous lapses in a bank's subsidiaries in one country may fail to share that information with regulators who oversee the same bank in other countries. Even with the best of will, this problem is difficult to crack. As money flits between countries, regulators cannot easily keep tabs.

The second main concern is that all big banks have become extraordinarily diverse. Many are simultaneously commercial banks, taking deposits under a government promise to repay depositors if the bank fails, and investment managers overseeing money held entirely at the owner's risk. At the same time, they may extend loans, underwrite shares, execute stockmarket trades for their customers, sell insurance, arrange corporate mergers, and trade all sorts of commodities and financial instruments for their own account. Most countries' various regulators, however, work along traditional industry lines. One sees the beast as an insurance company; another regulates it as a stockbroker.

Regulators are aware of these shortcomings. Australia and Britain have changed their systems to oversee complex financial groups more effectively. There have also been advances in cross-border co-operation. But when banks like these Swiss giants join forces, creating a behemoth with $600 billion in assets, nearly $1 trillion of investors' money under management and dozens of separate businesses, how can anyone be sure that the new institution is safe and sound?

One modest change would be a great help. This requires moving from national regulation to "lead regulation", under which the regulator in a bank's home country would take charge of monitoring the institution's management, internal controls and risks worldwide. This would by no means eliminate all of the difficulties. A weak lead regulator could make things worse, not better. The challenge of examining the institution's business as a whole, rather than looking at each operation in isolation, would still remain. Regulators in each country where a bank does business would still have their concerns. But under lead regulation, it would at least be crystal-clear who has the ultimate responsibility for assuring the safety and soundness of every big bank.

Think harder

A harder reform is to regulate less. In recent years regulators have allowed some banks trading shares, bonds and derivatives more freedom to use their own models to gauge the riskiness of their positions and decide how much capital they must hold to cover potential losses. Regulators have also left it to big banks to reduce "settlement risk", the chance that one bank goes bust with its obligations to others unpaid. Regulators have encouraged banks to develop a round-the-clock system for settling accounts instantly.

Most governments still shrink from the biggest problem of all. They continue to insure at least a portion of individuals' bank deposits. This helps prevent bank runs, but can also encourage banks to take wild risks with depositors' cash, just as many Asian banks have done. Only New Zealand has so far tried to remove this well-known problem of moral hazard by scrapping government deposit insurance altogether, asserting that this forces individuals (aided by professional rating agencies) to make sure a particular bank is healthy before putting in their money. Elsewhere, other schemes have been proposed: from the notion of confining government insurance to a handful of "narrow" risk-averse banks, to privatising bank-insurance schemes. But politicians show little interest in these complex reforms, seeing moral hazard as an academic problem, or one to ponder only in a crisis.

Wrong, on both counts. What Asia shows is that the problem of moral hazard is only too real, and that when panic starts, reform is harder still. Fix the roof while the sun shines.

To VP - worth reading
BC

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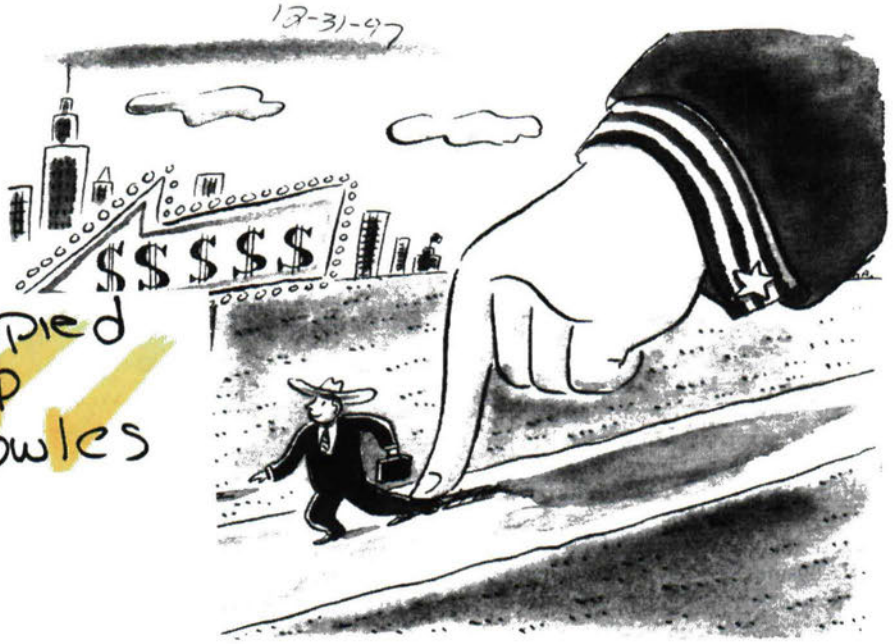

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Behind America's small-business success story

NEW YORK

Despite its reputation, America often treats its small businesses at least as shabbily as other countries do. Why do they keep growing?

A SATURDAY evening in the Hamptons. Two New York entrepreneurs talking shop. One, a retailer, spent much of the previous week dealing with a sleepy Egyptian security guard who was sacked five years ago, but had reappeared with a lawyer, a racial-discrimination suit and a demand for $1m (a sum that fell rapidly to $20,000). The other, a publisher, counters with the exact wording of a memorandum he forces male employees to fill out if they think they have upset a female colleague, in order to protect his company against litigation. "IBM has a department full of lawyers to deal with this junk," says the retailer: "I have me."

Rapacious lawyers are one part of what might be called the other side of small business in America. This month, the OECD became the latest organisation to hail America as the rich world's most entrepreneurial economy. Businesses with fewer than 100 people are credited with creating two out of every three of America's net new jobs. Last year 37% of its venture-capital investments went to start-ups, compared with 12% in Europe. The National Federation of Independent Businesses (NFIB) boasts that America's small businesses count as the world's third-biggest economy in their own right.

But is America winning these plaudits by default? To be deemed a better breeding ground for small businesses than, say, Germany (which does not even have a precise word for venture capital) is hardly difficult. It says nothing about how much better America could be; nor about the growing suspicion that American entrepreneurs face an increasingly inhospitable legal and regulatory structure.

Most people's idea of a successful small American business is a fast-growing Internet company, backed by venture capital. Kent Bowen of the Harvard Business School argues that reality is more mundane: a small family firm in an established industry, growing at around 15% a year, with that growth financed internally. Many of its bugbears, such as big companies that settle their bills late, are familiar to its peers in Kyoto or Cannes. But not all of them.

• **Litigation** Small American companies have to deal with litigiousness on a scale that their European and Japanese peers can only laugh about. Earlier this month a Chicago law firm urged its clients to consider cancelling their Christmas parties on the grounds that it could expose them to all sorts of liability suits—from sexual harassment to drunken driving (a Michigan court recently found a company partly responsible for a fatal car crash following a party).

Most people assume that big firms are more vulnerable to the excesses of America's tort system because they are fatter targets for lawyers working on a contingency basis. But big firms also have the money—and the time—to fight back. Small firms have no such resources. Over half the owners of small businesses take home less than $50,000 a year in pay: the average court case costs more than $100,000. No wonder the boss usually tries to deal with the complaint himself, and will often settle quickly (as the New York retailer, nobody's idea of a soft touch, may well do with the Egyptian security guard).

Employment-practices liability insurance is already a $100m-a-year business—even though insurers often cover only legal costs and the rates are extortionate. Lawsuits are also restricting the freedom of small American firms to hire and fire employees, long one of their chief advantages. Many small firms no longer give references for fear of subsequent lawsuits; many more do not fire anyone without consulting their lawyer first. Hopes for reform under the Clintons, both lawyers, look slim. In any case, according to one British-born businessman in New York, most Americans "have no idea that this sort of hassle does not happen anywhere else".

• **Health care** European businesses might curse the taxes they pay to support their state-run health services, but Americans consistently rank private health insurance as their biggest problem (see table on next page). Small businesses have tried to save money by joining cost-cutting health-maintenance organisations (HMOs), and asking their employees to bear more of their own costs. Those who work at small firms now pay around a third of their total insurance premiums themselves.

Yet costs are still rising, as is the time businesses spend dealing with health issues. HMOs make a good part of their money by being selective in what they cover and from delays, as people complete yet more forms or wait for their money. Most disputes about who was meant to pay what end up in the owner's office.

• **Regulation** Small businesses the world over complain about bureaucracy, but the red tape spinning out of Washington is copious and the country's small businesses,

On the bright side

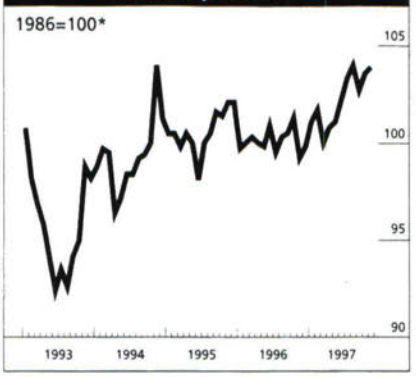
12-31-97

Small companies' gripes...

	1996 rank	1991 rank
Health-insurance costs	1	1
Federal business tax	2	2
Wage costs	3	4
Unreasonable government regulations	4	8
Social security taxes	5	6
Occupation costs	6	9
Federal paperwork	7	11
State business tax	8	7
Changes in tax law	9	10
Cash flow	10	3

Source: National Federation of Independent Businesses

...and optimism



*Monthly survey of business optimism based on 10 indicators

handicapped by a lack of resources, find it disproportionately restrictive. Drawing on old data, one recent study from Washington University in St Louis showed that a company with fewer than 20 employees typically spent the equivalent of $5,784 for each in 1992 to meet federal regulations—nearly double the rate of a firm with over 500 people. William Doescher of Dun & Bradstreet, a consultancy, says that small businesses are ill-equipped to deal with growing regulation—such as rules controlling air pollution. In some cases, they have been exempted from new regulations. But many such waivers are at least as complicated as the rules themselves.

One particular irritation for small businesses is the tax code, which is riddled with loopholes and exemptions, many of them created by large businesses. In a recent series of Senate hearings, various Internal Revenue Service officials admitted that small businesses such as mom-and-pop shops were easy "audit hits", because they lack the resources to defend themselves. One sign of small businesses' desperation at their treatment is their enthusiasm for a simple flat tax—even though this might mean that they would pay more.

Given all this, why are American small businesses optimistic about their future (see chart)? Why are new firms still sprouting across the country? And why is it virtually impossible to find an entrepreneur anywhere in America who would rather set up shop anywhere else?

Something in the air

Some of this is due to the country's booming economy, but there are two other reasons as well. The first is structural. Despite all the lawyers, the HMOs, the increased regulation and so on, America still provides more of the things entrepreneurs want than anywhere else: access to capital to start businesses (California and Massachusetts alone have bigger venture-capital industries than the whole of Europe); a relatively flexible labour market that allows you to hire and fire workers more easily than elsewhere; a legal system that does not stigmatise you if you fail; and a tax system that allows you to keep most of the spoils if the business succeeds.

The second reason is that American entrepreneurialism seems more rooted in culture than structures. As Paul Morin of the Wharton School of Business points out, there is no obvious shortage of capital in Europe or Japan: it just does not go into the same sort of risky endeavours. In Silicon Valley a meritocratic appreciation of what people know (rather than what they look like) still triumphs. Mr Morin points to a

For the child who has everything

TOKYO

FED up with the constant feeding? Exhausted by the demands for attention? And unable to find good help these days? The solution is at hand: a "virtual nanny" for "virtual pets" like the ubiquitous *Tamagotchi*.

The brainchild of two British design companies, the nanny is shaped like an egg cup: slide the toy in, and it takes over, using tiny motors to help it press the *Tamagotchi*'s buttons. Best of all, there are no draining squabbles over *Tamagotchi*-rearing. If the nanny is in "learn" mode, it picks up the owner's particular way of looking after the little darling. Later, when the *Tamagotchi* (or any other species of virtual pet) makes a demand, the nanny goes through the routine it has learned. Like most nannies, though, the virtual babysitter will work for only eight hours or so at a stretch. And it is taking the Christmas holidays off; it will not be in the shops until sometime in 1998.

The new nanny might arrive just in time for more than a few of the virtual pets, which turn into angels or wave a pathetic goodbye if they are not diligently cared for. In Japan, where the craze started, youngsters have been dispatching their *Tamagotchi* to the big hen-house in the sky. What every self-respecting Japanese four- to 14-year-old wants these days is *Pokemon*—the nickname for Nintendo's "Pocket Monster" game. *Pokemon* lets children search for monsters with different personalities and powers that can be captured and then trained. Nintendo has sold 7m of the Pocket Monsters since launching the game in January. The Kyoto-based video-game maker has also spawned a small industry of collectable dolls, stuffed animals, trading cards, books, TV programmes and other merchandise. The American market is next.

Pokemon has rejuvenated Game Boy, Nintendo's nine-year-old portable machine. The monster game is programmed into an updated version of the Game Boy pocket-sized player. Nintendo expects to sell close to 10m Game Boys by the end of the year—nearly four times more than in 1996. Domestic sales this year are now expected to rise 22%, to ¥423 billion ($3.3 billion), and operating profits could well soar by 90%, to ¥107 billion.

Bandai, the Tokyo-based maker of *Tamagotchi*, was hoping to sell some 40m of the toys around the world during the year to March 1998, boosting its consolidated sales by 25%, to ¥250 billion, and in the process turning last year's ¥2.8 billion loss into a healthy operating profit of more than ¥11 billion. But with the sudden success of Nintendo's *Pokemon*, Bandai has taken fright. It has rushed out a monster-type *Tamagotchi* game of its own. What will nanny make of that?

Japanese saying that "the nail that sticks up gets hammered down"; in Palo Alto, it drives a new Ferrari.

Such attitudes sound ephemeral but they once had structural underpinnings, such as America's immigration laws and its once-generous treatment of capital gains. Those sort of things take at least a generation for governments to kill. Even so, one questions nags. Now that America's structures have started to become more burdensome, will the culture eventually begin to suffer too?

South Korean conglomerates

Web site

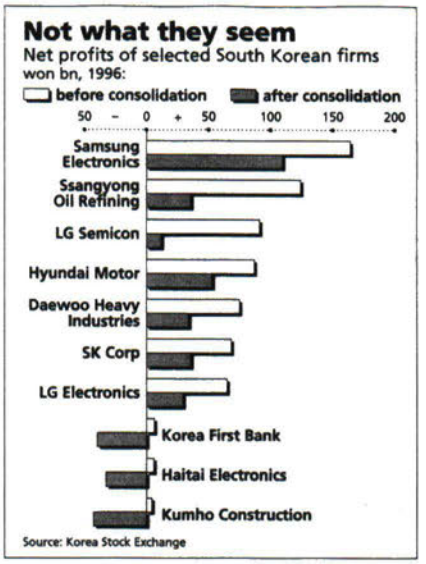
SEOUL

JUST a month ago most South Koreans thought their country was rich and powerful. Now, its stockmarket, currency and mighty conglomerates are collapsing and it has undergone the biggest international bailout in history. Much of the blame for the brutality of this reverse lies with the country's biggest firms, the *chaebol*, which dominate the economy.

Unbeknownst to shareholders and analysts the *chaebol* had taken on billions of dollars of debt and other liabilities from sister companies and others. In prosperous times, this web let them to expand far faster than their capital—or promise—justified. But with Asia in turmoil, it has led to overcapacity and losses. Now that Korean firms have started to fail, it explains why the rot is spreading so much faster than anyone predicted.

On December 6th Halla, South Korea's 12th-largest *chaebol*, filed for bankruptcy, choked by debts of more than 6.5 trillion won ($5.3 billion)—20 times the group's combined equity. This was bad enough, but worse was its effect on Hyundai, the country's largest *chaebol*. The founders of Halla and Hyundai are brothers, and despite differences that led them to take separate paths, their finances remained intertwined. Hyundai is thought to have lent Halla one trillion won including commercial paper—equivalent to about 15% of the bankrupt firm's outstanding debts. Analysts also suspect that Hyundai guaranteed some of the Halla group's debts—though neither firm's accounts say how much. The combination of loans and debt guarantees could cost Hyundai as much as $1 billion.

Among the *chaebol*, family loyalty appears to be the rule. In keeping with Confucian values, blood comes before profits. *Chaebol* bosses give even their dimmest children subsidiaries to run, and often buy their products to keep them afloat. Vending machines in Samsung group companies, for example, are stocked with soft drinks made by Cheil Jedang, which is owned and managed by relations of Lee Kun Hee, Samsung's chairman.



The need to find work for offspring is one reason why the *chaebol* set up so many new businesses each year, and why so few of them make money. Each of the top three *chaebol* has well over 100 businesses, but 80% of the revenues come from 20% of the businesses, and virtually all the profit from just one or two, according to a study released on December 11th by Booz Allen & Hamilton, a consultancy.

Despite legal restrictions, it is common for *chaebol* affiliates to lend money to their sister companies. More insidious is a practice know as "mutual-payment guarantees" in which *chaebol* subsidiaries promise to pay third-party lenders if their sister firms default on loans. The 30 largest *chaebol* are required by law to lower such debt-payment guarantees to 100% of their equity by the end of March 1998. But the rule permits so many exceptions that it is nearly impossible to enforce. It does not, for example, apply to *chaebol*-owned finance firms, which may explain why nine of the ten largest *chaebol* own investment banks. Nor does the rule apply outside South Korea, where some *chaebol* even guarantee loans of rival *chaebol* in joint projects abroad.

Debt is not the only risk. *Chaebol* also boost the equity of sister firms by swapping shares via a third party, in a practice known as "roundtrip" equity financing. For example, *chaebol* company A would pay outside company Z to buy shares in A's sister company B. On paper it appears that Z owns the B's shares, but in fact A is exposed to any loss. Such devices explain why, when one *chaebol* subsidiary stumbles, the entire conglomerate can be dragged into bankruptcy, even if the individual firms seem financially independent in their accounts.

The chances of ruin are greater still if one subsidiary finances another by "prepaying" for goods and services six months or more in advance. When the supplier firm goes under, the buyer often has to write off a massive loss as well. And South Korea's securities firms, most of which are owned by *chaebol*, add to the hidden perils by underwriting the bond issues of other *chaebol*. If the banks are unable to sell all the bonds, as has been increasingly the case, they keep them, valuing them at par on their balance sheets. When the issuing companies collapse, these bonds can become worthless, exposing one *chaebol* to the problems of another.

Unhealthy as these practices are, most are legal. Transparent accounting would have revealed the extent of these problems long ago. But investors and regulators have nothing more to go on than hints. All big Korean companies have to release unconsolidated accounts, but *chaebol* typically list only a handful of their subsidiaries on the Korea Stock Exchange, which requires consolidated accounts that show at least some of the dealings with other firms.

Comparing these two sets of accounts is illuminating. The consolidated accounts of listed firms analysed by the stock exchange showed that in 1996 their debts were 37% higher and their profits 37% lower than in the unconsolidated accounts (see chart). No wonder the IMF insisted on the adoption of western accounting standards as part of its bailout last week. With clearer accounts, South Korea's *chaebol* might still have failed, but one at a time, rather than as a horribly intertwined whole.

Indonesia

Dear Daddy

JAKARTA

NOTHING, until recently, has stood in the way of the sons and daughters of President Suharto, as they built up huge business empires through his 30-year reign. Democracy is controlled, the opposition neutered, the press harassed. But at last something has happened to restrain them: Asia's economic crisis.

On December 5th, shortly after he returned from a long overseas trip, Mr Suharto promptly disappeared; the government said he was taking a much-needed ten-day rest at home. But within days rumours were swirling that it was worse that that: Mr Suharto had had a stroke, was gravely ill, or had even died. The Indonesian rupiah fell 10% as the rumours intensified on December 9th. Although the wilder tales were quickly denied (a tummy bug is the latest explanation for his withdrawal, and Mr Suharto, it is promised, will be back at his desk next week) the strain of the country's financial turmoil is clearly showing on

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Don't - What about this? The second criticism of the IMF? tbz

New illness, same old medicine

BANGKOK, MOSCOW, SEOUL AND WASHINGTON, DC

The IMF is playing doctor to much of East Asia. The evidence, from South Korea and elsewhere, casts doubts on its diagnosis

IT MAY have thrown $35 billion at East Asian countries already this year, but the IMF is not there to be liked. As the world's financial medic, it is charged with moving into stricken economies, restoring order with a mixture of hefty loans and strict policy recommendations to go with them. Nevertheless, it is curious that the IMF's current unpopularity in its Asian battlefields is based on accusations of the very faults it is supposed to rectify: bad policies and too much politics.

In South Korea, where the IMF is contributing $21 billion of a $57 billion loan package to stabilise the currency and close weak banks, the fund may have misjudged the size of the help needed. This week, Korea teetered on the brink of default following the government's decision to take over two ailing banks. The press brims with complaints that the Fund's hidden purpose is to open doors for American business. Questions are being raised in Thailand about the haste with which, after a $3.9 billion IMF loan was approved in August, foreigners have been allowed to snap up local banks and finance companies. Meanwhile, a growing number of economists say the Fund is dispensing a medicine wholly inappropriate to the ailments at hand. All of which justifies the question: does the IMF know what it is doing?

Asia, to be sure, represents a new sort of problem. In recent years, the IMF has concentrated its attentions on three sorts of countries—desperately poor ones, mostly in Africa; those making the transition from communism, mostly in Eastern Europe; and those staggering under the foreign debts of profligate governments, mostly in Latin America. In East Asia, none of these situations applies. The countries themselves have more resources, and the governments, by and large, have kept spending in check and inflation down; the problematic foreign debts are those of banks and industrial companies, not of governments. The Fund's all-purpose financial remedy, a combination of tight fiscal policy and tight monetary policy meant to curb inflation and support the currency, seems misplaced, and even counterproductive.

In fairness, the scope of the Fund's recent loan agreements in East Asia are very different from the 1995 bail-outs of Mexico and Russia, its largest previous ventures. Macroeconomics has become only one of several areas in which the IMF is demanding new policies before it puts up money. It also insists that its new Asian borrowers reform their financial systems, improve protections for corporate shareholders, and free up trade and capital flows.

But it is by no means proven that such sweeping changes are critical to the IMF's main purposes, which are maintaining international economic stability and helping countries overcome an immediate lack of foreign reserves. Economists question the Fund's judgment on two counts: is it truly essential to force countries such as South Korea to push financial liberalisation? And does it make sense to tighten monetary and fiscal policy as much as the Fund is demanding?

The answer to the first question is a cautious yes. Allowing Asian companies to sell both debt and equity to foreign investors could quickly help them regain their health. In banking, letting foreigners take big stakes, including full control, will lead to better practices and stronger institutions. The IMF is on weaker ground, however, when it insists that foreign banks be allowed in immediately—which, in some cases, will allow them to acquire assets for next to nothing because the sellers are desperate and because, with property and equity markets in turmoil, it is difficult to value banks' assets properly. Outside Thailand, the Fund has not pushed alternatives such as the creation of agencies that could take over and sell bad loans to re-establish markets for financial assets. If this were done, it would be clear to all that the foreigners are paying fair prices for the banks they buy.

The concerns about the IMF's demands for excessive austerity are more legitimate. The Fund argues that very tight monetary policy—meaning high interest rates—is vital to restoring confidence and controlling inflation. It also argues that fiscal tighten-

ing—usually in the form of budget-cutting—is necessary to make up for the cost of cleaning up the financial sector.

But East Asia's Achilles heel is a grossly inefficient financial system, not high inflation and fiscal profligacy. Tightening monetary and fiscal policy exacerbates the economic downturn and so makes things worse both for banks and for heavily-indebted industrial companies. In South Korea, the IMF is pushing for interest rates of 19-20%, some 15% above the inflation rate. That is likely to drag yet more companies down, undermining the goals of shoring up the currency and increasing investor confidence. Yes, the economic screw needs turning, particularly on fiscal policy, but the IMF may be turning it too far.

Unseen hands

One explanation for this is that there are unseen hands on the screwdriver. Some put the Fund's economic over-zealousness down to political meddling by its largest members—Europe, Japan and America. Others go further, moaning that the IMF's Korean foray proves that it has become an adjunct of American foreign policy.

The latter complaint is over the top, but not by a lot. Some of the measures forced on South Korea—particularly in areas such as opening up to foreign banks—are items high on America's bilateral agenda. Some of the demands have Washington's fingerprints all over them. For example, Seoul agreed to reduce the documentation required for car imports—a desirable reform, but hardly one essential to putting Korea's balance of payments in order. The Koreans also agreed to lift a ban on imports of certain Japanese products. In the past such issues would have been dealt with in trade talks, not in IMF-led rescues.

America's direct involvement in the design of the Korea package was smaller than it was in Mexico, where officials from Washington dictated some of the terms of the loan agreement. Still, there is little doubt that America had a big influence on the Korean bail-out.

Much of this influence was wielded by David Lipton, a senior American Treasury official, who was in Seoul during the negotiations last week. Contrary to claims in the Korean press, Mr Lipton was not actually present in the negotiating room. But Hubert Neiss, the IMF's chief negotiator, several times refined his position after talking to Mr Lipton. Michel Camdessus, the IMF's managing director, was scheduled to sign a letter agreeing to the loan programme on December 3rd. After talking with American officials, he refused to give his approval until all three candidates in Korea's presidential election, which is set for December 18th, assented to the terms. The Americans also bludgeoned the World Bank into pledging $10 billion to the Korea bail-out, even though many World Bank officials sharply disagree with the programme's design.

This is not the first time the Fund has been torn between economic and political considerations. In Russia it has felt the tension between its own insistence on better economic policies and the clear desire of its biggest members to strengthen the position of Boris Yeltsin, the president. Only politics explains the IMF's indulgence last summer, when it eased its demands for a reduction in the government's budget deficit: the Fund did not want to create a crisis for Mr Yeltsin by halting lending and frightening the financial markets when Mr Yeltsin was in the middle of an election campaign. Although the IMF has denied cooking the books last year to help Russia (and wrote an angry letter to *The Economist* on the subject), Russian ministers have used terms of that sort to describe what took place.

More compromises may be on the way. As the Communist threat to Russian democracy fizzles out, the government can no longer rely quite so readily on western politicians to "deliver" the IMF. The Fund suspended disbursements on its $10.2 billion Russian loan in October. Mr Yeltsin's government wants those loans resumed, even if its numbers do not add up. In Europe and America, some governments find appeal in the argument that because of its immense geopolitical importance, Russia should, in effect, get credit for promises of future good behaviour. If the IMF gives in, its new clients in East Asia will demand nothing less.

China's currency

Sign of success

HONG KONG

AMIDST Asia's financial chaos, the vast Chinese economy has largely stood aloof. The Chinese currency, the yuan, has even strengthened a bit: after starting 1997 at 8.3 to the American dollar, it now trades at 8.28. Some countries might view this record with pride. But an articulate group of manufacturers and academics inside China is arguing that big currency devaluations in places like Thailand, Indonesia and the Philippines are threatening the competitiveness of China's exports. They are calling for a devaluation of the yuan.

The prospect fills Asia with dread. To lower the yuan would be to send Asia's fragile currencies into another spiral of competitive devaluations. It would also threaten the Hong Kong dollar, whose fixed peg to the American dollar has been the region's one certain pillar. But the odds of a Chinese devaluation are small. China has no urgent need to devalue—and pressing reasons not to do so.

It may, in fact, not be so easy for China to devalue. Market forces have been pushing the yuan higher rather than lower. Foreign-investment flows, up 8% this year, and a big trade surplus, $35 billion for the first ten months, have left banks and enterprises flush with dollars and yen. Converting this inflow into yuan might have driven the currency up 10-20% had the central bank not been buying huge quantities of dollars to relieve pressure on the foreign-exchange market. This has had unfortunate side-effects. In order to keep its currency purchases from flooding the economy with yuan and thus aggravating inflation, the central bank has been forced to tighten credit excessively, slowing the economy at a time when a shot of domestic demand would do much to boost not just China's economy, but the region's too.

Despite exporters' complaints, the devaluations elsewhere are not putting them under intolerable pain. China's exports are still mostly low-end manufactures, such as

Cheap at half the price

12-31-97

October 31, 1997

Dear Mr. President:

Congratulations on your extraordinary achievement of global transformation, and establishing yourself as the global and spiritual conscience of human rights. I believe you are largely responsible for the emerging interest in spirituality in our country by symbolizing and expecting global peace. Your actions, since beginning your administration have closely followed our evolutionary model of systemic transformation in an almost uncanny way. Your instincts transcend those of a politician and world leader; they reflect those of a natural healer. As I mentioned to you in Philadelphia, your greatest work will go far beyond your presidency, where I see you focusing on global peace once the succession of the Vice President to the Presidency is in place.

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Your greatest strength is your enormous humanity. You have a way of accepting and empathesing with not only Americans, but everyone around the world. This trait is what is behind your ability to establish a climate for global transformation. Not only are you known for being the hardest working President we have ever had, you are also lovable for who you are. This dynamic in a leader is of major importance when attempting to engineer systemic transformation.

Our model for systemic transformation grew out of requests from Fortune 500 Chief Executives in the eighties who were attempting to improve their competitive advantage to prepare for global competition. The greatest body of work in this area comes from the clinical disciplines of psychology and psychiatry,. In developing methodology, I exhausted the theories on both intraspychic transformation, as well as group process and systems transformation. Our model is an integration of the best of all worlds, with it's purpose to both transform consciousness as well as performance on an individual and group level. It has been implemented in large organizations both here in the United States as well as in the UK, Europe, Australia, Canada, and Malaysia. It has not been applied to politics, but seeing your work, I think it has promise as a blueprint for both winning campaigns as well as supporting and accelerating your global transformation.

Essentially, systemic transformation is a predictable process which can be engineered by following specific leadership strategies at the proper phase of evolution. The first phase, positive transference, establishes the climate for transformation by creating a hopeful, optimistic and forgiving climate for change. You did this brilliantly from the outset by greeting Americans the day after the first inauguration, as well as issuing national apologies, commending everyday citizens during the State of the Union addresses, etc. How you have handled foreign affairs has been both transferential , as well as, more recently, transmutational.

The second phase, symbiosis, creates the teamwork necessary for transformation to ultimately occur. This is characterized by cross-functional teamwork at the highest levels. You have done this by dealing with the Middle East, the Denver summit, the bringing together of the corporate communities, unifying the country at it's highest level with regard to education and volunteerism, etc. The most difficult stage of transformation, however, is what you are currently engaging in now: this is termed transmutation and it means the bipolarity and regressive upheaval required for permanent transformation change. It is characterized by a dynamic termed "PAR" which means progressive abreactive regression. In simpler terms, transformation has both progressive and regressive trends that continue to oscillate throughout the evolution. The destructive regressions are in direct proportion to the extent and magnitude of the progressive agenda. During transmutation, there is always a "Ghandi effect" in which the culture bipolarizes into positive and negative subfactions in an attempt to "kill the king," Regardless of the personal style or character of the leader, the Ghandi effect takes hold because it is a dynamic of systemic transformation. How it is managed will determine the success of the overall transformation.

The CEO, by virtue of his role, establishes the leadership context. In this case, you have established both the climate and context for global transformation. The current Ghandi effect is being executed by the Republicans and the media. The correct strategy across the board in dealing with the Ghandi effect is to

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"fight fire with fire." As each challenge or attack is launched, the correct stance is to agressively lead until the destructive energy is transmuted. There are many examples of how you have done this well; handling the budget issue, dealing with the Speaker, taking a stand with China, etc. However, there is an enormous opportunity to do more. Particularly, by utilizing televison as a distribution vehicle, therefore talking directly with the American people and clarifying your position on issues that the media distorts regularly. Also, beginning to separate your legacy issues from the Vice President's emergence as natural successor to you. Since you are a lovable President, this dynamic can be leveraged and will help to transmute the Ghandi effect. However, days go by when the only major coverage is negative or distorted to appear as negative.

The final stage of transformation is termed "launching" and it marks the integration of successful results and rolling out the transformation on a micro level as well as empowering the people to carry on your vision in your absence. You are currently beginning this process by identifying and unifying the country on a few major issues that will, over time, transform civilization. There is opportunity now to mentor other world leaders in your values and principles, as well as empower the Vice President in order to condition the nation as to his inevitable succession. A documentary or book in the next year can be helpful in positioning the nation and world as to your ongoing vision and expectations. My interest in creating the video tribute for the First Lady went well beyond the 50th birthday issue. My motive was to record her accomplishments as a vehicle for promoting her legacy, as now is the time to do so, given this model.

As I have discussed in detail with Steve Grossman and the Vice President, I have a strong interest in ensuring the succession of Al Gore. There are several reasons including the completion of your global transformation, the continued mentoring between yourself and the Vice President, the increasing momentum toward transformation you have built, and ensuring we preserve the gains of your Presidency. Further, I see you able then to focus exclusively on world peace by mentoring world leaders, healing old hurts between nations, and facilitating conflicts as you have done in the past. My own vision of this, is your being a kind of global family therapist. Keep in mind, when you move on, the country will go through withdrawl due to your lovability. This dynamic must remain present in the Gore Administration by both the President and Vice President.

I have discussed with the Vice President my willingness to utilize my methodologies for research, filmmaking and psychological strategies to support his win. I have also been working with Steve on developing applications of this material to be used to support the races in 1998 and 2000. This is my time to give back, as I have benefited personally from your administration. I am not interested in fees.

Where I think I can be most helpful is in the application of our mentoring work to the community, by creating the corporate version of America Reach. Once that model is tested in Philadelphia, it can rolled out on a national level. In addition, the publication next year of my second book, "my Mentor, my Self" which is targetted as a popular culture book that includes celebrity interviews as well as the blueprint for effective mentoring, will help focus attention and activism on this important vehicle for transformation. The book will be promoted by an infomercial as well as video and audio series on "how to mentor, and why to mentor."

Finally, the same theorists who inspired my work would be available to meet with you on a Transformation summit, in which the best of their theories can be applied to the Ghandi effect that is underway. They include David Teiger, former chairman of Gemini Consulting, Warren Bennis, who first characterized the Ghandi effect, Sam Kirschner, who utlized the PAR model to create integrative psychotherapy, Steve Langkton, who is the protégé of Milton Eriksou, the inventor of neurolinguistic programming, among others. They are either my mentors, friends or both. It is timely to consider all possible transformational strategies as you think about your legacy and prepare to launch the Vice President as successor.

I have included the chapters from my recent book, "From Couch to Corporation" which are relevant to your global transformation and how mentoring has been implemented as a vehicle for culture transformation. The main purpose of the book and subsequent Institute is to train psychotherapists in becoming corporate consultants. Therefore, a lot of it is irrelevant.

I would also ask you to consider mandating the corporation to supply middle managers, desperate for ways to achieve recognition in the corporation, to mentor high risk adolescents. There is considerable resistance in overcoming class and race divides. Could there be a tax credit to corporations who supply a number of mentoring hours to the community?

Thanks for reading this, and again, congratulations on your rather amazing accomplishments in such a short period of time.

Sincerely,

Iris Martin
Chief Executive, Creative Dimensions in Management, Inc.
Founder, Institute for Corporate Therapy

12-31-97

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"A New Vision of Man: How Christianity Has Changed Political Economy"

by Michael Novak
Author, The Spirit of Democratic Capitalism

Michael Novak, former U.S. Ambassador to the Human Rights Commission of the United Nations, currently holds the George Frederick Jewett Chair in Religion and Public Policy at the American Enterprise Institute in Washington, D.C.

He is the author of a dozen books, including: *The Catholic Ethic and the Spirit of Capitalism, This Hemisphere of Liberty, Freedom with Justice, The Spirit of Democratic Capitalism,* and *Belief and UnBelief.*

The Polish Solidarity movement and the Czech underground studied translations (often secretly and illegally) in the 1970s, as did members of pro-democratic movements in South Korea, Chile, Argentina, Venezuela, and the Philippines, and China in the 1980s. Pope John Paul II's *Centesimus Annus,* published in 1991, is widely regarded as having been influenced by Mr. Novak's writings, and in her memoirs former British Prime Minister Margaret Thatcher noted that they "proved the intellectual basis of my approach to those great questions brought together in political parlance as 'the quality of life.'"

In May of 1994, Mr. Novak was awarded the Templeton Prize for Progress in Religion.

One of the 20th century's greatest religious writers, Michael Novak, addresses the relationship between religion and economics. He argues that Christ revolutionized the human conception of the political economy in at least seven important ways.

This presentation was prepared for a July 1994 seminar in Crakow, Poland on "Centesimus Annus and the Free Society," and for a November 1994 seminar sponsored by Hillsdale's Center for Constructive Alternatives seminar, "God and Man: Perspectives on Christianity in the 20th Century."

For centuries, scholars and laymen have studied the Bible's impact on our religion, politics, education, and culture, but very little serious attention has been devoted to its impact on our economics. It is as if our actions in the marketplace have nothing to do with our spiritual beliefs. Nothing could be further from the truth. My aim here is to demonstrate how Judeo-Christianity, and Jesus, in particular, revolutionized the political economy of the ancient world and how that revolution still profoundly affects the world today.

I wish to propose for your consideration the following thesis: At least seven contributions made by Christian thinkers, meditating on the words and deeds of Jesus Christ, altered the vision of the good society proposed by the classical writers of Greece and Rome and made certain modern conceptions of political economy possible. Be warned that we are talking about foundational issues. The going won't be entirely easy.

Be warned, also, that I want to approach this

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subject in a way satisfying to secular thinkers. You shouldn't have to be a believer in Jesus in order to grasp the plausibility of my argument. In that spirit, let me begin, first, by citing Richard Rorty, who once wrote that as a progressive philosopher he owes more to Jesus for certain key progressive notions, such as compassion and equality, than to any of the classical writers. Analogously, in his book, *Why I am Not a Christian*, Bertrand Russell conceded that, although he took Jesus to be no more than a humanistic moral prophet, modern progressivism is indebted to Christ for the ideal of compassion.

In short, in order to recognize the crucial contributions that the coming of Christ brought into modern movements of political economy, one does not have to be a Christian. One may take a quite secular point of view and still give credit where credit is due.

Here, then, are the seven major contributions made by Jesus to our modern conceptions of political economy.

To Bring Judaism to the Gentiles

From Jerusalem, that crossroads between three continents open to the East and West, North and South, Jesus brought recognition of the One God, the Creator. The name this God gave to Himself is "I AM WHO AM"—He *is*, as opposed to the rest of us, who have no necessary or permanent hold on being. He is the One who IS; other things are those who are, but also are not. *He* is the Creator of all things. All things that are depend upon Him. As all things spring from His action in creating them, so they depend upon Him for their being maintained in existence, their "standing out from" nothingness [*Ex* + *sistere*, L., to stand out from].

The term "Creator" implies a free person; it suggests that creation was a free act, an act that did not flow from necessity. It was an act of intelligence, it was a choice, and it was willed. The Creator knew what He was doing, and He willed it; that is, "He saw that it is good." From this notion of the One God/Creator, three practical corollaries for human action follow.

Be intelligent. Made in the image of God, we should be attentive and intelligent, as our Creator is.

Trust liberty. As God loved us, so it is fitting for us to respond with love. Since in creating us He knew what He was doing and He willed it, we have every reason to trust His will. He created us with understanding and free will; creation was a free act. Since He made us in His image, well ought we to say with Jefferson: "The God who gave us life gave us liberty."

Understand that history has a beginning, and an end. At a certain moment, time was created by God. Time is directed toward "building up the Kingdom of God...on earth as in heaven." Creation is directed toward final union with its Creator.

As many scholars have noted, the idea of "progress," like the idea of "creation," are not Greek ideas—nor are they Roman. The Greeks preferred notions of the necessary procession of the world from a First Principle. While in a limited sense they understood the progress of ideas, skills, and technologies and also saw how these could be lost, in general, they viewed history as a cycle of endless return. They lacked a notion of historical progress. The idea of history as a category distinct from nature is a Hebrew rather than a Greek idea.

Analogously, as Lord Acton argued in the essays he prepared for his *History of Liberty*, liberty is an idea coincident with the spread of Christianity. Up to a point, the idea of liberty is a Jewish idea. Every story in the Bible is about a drama involving the human will. In one chapter, King David is faithful to his Lord; in another unfaithful. The suspense always lies in what he will choose next. Nonetheless, Judaism is

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not a missionary religion; normally one receives Judaism by being born of a Jewish mother; in this sense, Judaism is rooted in genealogy rather than in liberty. Beyond this point, Christianity expanded the notion of liberty and made it universal. The Christian idea of liberty remains rooted in the liberty of the Creator, as in Judaism. Through Christianity, this Jewish idea becomes the inheritance of all the other peoples on earth.

Recognition of the One God/Creator means that the fundamental attitude of human beings toward God is, and ought to be, receptivity. All that we are we have received from God. This is true both of our creation and our redemption. God acts first. We respond. Everything is a gift. "Everything we look upon is blessed" (Yeats). "Grace is everywhere" (Bernanos). Thus, offering thanksgiving is our first moral obligation.

It is difficult to draw out, in brief compass, all the implications for political economy of the fact that history begins in the free act of the Creator, who made humans in His image and who gave them both existence and an impulse toward communion with their first breath. In this act of creation, in any case, Jefferson properly located (and it was the sense of the American people) not only the origin of the inner core of human rights: "...and endowed by their Creator with certain inalienable rights, including...," but also the perspective of providential history: "When in the course of human events..." The Americans were aware of creating something "new": a new world, a new order, a new science of politics. As children of the Creator, they felt no taboo against originality; on the contrary, they thought it their vocation.

Father, Son, and Holy Spirit

When Jesus spoke of God, He spoke of the communion of three persons in one. This means that, in God, the *mystery of being* and the *mystery of communion* are one. Unlike the Greeks such as Parmedides, Plato, and Aristotle, who thought of God or the *Nous* as One, living in solitary isolation, the Christian world was taught by Jesus to think of God as a communion of three. In other words, the mystery of communion, or community, is one with the very mystery of being. The sheer fact that we are alive sometimes comes over us at dusk on an autumn day, as we walk across a corn field and in the tang of the evening air hear a crow lift off against the sky. We may pause then to wonder, in admiration and gratitude. We could so easily have not been, and yet we *are*, at least for these fragile moments. Soon another generation will take our place, and tramp over the same field. We experience wonder at the sheer fact: At this moment, we *are*. And we also apprehend the fact that we are part of a long procession of the human community in time; and that we are, by the grace of God, one with God. To exist is already something to marvel at; so great a communion is even more so. Our wonder is not so much doubled; it is squared, infinitely multiplied.

This recognition of the Trinity is not without significance for political economy. First, it inspires us with a new respect for an ideal of community not often found on this earth, a community in which each person is separate, distinct, and independent, and yet in which there is, nonetheless, communion. It teaches us that the relation between community and person is deeper and richer that we might have imagined. Christians should not simply lose themselves in community, having their personality and independence merge into an undifferentiated mass movement. On the contrary, Christianity teaches us that in true community the distinctness and independence of each person are also crucial. Persons reach their full development only in community with others. No matter how highly developed in himself or herself, a totally isolated person, cut-off from others, is regarded as something of a monster. In parallel, a community that refuses to recognize the autonomy of individual persons often uses individuals as means to "the common good," rather than treating persons as ends in themselves. Such communities are coercive and tyrannical.

Christianity, in short, opens up the ideal of catholicity which has always been a mark of true Christianity. *Katholike* means all of humanity, the whole human world. In this world, persons, and even cultures, are distinct, and have their own autonomy and claim on our respect. *E pluribus unum*. The many form one; but the one does not melt the many into the lowest common denominator. The many retain their individual vitality, and for this they show gratitude to the community that allows them, in fact encourages them, to do so. Person and community must be defined in terms of each other.

The Children of God

In Plato's *Republic*, citizens were divided in this way: A few were of gold, a slightly larger body of silver, and the vast majority of lead. The last had the souls of slaves

and, therefore, were properly enslaved. Only persons of gold are truly to be treated as ends in themselves. For Judaism and Christianity, on the contrary, the God who made every single child gave worth and dignity to each of them, however weak or vulnerable. "What you do unto the least of these, you do unto me." God identified Himself with the most humble and most vulnerable.

Our Creator knows each of us by name, and understands our own individuality with a far greater clarity that we ourselves do; after all, He made us. (Thomas Aquinas once wrote that God is infinite, and so when He creates human beings in His image, He must in fact create an infinite number of them to mirror back His own infinity.) Each of us reflects only a small fragment of God's identity. If one of us is lost, the image of God intended to be reflected by that one is lost. The image of God reflected in the human becomes distorted.

In this respect, Judaism and Christianity grant a fundamental equality in the sight of God to all human beings, whatever their talents or station. This equality arises because God penetrates *below* any artificial rank, honor, or station that may on the surface differentiate one from another. He sees past those things. He sees *into* us. He sees us as we are in our uniqueness, and it is that uniqueness that He values. Let us call this form of equality by the clumsy but useful name, *equality-as-uniqueness.* Before God, we have equal weight in our *uniqueness,* not because we are *the same,* but because each of us is *different.* Each is made by God after an original design.

This conception of equality-uniqueness is quite different from the modern "progressive" or socialist conception of *equality-sameness.* The Christian notion is not a levelling notion. Neither does it delight in uniformity. On the contrary, it tries to pay heed to, and give respect to, the unique image of God in each person.

For most of its history, Christianity, like Judaism, flourished in hierarchical societies. While recognizing that every single person lives and moves in sight of God's judgment and is equally a creature of God, Christianity has also rejoiced in the differences among us and between us. God did not make us equal in talent, ability, character, office, calling, or fortune.

Equality-uniqueness is not the same as equality-sameness. The first recognizes our claim to a unique identity and dignity. The second desires to take away what is unique and to submerge it in uniformity. Thus, modern movements such as socialism have taken the original Christian impulse of equality, which they inherited, and disfigured it. Like Christianity, modern socialist movements reject the stratification of citizens into gold, silver, and lead, as in Plato's scheme. But, since they are materialistic at root, their traditional impulse has been to pull people down, to place all on the same level, to enforce uniformity. This program is inexorably coercive, unlovely, and depressing.

Compassion

It is true that virtually all peoples have traditions of compassion for the suffering, care for those in need, and concern for others. However, in most religious traditions, these movements of the heart are limited to one's own family, kin, nation, or culture. In some cultures, young males in particular have to be hard and insensitive to pain, so that they will be sufficiently cruel to enemies. Terror is the instrument intended to drive outsiders away from the territory of the tribe. In principle (though not always in practice), Christianity opposes this limitation on compassion. It teaches people the impulse to reach out, especially to the most vulnerable, to the poor, the hungry, the wretched, those in prison, the hopeless, the sick, and others. It tells humans to love their enemies. It teaches a universal compassion. It teaches people to see the dignity even of those who in the eyes of the world have lost their dignity, and those who are helpless to act on their own behalf. This is the "solidarity" whose necessity for modernity Rorty perceives.

In the name of compassion, Christianity tries to humble the mighty and to prod the rich into concern for the poor. It does not turn the young male away from being a warrior, but it does teach him to model himself on Christ, and thus to become a new type of male in human history: the knight bound by a code of compassion, the gentleman. It teaches him to learn, to be meek, humble, peaceable, kind, and generous. It introduces a new and fruitful tension between the warrior and the gentlemen, magnanimity and humility, meekness and fierce ambition.

A Universal Family

Christianity has taught human beings that an underlying imperative of history is to bring about a law-like, peaceable community, among all people of good will on the entire earth. For political economy, Christianity proposes a new ideal: the entire human race is a universal family, created by the one same God, and urged to love that God. Yet at the same time, Christianity (like Judaism before it) is also the religion of a par-

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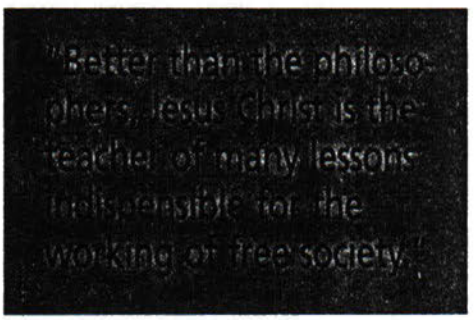
ticular kind of God: not the Deity who looks down on all things from an olympian height but, in Christianity's case, a God who became *incarnate*. The Christian God, incarnate, was carried in the womb of a single woman, among a particular people, at a precise intersection of time and space, and nourished in a local community then practically unknown to the rest of the peoples on this planet. Christianity is a religion of the concrete and the universal. It pays attention to the flesh, the particular, the concrete, and each single intersection of space and time; its God is the God who made and cares for every lily of the field, every blade of grass, every hair on the head of each of us. Its God is the God of singulars, the God who Himself became a singular man. At the same time, the Christian God is the Creator of all.

In a sense, this Christian God goes beyond contemporary conceptions of "individualism" and "communitarianism." With 18th-century British statesman and philosopher Edmund Burke, Christianity sees the need for proper attention to every "little platoon" of society, to the immediate neighborhood, to the immediate family. Our social policies must be incarnate, must be rooted in the actual flesh of concrete people in their actual local, intimate worlds. At the same time, Christianity directs the attention of these little communities toward the larger communities of which they are a part. On the one hand, Christianity forbids them to be merely parochial or xenophobic. On the other hand, it warns them against becoming premature universalists, one-worlders, gnostics pretending to be pure spirits, and detached from all the limits and beauties of concrete flesh. Christianity gives warning against both extremes. It instructs us about the precarious balance between concrete and universal in our own nature. This is the mystery of catholicity.



"I Am the Truth"

The Creator of all things has total insight into all things. He knows what He has created. This gives the weak, modest minds of human beings the vocation to use their minds relentlessly, in order to penetrate the hidden layers of intelligibility that God has written into His creation. Everything in creation is in principle understandable: In fact, at every moment everything is understood by Him, who is eternal and therefore simultaneously present to all things. (In God there is no history, no past-present-future. In His insight into reality, all things are as if simultaneous. Even though in history they may unfold sequentially, they are all at once, that is, simultaneously, open to His contemplation.)

Our second president, John Adams, wrote that in giving us a notion of God as the Source of all truth, and the Judge of all, the Hebrews laid before the human race the possibility of civilization. Before the undeceivable Judgment of God, the Light of Truth cannot be deflected by riches, wealth, or worldly power. Armed with this conviction, Jews and Christians are empowered to use their intellects and to search without fear into the causes of things, their relationships, their powers, and their purposes. This understanding of Truth makes humans free. For Christianity does not teach that Truth is an illusion based upon the opinions of those in power, or merely a rationalization of powerful interests in this world. Christianity is not deconstructionist, and it is certainly not totalitarian. Its commitment to Truth beyond human purposes is, in fact, a rebuke to all totalitarian schemes and all nihilist cynicism.

Moreover, by locating Truth (with a capital T) in God, beyond our poor powers fully to comprehend, Christianity empowers human reason. It does so by inviting us to use our heads as best we can, to discern the evidences that bring us as close to Truth as human beings can attain. It endows human beings with a vocation to inquire endlessly, relentlessly, to give play to the unquenchable *eros* of the desire to understand–that most profoundly restless drive to know that teaches human beings their own finitude while it also informs them of their participation in the infinite.

The notion of Truth is crucial to civilization. As Thomas Aquinas held, civilization is constituted by conversation. Civilized persons persuade one another through argument. Barbarians club one another into submission. Civilization requires citizens to recognize that they do not possess the truth, but must be possessed by it, to the degree possible to them. Truth matters greatly. But Truth is greater than any one of us. We do not possess it; it possesses us.

12-31-97

Therefore, humans must learn such civilizing habits as being respectful and open to others, listening attentively, trying to see aspects of the Truth that they do not as yet see. Because the search for Truth is vital to each of us, humans must argue with each other, urge each other onward, point out deficiencies in one another's arguments, and open the way for greater participation in the Truth by every one of us.

In this respect, the search for Truth makes us not only humble but also civil. It teaches us *why* we hold that every single person has an inviolable dignity: Each is made in the image of the Creator to perform noble acts, such as to understand, to deliberate, to choose, to love. These noble activities of human beings cannot be repressed without repressing the Image of God in them. Such an act would be doubly sinful. It violates the other person, and it is an offense against God.

One of the ironies of our present age is that the great philosophical advocates of the Enlightenment no longer believe in Reason (with a capital R). They have surrendered their confidence in the vocation of Reason to cynics such as to the post-modernists and deconstructionists. Such philosophers (*Sophists*, Socrates called them) hold that there is no Truth, that all things are relative, and that the great realities of life are power and interest. So we have come to an ironic pass. The children of the Enlightenment have abandoned Reason, while those they have considered unenlightened and living in darkness, the people of Jewish and Christian faith, remain today reason's (without a capital R) best defenders. For believing Jews and Christians ground their confidence in reason in the Creator of all reason, and their confidence in understanding in the One who understands everything He made–and loves it, besides.

There can be no civilization of reason, or of love, without this faith in the vocation of reason.

The Name of God: Mercy

Christianity teaches realistically not only the glories of human beings–their being made in the image of God–but also their sins, weaknesses, and evil tendencies. Judaism and Christianity are not utopian; they are quite realistic about human beings. They try to understand humans as they are, as God sees them both in their sins and in the graces that He grants them. This sharp awareness of human sinfulness was very important to the American founding.

Without ever using the term "original sin," *Federalist*, eloquent about the flaws, weaknesses, and evils to which human beings are prone. Therefore, they designed a republic that would last, not only among saints, but also among sinners. (There is no point in building a Republic for saints; there are too few of them; besides, the ones who do exist are too difficult to live with.) If you want to make a Republic that will last, you must construct it for sinners, because sinners are not just a moral majority, they are virtually a moral unanimity.

Christianity teaches that at every moment the God who made us is judging how well we make use of our liberty. And the first word of Christianity in this respect is: "Fear not. Be not afraid." For Christianity teaches that Truth is ordered to mercy. Truth is not, thank God, ordered first of all to justice. For if Truth were ordered to strict justice, not one of us would stand against the gale.

God is just, true, but the more accurate name for Him is not justice, but rather mercy. (The Latin root of this word conveys the idea more clearly: *Misericordia* comes from *miseris* + *cor*–give one's heart to *les miserables*, the wretched ones.) This name of God, *Misericordia*, according to St. Thomas Aquinas, is God's most fitting name. Toward our misery, He opens His heart. Precisely as sinners, He accepts us. "At the heart of Christianity lies the sinner," Charles Péguy wrote.

Yet mercy is only possible because of Judgment. Judgment Day is the Truth on which civilization is grounded. No matter the currents of opinion in our time, or any time, may be; no matter what the powers and principalities may say or do; no matter the solicitations pressing upon us from our families, friends, associates, and larger culture; no matter what the pressures may be–we will still be under the Judgment of the One who is undeceivable, who knows what is in us, and who knows the movements of our souls more clearly than we know them ourselves. In His Light, we are called to bring a certain honesty into our own lives, into our dealings with others, and into our respect for the Light that God has imparted to every human being. It is on this basis that human beings may be said to have inalienable rights, and dignity, and infinite worth.

Jesus, the Teacher

These seven recognitions lie at the root of Jewish-Christian civilization, the one that is today evasively called "Western civilization." From them, we get our deepest and most powerful notions of truth, liberty, community, person, conscience,

are the deepest ideals and energies working in our culture, as yeast works in dough, as a seed falling into the ground dies and becomes a spreading mustard tree.

These are practical recognitions. They have effects in every person and in every moment of life, and throughout society. If you stifle these notions, if you wipe them out, the institutions of the free society become unworkable. In this sense, a U.S. Supreme Court Justice once wrote, "Our institutions presuppose a Supreme Being." They do not presuppose *any* Supreme Being. They presuppose the God of Judaism and Christianity. And not only our institutions presuppose these realities. So do our conceptions of our own identity, and the daily actions of our own lives. Remove these religious foundations from our intellects, our lives, and the free society–in its complex checks and balances, and its highly articulated divisions of power–becomes incoherent to understanding and unworkable in practice.

For the present form of the free society, therefore, we owe a great deal to the intervention of Jesus Christ in history. In bringing those of us who are not Jewish the Word that brings life, in giving us a nobler conception of what it is to be human, and in giving us insight into our own weaknesses and sins, Jesus shed light available from no other source. Better than the philosophers, Jesus Christ is the teacher of many lessons indispensible for the working of the free society. These lessons may be, and have been secularized–but not without losing their center, their coherence, and their long-term persuasive power.

But that alone would be as nothing, of course, if we did not learn from Jesus that we, all of us, participate in His life, and in living with Him, live in, with and through the Father and the Holy Spirit in a glorious community of love. For what would it profit us, if we gained the whole world, and all the free institutions that flourish with it, and lost our own souls? ♦

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THE PRESIDENT'S OFFICE
12-31-97

Sylvia Mathews Winston
Some good ideas
need Reply
Should we him—
Re

MEMORANDUM

TO: Sylvia Mathews

FROM: Betty Currie

RE: Letter f rom Wintley Phipps

DATE: December 3, 1997

Wintley Phipps (friend of POTUS) sent the attached letter at POTUS' request. Wintley wanted POTUS to have it in time for his "race seminar tonight". I informed him that POTUS was having a town hall meeting today and assured him would POTUS would have his letter.

I forward to you .

12/3/97

Betty,

I am afraid that I received this letter after the town hall had just started, so I did not give this to ~~him~~ the President on the road, I thought it ~~would~~ might be easier to receive when he is in his office.

SMart

copied
Mathews
Winston
Bowles

Wintley Phipps
6428 Four Foot Trail • Columbia, MD 21045 • (301) 596-8425

December 3, 1997

President William J. Clinton
The White House
Washington, D.C.

Dear Mr. President:

Thank you for the privilege of lending support to the dream that is in your heart, to make America ***one***.

Someone once said, "we have learned to swim the seas like fishes, we have learned to fly the air like the birds, we must now learn to walk the earth like brothers and sisters."

After much counsel and prayer I submit these thoughts for your consideration as to how we might accomplish this formidable task of bringing this diverse nation together.

Mr. President, America has always been in uncharted waters. I know of no other precedent in history for a nation so equally diverse becoming ***one***. Truly, America sails her ship of brotherhood upon a trackless sea.

Mr. President, this nation needs to be reminded that she can only continue to be rich and prosperous if she lives by the principles that have made her great and strong. One of those principles is "**E-PLURIBUS UNUM,**" (Out of Many One).

For so long we have focused on the problem of race and ethnic diversity. Mr. President, you can now focus us as a nation, forcefully and eloquently on the goal of, "E PLURIBUS UNUM," (out of many one).

How does a nation so diverse become ***one***? No one has the answers. It has never been done before. But, America has always done things no one has done before. The Wright Brothers in flight at Kitty Hawk, John Glen orbiting the earth, Neil Armstrong walking on the moon: America has always done things no one has done before.

Mr. President, this issue of race and diversity must be depoliticized. The only way this can be accomplished is for you to take this issue up to a spiritual plane. It would be appropriate and beneficial to this nation for us to see how you came to that point in your life's spiritual journey, where you deemed it necessary, on a personal level, to reach across the divides of race and ethnicity.

Mr. President, the nation needs to be challenged with this question. How do we as a nation, "out of many become one"? The truth is, the answer is a simple and spiritual one. Do unto others as you would have them do unto you and love thy neighbor as thyself. I know of no other way for us to achieve E PLURIBUS UNUM in this diverse nation.

What can be done that has not already been done?

(1) Begin a national ad campaign as a rallying point for the goal of "Out of Many One."

(2) Appear strategically and often with people who are reaching across the divide and are doing cross cultural and transcultural work.

(3) Create incentives by honoring people with a Presidential award who have been intentional about reaching across the divides of race and ethnicity.

(4) Start a Diversity Educational Exchange Program where students from colleges and universities receive scholarships for attending a college or university with a racial and ethnic make-up very different from the one in which they enrolled.

(5) Sponsor an American Unity Conference that is televised.

(6) Sponsor an American Unity Day filled with community exchanges and pulpit choir exchanges, and other intentional acts of investment in E PLURIBUS UNUM.

Mr. President, we need each other. We must be challenged to reach out and talk to someone different each day. I stand ready to do whatever I can to help you inspire this nation towards a path of unity in diversity.

Your Friend and Brother,
Wintley Phipps

Bill Clinton

12-31-97

Rahm

we should consider
embarking a group
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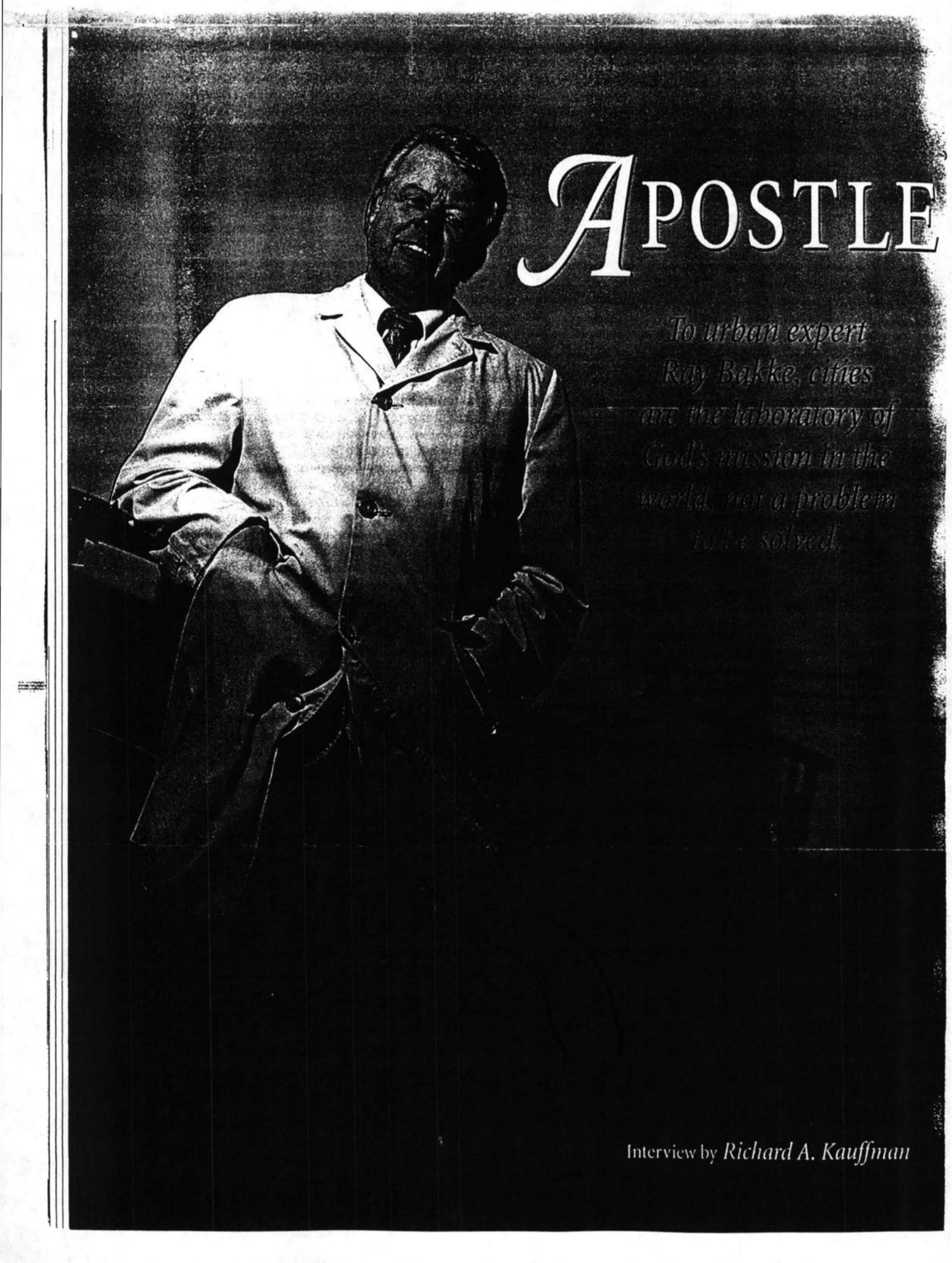
copied
Emanuel
Bowles

President of the United States



APOSTLE

To urban expert Ray Bakke, cities are the laboratory of God's mission in the world, not a problem to be solved.

Interview by *Richard A. Kauffman*

TO THE CITY

Ray Bakke may know more about urban ministry than any other evangelical. How he got to this point is proof that God knows better than we do how to weave together the disparate strands of our lives. Bakke's youthful ambition growing up in rural Washington State was to become a high-school teacher and coach. But when he attended Moody Bible Institute, he fell in love with Chicago. So instead, he became an inner-city pastor, first in Seattle, then in Chicago. A single congregation could not contain his vision or energy, however, and eventually the whole of Chicago, and later cities in general, became his parish.

Not that he entirely gave up on teaching. Bakke, an American Baptist, has taught Bible at Trinity College (Deerfield, Ill.), church history at McCormick Seminary, and urban ministries at Northern Baptist and Eastern Baptist seminaries. He still tries to read a book a day.

Bakke, 58, has served as senior associate for large cities with the Lausanne Committee for World Evangelization; helped found the Seminary Consortium for Urban Pastoral Education (SCUPE), which trains urban pastors; launched the Seminario Biblico Hispano of Chicago; and helped found Evangelicals for Middle East Understanding (EMEU).

Officially, Bakke is senior associate of International Urban Associates, a Chicago-based network that seeks to empower God's people in the largest cities of the world. What Bakke really is is a lover, student, and teacher of cities the world over. His passion is mentoring urban ministers, helping them "exegete" cities—interpret their significance in light of biblical revelation and God's mission in the world. His newest book, A Theology As Big As the City, *will be published by InterVarsity Press in May.*

Most of your adult life has been spent in Chicago as a pastor and a teacher of urban mission. How did you start working internationally?

Every spring I'd get a call from an organization that had a plan to save cities. They would say, "Come to a hotel. We have a special plan for Chicago." I always went to those meetings and participated in their crusades, but I left feeling used and frustrated. I kept wondering if anybody would ever come to our city and say, "Teach us what you're learning."

Then David Howard asked me in 1979 to coordinate the urban track of the 1980 Lausanne Consultation on World Evangelism in Thailand. I said, "David, I may be too radical for the Lausanne movement. I don't fit the church-growth paradigm. But come and take a tour with me of Chicago." He did, and after that he was convinced that I should be the Lausanne urban coordinator. For almost 18 years I have been the Lausanne associate for large cities, a volunteer position.

People should study the city not because it's so different from the rest of America, but because it's pointing the way the rest of the country is going. It exaggerates behavior like a time-lapse camera.

Stop looking at the city as just a problem with poor, locked-out people. That's only seeing the victim pattern. See the city as the R&D unit for the whole church. What you see in the city is a new wave of churches that cross over lines of race, class, denomination, and language.

What happens in the urban consultations you conduct?

I've done consultations in over 200 cities. When they ask for help, I'll say: "Most of what you need to know is already in your city. Would you be willing to go ask every bishop in town, 'If you had to prove God is alive in your city, what would you point to to prove it?' Also, find a sociologist or somebody who really knows your city."

I get them to bring together their best models of urban ministry, and we teach each other what we're learning. I ask: "Who's doing evangelism? housing? youth? gangs? kids? seniors?" My role has been interpreting the city from Scripture and history.

You've been part of a support network in Chicago. What has its role been?

A group of us made a commitment to each other 25 years ago because we were watching colleagues get burned out by what was happening in the city. These urban pastors fresh out of seminary would have taken a course in counseling to learn about personality types; but they never learned how to exegete communities. Cities have personalities. Chicago is an industrial city; New Orleans, Boston, and San Francisco are cultural cities; Washington is an administrative city; New York is a commercial city.

So a group of us started meeting, and we made two covenants: to be friends and to teach each other what we were learning about the city; and, if necessary, to lay our bones down here.

What biblical insights do you draw upon for "exegeting" the city today?

For the last eight years I've been working with Pete Hammond on *The Word in Life Study Bible* (Thomas Nelson, 1996). I did about 1,200 articles on urban, ethnic, and ethical issues in the Bible—handling the 1,250 texts on *city* and the 142 cities mentioned in the Bible.

I've learned from Ezekiel 16 that cities are family systems ["Thus says the Lord GOD to Jerusalem: . . . 'Your father was an Amorite, and your mother a Hittite. . . . Your elder sister is Samaria . . . and your younger sister . . . is Sodom,' " vv. 3, 46, NRSV]. Jerusalem's sister city in the north is Samaria, and in the south Sodom. The biblical family is urban, and it's made up of ethnic families.

Milwaukee and Chicago share a common water system. When Milwaukee was polluting it, Chicago took Milwaukee to court. And we share a sewer system with downstate cities who promptly took Chicago to court when we polluted it. Ezekiel 16 requires me to think of Milwaukee and Saint Louis as sister cities to Chicago; and Jackson, Mississippi, as a father to Chicago, because a million and a half black people from Mississippi came here; and Poland is our mother because 840,000 Poles came to Chicago—100,000 more Poles than San Francisco has people. To have a theology as big as this city, you have to take into account these "migrant" theological tributaries.

Where do suburbs fit into your theology of cities as family systems?

The suburbs are the daughters of the city. They are family. People move to the suburbs to get away, but there's no such place as "away" anymore. There's no escaping urban issues. We share common water, sewer, and economic systems, and increasingly the educational and tax systems. A threat to one is a threat to the other. Gated communities are now growing faster than ghettos, but people are beginning to realize they're not our salvation; a gated community is still a ghetto.

What theology forms and informs your understanding of the city?

The theology of John Calvin: that the Christ over us is Lord of the system, and the Christ within us is our personal Lord. As I understand Colossians, Christ triumphed over principalities and powers; we have to respect them, but we shouldn't be cowering and running away to the suburbs. We can take on the principalities and powers.

For Calvin, a city wall is a gift of common grace, a wall to protect all of us, not just the believers. A healthy school, hospital, and police department are gifts of common grace for the believer and the unbeliever.

I really believe in the parish concept, the church being part of its primary community. Pastors have two roles: pastor of the church and chaplain to the community—which means being a chaplain to every other pastor.

This perspective comes from Calvin's *Institutes,* Book Four, where he asked his deacons to monitor the public health hospital at Geneva to make sure it was caring for the poor. For Calvin, your tithe money and your tax money both belong to God; the one funds saving-grace institutions, and the other funds common-grace institutions, which are for all the people. The tithe and tax are both God's money. They're both important.

Do you ever get accused of being a "social gospeler"?

A suburban Christian said to me: "When you talk about urban evangelism, I get very excited. But when you talk about social action, I get very nervous. Isn't this the social gospel?"

So I asked him where he lives, and he told me—one of the finest suburbs west of Chicago. I said, "Why do you live there?" He said: "Good schools for my children. It's safe, quiet, clean. Good housing value. I travel a lot. I need a place where my family can be secure when I'm gone."

I stopped him and said, "Every reason you've given for living where you do is a *social* reason. If anybody believes the social gospel, it's you. You've committed your whole life to it. How can you tell those who don't have the systems you have to just preach the gospel?" And this man, bless his heart, said, "I never thought of that."

The hospital in my community is sicker than the patients in the system. How can it be wrong for us to build a better hospital, school, or police department?

We have to proclaim the gospel and seek the spiritual transformation of every person alive. But we also have to seek the social transformation of places that Satan has taken over and God wants liberated.

Pastors have two roles: and cha

How did your urban missiology develop?

When I came to Chicago in 1965, the whole evangelical establishment was fleeing the city. All those people who believed that "greater is he that is in you than he that is in the world" were running away from the city—people who loved foreign missions, just when foreigners were arriving here in big numbers.

That's when I made the commitment to the city. I dropped out of seminary for a year and visited all 77 communities of Chicago, talking to priests, pastors, politicians. I started buying every book on Chicago and tried to understand what was going on here. And I began to develop a hermeneutic for the city: that God is sending the whole world to cities, not only to this city.

There were 63 nations represented in my Edgewater community on Chicago's north side 20 years ago—there are even more today. The high school has more than a third of the nations of the world in it: 2,500 kids in the high school, with over 50 percent foreign born. And they're teaching in 11 languages.

You've said that people who are interested in the city shouldn't start just a church, but ministries.

Ministries scratch where people itch, and they generate indigenous leaders and dollars. If you just start a church, you'll probably plant a church in the image of the planter, and you'll need an outside subsidy and people from outside, which will intimidate the insiders. It doesn't empower the people.

Here's where we need partnership. A lot of denominations give a grant to someone to pastor a church. As I learned 25 years ago, that puts my church and me on welfare. Instead, I want that money put in a bank as a line of credit.

When people ask for money from the Mustard Seed Foundation, founded and funded by the largesse of my brother Dennis and his wife, Eileen, we say: You need a line of credit to help fund 501(c)(3) [federal not-for-profit] ministries. Add a little funding from your church, and leverage it with additional corporate and private grants.

Now if you have an old church that's falling down, create your own community-development foundation with a building program and building manager. Offer classes on building, and charge your neighbors for taking the class. Instead of having volunteer carpenters come to fix up your building, get them to teach the classes.

In the process, they just happen to fix up your building. More important, you give your people skills. Start a rehab program, and employ people to fix houses. By employing your people, they get into the system. Soon you have dollars flowing back into the neighborhood.

Where are your models for this kind of ministry?

My heroes for urban community development are Ezra, Esther, and Nehemiah. Esther moved inside the system, ran for Miss Persia, and won. She married the king, accessed power, and changed the law. Somebody has to move off the map of the godly into the godless structure and change the law. Esther teaches us that it's not enough just to repent for sin. It's systemic, and the law has to change. We're into housing because justice is not being done. If you want justice, you have to change the law.

Nehemiah, on the other hand, got the government grant and started the biblical model-cities plan. He got everybody in the neighborhood to build the wall. Urban ministry does not start with just the saved; it starts with everybody.

When Nehemiah got the wall built, he discovered that he had an urban jungle; only the priests lived there. So Nehemiah went to the suburbs and said, "Choose one out of ten to come and live in the city." Nehemiah 11:2 says, "And the people blessed all those who were willing to live in Jerusalem." Then Ezra came and rebuilt the temple with his friend Zerubbabel.

I tell pastors, "You have not preached tithing until you have preached the tithing of your people, of 10 percent going into urban neighborhoods where the church is." If you have more than that, you'll intimidate the natives and gentrify the neighborhood. Tithe your people, and use your assets to buy property next to every playground and grammar school in your community so you can stash your people there to create positive webs of influence in the community.

Is there a typical profile of people who do ministry well in the city?

People have to be secure in their identity. Another secret is the ability to see that you don't build on problems to be solved; you build on islands of strength that are already there—the ability to see the capacities of what you've got and not lament what you don't have. A support group and family affirmation are critical.

I recommend to new urban pastors what I did in my own ministry: visit every other church in the community, meet the pastors, and say, "I've been driving by but never stopped to thank you for serving the neighborhood. Tell me the most important lesson you've learned about being a minister in this community" or "How has this community changed in your lifetime?" I got wonderful openness because I wasn't threatening anybody.

What do you think of the current interest within evangelicalism in racial reconciliation?

Better late than never. Back in the 1960s, when my commitment to racial reconciliation was formed, they weren't there. Racial reconciliation has been part of our family for a long time. My wife once had a black roommate at Moody Bible Institute, which was very unusual at the time. We adopted a black kid—not that we wanted to, but my oldest kid kept bringing him home. We finally adopted him after feeding him for six months. And we've spent our life as a family incorporating his roots. And now we have a beautiful black grandchild. Our way of working at racial reconciliation has been quiet; I haven't marched in a lot of parades.

The reality is, you can't talk reconciliation and continue to live in all-white communities, spend your money in white shopping malls, and take your vacations in white locations. If you're serious, ultimately you broaden your commitments, including the church.

pastor of the church plain to the community.

What are your thoughts on welfare reform?

We have to have welfare reform. The welfare system was designed almost punitively. In 1968 when I coordinated Chicago's Reach-Out program for 30,000 kids as part of President Johnson's Great Society program, I saw how the system worked. When we'd interview the kids, they would ask: "Will my check be deducted from my mother's check?" The answer was yes. The kids would say, "I can't afford to work, because my mother is just going to lose benefits." That's criminal. The kids couldn't afford to get a paper route, because every dollar they made was going to be deducted from their mom's check, because Americans are afraid that poor people are getting rich with their tax dollars.

I had a plan to get all my congregation off welfare. Nobody wants to be on welfare. They hate it. It's very demeaning to have some white social worker come to your house, if you're a public-aid mom, and tell you what you can and can't do. We'd train them and get jobs for them. But the first time a kid got sick, they would go back to welfare to be able to get the medical card. Clearly, if we're serious about welfare, the biggest single deal we could do is say to the poorest of the poor: We'll insure you so that if you or your children get sick you have medical coverage.

There's hypocrisy, too, in this movement to reform the welfare system. Most of my family are farmers out West on dairy price supports. They benefit from agricultural welfare. The $40 billion worth of that support is at least equal to the welfare given as direct service to the poorest of the poor. Also, the same people who want their middle-class mothers to stay home and be full-time parents are demanding these poor mothers go to work at minimum wage.

The Democratic solution to poverty is more money; the Republican solution is less money. Neither is responding to the problem, which is a disempowered community and a disempowering nation that says we don't care about the poor.

When my brother Dennis did my income taxes, he said there's something wrong with a country that taxes me more than him. I agree with William Julius Wilson on the declining significance of race. We're resegregating on a class basis. What's happening is a growing gap between the haves and have-nots.

What about the church's role in welfare reform?

The vulnerable of society are the church's primary responsibility. Now, the reality is, as a tax-paying citizen I believe the church does not have this responsibility alone. This is not what I want mission dollars to go for. I want to spend mission dollars on evangelism. I don't want to have to do what I think the government is responsible to do when Bill Gates and all these people get their taxes reduced. There's something wrong with the richest country in the world expecting charity dollars, which are primarily our mission dollars, to pick up the task alone.

What should be done about guns and violence in homes and on the streets?

I grew up in a hunting culture. I got my first gun, my only gun, as a 12-year-old. It's a privilege to own a gun, not a right. Like automobiles, if you can train and license people to drive a car, you can do the same with a gun.

The community is armed, which means nobody is safe. Guns are killing kids and family members and not making it any safer for us as a people. It's ironic: I feel so much safer outside the U.S. I wish Americans had the privilege of traveling abroad where everybody's not armed and you can walk the streets at night.

What's your perspective on teen pregnancies, single-parent families, and the breakdown of the family?

You can't be a pastor and not be wounded by what's happening. In my

church I had 12-year-old kids who had had sexual practice either way. There were blended families sharing one bedroom, kids abused by stepparents, visiting men, or older half-brothers. The kids didn't really know who they were sexually. So we had to teach the sanctity of body, sex, and creation, because so many families didn't have that as a norm.

In my experience, though, abortion is a middle-class, suburban issue. It's a lifestyle issue for them; kids are an inconvenience. Urban mothers want their children, especially black families.

The disintegrating family and absentee fathers is a sad thing. It's rooted in bad policies and sin, obviously. But if we wanted to get families back together, we could do it by not punishing a mother whose spouse is incapable of employment. Now it's so much more convenient to get the men out of the house so the wife can get on aid.

What is the mission of International Urban Associates?

IUA is a network which links associates in cities with each other. We walk alongside them, encouraging and mentoring them, and, if possible, providing them with grants we secure. We also try to find the next generation of visionary urban leaders.

What are you working on now?

We have four urban agendas. First, we run a think tank on Pacific Rim cities. From a missionary perspective, God is bringing the world from the Southern Hemisphere to the Northern, and the Eastern world to the Western. The United States is being turned around. We're no longer a nation facing Europe, but a nation facing Asia. The West Coast, where I grew up, is the front door of Asia.

The twin facts of the urbanization of Asia and the migration of Asians to the West tells me that God is preparing the world for an Asian Pentecost. Asians are the twentieth-century Jews in dispersion, and we should be interpreting those texts for them and saying, "God is scattering you." I'm thinking evangelization by way of diaspora: migrant streams—just like Alexandria and Babylon for the Jews—are reappearing. And we need to nurture them and link them. This is my missiology.

Chinese Americans are linked to 20 percent of the world's population back in the mainland. I've argued that ethnic churches shouldn't blend into the Chicago church picture. We should be building bridges to them, but we should be encouraging them to keep the bridges back home. Foreign mission in an ethnic parish means leveraging their influence for the liberation of the gospel in the home country.

Second, the Middle East has been a major agenda—empowering the Arab church in the Islamic context. I feel tied to it in a filial sense: it's the fatherland, if not a holy land, for me.

The third area is the Francophone world: 440 million people in 46 French-speaking countries, 26 of them African. We discovered more missionaries in Kenya than in 46 French countries combined, a bias toward Anglophile countries and an anti-Catholic bias on the part of many.

My colleague Glenn Smith and I started networking in French cities, and we now have three training centers: Paris, Abidjan [Côte D'Ivoire], and Montreal. And we put together a network of mission agencies. If Europe is going to be evangelized, it may come through the French-African scene, especially places like Paris, which is Africanizing rather rapidly. So much of the 10/40 Window [an imaginary rectangular box on the globe stretching from North Africa through Southeast Asia] is the bilingual French- and Arabic-speaking slice of North Africa. The gospel comes easier to these people through the French than the Arabic; conversion is less threatening. The problem is we have no French constituency in the United States.

The fourth area is the Latin partnership, 25 Spanish and seven Portuguese countries. Again, they are mostly Catholic countries struggling to be pluralistic. Within those countries is an indigenous struggle for autonomy and identity. I think we can help those folks.

If you could write your own epitaph, what would you say?

Isaiah 58:12: "Your ancient ruins shall be rebuilt; you shall raise up the foundations of many generations; you shall be called the repairer of the breach, the restorer of streets to live in" (NRSV). I haven't been an urban builder, but I have been building coalitions of people with a vision for rebuilding their own cities. CT

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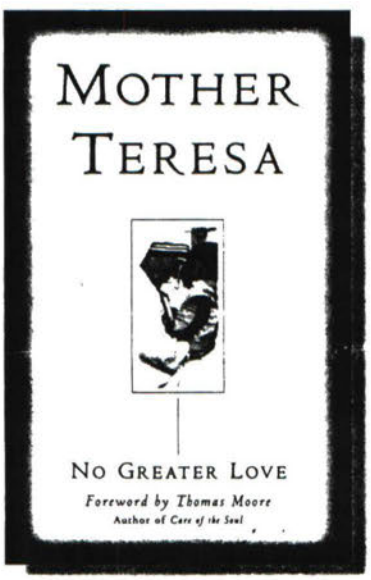

On Love

"Be kind to each other: it is better to commit faults with gentleness than to work miracles with unkindness."

On Forgiveness

"Whatever our religion, we know that if we really want to love, we must first learn to forgive before anything else."

On Giving

"I think that a person who is attached to riches, who lives with the worry of riches, is actually very poor. However, if such a person puts her money at the service of others, then she is rich, very rich."

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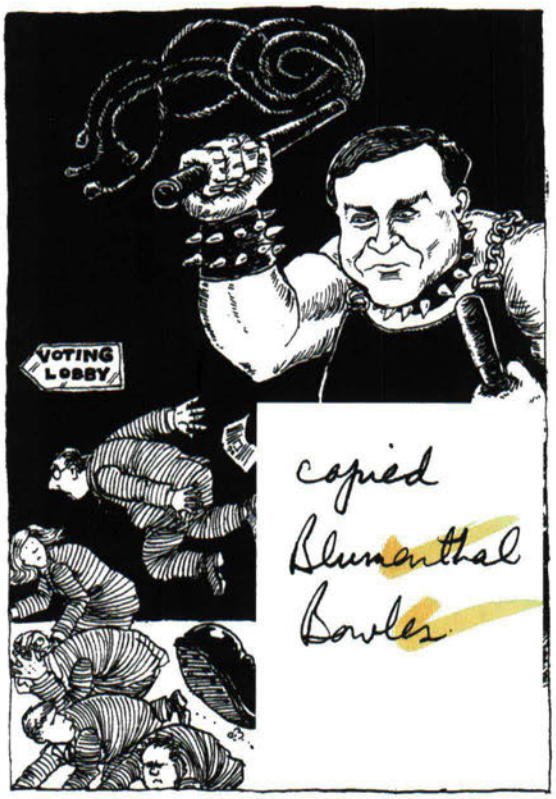
*From the foreword by Thomas Moore, author of *Care of the Soul*

Booting the left

THE Labour revolt over cuts in single-parent benefits on December 10th was pretty well the full monty: 47 Labour votes against the government, 14 conspicuous abstentions and the resignation of a junior minister, albeit one whom no one had heard of. There's safety in numbers and most rebels are likely to get off with a warning. Not all, however: one, Brian Sedgemore, whose talents have never been regarded as highly by his colleagues as they are by himself, unwisely compounded rebellion by leaking his letter to Nick Brown, the chief whip: "I hope you will instruct the arm-twisters and goolie-crushers in the Whips Office to desist from seeking to change my mind." Knowing Mr Brown, it was immediately predictable that he would don his heaviest pair of boots and apply extreme force to said parts of Mr Sedgemore's anatomy without the benefit of anaesthesia.



Still, just because you are able to put down a revolt does not mean it is wise to provoke it in the first place. The evidence this week was accumulating that the government has belatedly realised that it has blundered on single-parent benefits. Harriet Harman, the social-security secretary, loyally defends the decision as she would any decision made by Gordon Brown, the chancellor and her patron. In private it emerges that her ministerial team fought it hard.

Tony Blair himself seems to think it was an error, though once it had been made, it would have shown weakness to climb down. Single parents will be high in the queue for any spare cash there may be in the kitty next year; and Labour backbenchers have been promised that nothing like this will ever happen again.

Only the chancellor is unabashed. But he should beware: the last Labour holder of his office to bask in the sobriquet "Iron Chancellor", Stafford Cripps, was flexible when politics demanded it. "Just say no" is not a sufficient stance for a chancellor.

The government's arguments for the lone-parent cut are not convincing. The saving, £60m ($100m) in the first year, is not big. Ministers dare not articulate the strongest argument for it: that not working should be a tough option for lone mothers. Ministers rejected a compromise proposed by Chris Mullin, a backbench MP, which would delay the cut until the new government's help to lone parents to find jobs took effect. The cut is unpopular: an ICM poll in the *Guardian* newspaper this week showed a three-to-one majority against. But the real political cost is more fundamental. What Mr Blair and his colleagues have done is to restore at a stroke the credibility of the left of the Labour Party, in the Commons and outside.

Since the end of the cold war, Labour's left has been at a low ebb. Tony Benn, once its leader, was lost round the outer fringes of lunacy in the 1980s. None on the left today matches his charisma. (Alan Simpson, touted as such by the *New Statesman* magazine? They must be joking.) The Campaign Group of hard-left MPs attracts few new Labour MPs and claims only 30 members. Nor is "hard" what it used to be. Ask Ken Livingstone, its cleverest member, for his economic policy, and it amounts to Keynes, EMU and a bit more infrastructure. Karl Marx it isn't.

What the rump left badly needed therefore was an issue which aligned it with the wider centre and right of the Labour Party against the Blairite modernisers. With its cut in single-parent benefits, the government handed it just such an issue. For every Labour MP whose body was in the rebel division lobby on December 10th, there were five whose hearts were there.

The problem for Mr Blair is that his MPs and his party buy only part of his modernising prospectus. Sound finance is fine. Economic policy based on competition, not planning, is consensus. Sacking bad teachers and locking up bad criminals is acceptable. Even letting successful people become rich does not cause excessive discomfort. But when it comes to cuts in public spending on social benefits, matters are different. The grotesque spectacle of a Labour government, scuttling round the television studios justifying cuts in social security for lone-parent families, sickens members across a wide spectrum of views. Many Labour right-wingers are as angry as the left.

To be fair, Mr Blair did try to condition his party before the election to the modernisation of the welfare state. He spoke of hard choices and tough decisions. But he was vague on detail. His party chose to conclude that he did not plan anything too unpalatable.

As they find otherwise, they do not like it. One warning sign was the election to the party's National Executive Committee of Mr Livingstone, beating Mr Blair's supporter, Peter Mandelson. Another is the current public revolt. And it is as nothing compared with the revolt that will break out, left, right and centre, if the government proceeds with the plans hatched by Mr Brown to means-test benefits to the disabled.

Mr Blair has two choices in dealing with the rump left. He can ignore them as an irritant. With a majority of 179, he does not need to pay them the abject attention which his predecessor paid to Tory Euro-rebels. Alternatively, he can expel them from the party, as several of his predecessors dreamt of doing but never dared. The aim would be to move to a closer union with the Liberal Democrats in an alliance of the centre-left.

This last course would be by far the best for British politics, in which an atavistic far-left has no useful role to play. But it is viable as a tactic only if that left is first isolated and stripped of its legitimacy. By provoking this rebellion, Mr Blair achieved the unwelcome feat of allowing a bunch of malcontents and ne'er-do-wells to appear to be the legitimate voice of the conscience of his party. For £60m, it was not a price worth paying.

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12-31-97

HRC | BL | SidB
P/s acknowledge
who else should
look at? —
BC

December 4, 1997

The President
The White House
Washington, D.C.

Dear President and Mrs. Clinton,

The University of Arkansas System is honored to be part of the Clinton Presidential Library Project. As you know, we received a planning grant in July from the State of Arkansas to begin working on the educational programs that will eventually be part of the library.

The briefing document that accompanies this letter has been prepared for your review so we can continue with our planning, secure in the knowledge that our initial ideas are consistent with yours. The assumptions we have made are based on our research, our steering committee conversations, and our understanding of your vision.

As part of our planning, we have formed a small multi-campus working group to explore academic possibilities involving the entire University of Arkansas System, in affiliation with the library.

We look forward to having your guidance and direction as we work together on this exciting venture.

Sincerely,

B. Alan Sugg
President

Copied
HRC
Lindsey
Blumenthal
Bowles

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Clinton Presidential
Library Project

UNIVERSITY OF ARKANSAS SYSTEM

Clinton Presidential Library Project

Preliminary Plan
for a
Clinton School and Clinton Center

U of A System
December 1, 1997

Clinton Presidential Library Project
Preliminary Plan
for a
Clinton School and Clinton Center

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Appendix 1: Presidential Libraries: University and Policy Center Affiliation
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Public service for this and the next generation.

❑ A woman has been operating a community health clinic in an African American community within an urban county in Arkansas. She obtained a masters degree in public health nursing 10 years ago and after working at the county health department for six years, has administered the public health clinic outreach programs for the past four years.

Her interest has grown from overseeing nursing care for community residents to influencing public policy and programs to direct more resources to preventive programs. At the Clinton School, she will design a course with 24 hours of classroom credit, specializing in the state legislative process. As a volunteer, she has assisted in the reelection campaign of a state senator. Her community service project will include preparing legislative recommendations for the state senator to introduce in the legislative committee process. In addition to her service project, she will prepare a thesis on some aspect of getting preventive public health care policies enacted through the legislative process. She hopes to be employed by the state legislative council upon completion of her course work requirements.

CLINTON PRESIDENTIAL LIBRARY PROJECT
PRELIMINARY PLAN FOR A CLINTON SCHOOL AND CLINTON CENTER

Introduction. Earlier this year President Clinton chose the University of Arkansas as a partner in the Clinton Presidential Library Project to be located in Little Rock, Arkansas. The Clinton Presidential Library Project will consist of the Presidential Library and Museum operated by the National Archives and Records Administration (NARA), a Clinton School to provide educational programs, and a Clinton Center to accomplish the post-presidency initiatives of President and Mrs. Clinton.

The Clinton Presidential Library Project will be unique among the eleven presidential libraries because the President will complete his term of office at a younger age than his predecessors, and President and Mrs. Clinton will be available to lead the project with the vigor and active presence they bring to all of their endeavors. As such, the Clinton Presidential Library Project will provide a vehicle for President and Mrs. Clinton to continue addressing the problems of this and the next generation.

To prepare for its partnership role and to inform the planning process, the University has begun researching academic and public policy programs that seem of most interest to President and Mrs. Clinton as they develop the Presidential Library. This summary proposes a framework for academic and public policy programs affiliated with the Clinton Presidential Library Project.

❑ A senior in an undergraduate humanities program at UCLA wants to continue his education in the masters program at the Clinton School. He is of Hispanic origin and plans to return to his ethnic urban neighborhood and work in a community based development organization. He plans to develop and lead youth services programs.

At the Clinton School, he wants to specialize in organizing and leading community based development organizations. He will design a masters level program consisting of 24 hours of classroom experience, a semester long service project, and will prepare a thesis on a problem or subject related to his service project. His course work will be accomplished from his residence in Los Angeles through distance learning communications channels and through intensive semesters at the Clinton School facilities in Little Rock.

While enrolled at the Clinton School, some of his classes will involve research courses at the Clinton Center.

University of Arkansas Role. President and Mrs. Clinton developed their life-long network of service-minded friends and associates in educational settings like the programs being planned for the Clinton School and the Clinton Center. Just as President and Mrs. Clinton connected with future leaders for their generation, so can the young people participating in programs at the Clinton School and the Clinton Center shape the leadership for this and the next generation. As a partner in the Clinton Presidential Library Project, the University of Arkansas will create the educational settings that will connect the next generation of advocates and public servants with each other and with leaders, teachers and mentors. Its association with the Clinton Presidential Library Project provides the University of Arkansas opportunities to:

1. Participate in the post-presidency initiatives of President and Mrs. Clinton;

2. Develop new and exemplary academic programs for advocacy and public service which will benefit Arkansas students and communities and which would not otherwise be possible;

3. Attract students, faculty and resources from throughout the nation and the world who want to be associated with policy advocacy and program initiatives of the former President and First Lady.

In preparation for fulfilling its academic role, the University of Arkansas is researching academic programs associated with other Presidential Libraries. Appendix 1 lists Presidential Library affiliations with major universities. Research efforts include:

- Site visits to the Kennedy, LBJ, Carter and Bush Presidential Libraries;

- Literature search and overview of academic programs and public policy research institutes related to public policy, public affairs, public service, and advocacy.

❑ The director of a small community based development organization in a rural area of the Mississippi delta wants to improve her knowledge and understanding of state and national welfare reform policies and programs. She has talked with the senior program officer of a large private foundation and has a tentative job offer as a civic affairs program officer. She has arranged to accept the position provided she can enroll and participate in the public policies certificate program at the Clinton School.

She will meet with other certificate program participants and form a learning community in which the group designs and structures the core curriculum for the certificate program and each person designs his/her individual program related to the core curriculum. The group will then negotiate with available faculty and experts to provide the learning environment for the program. The group will design and implement a short term service project and each participate will write a short issues paper related to the service project and their individual learning program.

Clinton Presidential Library Project Programs. Based on its research, the University has developed a conceptual plan which considers the experiences of other Presidential Libraries and includes approaches that may be unique to the Clinton Presidential Library Project. These approaches may be consolidated or amended as project objectives become better defined.

First, the University emphasizes that the Clinton Presidential Library Project should be developed around a core identity with President and Mrs. Clinton and the values, principles and policies of the Clinton Administration. Within that core identity, this conceptual plan envisions these major program elements for the Clinton Presidential Library Project:

- Clinton Presidential Library/Museum
- Clinton School
- Clinton Center

Presidential Library/Museum. The Presidential Library/ Museum will be a repository for presidential papers and historical materials of President Clinton and his administration. In addition, the Library will offer programs designed to give the general public a better understanding of the President, the institution of the Presidency, and the American political system as a whole.

- The Library/Museum will use interactive exhibits to provide learning experiences to school children, tourists, and the general public.
- Library/Museum archives and historical materials will serve historians, archivists, journalists, policy analysts, students, and other researchers.
- Library/ Museum exhibits and displays will be accessible as teaching/learning resources for students worldwide through distance learning telecommunications media.

❑ A high school student attending a private school in Salt Lake City, Utah, is preparing to participate in the President's School, a four week program for high school students in the summer between their junior and senior years. The President's School will accept approximately 200 students worldwide. The program offerings will be made via distance learning systems for three weeks with the students coming to the Clinton Presidential Library for the final week of the program. During the final week, the students will conduct issues forums and interact with national experts on issues they have identified.

- The Library/Museum will be a learning resource for undergraduate and graduate students in archival management, museum management and exhibition design courses.

- The library/museum will be operated by NARA from its federal budget appropriation.

Clinton School. The Clinton School will be a learning destination for people motivated to serve others as volunteers, advocates, community leaders, politicians, and community based program directors. The School's degree and certificate programs will be shaped around the individual needs and interests of students and practicitioners. The School's intensive summer programs for high school students and for college undergraduate students will be designed to improve their knowledge and understanding through contact with each other and through experiential learning in real world situations.

- The School will confer masters degrees with a core curriculum emphasizing advocacy, public service and public policy. In addition, the School will provide certificate programs to practitioners within the program areas emphasized by the School, and programs will be offered each summer to encourage high school and undergraduate students in their advocacy and public service pursuits.

- The masters program will prepare graduates for leadership positions in advocacy organizations, private nonprofit organizations, community-based organizations, public agencies, private foundations, and policy research centers.

- The master's degree will be an interdisciplinary program requiring 24 credit hours of classroom experience, an internship in an advocacy or service role, and a six credit hour thesis project describing lessons learned from the service experience.

❑ A public defender in an urban county in Alabama wants to refocus his career from public defender to legal counsel for a large civil rights defense organization. He is confident of his knowledge and understanding of civil rights law, but he wants to gain a better understanding of advocacy programs and organizations. At the Clinton School, he will design a program to learn about and analyze civil rights advocacy organizations. In addition to his twenty-four classroom credit hours, for his remaining six credit hours, he will develop a service outreach project to assist a local civil rights organization and he will prepare a thesis on a subject related to his course work and service project.

- Enrollment in the graduate program will be balanced between traditional students entering graduate school immediately after completing their undergraduate degree and mid career students who want to build on their practical, work place or voluntary public service experience.

- Non-resident students will be allowed to participate in the program through distance learning telecommunications with periodic visits to the Clinton Presidential Library campus to participate in intensive semester sessions or courses.

- Concurrent degrees will be available for students who want to combine their Clinton School experience with other degree programs offered by the seven campuses in the University of Arkansas System.

- Articulation agreements will be sought with non-UA system universities in Arkansas, out-of-state universities in the United States, and higher education programs in other countries. These agreements will enable students from other programs to participate in courses and programs at the Clinton School and receive credit for them.

- Faculty chairs will be endowed from private funds and used for joint appointments between the Clinton School and other UA System campuses to leverage the impact of the Clinton Presidential Library Project on the entire academic spirit of the university.

- Certificate programs will be offered for practitioners working in volunteer or employment roles in private nonprofit organizations, community based organizations, advocacy groups, and public agencies. Certificate programs will be designed to enhance the participant's knowledge and understanding of new and emerging concepts and how to apply those concepts in their volunteer or work place setting.

❑ The director of a state level advocacy group on children and families received a masters degree in social work 15 years ago and has worked in various social work programs and projects since graduating. For the past five years, she has directed the advocacy organization and successfully influenced state policies on welfare reform and child health.

Now, she wants to resign her position, acquire new knowledge through structured learning and research programs, and refocus her career interests. She thinks she wants to work either as a staff member to a congressional committee, or as a program officer for a major private foundation.

She will design her own degree which will include 24 hours of classroom credit, a semester working in a community or organization to address a specific problem, and will prepare a thesis on a subject related to her field experience. While at the Clinton School, some of her course work will involve research courses and projects in cooperation with the Clinton center.

- The University System is considering, as a part of the School, developing an intensive summer program for undergraduates and possibly another for high school students betweentheir juniorand senior years. Undergraduates would focus on learning about advocacy and public service, would work on outreach projects in Arkansas communities and enhance their leadership skills, while high school students would conduct issues forums and interact with experts onissues they have identified.

- All of the School's degree and certificate programs will incorporate applied research projects and community service outreach projects. Applied research projects will be designed to work with communities, neighborhoods and organizations to evaluate their conditions and to identify and apply new and emerging concepts and technologies that will benefit them.

- Community service projects will involve the Clinton School faculty, students and staff in short term action programs in communities, neighborhoods and organizations. Students will learn from applying classroom lessons to real world situations. Community service projects will assist faculty in focusing their teaching on real world situations.

- The School will collaborate with the Clinton Presidential Library/ Museum on lecture series and student workshops and will use the Library/Museum as a research resource.

- The School will collaborate with the Clinton Center on public policy research and outreach programs; and, Clinton School students will serve internships at the Clinton Center; and, faculty members will serve as scholars and fellows at the Clinton Center.

- Clinton School operations will be financed by private funds raised by the Foundation and through state appropriations to the UA System.

❑ In a conference convened in Little Rock by the Clinton Center, western hemisphere leaders are examining the impacts of the North American Free Trade Agreement and considering the ramifications of expanding it to several South American counties. In addition to the economic impacts of NAFTA, conference participants are considering social and political results of the agreement.

Conference participants include labor leaders, human rights activists, and development officials as well as political leaders. Participation in key conference events have been expanded through satellite transmissions to local conference sites throughout North and South America.

Upon completion of the conference, the Clinton Center will consider what actions to take to further knowledge and understanding of free trade issues throughout the hemisphere.

Clinton Center. President and Mrs. Clinton can use the Clinton Center to focus their energy, wisdom and leadership on addressing the problems of this and the next generation. Through the Center, the President and Mrs. Clinton can work wtih constituency groups to identify new and emerging concepts for community improvement, and to advocate reforms that will improve human conditions nationally and worldwide.

- The Clinton Center will address a diversified policy research and action agenda and employ a multi-disciplinary team.

- Principal constituents of the Clinton Center will include local community leaders from all countries, national and international leaders, advocates, activists, scholars, analysts, students, and government officials.

- The Clinton Center will aim at influencing community based organizations, advocacy groups, interest groups, and the general public, as well as state and national public policy leaders.

- The Clinton Center's public policy research efforts will emphasize "real world" application, action and involvement through conferences at the Center and field assignments in community, organizational, and institutional settings.

- The Clinton Center will use "Town Hall" formats to engage the former President, First Lady and other prominent national and international leaders, in dialogues and discussions with constituent groups about public policy issues.

- The Clinton Center will use symposia to convene and involve national and international scholars, policy makers, advocates, activists, researchers and students to present and discuss research on selected public policy topics.

- Town hall meetings, symposia, conferences, lecture series and other events will be available in interactive formats via satellite transmission or compressed video transmissions when appropriate.

- The Center will collaborate with the Library/Museum for lecture series and student workshop, and use the Library/Museum as a resource for public policy research.

- The Center will collaborate with the Clinton School on events, including town hall meetings, symposia, conferences, and off-site outreach programs. The Center will involve the School's faculty, staff and students on public policy research projects and assignments.

- Clinton Center operations will be financed through private funds raised by the Presidential Library Foundation, through other foundation grants and state appropriations to the UA System.

- Althougth a former President is provided with a small transition staff, in fact, by the time the Presidential Library opens, almost all staff must be supported by funds raised by the Presidential Library Foundation. During site visits to presidential libraries, advisors to former presidents cautioned against overstaffing.

- The Clinton Center will operate in a highly competitive and sophisticated environment dominated by less than 50 major policy center organizations. Preliminary planning considerations shown in Appendix 2 begin to anticipate organizational and staffing approaches for the Clinton Center. Appendix 3 provides information on policy research centers identified as leading or major by reference authors; and, Appendix 4 provides comparative information on eight policy research institutes used as exemplary organizations in a research study of policy institutes.

Relationships Between Presidential Library Project Elements

Functions	Presidential Library and Museum	Clinton School	Clinton Center
Archival Research	The library will be a repository for Presidential archives and published materials and will provide access to the archives for researchers.	Faculty and students from all the UA campuses will develop research projects that use the presidential archival materials.	Some of the policy center research and analysis projects will require use of the presidential archives.
Interpretive Exhibits	The library/ museum will develop and operate interpretive exhibits for school children and the general public.	Interpretive exhibits will be used to illustrate advocacy, public service, and policy issues being addressed by the school.	Interpretive exhibits will be used to illustrate policy issues being addressed by the center.
Teaching	The library/museum willoffer highly interacctive educational opportunities for visitors and students of all ages. It will serve as a learning resource for students in archival management, museum management, and exhibition design.	The school will offer a masters degree in public policy or public service and administer internship and fellowship programs. In addition, the school will offer certificate programs for practitioners in public service and volunteer roles.	Students will serve internships and fellowships at the policy center. Policy center researchers will serve as faculty for the school.
Public Policy Research	The archives will be information resources for some public policy research initiatives.	Faculty and students will conduct applied research projects as well as collaborate with the policy center's research initiatives.	Researchers, scholars, and fellows will conduct public policy research and analysis on high priority issues identified by the former President.
Service Outreach	The library/museum will participate with the School and Center in sponsoring symposia, conferences, town hall meetings, and other public events.	Applied research projects will use "real world" settings, especially in local communities. Faculty will include service learning approaches in their courses; and, students will complete internships in community settings.	Policy center projects will engage and involve leaders and practitioners from communities and organizations locally,nationally and internationally.

Conclusion. Its partnership with the Clinton Presidential Library gives the University of Arkansas a unique opportunity to create and develop exceptional academic and community service programs that will benefit Arkansas and the nation. Academic programs will attract students, scholars and researchers from all over the world. Applied research and community service programs will benefit directly communities, organizations, and practitioners in public service roles throughout Arkansas and the nation.

The next step is to prepare a detailed plan for the education programs emphasizing working relationships between the Clinton Presidential Library, Clinton Center and the Clinton School. The plan should provide the basis for realistic fund raising goals; a detailed description of the physical facility and equipment needs of the overall project; and, a schedule for establishing the programs and admitting the first students.

RESEARCH RESULTS: PRESIDENTIAL LIBRARY SITE VISITS.

Summary of findings, visits to LBJ, Bush, and Carter Presidential Libraries.

One key area of interest in visiting the three Presidential Libraries was to determine the nature of the relationship between each library and its affiliated university and to use this information to develop a concept of what relationship would be ideal for both the Clinton Library and the University of Arkansas.[1]

The LBJ Library is located on the campus of the University of Texas at Austin, adjacent to the Lyndon B. Johnson School of Public Affairs. The library and the school were both built by the University as part of its commitment to the Johnsons when the Board of Regents asked that the library be located on campus. Freed from the need to raise funds for construction, the LBJ Foundation was able to provide for other, special financial needs of the library and school - for what isn't provided by the Federal Government and over and above what is provided by the university. The two are independently operated with no formal relationship but, according to Harry Middleton, Director of the LBJ Library, they maintain a "happy working relationship that is informal." The library works with the school to help organize speakers, conferences, symposia, produces publications and provides grants for various activities. It helps the LBJ School with student aid, fellowships, supplements to faculty salaries and travel. It has endowed chairs in honor of Barbara Jordan and the newly retired dean, Max Sherman. Each year the Foundation hears requests from the library and the school and grants requests for financial support that is roughly divided in half between the two. The amount divided is generally in the neighborhood of $ 2 million each year.

The school (Lyndon B. Johnson School of Public Affairs) is well-respected and widely acknowledged to be successful. With twenty-eight permanent faculty, it places emphasis on applied academics and has demonstrated a commitment to interact with the community of Austin

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[1] Two other Presidential Libraries have locations which identify them with a university, but no affiliation or programmed relationship. The John F. Kennedy Library is identified with the Kennedy School of Government at Harvard in name only. Many educational programs exist at the Kennedy Library but are not part of the Kennedy School. The Kennedy School has no common governance or administration with the library. The library does conduct educational programs geared to teach about public affairs through conferences, workshops, forums and seminars on a variety of historical and political topics. Most programs are geared to a general audience as opposed to students or scholars.

The Gerald R. Ford Library is on the Ann Arbor campus of the University of Michigan, Gerald Ford's alma mater. Although the library hosts a variety of events each year, it is devoted first to the care and use of its historical materials. Other than its location, it has no educational programming and no apparent planned affiliation with the University. The Gerald R. Ford Museum in Grand Rapids was rededicated in April, 1997, with new exhibits. But it also does not have an educational relationship with a university.

and the state of Texas. The faculty combine academic credentials with public service experience and the curriculum they support is diverse and interdisciplinary. Faculty from other university departments are involved often as consultants or co-directors for policy research projects.

An example of the applied nature of the LBJ School is the required internship between the first and second years. This provides direct contact with the operating realities of government, nonprofit, and advocacy organizations. In addition to the Master of Public Affairs (M.P. Aff.) degree, the LBJ School offers eight joint programs leading to the M.P.Aff degree as well as a second degree, for example, in Communications.

The Carter Center of Emory University is located about five miles from Emory University's campus. Originally, Emory wanted the Jimmy Carter Library to be on its campus, but local politics prevailed and the present site was selected for both the Library and the Carter Center. Former President Carter did not want to create academic or educational programs, but instead wanted to form an action-oriented institute with a focus on global issues--although domestic issues might also be pursued. He perceived the potential role of the University as being dominated by research that "sat on a shelf". The University did not succeed in becoming a substantive part of the Carter Center. In retrospect, the goals of President Carter were potentially more compatible with academic goals of Emory than they appeared to be at the time. Planning together for perpetuity, and developing a common mission might have resulted in more involvement of Emory in the Carter Center and vice-versa.

Today, the future of the Carter Center is questionable when one considers how it will sustain itself once both President and Mrs. Carter are unable to provide leadership or significant presence. Emory University has no strategic connection with the Carter Center and will have to, for the first time, decide what this connection should be to achieve the best outcome for Emory while maintaining the activism that has for so long characterized the Carter Center. While no one questions the extraordinary work of the Carter Center, it is also true that Emory has missed a host of educational opportunities that could have provided continuity for Jimmy Carter's values and his particular form of activism. Dr. Robert Pastor of Emory and the Carter Center told us, "I think there would be less tension if this were a degree-granting policy institute. The basic missions are very different between Carter Center and Emory. You should try to organize your center in a way to ameliorate this difference. "

The Bush Library, the George Bush School of Government and Public Service, and the Bush Center are nestled together on a 90 acre tract of land that is part of the Texas A&M campus. As

with the Carter and LBJ libraries, there are residential and office facilities at the Bush Center for the former President and First Lady. (Note: The Bush residential area offers more privacy and a home environment than was seen at the Carter Center or the LBJ Library.)

The Bush School recently opened with its charter class of 18 fully funded Bush fellows who are beginning a two year program culminating in a Master of Public Service and Administration (MPSA) degree. While the school is an academic unit in the College of Liberal Arts, it relies on "borrowed" or adjunct faculty from other academic units on campus. Most of the faculty also hold appointments in Political Science, Economics or other departments within the College of Liberal Arts. Included in the school facility are two research centers that are part of the Bush School (The Center for Presidential Studies and the Center for Public Leadership Studies) and the Private Enterprise Research Center which is not part of the school but is housed in the same building.

Texas A&M is making every effort to highlight and strengthen its relationship with former President Bush. But it is predicted that former president Bush will be somewhat disengaged from the Bush School and will not be involved on a regular basis with either teaching, policy making or advocacy. The emphasis of the Bush School will be heavily oriented toward research as opposed to applied academics.

The site visits and accompanying research have shown that each of the three library projects have strengths and weaknesses as they relate to the predicted interests of President and Mrs. Clinton and in the nature of their affiliation with their respective University partners.

The Johnson Library has residential facilities for the former first lady, but no policy programming of its own. President and Mrs. Johnson were essentially retired from public life and their interests were not in the area of continued policy, advocacy or academic involvement. The LBJ School reflects President Johnson's desire for a strong education in political leadership, applied public service and public administration. the Carter Center has been the focus of President and Mrs. Carter's passionate and constant years of outreach and provides apartment facilities for them when they are not at their home in Plains, but it has a tenuous relationship with Emory University and such a strong identification with the Carters that its future has yet to be addressed. The Bush School is clearly committed more to pure academics and research than the LBJ School. The Bush Center will function as a conference center for the Bush School and residential apartment for the former President and First Lady, but will not be used by the Bush's themselves for public service or advocacy projects.

The Clinton Presidential Library Project can best be described as a totally unique endeavor, combining the personal involvement and commitment of the Carters, the practical, applied academics of the LBJ School and the strong working relationship between the Bush project and Texas A&M University.

Library Name & Location	University Affiliation	Public Policy Center Affiliation
Herbert Hoover Library West Branch, IA	None (no relationship to Hoover Institute at Stanford)	None (no relationship to Hoover Institute at Stanford)
Franklyn D. Roosevelt Library Hyde Park, NY	None	None
Harry S. Truman Library Independence, MS	None	None
Dwight D. Eisenhower Library Abilene, KS	None	None
John F. Kennedy Library Boston, MA	(not directly affiliated) Located adjacent to UMass (not affiliated) JFK School at Harvard	None
Lyndon Baines Johnson Library Austin, Tx	Located on Un of Texas at Austin Campus LBJ School of Public Affairs	None
Gerald R. Ford Library/Museum Ann Arbor, MI/Grand Rapids, MI	Located on Ann Arbor campus of University of Michigan	None
Jimmy Carter Library Atlanta, GA	Emory University	Carter Center
Ronald Reagan Library Simi Valley, CA	None	None
Richard Nixon Library Yorba Linda, CA	None	None
George Bush Presidential Library College Station, TX	Located on Texas A&M Un. campus at College Station George Bush School of Govt. and Public Service	Ctr for Presidential Studies at the Bush School. Private Enterprise Research Center
Clinton Presidential Library Ctr. Little Rock, AR	University of Arkansas	Clinton Center

Clinton Center
Preliminary Planning Considerations

Two presidential library projects include public policy centers. The Jimmy Carter Library is affiliated with the Carter Center in Atlanta, Georgia, and the George Bush Presidential Library is affiliated with the Center for Presidential Studies at the Bush School and the Private Enterprise Research Center at Texas A & M University in College Station, Texas. Site visit observations about these policy centers and their relationships to the presidential libraries are summarized in the section of this report entitled Site Visits to Presidential Libraries.

In addition to its site visits to Presidential Libraries, the University has begun researching policy centers to understand more clearly alternative program and organizational relationships. At this early stage, the University's planning staff proposes that the Clinton Center be associated with the University of Arkansas System, but not be affiliated with any university department. The Clinton Center will develop and pursue independently its research and action agenda.

This association would result in close working relationships between the Clinton School and the Clinton Center, benefiting both. The Clinton School can provide faculty and student resources to the Clinton Center to serve as scholars, fellows, and interns. The Clinton Center can provide exciting and dynamic real world situations for the Clinton School's teaching, research and service programs.

Preliminary Findings. The following preliminary findings from researching policy centers provide a context for planning the Clinton Center.

- The public policy research and advocacy field includes thousands of think tanks, university-based research institutes, advocacy groups, interest groups, consulting firms, for-profit research organizations, philanthropic foundations, lobbying groups, and public policy research centers. Most are involved in some level of research, analysis, and action to influence public policies, programs and practices. Although all of these groups seek to influence policymakers, each type of organization differs in mission, scope and methods.

- Public policy research centers provide a structure flexible enough for pursuing the initiatives envisioned for the Clinton Center. Public policy research centers generally market ideas to influence public policy. They base their recommendations and actions on practical experiences and observations.

- Policy centers operate in a highly competitive, diverse and sophisticated marketplace. Today, more than one thousand policy research organizations in the United States compete for attention in an arena dominated by less than 50 leading organizations. Appendix 3 includes comparative information about leading policy research organizations identified by authors James A. Smith and Robert L. Hollings.[1]

- None of the policy centers associated with presidential libraries were listed as "leading or major" by reference authors. The only leading public policy research center associated with a former President is the Hoover Institute, which is affiliated with Stanford University, but which is an independent research organization. The Hoover Institute was initiated by Herbert Hoover prior to his presidency and has no formal relationship to the Hoover Presidential Library in West Branch, Iowa.

- Only three of the leading policy centers have an existing or historical affiliation with universities. These three are the Hoover Institute (Stanford), the Center for Strategic and International Studies (Georgetown), and the Joint Center for Political and Economic Studies (Howard). Author Carol Weiss writes that university-affiliated policy centers, *"are caught in a tension between the values of the policy world that they are presumably serving and the values of the university that determine their standing and the advancement and career chances of their staffs...relevance to policy fades before the pressure to publish in academic journals...interdisciplinary work founders because disciplinary departments usually determine promotion and tenure...Prompt and lively communication to policy audiences wins few kudos on campus...university policy units tend to remain academic institutions more than advisers to government..."*[2]

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[1] Robert L. Hollings, *Nonprofit Public Policy Research Organizations,* (Garland Publishing, Inc., New York & London, 1993). James A. Smith, *The Idea Brokers* (The Free Press, Macmillan, Inc., New York).

[2] Carol H. Weiss, *Organizations for Policy Analysis* (Sage Publications, The International Professional Publishers, Newbury Park, California, 1992), page xii.

Preliminary Considerations. Starting a new policy center enterprise will be like forming a new business in a well established and dynamic market.

- What will be the Center's core values and purpose?
- What products and services will the Center provide?
- What differentiates the Center's products and services from its competition?
- What customer or constituency groups are most important to the Center's purpose?
- How will the Center communicate with constituency groups and customers and how will products and services be distributed?
- What market share will the Center capture over what period of time?
- What income stream can be developed from the Center's products and services?
- What start up and operating expenses will be incurred and how can they be financed?

In his book, *The Competition for Dollars, Scholars and Influence in the Public Policy Research Industry*, James G. McGann, Ph.D., provides a framework for addressing these and other questions. McGann describes characteristics and strategic groupings of public policy research institutes, and he compares products, services, constituents, budgets and revenue sources of eight sample organizations. McGann's tabular information on these exemplary organizations is provided in Appendix 4.[3] These data provide an insight on how the Clinton Center may compare or differentiate itself from these leading public policy organizations.

The following paragraphs make preliminary schedule and organizational recommendations for the Clinton Center.

[3] James G. McGann, Ph.D., The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry, (University Press of America, Lanham, Maryland, 1995).

Clinton Center Time Frames and Related Activities. The Clinton Center operations will be preceded by a start up period and a development period. The following information addresses key organizational considerations during these periods.

- **Start Up Period.** Start up activities and tasks will require approximately one year. Start-up activities and tasks include:

Staffing	Recruit key staff, including: Executive Director, Research Director, Fund Raising Director, Communications Director and support staff.
Constituency Identification and Contact	Determine primary constituencies and audiences, identify and make contact with key persons in those constituency groups.
Research Program Design	Set the research agenda topics and priorities through a collaborative, interactive process with constituency groups.
Service Program Design	Set the service program design through a collaborative, interactive process with constituency groups.
Organizational Development	Establish the organizational roles, responsibilities and relationships among the staff.
Fund Raising	Recruit a fund raising director, appoint a fund raising advisory group, and prepare a fund raising plan for the ongoing operations of the Clinton Center.
Technology Infrastructure Development	Procure, install and make operational the telecommunications technology that the Clinton Center will use to communicate with constituency groups and to distribute its products and services.

- **Development Period.** Development period activities and tasks will require two to three years.

Staffing	Recruit key research staff to develop the research agenda and to begin major research programs.
Constituency Development	Develop networks of key persons among constituency groups and establish means of communicating with them on a regular basis.
Fund Raising	Execute the fund raising plan, developing the financial resources to sustain Center operations.
Research Program	Develop funding proposals and soliciting foundation grants and individual grants for major research initiatives and begin major research projects.
Service Program	Develop funding proposals and solicit foundation grants and individual grants for major service program initiatives and begin major service programs.
Communications Program	Develop communications and distribution channels for Clinton Center services and products.

- **Clinton Center Staff Composition.** Although a former President is provided with a small transition staff, in fact, by the time the Presidential Library opens, almost all staff must be supported by funds raised by the foundation. During presidential library site visits, advisors to former presidents cautioned against overstaffing.

The following table estimates the Clinton Center staffing configuration during its start up, development and operational periods. These would be core staff positions.

Staff	Clinton Center Start Up Period	Clinton Center Development Period	Clinton Center Operational Period
Total Staff Size	10	16	20
Executive/ Administrative	3	4	4
Research & Service Programs	3	6	9
Support	4	6	7

The core staff during the start up period may include:

Executive Director (Executive/Administrative)
Fund Raising Director (Executive/Administrative)
Services Director (Program)
Research Director (Program)
Research Assistant (Program)
Communications Director (Executive/Administrative)
Support staff.

- **Clinton Center Product Lines.** Policy Centers typically use print products to convey their knowledge and information through various distribution channels. During its operational period, the Clinton Center will use the product lines most appropriate to its research and service areas. Developing and publishing high quality books and journals and hosting major conferences will require longer periods of time than producing newsletters, policy briefs, seminars, symposia, and town hall teleconferences. Product lines for McGann's exemplary policy centers are shown in Appendix 3.

Product	Clinton Center Start Up Period	Clinton Center Development Period	Clinton Center Operational Period
Books	No	No	Yes
Journals	No	No	Yes
Monographs	No	Yes	Yes
Policy Briefs	Yes	Yes	Yes
Newsletters	Yes	Yes	Yes
Magazines	No	No	Yes
Seminars	Yes	Yes	Yes
Symposia	Yes	Yes	Yes
Town Hall Video Conferences	Yes	Yes	Yes
Major Conferences	No	Yes	Yes

- **Clinton Center Services.** Some policy centers provide services to enhance their influence with constituency groups and to facilitate the use of their products. For example, the Brookings Institute provides a directory of its scholars, computer services and conference facilities for its constituency groups. The Heritage Foundation hand delivers policy briefs to members of Congress before voting occurs on an issue and links legislators with specialists on particular issues. The Clinton Center will develop its service offerings through a collaborative and interactive process with its constituency groups. The following services illustrate the types of service programs that the Clinton Center may provide.

  - Directories. Directories of key resource persons related to public policy issues
  - Networking services. Linking individuals and constituency groups that can be mutually supportive of each other.
  - Information services. Providing to constituency groups information as well as authoritative sources and references related to key public policy issues.
  - Public Education services. Providing information to the general public about how a particular public policy issue relates to specific demographic groups or geographic areas.
  - Emerging Leaders Seminars. Providing seminars on key public policy issues for emerging leaders of constituency groups.

Service	Clinton Center Start Up Period	Clinton Center Development Period	Clinton Center Operational Period
Directories	No	Yes	Yes
Networking	Yes	Yes	Yes
Information Clearinghouse	Yes	Yes	Yes
Public Education	Yes	Yes	Yes
Emerging Leaders Seminars	Yes	Yes	Yes

- **Clinton Center Expenditures.** Although we cannot estimate expenditures at this stage, we can anticipate spending categories and relationships. This table is intended to illustrate that ratios will vary among expenditure categories during the start up, development, and operational periods. The ratios included in the final proposal will be established as long term expense goals that underlie the research and service programs of the Clinton Center. This table anticipates that:

    - Research and salary costs will remain constant in relation to the total expenditures of the policy center during all three phases;
    - Printing and publication costs will grow as the policy center develops products for distribution;
    - Conferences and seminar expenses will be greater as a percentage of the total during the start up and development period to support the constituency building process and for formulating the research and service program agendas;
    - Fund raising costs will be higher as a percentage of the total expenditures during the start up and development periods so that a strong resource development program can be built for the operational period;
    - Outreach activity expenses will grow as a percentage of the total budget as service programs are developed and implemented;
    - Other expenditures that are not anticipated now will become known in the development and operational periods.

Expenditures (%)	**Clinton Center Start Up Period**	**Clinton Center Development Period**	**Clinton Center Operational Period**
Research	25%	25%	25%
Printing/ Publications	5%	5%	10%
Salaries & Related	25%	25%	25%
Conferences & Seminars	15%	10%	5%
Fund Raising	20%	15%	10%
Outreach Activities	0%	5%	15%
Overhead	10%	10%	10%
Other	0%	5%	5%
Total	**100%**	**100%**	**100%**

- **Sources of Revenue.** These revenue sources are the general categories of funding for policy centers. For illustration purposes, the following table anticipates:

    - The Clinton Center will not in any period rely upon government contracts for funding in any phase or period;
    - The Clinton Center may obtain federal government appropriations for start up and state appropriations for a small portion of its operational expenses (to the extent that the organization's work pertains to Arkansas);
    - Efforts will be made to raise endowment funds to underwrite a portion of the long term operating costs of the Clinton Center;
    - Fees and income from sales of products and related services will provide sufficient revenue during the operational period to cover their costs;
    - Private foundation grants will underwrite a portion of the Clinton Center's expenses through its start-up, development, and operational periods;
    - Corporate contributions, or grants from corporate giving programs will underwrite a portion of the Clinton Center's expenses through all phases;
    - Grants and contributions from individuals will underwrite a portion of the Clinton Center's expenses through all phases.

The percentages are intended to stimulate discussion. In the final strategic plan, the percentage allocations will become fund raising goals for the Clinton Center's resource development program.

Revenue Sources (%)	Clinton Center Start Up Period	Clinton Center Development Period	Clinton Center Operational Period
Govt. Grants & Contracts	0%	0%	0%
Government Appropriations	50%	50%	25%
Endowments & Similar	0%	0%	10%
Fees & Sales	0%	0%	15%
Foundations	25%	25%	25%
Corporations	15%	15%	15%
Individuals	10%	10%	10%

Conclusion. The Clinton Center will embody the insight and enthusiasm of the Clinton Presidency and convey President and Mrs. Clinton's legacy of wisdom and leadership for future generations. The University of Arkansas welcomes the opportunity to participate in the post-presidency initiatives of the President and First Lady and stands ready to assist in developing and organizing the Clinton Center.

Appendix 3

Name/ Date Founded	Ideology/ Mission	Budget	Funding Sources	Staffing	Research Fields	Products/ Periodicals
American Enterprise Institute 1943	Conservative Dedicated..."to preserving and improving the institutions of a free society."	$8 million	50% corporate; 33% foundation; 17% (other)	Staff size 100, including approx. 47 resident scholars and research associates and affiliated with several dozen adjunct scholars situated elsewhere.	Organized into three broad areas: economic policy, foreign and defense policy; social and political studies.	The American Enterprise, bimonthly periodical on issues of domestic and international policy; 40 to 50 books each year and disseminates hundreds of articles and op-ed essays.
Brookings Institute 1916 as the Institute for Governmental Research		$18 million	25% endowment; 33% product sales; 42% private grants.	200 staff and 50 full time senior staff, plus visiting scholars and research assistants.	Three research divisions: Economic studies, Foreign Policy Studies, and Governmental Studies.	The Brookings Review (Quarterly); quarterly newsletter, Annual Report (annual), Directory of Scholars (annual), Brookings Papers on Economic Activity (3 issues/yr.) and books.
Carnegie Endowment for International Peace 1910	Abolish war			20 resident and senior associates from diverse professional backgrounds	"as eclectic as the associates' individual interests"	Foreign Policy (quarterly journal)
Cato Institute 1977	"broadening the parameters of policy debate to allow consideration of more options that are consistent with the (cont'd) traditional American principles of individual liberty, limited government, and peace."	$2.5 million		25 plus a network of 50-60 adjunct scholars who work at other research institutes and universities.	Research, publishing and media outreach program	About 10 books and 20 policy analysis papers ea. yr.; Cato Policy Reports, and hundreds of op-ed articles and radio commentaries. Cato Journal (3/year); The Cato Papers, CATO's Letters, CATO Policy Analysis
Center on Budget and Policy Priorities 1981		$1.7 million		26 persons including 12 researchers	Assesses programs and policies that affect low- and moderate-income households; defense-budget project is autonomous; areas of particular focus include continuing research series on how state tax policies affect low-income people, the problems of affordable housing, and poverty in rural America.	WIC Newsletter and monthly publications listing.
Center for Defense Information 1972	"opposes excessive expenditures for weapons and policies that increase the danger of nuclear war. CDI believes that strong social, economic, political, and military components contribute equally to the national's security."			Approx. 24		The Defense Monitor
Center for National Policy 1981	"progressive-pragmatist" "works to identify effective policy measures, rather than to expound on political values or to support social science research."	$950,000		10 staff; no resident staff, but draws on adjunct scholars	Convenes off the record policy seminars, public symposia, and long-term studies that bring together scholars, leaders in the private sector, and public officials.	30-60 page pamphlets

Appendix 3

Name/ Date Founded	Ideology/ Mission	Budget	Funding Sources	Staffing	Research Fields	Products/ Periodicals
Center of Strategic and International Studies 1962	"providing a strategic perspective to decision makers that is integrative in nature, international in scope, anticipatory in its timing and bipartisan in approach."	$12 million	35% corporate; 40% foundation; 10% individual; 15% other (less than 5% from endowments; 1% royalties from publications)	81 full-time policy analysts and 65 professional support staff.	"shaped by a practical sensibility and desire to engage policy makers in its various working groups, simulations of crises, conferences, and seminars.	Conferences and seminars; The Washington Quarterly, the Washington Papers, Significant Issue Series, and CSIS Panel Reports.
Committee for Economic Development 1942	..."operates from the belief that the private sector should involved itself as early as possible in the development of ideas that will eventually shape public policy."	$4 million	75% corporate; 10% foundation; 15% other	24 with a distinguished research advisory board, commissions research papers from academic researchers, publishing them as background papers.	Strategies to cut the federal deficit and to encourage productive investment, to respond to the changing demographics of the job market, to reform the educational system, to rethink trade policy, and to reform the costly liability arrangements in the U.S. system.	
Economic Policy Institute 1985	The founders thought that the national policy debate had shifted to the right and wanted to create and institution that could support a more activist government.	$600,000	coalition of labor unions initially - now, 40% union; 40% foundation	6 research, 3 administrative, 3 others.	Founders patterned the institute's program on the media-outreach and publishing strategies of the conservative that had been so successful in 1970's.	Research papers commissioned from scholars elsewhere, deal with living standards, the labor market, unions, trade policy and economic competitiveness, and the role of government in economic and social life.
Ethics and Public Policy Center 1976	"examines foreign and domestic issues in the light of enduring Western values."	$1.2 million	Foundation, corporate, and individual	6 professional; 5 support	Seminars, conferences, research and publishing in recent years have focused on religious conditions in the Soviet Union and Eastern Europe, ethics, war and peace, cultural politics, the abortion debate, human rights in the People's Republic of China, and Catholic social thought.	5 books in 1989 Quarterly Newsletters, American Purpose (commentary on foreign policy), American Character (commentary on domestic policy) and books.
Heritage Foundation 1973	Traditionalist conservatives, classical liberals, and neo-conservatives	$18.6 million; 1/3 budget for marketing	43% individual; 25% foundation; 13% corporate; 13% endowment; 6% publication sales	135	The pursuit of individual freedom, limited government, the free market system, and national defense	200 publications/year, ranging from 1-page executive memorandums and 12-page backgrounders; issues bulletins monographs and full-length books. Policy Review (journal), with a paid circulation of over 15,000 and the annual guide to Public Policy Experts, listing nearly 1,500 conservative experts in various substantive fields.
Hoover Institute on War, Revolution, and Peace 1919	"classical liberal view of the role of markets" (more)	$17 million	University allocations, endowment, foundation, and corporate support.	120 residents, visiting scholars also professional library and archival staff.	devoted to interdisciplinary scholarly work in domestic and international affairs. It houses private archives and libraries on political, economic, and social change in the 20th century	

Appendix 3

Name/ Date Founded	Ideology/ Mission	Budget	Funding Sources	Staffing	Research Fields	Products/ Periodicals
Hudson Institute 1961	..."embodies skepticism about conventional wisdom, optimism about solving problems, a steadfast commitment to free institutions and individual responsibility, and a realistic view of various threats to national security." Contracts with the Departments of Defense, Labor, State, and Commerce and the U.S. Navy.	$5.2 million	Government contracts; Lilly Endowment	60 full time, i.e. 18 senior research staff, not all in residence	Education and training, national security, foreign policy, economics, trade policy, demographics, political and social institutions, and technology.	Hudson Reports (quarterly), newsletter, Hudson Opinion.
Institute for Contemporary Studies 1972 – expanded in 1986		$3 million		25 persons		
Institute for International Economics 1981		$2 million	German Marshall Fund contributed $4 million over 5 years to initiate.		Focuses on problems of trade, money and finance, and debt and development.	Book-length studies
Institute for Policy Studies 1963	Seeks to link citizens' movements and scholarship, holding to a Deweyan conviction that ideas are tested in action.			12 executive and administrative, 4 project assistants, 5 research scholars, 4 visiting scholars, 4 Associate Directors Transnational Institute, and 13 Fellows.	World Economic Intergration, the State of Democracy, and Post-Cold War Planning for a New Foreign Policy. Economic justice, environmental protection, and grassroots political participation.	Books
Joint Center for Political and Economic Studies 1970	"to improve the socioeconomic status of black Americans; to increase their influence in the political and public policy arenas; and, to facilitate the building of coalitions across racial lines."	$3.5 million	Initial support from Ford Foundation.	50 persons	Economic policy, political participation, and international affairs.	6 books/year, produces radio and television programs
Manhattan Institute for Policy Research 1978		$2 million	33% corporate; 40% foundation; 25% individual		Manhattan Institute Fellows program	
Overseas Development Council 1969	"establish a new agenda of development cooperation policies that take full account of both longer-term U.S. interests in the Third World and the need to work with developing countries to end the absolute poverty still afflicting millions of people around the globe."		Foundation, corporate, int'l development banks.		International trade and industrial policy, international finance and investment, strategies for and assistance with development, and U.S. foreign policy toward developing countries. (economic and political issues that shape relations between U.S. and Third World countries.)	Agenda, a bi-annual publication, and "Policy Focus" series

Appendix 3

Name/ Date Founded	Ideology/ Mission	Budget	Funding Sources	Staffing	Research Fields	Products/ Periodicals
Progressive Policy Institute 1989	"turn-of-the Century progressivism" Seeking to "adapt America's progressive tradition of individual liberty, equal opportunity and civic enterprise to the challenges of the post industrial era."			President, Vice-President for Economics, Vice-President for Domestic Policy, Administrative Assistant, and Policy Analyst.	Economic growth and equity, defense and foreign policy, social policy, politics and democratic institutions, and public health and safety; Crime, health care, education and environmental safety.	
RAND Corporation 1948		$99 million	80% federal contracts; (20%) foundation	Approx. 1100 employees (50% research professionals)	Four divisions include Project Air Force, National Security Research; Army Research; and Domestic Research.	Annually, 250 research reports, notes, and professional papers on foreign and domestic issues. Annual Report, program descriptions, newsletters, various indexes and collections of abstracts, and Rand Journal of Economics
Resources for the Future 1952		$7.8 million	Initially, capital endowment from Ford Foundation provided start up funding;	100 persons, with 50% engaged in research and writing	Four subdivisions: Energy and Natural Resources Division, Quality of the Environment Division, National Center for Food and Agricultural Policy; Center for Risk Management. Natural resources and the environment.	3 books published in 1989, 40 odd discussion papers, policy briefs. Quarterly periodical, *Resources*, Annual Report, and books.
Rockford Institute 1976	A "conservatism that strives to defend and renew those cultural mechanisms that shape responsible citizens worthy of their freedom." A commitment to certain enduring principles: "religion, the family, limited government, free enterprise, morally and artistically sound literature, a strong commitment to the national interest, and a healthy distrust of universalist ideologies."	$1.3 million	Individual donations, foundation grants; corporate, publication sales (25% of revenue)	20 in six program areas: Chronicles, Center on the Family in America, Center on religion and Society, Publishing, Communications and Administration, and Counselor's Office.	The Center for Family in America; and the Center on Religion and Society. Family issues, literature, arts, education, religiously grounded principles, limited government, and defense of the national interest.	Chronicles, Family in America, Religion & Society Report, and Main Street Memorandum.
Russell Sage Foundation 1907		$1.5 million		20 persons, including 12-15 scholars to New York offices and supporting others at their own academic institutions	Basic social science research; seeks to improve social science methods, enhance data-collecting techniques, and advance social theory. Current program focuses on the social analysis of poverty, improving the understanding of economic behavior, and developing statistical methods for synthesizing research findings.	6-8 books/year; biennial reports and newsletter.

Appendix 3

Name/ Date Founded	Ideology/ Mission	Budget	Funding Sources	Staffing	Research Fields	Products/ Periodicals
Twentieth Century Fund 1911- renamed in 1919		$3.5 million		20 persons	Research and writing done by scholars not in residence, but under contract to the Fund. Organizes task forces and commissions of distinguished individuals to discuss policy issues and to advance recommendations for policies.	6-10 books/year; 2-3 task force reports, and number of shorter papers.
Urban Institute 1968		$17.8 million	Government contracts from 36 federal/state agencies; foundation and corporate (fund 1/3 of work)	4 officers, 115 researchers, 42 Administrative/Technical and 42 non-exempt.	Evaluation of government programs and assessment of new policy strategies. Social and economic problems confronting the nation and government policies and programs designed to alleviate them.	6-12 hard cover books per year; research reports, research papers; Annual report, Policy and Research Report (three times/year), Update (bimonthly), Policy Bytes (bimonthly), and Health Report (3 issues/year).
World Policy Institute	Focuses on international economic and security issues	$900,000	Hundreds of individual donations, publication sales	10 persons who work with a broader network of about 100 policy experts		Quarterly, *World Policy Journal*, with a circulation of about 10,000
World Resources Institute 1982	Helps governments and environmental and development organizations deal with environmental issues	$10 million		98 staff members including 80 researchers, augmented by individual fellow and advisers, as well as collaborating research institutions in more than fifty countries	Focuses on two concerns: the effects of the deterioration of natural resources on economic development and on alleviation of poverty and hunger in developing countries; and the emerging environmental and resource problems that threaten the economic and environmental interests of the U.S. and other nations.	Advice on policies and technical services in developing countries; series of WRI Guides to the Environment, books and reports. World Resources Report (every 2 years), and NGO Networker (quarterly).
Worldwatch Institute 1974	To inform policymakers about the interdependence of the world economy and the environment	$3.5 million		30 persons, including research and non-research	Global environmental research, other issues.	World Watch magazine; Worldwatch Paper (7-8/yr.); Environmental Alert Series (2-3 issues/yr.)

Table 7.1
Strategic Dimension Ratings for Each Exemplar Firm

	Brookings Institution	National Bureau of Economic Research	Rand Corpo-ration	Institute for Policy Studies	Heritage Foun-dation	Manhattan Institute	Common-wealth Foun-dation
Speciali-zation	low	high	high/low*	high	high/low	high/low*	high
Brand Identifi-cation	highest	medium	high	low	high	low	low (outside PA)
Push/Pull	high/low	low/high	high/low	low/high	high/low	low/high	high/low
Channel Selection	direct	indirect	direct	indirect	direct	variable/ indirect	direct
Product Quality	high	high	high	low	low	low	high
Techno-logical Leader-ship	high	low	medium	low	high	high	low
Vertical Integra-tion	high	low	high	medium	high	low	medium
Cost Position	high	low	high	high	low	low	low
Service	high	low	high	low	high	low	high
Price Policy	high	low	high	high	low	low	low
Leverage	high	high	high	low	high	low	low
Relation-ship to Policy Commu-nity	high	high	high	low	high	medium	high
Relation-ship to Academic Commu-nity	highest	high	high	high > medium	low	medium	high
Relation-ship to Funding Commu-nity	medium	medium	low	low	high	high	high

* Has a highly specialized product line but deals with a diverse range of customers

Table 7.2
Product Lines for 1989

Product–— Organi-zation	Books	Jour-nals	Mono-graphs	ISS/ Policy Briefs	News-letters	Maga-zines	Semi-nars	Major Confer-ences	Films	Oth-er
Brookings Institution	30	3				1	80	4		
National Bureau of Economic Research	8	4	400		12	4	31	29		
Rand Corpo-ration	8	1	210	20	2					
Institute for Policy Studies	5			12						
Heritage Foun-dation	4	4	3	138	30	4	50	3		
Manhat-tan Institute	1			12			35	3		
Common-wealth Foun-dation	1			8	2			2		

These tables were copied from a book entitled, "The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry", by James G. McGann, Ph.D.

Table 7.3
Staff Compositions for 1989

Organization	Staff Size			Researchers				
	Admin.	Program	Support	Full Time	Part Time	Resident	Non-Resident	Researchers with Ph.Ds
Brookings Institution	92	78	75	69	3	70	2	68%
National Bureau of Economic Research	30	373	5	0	373	373	0	100%
Rand Corporation	149	606	377	86	522	NA	NA	44%
Institute for Policy Studies	5	5	8	6	2	8	–	50%
Heritage Foundation	32	76	33	40	–	40	–	30%
Manhattan Institute	8	9	4	5	1	–	6	60%
Commonwealth Foundation	1	3	1	1	–	1	–	0%

Table 7.4
Expenditures for 1989

Organization	Research	Printing Publications	Salaries & Related	Conferences & Seminars	Fund Raising	Outreach Activities	Overhead	Other (Specify)
Brookings Institution	66%	included in admin.	NA	NA	included in admin.	19%	14%	1% fellowships
National Bureau of Economic Research	93%	2%	NA	9%	1%	–	20%	–
Rand Corporation	NA	NA	NA	NA	NA	NA	NA	NA
Institute for Policy Studies	–	–	70%	5%	–	10%	15%	–
Heritage Foundation	15.3%	1.6%	38.7%	4.4%	13.5%	22.1%	1.7%	–
Manhattan Institute	35%	7%	41%	4%	3%	3%	7%	–
Commonwealth Foundation	30%	10%	20%	5%	10%	15%	10%	–

These tables were copied from a book entitled, "The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry", by James G. McGann, Ph.D.

Table 7.5
Sources of Revenue for 1988 & 1989

Organization	Years	Govt. Grants & Contracts	Endowments & Similar	Fees & Sales	Foundations	Corporations	Individuals
Brookings Institution	1988 1989	1% 1%	27% 27%	32% 32%	*40% 40%		
National Bureau of Economic Research	1988 1989	34% 37%	14% 14%	– –	39% 38%	13% 11%	– –
Rand Corporation	1988 1989	79% 79%	0.4% 1.0%	0.6% 0.2%	20% 19%	– –	– –
Institute for Policy Studies	1988 1989	– –	2% 9%	11% 2%	87% **89%	NA NA	NA NA
Heritage Foundation	1988 1989	– –	3% 10%	4% 6%	40% 26%	18% 13%	35% 45%
Manhattan Institute	1988 1989	– –	– –	2% 3%	48% 43%	28% 30%	22% 25%
Commonwealth Foundation	1988 1989	– –	– –	– –	58% 72%	25% 20%	17% 8%

* Unrestricted and restricted grants and contributions constituted 40% of Brookings' revenues in 1988 and 1989. (1988: foundations 83%, corporate 16%, and individuals 1%; 1989: foundations 65%, corporate 33%, and individuals 2%.)
** Revenue from foundations, corporations, and individuals for 1988 and 1989 are not available. Figures reported above are all private grants and contributions, of which approximately 70% are foundation grants.

Table 7.6
Areas of Specialization

Organization	Domestic Econ.	Intl Econ.	Political Science	Security Studies	Regl Studies	Social Policy	Education Policy	Intl Relations	Other (specify)
Brookings Institution	x	x	x	x		x	x		
National Bureau of Economic Research	x								
Rand Corporation		x		x		x			
Institute for Policy Studies									public policy studies
Heritage Foundation	x			x					
Manhattan Institute	x	x				x	x		legal reform
Commonwealth Foundation						state public policy issues			

These tables were copied from a book entitled, "The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry", by James G. McGann, Ph.D.

Table 7.7
Total Income

Organization	*1970*	*1980*	*1988*	*1989*
Brookings Institution	$ 5,476,000	$ 9,426,000	$ 15,381,000	$ 15,897,000
National Bureau of Economic Research	$ 2,242,000	$ 5,688,828	$ 7,573,078	$ 12,419,904
Rand Corporation	$ 25,097,028	$ 48,017,419	$ 84,977,180	$ 93,731,875
Institute for Policy Studies	$ 150,000	$400,000	$1,300,000	$1,500,000
Heritage Foundation	*$ 413,497	$ 5,329,117	$ 15,003,930	$ 17,916,781
Manhattan Institute	–	$ 473,106	$ 1,833,344	$ 2,407,360
Commonwealth Foundation	–	–	$ 168,000	$ 320,738

* Heritage's first year of actual operations was 1974.

Table 7.8
Media-Related Outreach Activities for 1988 & 1989

Organization	*Press Briefings*	*Television & Radio Interviews*	*Newspaper Editorials*
Brookings Institution	80	NA	NA
National Bureau of Economic Research	8	7	6
Rand Corporation	2	7	6
Institute for Policy Studies	4	30	40
Heritage Foundation	25	1,100	300
Manhattan Institute	55	20	100
Commonwealth Foundation	8	50	150

These tables were copied from a book entitled, "The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry", by James G. McGann, Ph.D.

Table 7.9
Constituency Ranking

Organization	*Congress*	*Executive Branch*	*Corporate Community*	*Academic/ Scholarly Community*	*Media*	*General Public*	*Other (specify)*
Brookings Institution	8	8	5	8	8	5	5 foundations
National Bureau of Economic Research	7	7	7	10	8	6	
Rand Corporation	9	10	5	8	6	7	
Institute for Policy Studies	10	9	1	7	6	8	
Heritage Foundation	10	10	8	6	9	7	
Manhattan Institute	6	6	8	9	10	5	8*
Commonwealth Foundation	3	3	5	6	7	9	

*Foundation, community professionals in the area of research, educators, judges, etc.
Organizations were asked to rank each constituency on a scale of 1-10. 1 = least important (to organization), 10 = most important (to organization.)

These tables were copied from a book entitled, "The Competition for Dollars, Scholars, and Influence in the Public Policy Research Industry", by James G. McGann, Ph.D.

CHAPTER 8
CONCLUSIONS AND IMPLICATIONS FOR THE INDUSTRY

I believe that the competitive analysis of the seven strategic groups clearly demonstrates how the strategy and structure of a firm influences its selection of staff, product lines, and customer and funding targets. These fundamental differences in how PPRIs organize themselves determine how the institutions compete for scholars, dollars and influence. The strategic choices made by an organization ultimately determine a firm's competitive position in the marketplace. By using Porter's strategic dimensions, we see that a firm's rating on each of these dimensions is directly influenced by its organizational structure and the marketing and production strategies it employs. I have also attempted to demonstrate the tremendous variations in the institutional capacity of the firms discussed. These firms have taken quite divergent approaches to producing and marketing their products, cutting costs, and managing their internal and external environments. We have also seen that the technologies employed determine the sphere of influence of the institution and, more specifically, the market it serves. The rate of change that has taken place over the past twenty to twenty-five years has been dramatic and has created an industry that is quite diverse and complex. I will now attempt to show how the seven strategic groups influence the overall nature and direction of the industry through a series of case studies.

The reason that the level and intensity of the competition vary from one segment of the industry to the other has good deal to with nature and composition of the strategic groups in an industry. According to Porter, four factors determine how strongly the strategic groups in an industry will interact when competing for customers:

1) the market interdependence among groups, or the extent to which their customer targets overlap;
2) the product differentiation achieved by the groups;
3) the number of strategic groups and their relative sizes;
4) the strategic distance among the groups or the extent to which strategies diverge.[178]

I will discuss each of these factors in turn and will provide some case examples to further demonstrate how the strategies and structures vary from one group to the next. A schematic illustration of the competition in the industry will be presented at the end of the chapter. The illustration will show the great variance in the nature and size of the groups and that increased competition has affected certain segments of the industry more adversely than others.

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[178] Porter, *Competitive Strategy*, p. 138.

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Campaign Finance

An Illustrated Guide

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with Jeremy C. Pope

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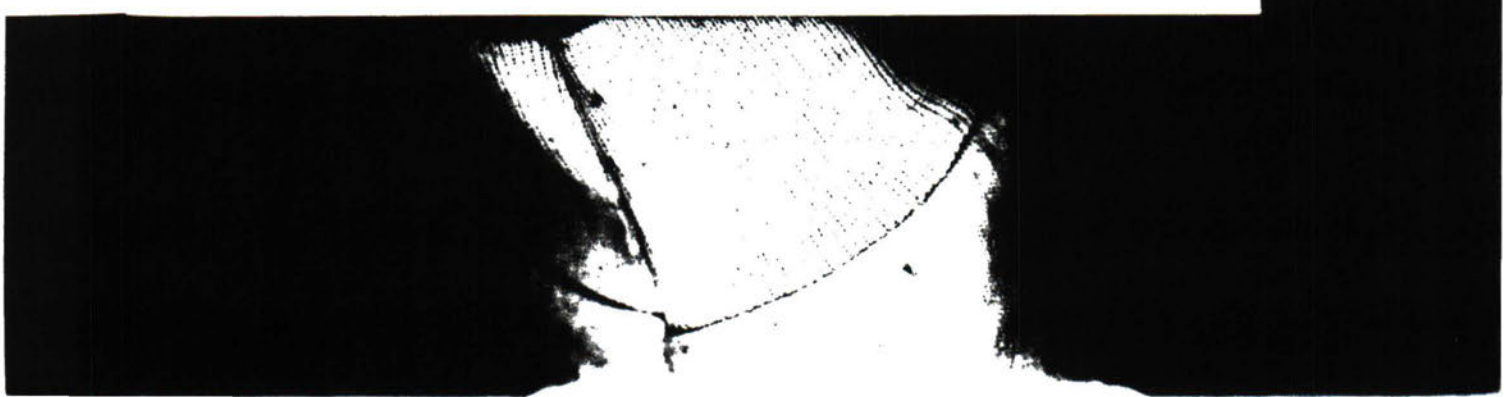

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Campaign Finance: An Illustrated Guide

It is hard to hear a good word these days about our campaign finance system. Average citizens along with journalists, politicians, party professionals, and major donors heap criticism on a system that seems to have careened out of control. We see candidates engaged in a continuous money chase, parties and policy makers applying intense pressure to rich contributors to give more and more, a host of "fast-buck artists" hanging around the political process to gain influence or make questionable deals, a corrosively negative atmosphere permeating both our elections and our policy debates, and a sense that no one is accountable for the campaigns or their financing.

Faced with these and other troubling questions, many citizens wonder about the root of the problems and whether anything can be done to solve them. What makes the system different today from what it was a decade or more ago? Are the problems really greater, or are they inflated by interest groups and the media? Would proposed reforms address the real problems, make little difference, or make matters worse?

While almost everyone can agree that problems exist, too often the agreement ends there—but it doesn't need to be that way. Some campaign finance questions are open to interpretation, and individuals with different perspectives on the political process will see them differently. Some basic information about the nature of the American campaign finance system, though, is undisputed. Knowledge about recent trends can help citizens form or alter their views about the nature of the problem and possible solutions. There is some common ground, a good place for people interested in this important issue to begin.

Hindrances to Understanding

Navigating the waters of campaign finance can sometimes be as intimidating as finding a route up the Amazon. Professionals fill their

vocabulary with vague terms or words often put inside quotation marks to denote their odd nature: "soft money," "hard money," "independent expenditures," "bundling," "issue advocacy," "express advocacy," and "coordinated expenditures" head the list (see the glossary for an explanation of these terms).

Another hindrance to understanding the problems is context. Simply knowing that political parties spent $260 million in "soft money" in the 1996 election cycle gives no context in which to judge the expense. Candidates for the House and Senate spent over $670 million in the last election. Are these numbers significant when compared with past elections or with other kinds of spending? More important, how do numbers like this fit into the major trends of the past few years? Are we seeing small aberrations or meaningful changes?

This volume aims to answer some of the questions a nonprofessional might have about the campaign finance system, using both straightforward prose and graphics to illustrate the leading trends in contemporary campaign finance and spending. We have tried to isolate some of the most important statistics and present them in an easily understood format.

Readers may come away believing that dramatic reform is required or that no change is necessary. We are not neutrals in this area: we believe that significant, targeted, and practical campaign finance reform should be a top priority before it is too late to change things for the 1998 elections. (See the note at the back of the book for information on *Five Ideas for Practical Campaign Reform*.)

A Brief History of Campaign Finance

Campaign finance is a recent concern. Almost nothing was written about it before the Progressive Era of the early twentieth century. And although the Progressives tried to reform elections, they met with little success. Campaigns went largely unregulated until the reforms of the 1970s.

At the time of the Progressive Era, political parties controlled most campaign finance. Political bosses, often the real power within a party, divided the urban slums of the 1920s into precincts and then wards, which were ruled by a local hierarchy. Volunteers performed much of the party work, doling out political favors to different neighborhoods in hopes of their own advancement. Occasionally, a party would need large sums of money for a big campaign. That money

was available from the candidates themselves (often a condition for running) or from rich benefactors, "fat cats" as they were called. One early scholar, Louise Overacker, estimated that around 70 percent of the party receipts in the 1928 election came from donations exceeding $1,000—when $1,000 was a huge sum of money (Sorauf 1992).

The Progressive Era, from 1890 to the 1920s, ushered in serious attempts to limit campaign funding and spending; the first successful federal reform came in 1907, when contributions from banks or corporations to congressional or presidential candidates were outlawed. A modest disclosure law was enacted in 1911, along with some spending limits for congressional campaigns. In 1925, legislation that reinforced disclosure and raised the spending limits passed. Contribution limits came for the first time in 1940, and labor union contributions were banned in the mid-1940s. But most of these limits and curbs were weak, filled with loopholes and exceptions, and—most important—unenforced. The system remained fundamentally unregulated until the 1970s.

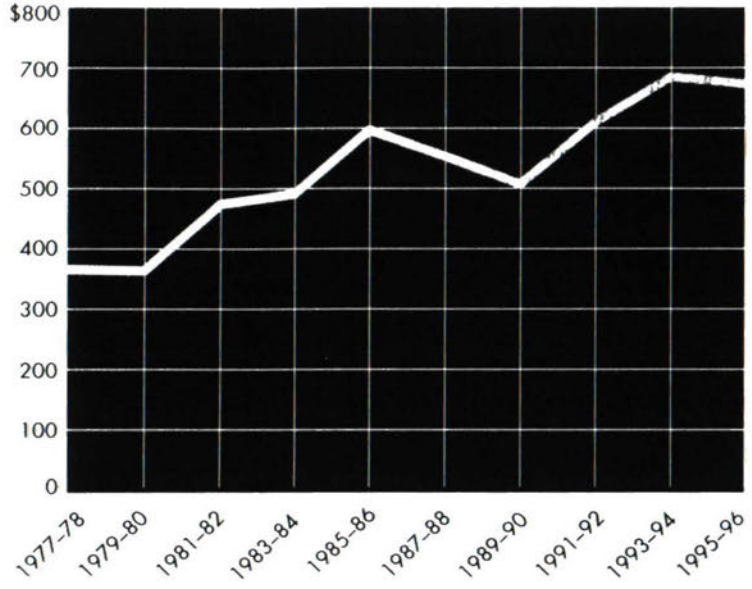
The contemporary American system of campaign finance was shaped by a series of reform laws Congress passed in the 1970s, combined with a series of Supreme Court cases, beginning with the seminal *Buckley v. Valeo* in 1976, that altered and reinterpreted the reforms. The late 1960s and early 1970s were a tumultuous era in American politics, one that precipitated a variety of political reforms. The 1968 election was a major impetus for reform. The wild and violent Democratic convention in Chicago led to party reforms that expanded primary elections and democratized the nominating process. The same year, wealthy businessman Clement Stone gave $2.8 million to Richard Nixon's presidential campaign, an individual contribution so large that it underscored the potential power of wealthy individuals and outside groups to bypass traditional party structures and directly influence candidates and the policy process. The Stone contribution came amid sharply increasing spending on campaigns, especially on media advertising, which left the Democratic presidential campaign of Hubert Humphrey more than $6 million in debt.

The first significant change came with the Federal Election Campaign Act of 1971, known as FECA. The heart of the 1971 act was a limit on the amount of money a federal candidate could spend on radio and television advertising, along with disclosure of campaign contributions and expenditures. But the law put no significant limits on contributions, left a number of loopholes in place, and failed to create an independent authority to oversee and regulate the election laws. The 197

FIGURE 1

TOTAL HARD MONEY SPENT ON CONGRESSIONAL ELECTION CAMPAIGNS, 1977–1996

MILLIONS OF 1997 $



SOURCE: Ornstein, Mann, and Malbin 1997.

election was followed by the Watergate scandal, which had at its center corruption in the financing of the 1972 campaign. Watergate drove the pivotal campaign finance reforms of 1974. While the 1974 law was labeled as an amendment to the 1971 statute, in reality it was a much more sweeping piece of legislation that included strict spending limits for presidential and congressional elections; a ban on union and corporate direct contributions; tight contribution limits for individuals, political action committees (PACs), and independent groups; public financing for presidential elections; and creation of the Federal Election Commission (FEC), the agency to provide that crucial enforcement.

The 1974 law limited contributions from individuals to candidates to $1,000 per election, or a total of $2,000 for a primary and a general election. Individuals could give up to $20,000 to political parties in a year, within a total yearly limit of $25,000 for political

contributions, including those to candidates. Political action committees, new creations of the reforms, could contribute only $5,000 per election per candidate and $15,000 to parties. These limits applied to what has come to be called hard money.

Less than two years after passage of the 1974 law, the Supreme Court rejected much of it in its *Buckley* decision. In *Buckley*, the Court said for the first time that campaign spending was a First Amendment issue, that money and speech were equivalent in the political arena. *Buckley* upheld the limits on contributions to political campaigns set out above but struck down the FECA-imposed spending limits except for those on political parties. The Court said that wealthy individuals could spend as much of their own money as they wished on their own campaigns or in independent expenditures. The Court also made sacrosanct contributions and spending for advocacy on issues as opposed to advocacy for or against candidates for office, saying that the law's contribution limits applied only to communications of "express advocacy" for or against candidates, defined as advertising that expressly used terms like *vote for* or *vote against* or *elect* or *defeat* a particular candidate.

Subsequently, other reforms were enacted in the 1970s: changes in 1976 limited individual and PAC contributions to political party committees, and in 1978 the FEC exempted some categories of state party spending from federal party limits to enhance the role of the parties. With the exception of the last rule, which blossomed into the soft money problem, those changes were minor; the campaign finance regime in place in 1996 was essentially the same one created by the 1974 law and the *Buckley* decision. But, of course, much about the campaign system has changed since 1976. The nature and use of soft money, the role of outside groups running so-called issue campaigns, independent expenditure efforts, independently wealthy candidates, and the actions of presidential campaigns operating under the public financing limits set by the law were all markedly different in 1996 from what they were twenty years earlier. And the $1,000 individual contribution limit, unchanged since 1974, is worth about $300 today, after adjusting for more than two decades of inflation.

Growth in the Money Supply

The most striking and obvious trend in campaign finance has been growth (see figure 1) in money raised and money spent in primaries

and general contests. In constant dollars (in other words, adjusting for the effect of inflation), the amount of hard money spent on elections has almost doubled in just ten years.

To be sure, the trend has not been constant or uniform. In real terms, hard money spending on campaigns decreased slightly in the late 1980s, but that was followed by sharp increases in the 1992 and 1994 elections. At first glance, it may surprise us that such spending went down for 1996. After all, the media reported 1996 as the worst modern example of campaign fund-raising abuses, an election followed by House and Senate committees to investigate those alleged abuses. But a look at other figures makes the hard money trends more understandable.

A feature of the 1996 contest was a "shadow" campaign, in which subterranean activities of parties and outside groups superseded the traditional funding of the candidates and parties. Unprecedented amounts of money were channeled away from the customary routes to soft money, independent expenditures, and issue advocacy.

Nineteen ninety-six, of course, was an unusual political year, with a presidential race that all forces expected to be close and hard fought. After all, no Democrat had been reelected president since Franklin Roosevelt. Both houses of Congress were closely divided, and the majorities also hung in the balance, with many hotly contested seats.

Thus, the demand for money to influence federal elections was exceptionally high. The difficulties of raising hard money, with general election spending restrictions for presidential candidates and tough limits on contributions that had never been adjusted for inflation, meant that the supply of those funds would be constricted. With supply limited and demand skyrocketing, the process worked the way economists would have expected for any commodity: a black market of sorts evolved, with new channels of resources developing and growing to meet demand.

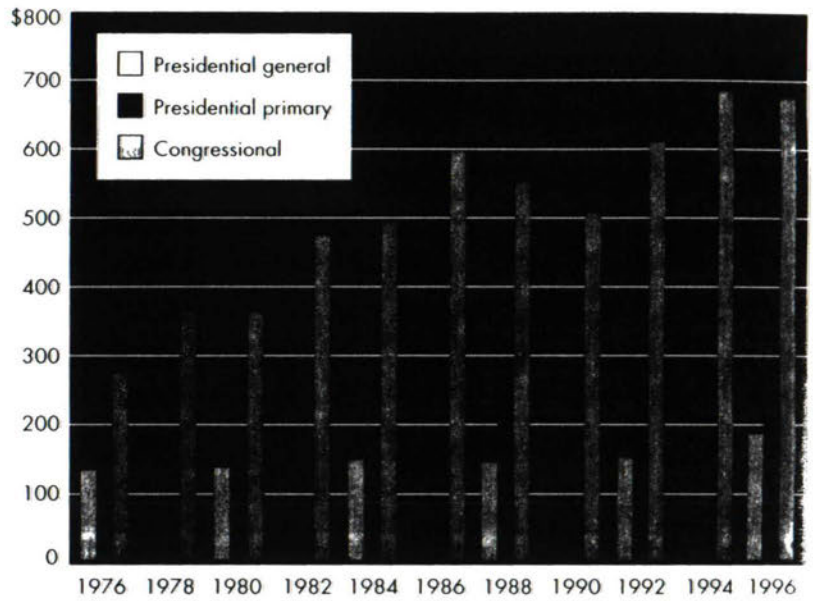
Presidential versus Congressional Elections

We elect presidents very differently from the way we elect representatives or senators. Since 1976, presidential elections have been partially financed through public funds. Candidates begin by preparing organizations to campaign in the primaries and caucuses (and they seem to begin earlier and earlier each cycle). Every four winters, the

FIGURE 2

TOTAL HARD MONEY SPENT IN PRESIDENTIAL AND CONGRESSIONAL CAMPAIGNS, 1976–1996

MILLIONS OF 1997 $



SOURCE: Ornstein, Mann, and Malbin 1997 and various FEC disclosure reports.

country focuses its attention on Iowa and New Hampshire to see who the early front-runners will be. To build this initial organization, a candidate must raise millions of dollars. In January of the election year, candidates become eligible for public support in the form of matching funds for contributions of $250 or less if they have raised at least $5,000 in such small contributions in each of twenty states.

Figure 2 shows the total amount of hard money spent in each campaign from 1976 to 1996, the sum of both private and public financing. Nineteen eighty-eight stands out as a year in which candidates spent more money because an open presidential contest attracted large numbers of aspirants from both parties; the year 2000 promises to be similar.

Spending on congressional elections has clearly risen much

faster over time, while presidential spending remains relatively constant, with the one blip in 1988 and a slight increase in 1996. Spending for the year 2000 appears to be headed in the same direction. One Republican consultant recently predicted that presidential candidates would need $20 million going into the 2000 primary season, a substantial jump over previous years. Spending on presidential campaigns is not completely captured in this figure, though. Democrats under President Clinton, and through the influence of campaign adviser Dick Morris, used large amounts of soft money for "party building" to run television advertisements well before the campaign's more traditional beginning, when Bob Dole was still struggling through a divisive Republican nominating process. This tactic, a departure from typical campaign activity, was a centerpiece of the Clinton campaign strategy. The theory behind public funding of presidential campaigns was that such funding would sharply limit the use of private funds and the time spent by candidates and parties raising such money. In reality, very large sums of money leaked in through holes in the system in 1996.

The Soft Money Explosion

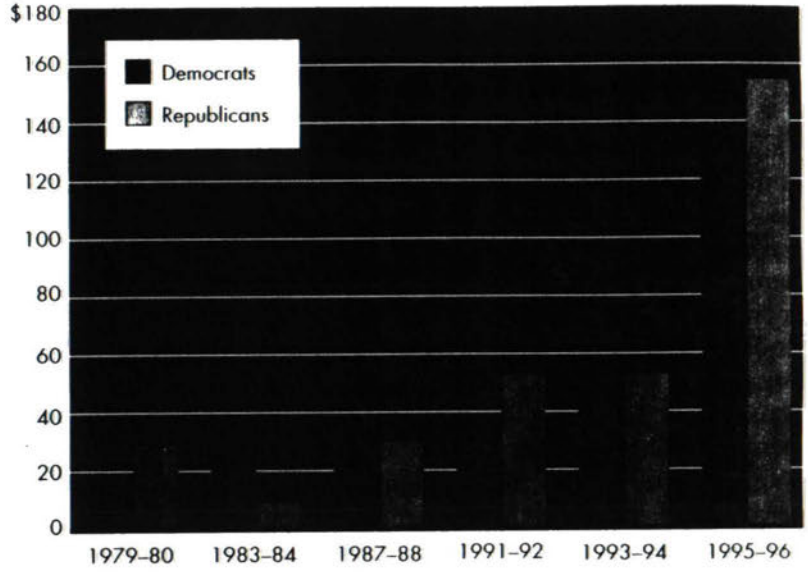
The reforms of the 1970s limited the contributions of individuals and PACs to candidates and parties, while reinforcing the prohibitions on union or corporation funds for elections (although members of those organizations were able to participate in elections by giving to political action committees). Some of the reformers who crafted the campaign laws worried that the restrictions on contributions would weaken or cripple political parties. In 1978 the Federal Election Commission issued a ruling designed to ameliorate that problem, allowing the Kansas Republican Party to use unrestricted contributions—including not just money subject to the limitations of the reform laws but also funds donated by unions and corporations or individuals in unlimited amounts—to pay for things like voter drives that would clearly help federal candidates. Congress reinforced that FEC ruling the next year, in 1979, with a statute that allowed more freedom for state parties in spending hard money in unlimited amounts in a presidential campaign for things like bumper stickers and buttons or voter drives. But it was the FEC ruling that created a whole new category of political funds for parties to draw from, what came to be called soft money.

On paper this change sounded harmless enough; states had their

FIGURE 3

TOTAL SOFT MONEY SPENT IN CONGRESSIONAL CAMPAIGNS, SELECTED YEARS, 1979–1996

MILLIONS OF 1997 $



SOURCE: Corrado 1997 and Jackson 1990.

own regulations for their parties, and it can be difficult to separate federal party building from state party building, or to segregate get-out-the-vote efforts between state and federal offices or elections. But if the intent of the law and the FEC ruling was to promote party building and not the election or defeat of specific candidates, the reality was ultimately something different.

Most of the federal soft money raised in the first few election cycles after the FEC ruling was distributed to state parties and used for such party building, broadly defined. But by 1992, and especially in 1996, the amounts of this type of money were staggering, and the impact was profound. Soft money expenditures virtually doubled from the 1988 to the 1992 election cycle (see figure 3) and then tripled from the higher base for 1996. The increase flowed largely into vast numbers of television commercials that were clearly designed to pro-

mote or attack candidates, especially the presidential candidates, while using carefully worded language to avoid the explicit appeals that would have triggered the disclosure and contribution limits that apply to hard money. And, of course, most of the publicity about fund raising in 1996, including illegal contributions, the frenzy to raise large sums of money, and the questions raised about the involvement of the White House, surrounded soft money.

Independent Expenditures

If an interest group (or now a political party) wishes to spend to influence an election, this money can fall into a few different categories. The first is called independent expenditure (see figure 4). An interest group like the AFL-CIO, the Sierra Club, the Chamber of Commerce, or the National Rifle Association can spend unlimited amounts of hard money on an election if it spends the money independently of the candidates in the election. The 1996 election saw a sizable increase in this type of spending to $16 million, with the increase particularly great for negative spending, that is, money spent to criticize and defeat a candidate.

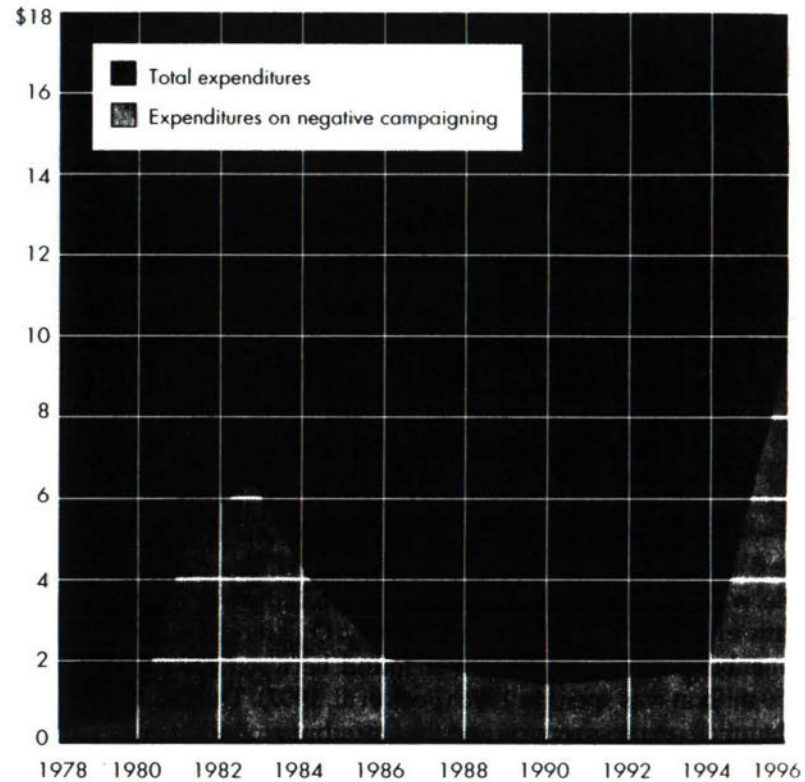
Another subset of independent expenditure became a serious factor in 1996. In June of that year, the Supreme Court issued its opinion in *Colorado Republican Party v. FEC*. In this ruling, the Court said that political parties could act in the same fashion as other interest groups and spend unlimited amounts to elect or defeat candidates as long as the parties remained independent of the candidates' own efforts. To most students of political parties, the idea of a party independent of its own candidates was hard to fathom. But the Court's ruling, based on that premise, in effect negated the statutory limits on party contributions to congressional candidates and unleashed a barrage of party-financed television ads in congressional districts across the country, mostly negative ones attacking the opposing party's candidates' ads for which the party's own candidates disclaimed any responsibility, because they were "independent."

Independent expenditures by groups or individuals have contribution limits and disclosure requirements that are the same as those for hard money contributions and expenditures by the parties and candidates. In both cases, the money is raised and spent to elect or defeat candidates for office. The most consequential story about the 1996 shadow campaign concerned yet another set of interest group

FIGURE 4

TOTAL INDEPENDENT EXPENDITURES ON CONGRESSIONAL RACES AND TOTAL EXPENDITURES ON NEGATIVE CAMPAIGNING, 1978–1996

MILLIONS OF 1997 $



NOTE: Negative campaigning is defined as money spent against a candidate.

SOURCE: Ornstein, Mann, and Malbin 1997.

expenditures, presumably geared not toward the election or defeat of candidates but toward issue advocacy. In its 1976 *Buckley* decision, the Supreme Court made a sharp distinction between campaign funding and nonpolitical money raising and spending. While saying that campaign *spending* limits were an unconstitutional infringement on speech, the Court allowed some limits on campaign

contributions. But no limits were allowable for noncampaign speech, called issue advocacy—speech the Court defined as that which did not expressly advocate the election or defeat of a candidate by using words like *elect* or *defeat*, or *vote for* or *vote against*. Such issue communications could be financed in any fashion, including unlimited contributions from union dues, corporate funds, or individuals domestic or foreign, and they have no disclosure requirements whatsoever.

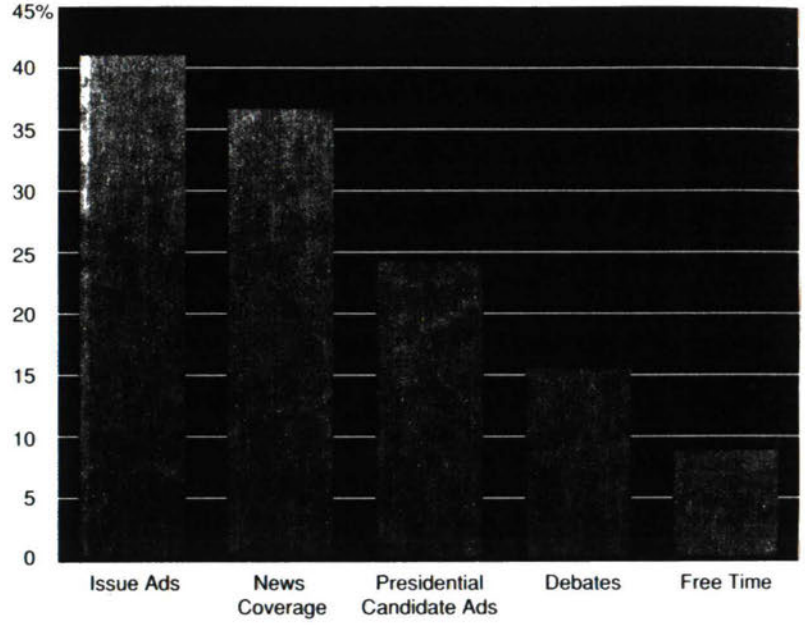
So-called issue advocacy messages, especially in the form of television and radio commercials, have been increasing steeply in recent years. But the volume of messages that fell under the issue advocacy rubric jumped dramatically during the 1996 election cycle. The clear leader during this election year was the AFL-CIO, which pledged $35 million in direct spending on television and radio advertising targeted at seventy key congressional districts, most of them held by junior Republicans. Several business-oriented organizations, including the Coalition: Americans Working for Real Change, and the Chamber of Commerce, responded with several millions of dollars in their own ads. And at least thirty other groups, ranging across the political spectrum, also spent heavily on issue advocacy during the latter stages of the 1996 campaign.

It is extremely difficult to assess the volume of issue advocacy. The complete lack of disclosure means that while estimates are possible, we have no systematic accounting procedure as we do for other forms of spending, such as hard money. One recent estimate by the Annenberg Public Policy Center found between $135 million and $150 million was spent in 1996 (Beck et al. 1997). The center based its accounting on press reports and the few admissions that groups made about their spending. These estimates were probably low. And the study did not try to examine the amount of issue advocacy related to ballot measures, crucial in some states. The grand total, then, is almost certainly higher.

If the dollars spent increased dramatically, the nature of issue advocacy ads has also changed in the past two election cycles. More and more ads framed as issue advocacy messages are clearly and blatantly designed to elect or defeat candidates, openly using the Court-based definition of express advocacy as a loophole to avoid contribution limits and disclosure. The same Annenberg study found that 90 percent of the advertisements referred specifically to candidates, and 60 percent used a candidate's picture. As figure 5 shows,

FIGURE 5

PERCENTAGE OF PURE ATTACK MESSAGES IN VARIOUS TYPES OF POLITICAL COMMUNICATION, 1996 ELECTIONS



SOURCE: Beck, Taylor, Stanger, and Rivlin 1997.

no other form of political communication is as negative as issue ads. In fact, that same study shows that less than 20 percent of issue ads merely advocate a position; the vast majority either attack or at least compare candidates, often just before an election, in communications that are nearly impossible to distinguish from the express advocacy ads subject to donor limits and disclosure. As Tanya Metaksa, executive director of the National Rifle Association's political unit, put it, "It is foolish to believe there is any difference between issue advocacy and advocacy of a politician. . . . [It's] a line drawn in the sand on a windy day" (Carney 1997). The content of the advertisements illustrates her point. What follows is the text from an advertisement run in a Washington congressional district. It clearly illustrates the partisan nature of these advertisements:

[Screen text] *A Senior Citizen on Medicare*

OLD WOMAN: When you're older and sick, Medicare is more than just health care; it's peace of mind.

[Screen text] *Newt Gingrich on Medicare*

SPEAKER GINGRICH (speaking at a press conference): Now we don't get rid of it in round one because we don't think that's politically smart, we don't think that's the right way to go through a transition, but we believe it's going to wither on the vine.

[*Pictures of the old woman flash up on the screen*]

ANNOUNCER: Last year Congressman George Nethercutt voted with Newt Gingrich to cut Medicare and give new tax breaks to the wealthy.

[Screen text] *George Nethercutt voted $270 billion in Medicare cuts.*

ANNOUNCER: Now comes another vote; they're after Medicare again.

The ad finished by asking voters to call Congressman Nethercutt and provided a number. This ad did have the virtue of stating clearly that it was paid for by the AFL-CIO. An analysis of this kind of advertising in the 1996 campaign prepared by the Business-Industry Political Action Committee noted that another ad run in the same district was more typical of the "issue" ads of 1996: it was paid for by the Coalition: Americans Working for Real Change, a group unknown to most voters or even election professionals.

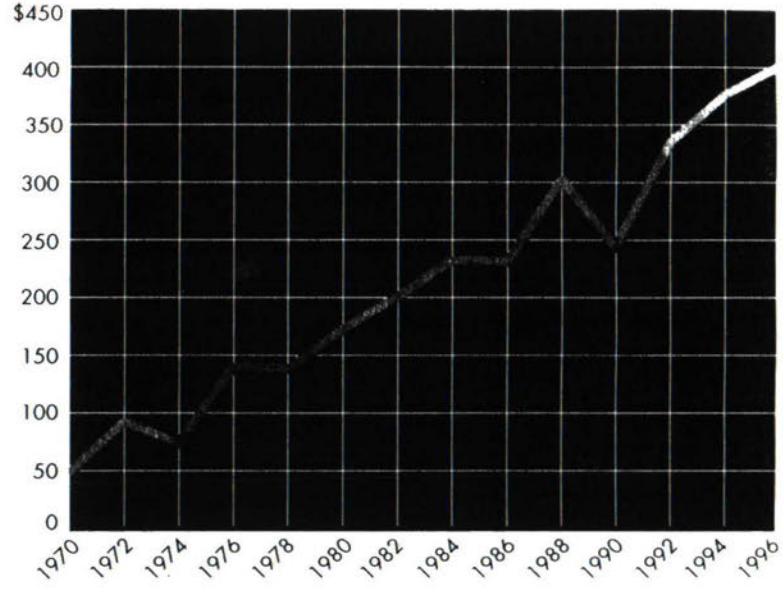
While many of the issue ad campaigns were carried out with the open sponsorship of an easily identifiable group, like the Sierra Club or the NRA, many others were sponsored by groups with names not easily identified or labeled. Americans for Tax Reform, for example, a conservative group, spent about $4 million on campaign-related issue ads in 1996. Other ads were run by groups with names designed to obfuscate the sponsorship.

The *Los Angeles Times* reported that in Montana's fiercely contested congressional race a group called Citizens for Reform ran a massive series of television commercials in the final two weeks of the campaign alleging that the Democratic candidate, Bill Yellowtail, was a wife beater (Bunting et al.1997). The issue had come up before in the primaries, including Yellowtail's admission that he had

FIGURE 6

EXPENDITURES ON TELEVISION ADVERTISING IN CONGRESSIONAL CAMPAIGNS, 1970–1996

MILLIONS OF 1996 $



SOURCE: Cantor, Rutkus, and Greely 1997.

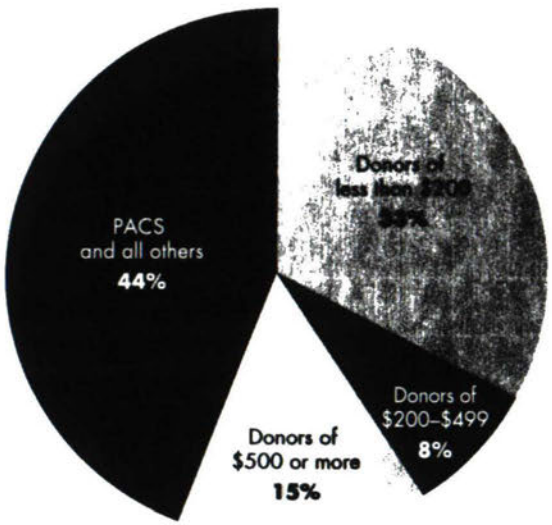
slapped his first wife in the 1970s. But the harshly negative advertisement from a largely anonymous and unaccountable group with no connection to advocacy on the domestic violence issue came too late for Yellowtail to respond and helped sway a close race against him. While it is too early to know whether 1998 and 2000 will see more of these groups, the incentives to use such tactics are already in place, and a decrease in their use would defy common sense.

The Rising Costs of Television

In the late twentieth century, television has become the center of political campaigns. Spending by candidates on television (see figure 6) has increased more than any other category in campaign finance. Studies

FIGURE 7

PERCENTAGE DISTRIBUTION OF SOURCES OF HOUSE CAMPAIGN FUNDING, 1979–1980



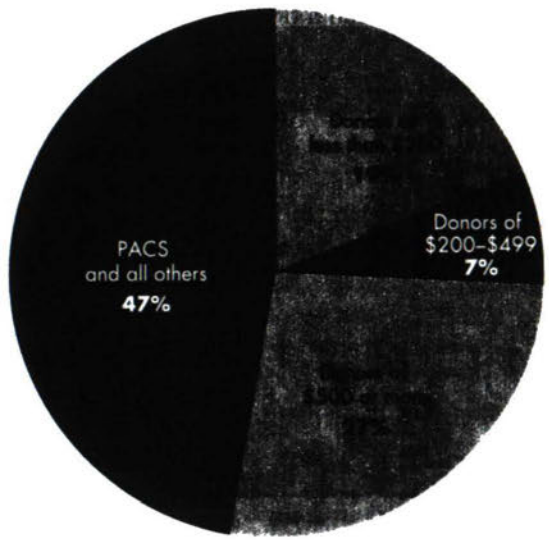
SOURCE: Lilly 1990.

have shown that spending on the electronic media is the largest single category of spending in elections. A Congressional Research Service (CRS) report found that in 1992 the average Senate candidate spent 43 percent of his or her total budget on advertising. House candidates averaged 30 percent, but television advertising costs still represented their largest single block of spending (CRS 1994).

The CRS report adds, "Broadcast media generally consume a larger share of the campaign budgets of challengers and open seat contenders than of incumbents. . . . The larger the state [in Senate races] and the more competitive the election, the more reliant on broadcast advertising candidates are likely to be." In 1996 the average challenger spent $286,582. But the average *successful* challenger spent almost $1.1 million, more of it on television than on anything else. Successful challengers do not generally need to equal the campaign spending of incumbents, but they do have to spend enough

FIGURE 8

PERCENTAGE DISTRIBUTION OF SOURCES OF HOUSE CAMPAIGN FUNDING, 1995–1996



SOURCE: Various FEC disclosure reports.

money to pass a threshold of competitiveness and name recognition; in most districts, that means substantial expenditures on broadcast advertising.

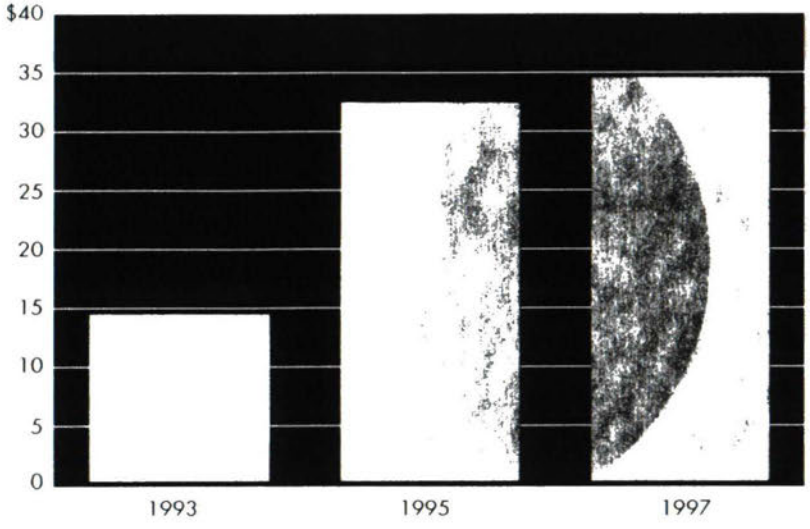
The Changing Contributor

Individuals have always been the backbone of political contributions. In the 1970s, PACs became a powerful influence, but they remained subordinate to the individual contributor. While individuals are still important today, the nature of individual contributions to campaigns has changed. In 1980, one-third of all campaign funds came from individuals who contributed less than $200 (see figure 7). Today the number is just over half that (see figure 8). The most striking change has been in the increase of large individual contributors at the expense of small and medium-sized ones. With inflation, one might

FIGURE 9

SOFT MONEY CONTRIBUTIONS TO NATIONAL PARTY COMMITTEES, 1993, 1995, AND 1997

MILLIONS OF 1997 $



NOTE: Contributions January through June of the three respective years.

SOURCE: Hager 1997.

expect that the $200 contributors of the 1970s would have migrated into the $200 to $500 category. But that category has not grown at all. The tendency among today's individual contributors is to "max out," to use the campaign terminology, giving as much as possible to candidates and, for many contributors, to parties and various PACs as well.

As a consequence of these changing patterns, candidates do not have the same type of broad-based community financial support that they once had. The costs and benefits of fund-raising have made it more efficient for most candidates to concentrate on wealthier individuals who can give them large checks rather than on rank-and-file voters who will give them smaller sums at a higher cost of raising the money in the first place.

1998

In 1997, we are experiencing the largest increase in soft money ever, as figure 9 illustrates (Hager 1997). An analysis of soft money contributions (prepared by Common Cause) for the first six months of 1997 showed a rate more than two and a half times the last off-year election, 1993, and even surpassing 1995, when the country was preparing for a presidential election year. If this trend continues, 1998 could see more than a half-billion dollars in soft money spent, with expectations of an even more staggering amount in the 2000 presidential election cycle.

Although most active political players express distaste for the current rules, it is unclear whether their distaste will lead to any change. We do know that in the absence of reform, the trends of the past few elections will continue and likely expand. New interpretations and even distortions of the rules governing soft money, issue advocacy, and independent expenditures will intensify the rush to raise and spend large sums of money, accentuate the role of the most wealthy donors, lead to more involvement by outside and often anonymous groups, and blur lines of disclosure and accountability in elections. As a country, we will likely be electing our officials from a narrower base of candidates, as fewer step forward to challenge incumbents and contend for congressional seats—and our political discourse will certainly be the poorer.

Glossary

Buckley v. Valeo: The case, decided by the Supreme Court in 1976, that defined money as speech in the political setting. The Court upheld limits on political contributions but almost no limits on spending for political purposes.

Bundling: A process where political contributors (or PACs) leverage their contributions by collecting sums from a number of different sources, bundle the checks together, and then deliver the checks and claim credit (and they hope influence) for producing much more money than each can give individually.

Coordinated expenditures: Expenditures parties are allowed to make in coordination with the campaign. These are legal and come from hard money.

Express advocacy: Any communication that expressly calls for the election or defeat of a candidate. Express advocacy is governed by various contribution limitations. For instance, unions and corporations may not directly contribute to messages of this sort, and individuals may not contribute more than $1,000 to a candidate or PAC per election.

Federal Election Commission (FEC): The administrative agency responsible for enforcing election laws and regulating and disseminating disclosure of campaign contributions and expenditures.

Hard money: Contributions to candidates and parties, subject to various contribution limits, that are reported to the FEC and can be used directly to support or oppose candidates for office.

Independent expenditures: Hard money expenditures permitted to outside interest groups or individuals.These expenditures are unlimited as long as they are not coordinated with the campaign.

Issue advocacy: Communications with the public, including print and electronic advertisements, that are designed to influence voters but do not use words like *elect* or *defeat* the candidate. Such advertisements increasingly target individual candidates for office immediately before the general election to influence the outcome.

PACs: Political action committees that came into being after the 1970s reforms. They allow citizens to contribute money (up to $1,000) that is pooled in the PAC to expand the leverage of the individual contributors. PACs can give up to $5,000 to federal candidates per election, compared with a limit of $1,000 per individual.

Soft money: Money that ostensibly goes for local party building activities, like building funds or vote drives, but that in practice can be used for advertisements that promote a party's candidates. Soft money is not subject to contribution or spending limits.

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Resident Scholar; Director, Science
and Technology Policy Studies

Cynthia A. Beltz
Research Fellow

Walter Berns
Resident Scholar

Douglas J. Besharov
Resident Scholar

Robert H. Bork
John M. Olin Scholar in Legal
Studies

Karlyn Bowman
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John E. Calfee
Resident Scholar

Lynne V. Cheney
Senior Fellow

Chuck Downs
Assistant Director, Asian Studies

Dinesh D'Souza
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Nicholas N. Eberstadt
Visiting Scholar

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Murray F. Foss
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Diana Furchtgott-Roth
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Resident Fellow

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DeWitt Wallace–Reader's Digest
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Resident Scholar

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Resident Scholar; Director, Health
Policy Studies

R. Glenn Hubbard
Visiting Scholar

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Senior Fellow; Director, Foreign
and Defense Policy Studies

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Herbert Stein
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Irwin M. Stelzer
Resident Scholar; Director,
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Daniel Troy
Associate Scholar

Arthur Waldron
Director, Asian Studies

W. Allen Wallis
Resident Scholar

Ben J. Wattenberg
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Carolyn L. Weaver
Resident Scholar; Director,
Social Security and Pension
Studies

Karl Zinsmeister
Resident Fellow; Editor, *The
American Enterprise*

Note

Five Ideas for Practical Campaign Reform *describes a campaign reform plan supported by the League of Women Voters and developed by Norman J. Ornstein of the American Enterprise Institute, Thomas E. Mann of the Brookings Institution, Paul Taylor of the Free TV for Straight Talk Coalition, Michael J. Malbin of the State University of New York, Albany, and Anthony Corrado, Jr., of Colby College. For a copy, contact the League of Women Voters at (202) 429-1965, or visit its website at http://www.lwv.org/5ideas.html.*

CAMPAIGN FINANCE

An Illustrated Guide

What is soft money? hard money? bundling? an independent expenditure? issue advocacy? How much do we spend on elections now compared with a few years ago? Has the contributor base changed over the years? What is the role of PACs in supporting candidates and issues? *Campaign Finance: An Illustrated Guide* is designed to address these and other questions that concerned citizens are asking about how America finances its congressional and presidential campaigns.

In the fall of 1997, some eighty-five proposals outlining reforms to solve the campaign system's woes are before Congress. At the same time, a powerful coalition of interests on behalf of the status quo argues that change is unnecessary and possibly dangerous. Now more than ever, when pundits and policy makers are debating issues that touch the very heart of our democracy, all citizens should know the facts before making up their minds about campaign finance reform. This brief volume is designed to help citizens navigate through the perplexing issues that surround our campaign finance system and its reform.

Norman J. Ornstein is a resident scholar at the American Enterprise Institute and cochairman of the President's Advisory Committee on Public Interest Obligations of Digital Television Broadcasters.

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THE PRESIDENT HAS SEEN
12-31-97

THE WHITE HOUSE
WASHINGTON

Ms. Marge Mitchell
115 Woodstock Drive
Hot Springs, Arkansas 71913

Dear Marge:

Thanks for letting me know your concerns about the elimination of inspection of care (IOC) reviews in intermediate care facilities for the mentally retarded (ICFs/MR). I appreciate your thoughtful comparison of IOC reviews and ICF/MR surveys, and I've passed your letter along to Secretary Shalala at the Department of Health and Human Services and Bruce Vladeck, the Administrator of the Health Care Financing Administration (HCFA) for their consideration.

As you may know, the budget agreement reached on July 28 includes a provision that would eliminate IOC reviews. HCFA concluded that IOC reviews and ICF/MR surveys have a common goal, to ensure that each Medicaid beneficiary receives the care to which he is entitled, and that ICF/MR surveys produce the added benefit of ensuring that providers are meeting the conditions and standards required by law. The proposal was not in response to criticism about the IOC reviews.

I hope this answers your concerns. It's always good to hear from you. Please take care.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

7/31

Phil -
My latest crack at this letter. It's very "wonky" even for the P. Maybe just a short warm note and the referral is better?

Ms. Marge Mitchell
115 Woodstock Drive
Hot Springs, Arkansas 71913

Dear Marge:

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I hope this answers your concerns. It's always good to hear from you. Please take care.

Sincerely,

Nancy Ann Min (DeParle) need to check. Vladeck has resigned

this is confusing. shouldn't it be "IOC reviews"

June 5, 1997

12-31-97

Dear President Eric,

This letter is all business - I heard you were considering eliminating the Inspection of Care in the MR/ICF facilities -

Since I have been doing surveys and ICF for 23 years thought I should compare the two processes.

When I saw you at the Velvets House I was attending the new protocol process for the survey process. they eliminated three phases that are vital, patient + rest funds, finances are not looked at, assessment, and dietary - so I pick these elements up in the IOC - they released

3/6 days to 4/8 —

If you eliminate the IOC —
these elements must be looked at.

Just like Conway HDC — Dial 610
results Compared to 50 for the Survey.
Focused on 610 — Survey Focused on 50
Clients — 152 clients Are tube feeders
if you don't look at weights and —
dietary how do you know if they
are getting the appropriate Calories to maintain
their weight. The most they can do is
maybe form their eyes — that is not the
treatment for them —

You have probably been told —
IOC takes too long, too expensive — Wrong
that took 16 days, two people, 2
people did the survey — one dietitian
the same day —

if you need to Compare Survey
reports with IOC reports — IOC —

is responsible for alternate placements
Many Clients have H Dc for 10 Week—
And on to Supervised Living — Completing
Off the program and — reaching — that
is the Ultimate Goal to be Programmed
And trained daily to move to a less
Restrictive Environment.

Some won't make it Because of
their fragile Health, Behavior and/or
Range of mental Retardation—

If you would like to Compare
reports Can send you Some to see
for yourself—

Will be happy to share Anything
I know— You will also have to
Change the Social Security Act.
the I Dc is tied into the Act—

I thought you might like to know these things from a Californian always —

Let me hear from you —

Love you,
Marge —

12-31-97

Saved Watts Run dial here? BC

Army politics stalling honor

AN ARMY OFFICER who saved more than a dozen villagers from death during the My Lai massacre still hasn't gotten his medal nearly 30 years later.

BY TOM BOWMAN
Baltimore Sun

MBER 16, 1997 A 19

for My Lai hero

KATE PFLAUMER
UNITED STATES ATTORNEY

UNITED STATES DEPARTMENT OF JUSTICE
WESTERN DISTRICT OF WASHINGTON

800 FIFTH AVENUE
SUITE 3600
SEATTLE, WASHINGTON 98104

(206) 553-1291

GP11P

Copied Berger Bowles

12-31-97

WASHINGTON — On the morning of March 16, 1968, Warrant Officer Hugh Thompson Jr. skipped his helicopter along the tree line in Vietnam's Quang Ngai province and saw a hellish scene below: a massacre at a village called My Lai.

Thompson set down his chopper, angrily confronted a fellow American soldier and saved more than a dozen villagers cowering in a bunker. He then plucked an injured child from a body-filled trench before heading back to headquarters. Throwing down his helmet, he told commanders what he saw. They ordered a cease-fire and the killing ended.

Now, nearly 30 years later, an effort to recognize Thompson's heroics is being stalled by Army politics. Approved for the Soldier's Medal in August 1996 -- thanks largely to a nine-year effort by a Clemson University professor — Thompson has not received the decoration or even been officially notified by the Army that it has been granted.

In the midst of this unusually long delay, Army officials are debating whether to award the medal in a private or public setting. Some argue a public ceremony would rekindle interest in one of the Army's most sordid episodes, sources said.

'Truly a hero

"It's really disappointing," said one Defense Department official involved in the effort to approve the decoration. "The whole intent was to present a medal to a guy who was truly a hero."

Said Lt. Col. Peter Dagnes, an aide to the Army's top personnel official. "The award was approved and the Army is just trying to figure out how to make a presentation." But Dagnes could not explain why nearly 15 months later Thompson has yet to be notified of the award.

Lt. Col. Bill Harkey, an Army spokesman, could not explain the delay either. But he dismissed the notion that it resulted from a dispute over whether Thompson should be given the award publicly or privately. The setting doesn't matter, he said, since any ceremony would dredge up memories of the My Lai atrocities.

Thompson's efforts are not in dispute. W.R. Peers, three-star Army general who spearheaded the official inquiry at My Lai in 1969, later wrote of Thompson: "He was the only American who cared enough to take action to protect the Vietnamese noncombatants. . . . If there was a hero at My Lai, he was it."

Those who have championed Thompson's cause are dumbfounded that the Army would not want to publicize his actions, accounts of which have been woven into cadet ethics courses at the Air Force Academy and in a mock My Lai trial at West Point.

Larry Colburn, who was Thompson's 18-year-old door gunner, vividly recalls that day.

Flying out for a reconnaissance mission on a clear-blue March morning with Thompson and Glenn Andreotta, another crew member from Chicago, Colburn suddenly saw the trench full of bodies.

"I think we were all shocked to see that many kids and women and old men," said Colburn, now a manager for a medical-supply company in Atlanta, "and not see any (arms) fire, no captured weapons."

Confronted Lt. Calley

Thompson set down his chopper and approached the more senior Lt. William Calley, and got into a bitter argument with him about what was occurring, according to "Four Hours In My Lai," a 1992 book by Michael Bilton and Kevin Sim. Calley would become the only soldier convicted at My Lai.

Taking off once again, the crew soon saw other soldiers running toward a bunker where villagers had fled. "I remember he (Thompson) said, 'This is not right what's going on here,' " recalled Colburn. Thompson set down the helicopter.

"He said, 'If they fire on those people, shoot them,' " Colburn remembered. "He wanted me to cover him." After telling another officer not to fire at the civilians, the 25-year-old Georgia native walked to the bunker, as a dozen U.S. soldiers stood by.

"I remember thinking to myself, 'He's crazy. He could die right here.' Then (the villagers) all came out of there like he's their cousin," Colburn said.

Climbing back into his chopper, Thompson hovered above the irrigation ditch, dropping down once more to pick up a toddler, who was covered in blood and slime but not seriously hurt. By now, Thompson was overcome. "He was in tears," said Colburn.

Colburn is not surprised that the Army seems reluctant to publicly celebrate Thompson for his actions. Both men testified in courts-martial against the soldiers charged with complicity in My Lai and at Pentagon congressional investigations.

"We're not popular," said Colburn. "The Army doesn't admit mistakes."

"A lot of Europeans have done documentaries. They've shown more interest than the United States," he said.

It was while watching a My Lai documentary produced by the British Broadcasting Corp. on the 20th anniversary, in 1988, that David Egan, a professor emeritus of architecture at Clemson, heard the story.

He discovered that Thompson had been awarded a lesser decoration, the Distinguished Flying Cross, for his actions. That medal recognizes "heroism or extraordinary achievement in aerial flight," but fails to reflect the risks Thompson took that day.

Although he never spoke with Thompson until years later, Egan wrote more than a hundred letters to officials pressing for a higher award for him.

"I thought it was something that ought to be done," said Egan, a former Army officer who served in France during the early '60s. "I kind of felt each time I did something it would be the end."

His efforts paid off last year, when the Army agreed to award Thompson the more coveted Soldier's Medal, for heroism and risking his life. The citation — which Egan obtained unofficially — says Thompson not only personally saved lives but led commanders to order a cease-fire.

Egan is also pushing for a Meritorious Service Medal for Colburn, along with a posthumous one for Andreotta, who was killed in Vietnam a month later. "I don't know anything about those," said Harkey, the Army spokesman.

HANS RIEMER
DIRECTOR

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12-31-97

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2912 Birchtree Lane
Silver Spring, MD 20906
Email:
steventowle@compuserve.com

DOE

Bill Clinton

12-31-97

Bill

How much would
this cost — we should
go back to pt 2 — no cost
pt 3 — does
pt 4 — cost?
I might be worth the fight

BC

copied
Podesta
COS

President of the United States

12-31-97

THE WHITE HOUSE

Deputy Chief of Staff

MR. PRESIDENT:

The highlighted issue is one Rob Shapiro worked on + one you supported in the 1992 campaign. It may be tough to win because of business opposition, but one we should consider for the State of the Union.

It would need your personal boost since NEC crowd is not particularly interested in taking on the fight it would engender.

JOHN

cc: JDP

October 20, 1997
Memorandum to the President
From: Al From
Subject: Winning the Fast Track Fight

The purpose of this memorandum is to urge you to follow up on the idea we discussed 10 days ago – to ask for a speech to a Joint Session of Congress to report on your trip to South America and to make the case for a "yes" vote on fast track.

To me the urgency of your making such a speech is much greater than it was before your trip. The bottom line is this: you are likely to lose on fast track – unless you can dramatically change the nature of the fight.

In my view, you cannot win the fast track vote in the traditional way alone, by working on members one by one. Too many of our Democratic friends, who know they should support you, believe that you are weakened by the campaign finance scandals and are ready to support labor on this one. Over and over I've heard members say that they're going to give this vote to labor because they gave you one on MFN for China. Not exactly an argument of principle or high national purpose, but it seems to be the state of play in the House right now. So in an arm twisting contest with labor, labor holds the stronger hand.

But you simply can't afford to lose. A loss that comes because your own party turns against you would be devastating right now. It would be read as the first real evidence that the campaign finance scandals are taking their toll, and it would weaken your hand for the rest of your Presidency. The consequences, incidentally, will likely first be felt on educational standards and global warming. Moreover, a loss now would be viewed as evidence that the forces that have consistently opposed you on the defining issues of your Presidency – led by Dick Gephardt, organized labor, and Jesse Jackson – are finally regaining the upper hand in the fight to set the direction of the Democratic Party as we head toward the year 2000. That would be damaging to your legacy and would make the Vice President's road to succeed you much more treacherous.

Fortunately, you can still win on fast track. The way to do it is to change the nature of the fast track fight from a test of political muscle and intimidation (labor's strong suit) to a question of national interest (your trump card). Simply, you need to lift the fast track issue to a higher plane – and the best way to do that is with a national television address. And, the most dramatic national television address is a speech to a Joint Session of Congress.

You have every reason to ask for national television time to report to the country on your trip. It was an important trip with important policy consequences for the United States. But it barely registered on the radar screens of the American people because the media was obsessing on the tapes and campaign finance stories. If the press won't report on matters of great importance to the future of our country, as President, you have a moral responsibility to report to the Congress and the American people directly.

My point is simple. You need a victory now. You need to demonstrate that you still hold the upper hand in Washington – that as President of the United States you decide what's in the national interest and shape the national debate, even if everyone else is mired in the campaign finance story. That's why I believe a Joint Session speech is the right medium. It is the ultimate in Presidential. It lifts the debate to the highest plane – the plane on which only the President can put it. It's the best way for you to reverse the momentum on fast track instantly. And, above all, it plays to your greatest strength – your ability to make your case directly to the American people.

The message of the speech should be upbeat, visionary and tough. It should talk about making the 21st century the Century of the Americas, in which the American dream can be realized in the United States and throughout the Americas. You should report on what you saw, about the march of democracy and market economics throughout the Americas. Then you should say that United States leadership is essential to realizing that vision and why it is necessary for you to have fast track authority to expand trade and prosperity in the Americas. You should explain clearly, as only you can do it, how expanded trade will create opportunities and assure upward mobility at home and how if we do not take the steps to lead in the world economy with powers like fast track our own economic prospects will be diminished.

Finally, you should pledge that as we create new opportunities for American workers by expanding trade, we must also take steps to assure that every American has the chance to take advantage of those opportunities and that no one is left behind. That means we need a new social compact here at home that guarantees the education and training necessary so all workers have the skills they need. And you should end with tough talk, particularly to your fellow Democrats, about the consequences to our country of voting to deny you fast track authority. There should be a price to pay for those who treat this as just another vote to deal away. The national interest and American prestige are at stake.

I'm sure you'll get a lot of advice inside the White House to lower the stakes on fast track – to talk about other issues like global warming this week. That advice is, in a word, wrong. The stakes on fast track are already enormous for you and the Vice President. No exit strategy will minimize the consequences of a loss. Remember this fight is about power, not just an issue. Moreover, if an issue like global warming is already tough, think how much tougher it will be if you lose fast track and you go into the global warming fight weakened. The best way to win on global warming is to win on fast track. Forget about anything but fast track for the next 10 days.

What you need to do right now is to gain the momentum you had hoped to gain last week – for your Presidency and for fast track and your other priorities. You have to lift the fast track fight to a new plane. You have to make it clear that fast track authority is so important for our national interest, for American prestige in the world that Congress has no choice but to give it to you. There's no better forum to make that case than Joint Session of the Congress.

I stand ready to help you in any way I can. (Incidentally, the DLC goes on television today for the first time ever with a national ad buy supporting you on fast track.)

DLC news release
Democratic Leadership Council
518 C Street, NE • Washington, DC 20002 • 202-546-0007 • FAX: 202 546 0628

FOR IMMEDIATE RELEASE
FRIDAY, OCTOBER 17, 1997

Contact: Chip Azano/Debbie Boylan
(202) 546-0007

STATEMENT BY AL FROM,
PRESIDENT OF THE DEMOCRATIC LEADERSHIP COUNCIL

Beginning on Monday, the Democratic Leadership Council will sponsor a series of television and newspaper advertisements urging Congress to give President Clinton "fast track" authority to negotiate tough, fair, trade agreements.

Democrats in Congress are under immense pressure from powerful special interest groups to deny the President that authority.

These ads will make it clear that New Democrats across the country want President Clinton to have the same power that his predecessors in both parties have had to hammer out trade agreements that are in the best interest of American workers, American consumers, and American industries.

For the Democratic Leadership Council, this advertising campaign is unprecedented. We are undertaking it because we believe that granting the President fast track authority is right: right for our country and right for the Democratic Party.

It right for our country because expanded trade is integral to our prosperity. With fiscal discipline and investment in our people, opening new markets for American goods and services has been a cornerstone of President Clinton's New Democratic economic strategy that has given the country the longest period of sustained low-inflation, low-unemployment economic growth in decades.

At a time when America's economy is the most competitive in the world, we cannot sustain our economic success without continuing our global leadership on trade. Retreating from the challenge of international competition would be like removing a spark plug from the engine of a moving car -- our economy would soon sputter and stall.

Granting a Democratic President fast track authority is the right vote for Democrats. We spent the 1980s in the political wilderness, in large part because the American people lost confidence in our ability to manage the economy. Now President Clinton has changed that. He has made the Democratic Party once again the party of prosperity, the party that can be trusted to create jobs, restore upward mobility, and increase incomes. Do Democrats really want to undercut one of the pillars of his successful economic strategy?

- more -

Do we really want to risk losing the trust in our economic stewardship it took so long for us to restore?

The message of our television ad is straightforward: New Democrats are leading the way as America builds a new economy, and continuing the great Democratic tradition of support for free and fair trade is essential to continuing our economic success.

We cannot begin to match the enormous money machine that special interest groups, led by the AFL-CIO, have devoted to the campaign to derail fast track, with massive television and radio ad buys and bare-knuckled intimidation of Democratic Members of Congress. But our ad does provide a rallying point for the vast majority of rank-and-file Democrats who want to see this Democratic President continue to succeed -- and who do not want to go back to the days when special interest groups dictated policy to Democratic elected officials, at the expense of the national interest and our party's political fortunes.

The choice is clear: like America itself, Democrats can move ahead or turn back.

In the end, we are convinced that the future course for our party will be determined not by the most political muscle, but by the best ideas for our country's future. We believe the best idea in this debate is to give the President fast track authority to negotiate trade agreements that open new markets to American products.

That's why, in response to a desperate, well-funded, special interest campaign to turn the Democratic Party back to the discredited economic policies and political strategies of the past, we are fighting back.

-30-

DLC
Democratic Leadership Council

12-31-97

Fact Sheet
July 1997

Expanding the Winner's Circle

A New Social Compact

As our stake in the new global economy increases, so does our responsibility to ensure that all Americans have the opportunity to compete effectively. Trade liberalization must go hand-in-hand with a new domestic agenda that offers all U.S. workers lifelong access to career training; provides more effective public support for workers in transition; equips them with the tools to manage their own career security by controlling their health and pension resources; and redefines corporate responsibility in a world of borderless markets.

Create a Lifelong Career Opportunity System for All Americans

- Expand support for apprenticeships to help train young people not bound for college.

- Replace today's ineffective federal job training and adult education programs for displaced workers with individual vouchers. Workers would be able to decide for themselves the best way to build the skills they need to secure good jobs and wages in a rapidly changing economy.

- Create a competitive system of public, non-profit and private One-Stop Career Centers that would give every American access to reliable information, allowing them to choose appropriate education and training providers, apprenticeships, colleges and, ultimately, jobs.

- Reform the tax code to provide all workers with access to job training by: 1) experimenting with tax-preferred savings accounts to help people set aside funds to enhance their career skills; and 2) reforming the tax law so that any firm providing tax-free training to its managers and professionals could not discriminate against other employees by denying them comparable opportunities, as long as workers who take advantage of these opportunities agree to stay with the firm for a reasonable period.

Extend Portable Health Insurance and Pensions to all Americans

- Portable health insurance is critical for workers as they assume more responsibility for their own economic security in the global economy.

518 C. Street, NE • Washington, DC 20002 • 202-546-0007 • Fax: 202-544-5002 • E-mail: info@dlcppi.org • WWW: http://www.dlcppi.org

Although job-based health insurance covers most Americans, workers should have portable benefits that enable those who are changing jobs or are laid-off to retain their health insurance coverage during the transition. To support these workers and those whose employers do not offer insurance, this segment of the population should be able to purchase their own coverage with help from a refundable tax credit.

- Restructuring Social Security to place the program on sound fiscal footing should include changes in our retirement system that promote self-reliance, greater personal responsibility, and a more reasonable tax burden on working families.

- While many workers have portable pensions that allow them to roll over their pension assets when they change employers, this option should be available for every American.

Performance-based Compensation, Equity-Sharing and other Reward Systems

- To provide average Americans with more opportunities and incentives to increase productivity and innovation on the job, firms should be encouraged to establish reward systems that are internally equitable, competitive, and linked to the long-term performance of the firm. Extending the non-discrimination rule that is currently used for health care coverage and pension contributions to this area should be examined. Specifically, when a firm provides tax-favored, performance-based bonuses to executives, all employees should be eligible to earn such compensation.

12-31-97

Copied
Hernreich
Bowles

1/12

Ask to assign person
to pursue with Burkhardt
Burch response -
BC

President Clinton

1-2-98

DAN BURKHARDT:

please coordinate the reply. ASAP!

12-31-97

THE NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

December 10, 1997

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

Dear President Clinton:

Enclosed please find a letter from organizations and individuals from around the country, supporting increased funding for HUD Homeless Assistance Grants. We at the National Alliance to End Homelessness know the efficacy of these programs, giving homeless and near-homeless families and individuals the tools they need as they struggle to build better lives for themselves.

I hope you will have your staff contact me or the staff at the Alliance to learn more about the importance of the community efforts funded by the Homeless Assistance Grants.

Very truly yours,

ANTHONY S. HARRINGTON
Co-Chairman

Secretary

President

Louis W. Sullivan, M.D.

Past Chairmen

1518 K STREET NW SUITE 206 WASHINGTON, DC 20005 (202) 638-1526 FAX (202) 638-4664 E MAIL NAEH@NAEH.ORG

December 10, 1997

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

Dear President Clinton:

We, the undersigned organizations and individuals, write to ask you to increase funding for the Homeless Assistance Grant Program to $1.6 billion, as part of the budget for the U.S. Department of Housing and Urban Development for fiscal year 1999. These funds are essential to allow more homeless households to succeed in finding and keeping employment, and to meet the broad need for housing and related services.

Ten years ago the Stewart B. McKinney Homeless Assistance Act was passed. As a result, addressing homelessness is part of the agenda for the entire federal government. A key part of the responsibility rests with the Department of Housing and Urban Development under the able leadership of Andrew Cuomo. HUD's Homeless Assistance Grant Program (funded under the McKinney Act) has in case after case brought about an end not only to families' and individuals' immediate crises, but also to their homelessness. But as successful as the HUD program has been, it remains a fact that stubborn poverty, a decreasing supply of affordable housing, and a lack of stabilizing services continue in many cities and towns to fill each shelter bed as soon as it is vacated by an individual's transition from homelessness.

The Homeless Assistance Grant Program is essential for homeless people who are struggling to get to the point where they can support themselves and their families through employment. The Department of Labor has pointed out the connection between housing status and the ability to take the steps necessary to secure and retain employment. Homeless households, many of which need assistance from the welfare system, face new work requirements without the benefit of a stable residence and with a thin or nonexistent support system. With new time limits on cash assistance and food stamps in some circumstances, homeless assistance organizations are under added pressure to move their clients into employment at the same time that they try to bring about residential stability. The challenge is daunting, but critical.

Fortunately, programs funded by Homeless Assistance Grants have developed the know-how to meet these challenges. These programs have brought individuals and families in off the streets, and provided the services and stability needed to achieve steady employment. The critical next step, however, remains to be accomplished: funding these effective programs at a large enough scale that no American has to live, no American child has to grow up, without a stable, secure place to live.

Secretary Cuomo and HUD have provided the framework for strengthening the Homeless Assistance Grant Program to meet the increased challenges it faces. Resources are essential to

provide this support. We urge you to fund the HUD Homeless Assistance Grant Program at a level of $1.6 billion for FY 1999.

Sincerely,

A Child's Home, Charlotte, NC
A Place Called Home, Phoenix, AZ
Adelante, Brentwood, NY
AIDS Housing of Washington, Seattle, WA
AL-PAC Homeless Shelter, Pacific, MO
Aletheia House, Birmingham, AL
American Rescue Workers, Newark, NJ
Anchorage Community Mental Health Services, Anchorage, AK
Archdiocesan Housing Authority, Seattle, WA
Laurie Baldi, Boston, MA
Baldwin Church & Center, Pontiac, MI
Eleanor Batuyios, Boston, MA
Beacon House, San Pedro, CA
Berkeley Emergency Food & Housing Project, Berkeley, CA
Fred Berman, Somerville, MA
Bethany House of Nassau County Corporation, Roosevelt, NY
Bethany Services DBA Bakersfield Homeless Center, Bakersfield, CA
Bluegrass Regional MH/MR Board, Lexington, KY
Boston Aging Concerns, Boston, MA
Bread and Roses Hospitality, Inc., Birmingham, AL
Bridge Over Troubled Waters, Boston, MA
Brighter Tomorrows, Shirley, NY
Erik Payne Butler, Boston, MA
Cambridge Multi-Services, Cambridge, MA
Campaign for Human Development, Chicago, IL
Catholic Charities, Memphis, TN
Catholic Social Services of Albuquerque, Albuquerque, NM
Center for Community Change, Washington, DC
Central Arizona Shelter Services, Inc., Phoenix, AZ
Chattanooga Cares, Chattanooga, TN
Chattanooga Community Kitchen, Chattanooga, TN
Chicago Coalition for the Homeless, Chicago, IL
City of Boston Homeless Service, N. Quincy, MA
City of Detroit, Dept. of Senior Citizens & Homeless Council, Detroit, MI
City of Seattle, Seattle, WA
Coalition for the Homeless , Providence, RI
Coalition for the Homeless of Houston, Houston, TX
Coalition on Homelessness & Housing in Ohio, Columbus, OH
Coalition on Temporary Shelter, Detroit, MI

Colorado AIDS Project, Denver, CO
Committee to End Elder Homelessness, Boston, MA
Community Advocates, Inc., Roslyn Heights, NY
Community Family Life Services, Washington, DC
Community Housing Associate, Inc., Baltimore, MD
Community Human Services, Pittsburgh, PA
Community Humanitarian Resource Center, Inc., Grand Island, NE
Community Work Services, Boston, MA
Community Works, Medford, OR
Concern for Independent Living, Medford, NY
Connexions, Chicago, IL
Cornerstone, Raleigh, NC
Corporation for Supportive Housing, New York, NY
Covenant House, New York, NY
Crisis Assistance Ministry, Charlotte, NC
Daily Planet, Inc., Richmond, VA
Nancy Daniels, Cambridge, MA
Dayle McIntosh Center, Laguna Niguel, CA
Melissa A. DeDeomenico-Payne, Front Royal, VA
Dept. of Housing-City of Bridgeport, Bridgeport, CT
The Doe Fund, Inc., New York, NY
The Dwelling Place, Gaithersburg, MD
Eastern Suffolk Boces, Renerherd, NY
Emmaus Inc., Haverhilll, MA
End of the Road Ministry, Harlingen, TX
FEGS-LI Division, Syosset, NY
Juanita Gatewood, Charlotte, NC
Genesis Housing Corporation, Woodbury, NJ
Greater Boston Rehab Services, Cambridge, MA
Greater Philadelphia Urban Affairs Coalition, Philadelphia, PA
Habitat for Humanity , Manhasset, NY
Habitat for Humanity Lake County, Waukegan, IL
Haitian Services Collaborative, Cambridge, MA
Health Care for the Homeless of Milwaukee, Milwaukee, WI
Heartline, Inc. - Lutheran Social Services of MI, Detroit, MI
Helping Hand House, Puyallup, WA
Hempstead Hispanic Civic Association, Inc., Hempstead, NY
Henderson Homeless Program, Ft. Lauderdale, FL
Michael Hoge, New Haven, CT
Homeless Coalition of Mobile, Mobile, AL
Homeless Housing Assistance Project of Summit Pointe, Battle Creek, MI
Homeward Bound, Butte, MT
Housing Advocacy Council of Monterey County, Salinas, CA
Housing for New Hope, Inc., Durham, NC

Housing Opportunities for Women, Silver Spring, MD
Housing Services, Oakland, MD
Human Outreach Agency, Haywood, CA
Institute for Community Living, Inc., Brooklyn, NY
Interfaith of Bell County, Pineville, KY
Jerusalem House, Atlanta, GA
Jesuit Social Ministries, Washington, DC
Joseph's House and Shelter, Troy, NY
Idit Klein, Boston, MA
La Fuerza Unida De Glen Cove, Inc., Glen Cove, NY
Lakefront SRO, Chicago, IL
Licking County Coalition for Housing, Newark, OH
Local Initiatives Support Corporation, Washington, DC
Long Island Shelter, Boston, MA
Annika Lundgreen, Cambridge, MA
Lutheran Office for Governmental Affairs, Washington, DC
Lutheran Social Service of Minnesota, Minnesota, MN
Lynn Shelter Association, Lynn, MA
Martin Luther King Ecumenical Center, Tacoma, WA
Laura Mascuch, Brooklyn, NY
McAuley Institute, Silver Spring, MD
Debbie McKone, Charlotte, NC
Mental Health Association, Commack , NY
Mental Health Care, Inc., Tampa, FL
Mercy Center Ministries, Inc., Patchogue, NY
Mercy Haven, Islip Terrace, NY
Mercy Mobile Health Care, Atlanta, GA
Mesilla Valley Community of Hope, Las Cruces, NM
Mary Ashley Milano, Charlotte, NC
Multi-Talents, Inc., Hempstead, NY
Trudie Munroe-Signor, Somerville, MA
Nassau Coalition Against Domestic Violence, Hempstead, NY
Nassau Suffolk Coalition for the Homeless, Garden City, NY
National Alliance to End Homelessness, Washington, DC
National Association of Affordable Housing Lenders, Washington, DC
National Coalition for Homeless Veterans, Washington, DC
National Coalition for the Homeless, Washington, DC
National Health Care for the Homeless Council, Nashville, TN
National Housing Trust, Washington, DC
National Law Center on Homelessness and Poverty, Washington, DC
National Leased Housing Association, Washington, DC
National Neighborhood Coalition, Washington, DC
National Puerto Rican Coalition, Inc., Washington, DC
New Phoenix Assistance Center, Chicago, IL

NewCap, Inc., Oconto, WI
Nuaces County Community Action Agency, Corpus Christi, TX
Oasis Resources, Inc., Warren, AR
Shola Ojudun, Boston, MA
Options for Community Living, Inc., Smithtown, NY
Panhandle Area Council, Hayden, ID
Paterson YMCA, Paterson, NJ
Peter & Paul Community Services, St. Louis, MO
Pine Street Inn, Boston, MA
Portsmouth Area Resources Coalition, Portsmouth, VA
Project Empire-Daily Planet, Richmond, VA
Prosed Real, Baldwin, NY
Providence House, Shreveport, LA
Pusater Development Associates, Inc., LaGrange Park, IL
Queens Homeless Outreach, Jamaica Queens, NY
Quincy Interfaith Sheltering Coalition, Quincy, MA
Reliance House, Norwich, CT
Residential Youth Services, Inc., Alexandria, VA
Samaritan Center Shelter for Homeless Families, Vero Beach, FL
The Sanctuary, Pontiac, MI
San Leandro Shelter for Women & Children, San Leandro, CA
Save The Family, Mesa, AZ
Second Chance Mission of Hope, Inc., Jacksonville, NC
Self Initiated Living Options, Inc., Holtsville, NY
Shortstop, Inc., Somerville, MA
Simon Publications, Bethesda, MD
So Others Might Eat, Washington, DC
Somerville Homeless Coalition, Somerville, MA
SOS Crisis Center, Ypsilanti, MI
South Suburban PADS, Homewood, IL
Southeastern Center for MH\DD\SAS, Wilmington, NC
Southside Milwaukee Emergency Shelter, Milwaukee, WI
Spectrum Health Systems, Milford, MA
Spectrum, Inc., Milford, MA
St. Claire's Home, Inc., Escondido, CA
St. Francis House, Boston, MA
Stockton Shelter for the Homeless, Stockton, CA
Tabor Community Services, Lancaster, PA
Tabor Housing, Lancaster, PA
Tarzana Treatment Centers, Inc., Tarzana, CA
Donna Townsend, Boston, MA
Travelers Aid Society, Philadelphia, PA
Travelers Aid Society, Salt Lake City, UT
Tri-City Mental Health, Medford, MA

Union of America Hebrew Congregations, Washington, DC
United Bronx Parents, Inc., Bronx, NY
Urban Pathways, New York, NY
Dearsley Vernon, Charlotte, NC
Victoria Christian Assistance Ministry, Victoria, TX
Vinfen Corporation, Boston, MA
Virginia Coalition for the Homeless, Richmond, VA
Volunteers of America, Salt Lake City, UT
Westchester Residential Opportunities, White Plains, NY
Women's Advocates, St. Paul, MN
Linda Wood-Boyle, Somerville, MA
Youth & Shelter Services, Ames, IA

THE NATIONAL ALLIANCE TO END HOMELESSNESS
NINTH ANNUAL AWARDS CEREMONY

December 9, 1997

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[illegible]
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Clifford L. Alexander, Jr.

The President of the United States
and Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear President and Mrs. Clinton:

The National Alliance to End Homelessness has been honored by your serving in prior years as Honorary Co-Chairs of our Annual Awards Ceremony. We would ask that you again lend your support to this important cause. The Ninth Annual Awards Ceremony will be held on March 26, 1998 at 7:30 pm at the Terrace Theater in the Kennedy Center. Roy Neel of the United States Telephone Association and Tom Kuhn of the Edison Electric Institute will be the Co-Chairmen of the event.

Mr. President and Mrs. Clinton, we are deeply grateful for the leadership you have provided by acting as Honorary Chairmen of this event for the past five years. This year, in particular, we strongly urge you to underline your commitment to the poorest Americans by attending the Awards Ceremony on March 26th. Legislation signed in the past year will have a dramatic effect on how we help our nation's poor to escape poverty. It is critical that during the transition to a new set of rights and responsibilities prompted by welfare reform that men, women and children not fall through the cracks and become homeless. Your attendance at this event will send a strong message that homelessness is not acceptable in our great nation.

The National Alliance to End Homelessness is the only national organization that brings together the public, private and nonprofit sectors in a bipartisan partnership to create and implement solutions to homelessness. The Alliance's 2,000 member organizations come from all fifty states and range from nonprofit organizations such as Our House in Little Rock, to national public sector representatives such as the U.S. Conference of Mayors, and major corporate entities such as NationsBank.

This year Lesley Stahl will serve as our Mistress of Ceremonies. The awards will be presented to **Strive** for their ground-breaking job readiness program for former welfare recipients throughout the country, the chronically unemployed and homeless men and women who are trying to get their lives back on track; Director of the Massachusetts Department of Administration and Finance, **Charles Baker,** for his leadership in finding

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permanent solutions for single homeless people in Massachusetts, especially those with chronic disabilities; and **Richard Ravitch**, Chairman of the Board of the AFL-CIO Housing Investment Trust and of the Corporation for Supportive Housing, for his dedicated and inspired leadership in bringing the private and non-profit sectors together to meet the permanent housing needs of homeless people.

Our entire Board joins us in expressing the hope that you will again act as Honorary Co-Chairs of the National Alliance to End Homelessness Annual Awards Ceremony, and that you will be present with us on March 26th.

Yours truly,

Susan G. Baker
Co-Chairman

Anthony S. Harrington
Co-Chairman

Barbara J. Easterling
Vice Chairman

Eli Segal
Director

THE WHITE HOUSE

WASHINGTON

12-31-97

Tab C - 1st page of cover memo & Tab C - Berger Bowles Ibarra

Tab D - Entire Cover memo & Tab D - Berger Bowles

December 29, 1997

MEMORANDUM FOR THE PRESIDENT:

FROM: SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

Chron - only cover memo

(A) **Berger Memo on Support for Arafat and Hamas** -- forwards USIA poll results suggesting support for Hamas (71%) and ShaykhYassin (78%) has risen, but support for Fatah (78%) and Arafat (82%) remains stronger; asked whom they trust most, Palestinians continue to favor Fatah over Hamas by a more than two-to-one margin (41% to 17%), though Hamas' numbers have come up about 6 points recently; support for the peace process remains high (74%), and a majority (52%) said the U.S. should play a major role, but most (71%) said the U.S. would not protect Palestinian interests.

(B) **Berger Memo on Human Rights Day Activities** -- says your address was "received enthusiastically by U.S.-based human rights NGOs such as Amnesty International;" at least 5 agencies participated in the day's activities; Sec. Cohen sent a message to all military personnel thanking them for their efforts to safeguard human rights; USIA launched a web site dedicated to human rights and has disseminated your speech and proclamation; Sec. Riley went on-line to teach a short course for kids; Labor and Interior issued statements linking their activities to Human Rights Day.

(C) **Berger Memo on Philippine Bells of Balangiga** -- During a Dec. 7 phone call, President Ramos asked for your help in returning the Bells of Balangiga, currently displayed at Warren AFB in Wyoming, to the Philippines; you offered to look into it; U.S. troops seized the two Bells in 1901, after Filipino insurgents used the Bells to signal a surprise attack in the town of Balangiga that left 54 of the 74 U.S. troops stationed there dead; thousands of Filipinos died in subsequent U.S. reprisals; the Bells have become a powerful symbol for groups on both sides; Manila suggested recasting the two Bells and allowing each side to retain one original and one replica; in 1995, the Wyoming congressional delegation and veterans groups rejected such proposals; now, however, there may be greater support for the Bells' return; Sandy believes it would be "gracious" to return one or both Bells during 1998, the centennial year of the Philippine's independence from Spain; he intends to pursue the issue.

(D) **Berger Memo on *60 Minutes* Story** -- responds at length to your question concerning a *60 Minutes* story, planned for February, on a former CIA intern with epilepsy who was required to wear a protective helmet at work; says the 26-year-old woman was

12-31-97

participating in a 13-month, paid internship program designed to bring disabled persons into the workplace; her seizures were far more serious than anticipated (*i.e.*, 6-10 times/month with lost consciousness rather than once every 3-4 months without lost consciousness); she fractured her nose on one occasion, nearly fell into traffic on another; she was placed on leave while CIA's Office of Medical Services did a six-month review and recommended certain measures, including the helmet, to which the intern agreed; she was reassigned, resumed work, and suffered additional seizures with lost consciousness, but avoided further injury; she completed her program; however, she has now filed an EEO complaint, seeking elimination of the helmet requirement, a new internship, compensatory damages, and changes in CIA's disabilities program; former Rep. Coelho, head of your Committee on Employment for People with Disabilities, has criticized the CIA on camera for *the 60 Minutes* story; the CIA stands by its decision, for which it has outside, professional support; it has granted *60 Minutes* wide access to relevant documents, and has briefed interested members of Congress; Sandy, OPL, CabAff and the CIA are seeking to resolve the issue appropriately. *Please see memo for additional details.*

We have also received the following item:

- **Thank You Note from Barbara Bush Forwarded by Mack** -- "So many thanks for your kind message about my surgery. All is well and I'm about to go home . . . . You were both so nice to come to George's Library opening and your words were most generous - - have a great Christmas and New Year."

Bill Clinton

Send articles
& letter to Richard Mason — copy of article sent w/ letter

Ed Rowles —

1st Send WSJ article to
Rahm
Begala
Sosnik
CTS
ask if we can do money
mailer at last DNC would
send to St. local chairs, DNC
members, donors
I think it's good — & better
in the Journal —

THE PRESIDENT HAS SEEN

12-31-97

Copied
Emanuel
Begala
Sosnik
Smith
Bowles

The President on His Critics

12-31-97

Our letters editor had a nice conversation yesterday with Richard H. Mason of El Dorado, Arkansas, who had been called to our attention by an old friend, Bill Clinton. Mr. Mason had written to complain about our picking on the president and to cancel his subscription; Mr. Clinton quoted his remarks extensively in his Dec. 13 speech to a group of Arkansas Democrats visiting Washington.

Our editor had not seen the Dec. 2 letter, perhaps lost in the volume of correspondence, but Mr. Mason faxed another copy. We admire his feisty prose, but the president had already picked out the best parts. And in his remarks to fellow Arkansans, the president kind of came to our defense, but also complained about being picked on by Kenneth Starr and accused Republicans of trying to destroy the two-party system. So rather than run Mr. Mason's letter, we've decided that readers would be more interested if we let the president speak for himself, in the following excerpts of his remarks.—Ed.:

I probably shouldn't do this, but I'm going to try to acknowledge the Arkansans in the administration who are here. . . . I think it's important. I just want you to get a feel for how many people are here: Mack and Donna McLarty, of course; Bruce Lindsey; Nancy Hernreich; Marsha Scott; Bob Nash and Janis Kearney; Stephanie Streett, Mary Streett; Catherine Grundin; Patsy Thomasson; Anne and Grady McCoy. . . . And in the administration, of course, Secretary Slater and Cassandra; James Lee and Lea Ellen Witt; Hershel Gober and Mary Lou Keener; Harold and Arlee Gist; Wilbur Peer; Gloria Cabe has done great work for us; and in the DNC, Carol and Joyce Willis; Lottie Shackleford; Mary Anne Salmon. . . .

I don't want to embarrass him, but about two hours before I came over here tonight I was finishing up some paperwork in my office. . . . And at the top of the folder was a letter that Richard Mason just wrote to The Wall Street Journal. And it said, I got as much chance of getting this letter printed as Dan Quayle does of getting elected President. (Laughter.)

But he went on to say he was a businessman, he had read the Journal faithfully for years. He said, for five years I've watched you bad-mouth my president and my state and say things that weren't true. And if your advice on business is as bad as your understanding of politics, I'll be in deep trouble if I keep reading this newspaper. (Laughter.) Please cancel my subscription. (Applause.)

I did what I always do. You know, I was saying, but Richard, you know, you can't blame the editorial page, they have good articles, all that kind of stuff. I was making my good-government argument. He said, look, the economy is better, the world is at peace, the crime rate is down, the country is in great shape—sooner or later some of those people that are trying to tear your guts out and lying about our state are going to have to fess up and admit it. Get over it, the country is in better shape. This is working. (Applause.)

Since under our new policy all these are covered by the press, they may have to run your letter now, Richard. (Laughter.) We'll see. . . .

When I was getting ready to come over here, I was reliving many of the things that have happened since Oct. 3, 1991, when I declared for president. I remember how people sneeringly referred to me as the governor of a small Southern state. I remember how people talked about how we had failed to do all these things. I remember when I was pronounced dead before arrival in New Hampshire. . . .

I remember how surprised—the people that ran against me in '92 by and large are good friends of mine now, and I remember how surprised they were that we kept doing well in odd places. And it took them a long time to figure out that 25% of the voters in Chicago were from Arkansas. (Laughter.) That there was something to be said for being poor throughout the '30s, '40s, '50s and '60s. (Laughter.) I keep waiting any day now for all of them to be subpoenaed by Mr. Starr. (Laughter.) You know, a 50-year-old conspiracy to take over the White House—(laughter)—which started with our running people out of Arkansas back in the '30s and '40s in a dark and devious way. (Applause.)

I came upon a little town outside Flint, Michigan, one day, full of auto workers. And literally 90% of them had roots in Arkansas, and I thought to myself today, those people are going to be called to testify any minute now. (Laughter.) There's a presumption there's something wrong with them; it was some dark plot.

I was in the Bronx—did you see the pictures? . . . So I get out, I shake hands with Ralph Porter; he's the current president of the Mid-Bronx Desperados, and we are walking down the street in the Bronx. He looked at me and he said, you know, my wife worked with your mother at Ouachita Hospital for 15 years. (Laughter.) And I graduated from Langston High School in Hot Springs. (Laughter.) I said, no, they'll never believe this. (Laughter.) I hope Ralph doesn't get a subpoena. . . .

> *'How do you put up with mosquitoes in summertime in Arkansas? You just swat them and go on, it's part of living.'*

And I'm telling you, it will take your breath away if you could walk down some of these streets—not just nice houses, but safe streets, clean streets, going to remodeled schools that are working; where communities that were given up for dead are working.

And sometimes I think what our adversaries, that are almost pathologically obsessed with personal destruction, don't get is that that's what politics is about. That's what you taught me. That's why we're all here after five years and that's why the country is in better shape. Politics is about real people and their hopes and their dreams. So, to me, all this stuff—you all always say, gosh, I don't know how you put up with it. How do you put up with mosquitoes in summertime in Arkansas? (Laughter.) You just swat them and go on, it's part of living. That's what you do. . . .

I ran for a very clear reason: I thought our country was divided and drifting; that we were not succeeding; that we were clearly the greatest country in human history; and that we were too dominated, completely paralyzed and in the grip of the mosquitoes instead of the planting. That's what I thought then. And so we decided that we would endure the mosquitoes so that we could plant and reap. . . .

The reason it's important for you to be here is that part of the counterbattle, the mosquito biting, this year was a calculated, determined effort to use the hearing process and the legal process to force all the Democrats—and especially people associated with the party—to hire a lawyer every 15 seconds in the hope that we'd never have another penny to spend on campaigns. (Applause.) Somebody pointed out I'd been to so many fund-raisers in the last year that I'd gotten tired a time or two, and I plead guilty to that. It's OK to get tired, you just can't give in. (Applause.)

So when you go home and people ask you why you did this, say because they tried to end the two-party system in America by forcing the Democrats to spend all their money hiring lawyers. And you think the two-party system is a pretty good idea, especially since one party, the one you belong to, was right about the deficit, was right about the economy, was right about crime, was right about welfare, was right about so many things, and that's why this country is in better shape today, and you think that's a pretty good indication about which party ought to be able to lead us into the new century. That's why you're here and that's why I'm very proud of you.

Let me just say, lastly, I wanted you to go back home and tell the people who aren't here what I said tonight. And remind them—because they're a long way away—never to get confused between the mosquitoes and the planting, because as soon as you do you won't be able to bring in the crop. We have brought in the crop and you made it possible and I'm very proud of you. Thank you and God bless you. (Applause.)

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Eff - Br

12-31-97

BOOKS EVERY AMERICAN OUGHT TO HAVE READ

Earlier this year, the following letter was sent to sixty former Rhodes Scholars:

> In the spirit of Scott Buchanan, *The American Oxonian* is asking distinguished educators and authors from the ranks of Rhodes Scholars to identify ten books every American should read. Hence, we ask you to make a list of the ten books you would sleep better knowing every adult American had read. If you would like to write a short paragraph explaining or defending your list, please feel free to do so, but limit your comments to no more than 150 words total.

A third of those invited chose to send lists. The replies are presented in alphabetical order:

Copied
Blumenthal
Bowles

Caroline Alexander (Florida and Somerville '77, Writer)

The Iliad, Homer
The Sound and the Fury, William Faulkner
Heart of Darkness, Joseph Conrad
The Dead, James Joyce
The Marsh Arabs, Wilfred Thesiger
The Alfoxden and Grasmere Journals, Dorothy Wordsworth
Anna Karenina, Leo Tolstoy
The House at Pooh Corner, A.A. Milne
The Life of Samuel Johnson, James Boswell
The Worst Journey in the World, Apsley Cherry-Garrard

I appreciated the delicious task of compiling this list. I didn't have Americans in mind so much as human beings in general. My criteria were literary brilliance, humanity, and the power to transport the reader inside other times, places, and minds.

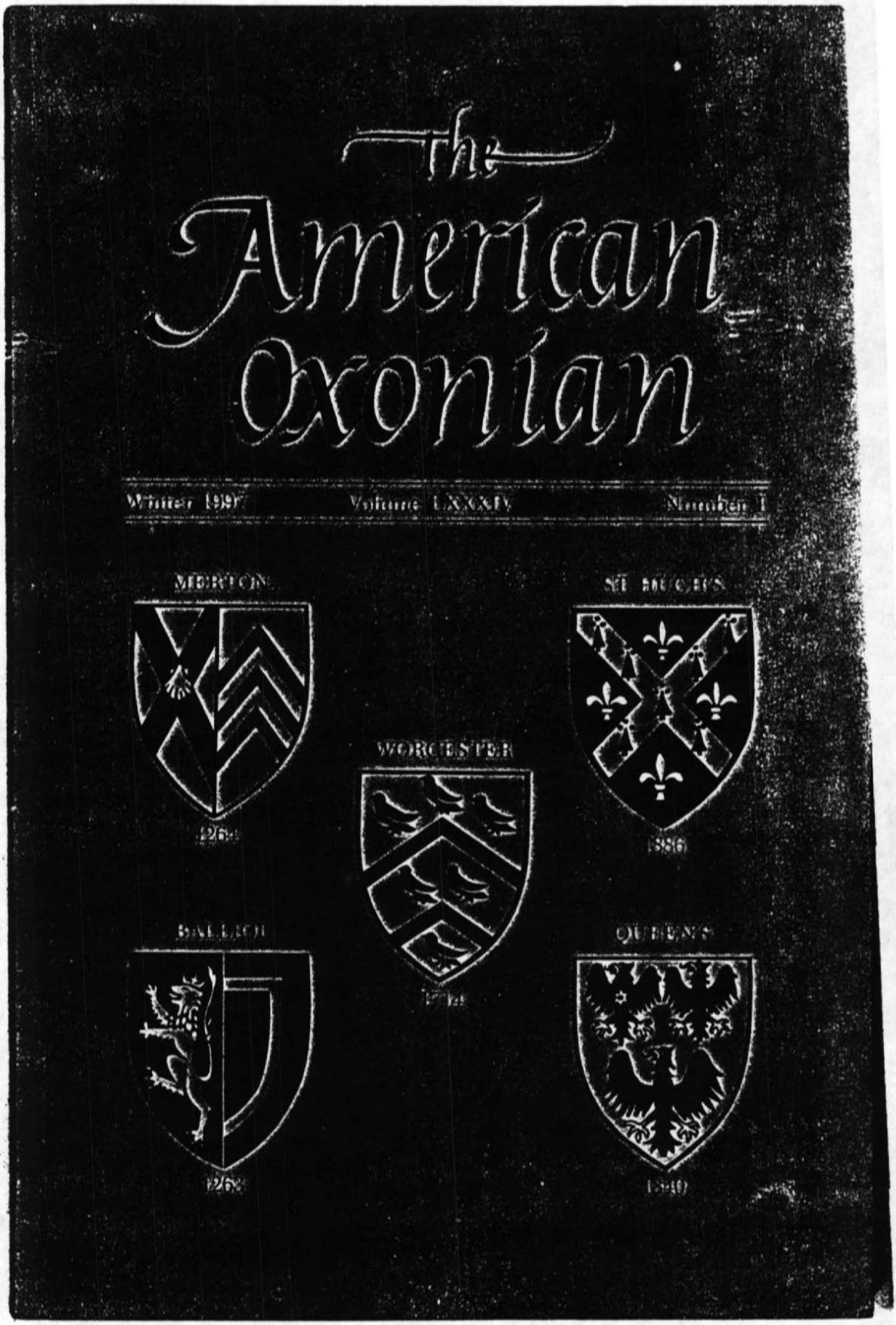
James Atlas (Illinois and New College '71, Writer)

Democracy in America, Alexis de Tocqueville
For the Union Dead, Robert Lowell

12-31-97

Rollins
E-K-
BS

copied
Emanuel
Bowles



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James Atlas (Illinois and New College '71, Writer)

Democracy in America, Alexis de Tocqueville
For the Union Dead, Robert Lowell

American Renaissance, R.O. Matthiessen
Anti-Intellectualism in American Life, Richard Hofstadter
The Journals of Lewis & Clark
Moby Dick, Herman Melville
Invisible Man, Ralph Ellison
The House of Mirth, Edith Wharton
Main Currents in American Thought, Vernon L. Parrington
Reasonable Creatures, Katha Pollitt

This is an eclectic group that includes three novels and a collection of poetry, on the theory that our imaginative artists have had at least as firm a grip on the facts of American life as our historians; a work of literary interpretation that illuminates—or so I remember from my reading of it in college—the major themes addressed by those artists; a book (Lewis & Clark) that reminds us what a miracle it was that our nation got settled at all; one of the most prescient and penetrating commentaries on America ever written (Tocqueville); and a book of contemporary essays by a friend of mine that offers up a sobering dose of reality in highly entertaining polemical prose.

James H. Billington (New Jersey and Balliol '50, Librarian of Congress)

The Bible
The Brothers Karamazov, Dostoevsky
Coriolanus, Shakespeare
Democracy in America, Alexis de Tocqueville
The Divine Comedy, Dante
The Federalist Papers
Moby Dick, Herman Melville
The Nature and Destiny of Man, Reinhold Niebuhr
Oedipus Rex, Sophocles
War and Peace, Tolstoy

I stress that these are ten books I would like to see every American read—not necessarily the ten best books or a balanced ticket covering all aspects healthy for the mind.

Daniel J. Boorstin (Oklahoma and Balliol '34, Librarian of Congress Emeritus)

The Education of Henry Adams, Henry Adams
The Decline and Fall of the Roman Empire, Edward Gibbon

The Waning of the Middle Ages, Johan Huizinga
The Civilization of the Renaissance in Italy, Jacob Burckhardt
Democracy in America, Alexis de Tocqueville
War and Peace, Leo Tolstoy
Moby Dick, Herman Melville
Leaves of Grass, Walt Whitman
The Oregon Trail, Francis Parkman
The Varieties of Religious Experience, William James

I would explain that this is in addition to the works that I "take for granted" as part of an elementary liberal education. These would include: *The Bible* (King James Translation); Shakespeare, The Plays, The Poems; Homer, *The Odyssey*; Cervantes, *Don Quixote*; Milton, "Paradise Lost" and Poems.

Todd Breyfogle (Colorado and Corpus Cristi '88, Professional "Great Bookie")

The Brothers Karamazov, Fyodor Dostoevsky
Four Quartets, T.S. Eliot
Confessions, St. Augustine
Nichomachean Ethics, Aristotle
Democracy in America, Alexis de Tocqueville
Death Comes for the Archbishop, Willa Cather
Everything That Rises Must Converge, Flannery O'Connor
Homo Ludens, Johann Huizinga
Rationalism in Politics and Other Essays, Michael Oakeshott
Days of Obligation: An Argument with my Mexican Father, Richard Rodriguez

This list represents the twofold implication of the commission: traditional Great Books and books of importance to contemporary America. Correspondingly, the first seven books are undeniably traditional "Great Books," with Cather and O'Connor being classic American works about friendship and illumination. Although the last three books have not yet entered the pantheon of classics, Huizinga, Oakeshott and Rodriguez are, respectively, penetrating essays on the play element in culture, modern political life, and the character of the American soul. Needless to say, any such list must presuppose, perhaps naively, the *Bible*, Shakespeare, the Declaration of Independence, the Constitution of the United States, and The Federalist Papers.

Edwin Conquest (Virginia and New College '53, Writer)

The Bible, authorized King James Version of 1611
Cantebury Tales, Chaucer (in Middle English)
Complete Plays, Shakespeare (Tragedies, Comedies, and Histories)
Paradise Lost, *The Minor Poems*, and *Samson Agonistes*, Milton
Life of Johnson, Boswell
Tales and Sketches, Hawthorne
Moby Dick, Melville
Lyrical Ballads, Wordsworth and Coleridge (2nd Edition, 1801)
Heart of Darkness, Conrad
Rosmersholm, Ibsen

Learn literature, and know the world.

David Eisenberg (Illinois and Queen's '61, Professor of Biochemistry at UCLA)

On Moral Choices:
Ecclesiastes, and other books of the *Bible*
The Brothers Karamazov, Dostoevsky
In the Penal Colony, Franz Kafka
Into That Darkness, Gitta Sereny
The American Experience:
The European Discovery of America, Samuel Eliot Morrison
Democracy in America, Alexis de Tocqueville
Huckleberry Finn, Mark Twain
A Stillness at Appomattox, Bruce Catton
The Search for Scientific Truth:
The Double Helix, A Personal Account of the Discovery of the Structure of DNA, James D. Watson
Most of the Good Stuff. Memories of Richard Feynman, American Physical Society

The books are in three categories: (Books 1-4) Moral Choices. Relatively unknown is Sereny's book, an inquiry through interviews with Franz Stangl, the former commandant of Treblinka, of whether evil comes from the individual or society; (Books 5-8) The American Experience; and (Books 9-10) The Search for Scientific Truth. Watson's book is the rarity—a wonderful book by a great scientist. We do not have literary accounts of their great discoveries written by Newton, Faraday, Pasteur, or Einstein, but if we did, they could not be more readable or realistic than Watson's. The book on Feynman offers riveting glimpses of a great physicist, teacher, and personality.

Prosser Gifford (Connecticut and Merton '51, Director of Scholarly Programs, Library of Congress)

American:

Federalist Papers (reveals the arguments over and the vitality of the Constitution and the ratification process in the states)

Democracy in America, Alexis de Tocqueville (a prescient foreign observer of the conditions in the 1830s)

Collected Poems, Emily Dickinson (an amazing mind which reflects indirectly the civil war and the troubling questions of the 1860s)

Souls of Black Folks, W.E.B. DuBois (one of the most cogent analyses of the race problem from a black perspective before the first world war—1903).

The Song of the Dodo, David Quammen (a powerful analysis of evolutionary and environmental knowledge and how it is hard won—by a Rhodes Scholar)

Other:

Odyssey, Homer (the quintessential voyage from which so much other literature derives)

Republic, Plato (basic arguments about governance, knowledge, and power)

The Gospels (the foundation of Christianity and all that follows from it)

Macbeth, *Hamlet*, *Lear*, *Antony and Cleopatra*, Shakespeare (ambition, power, and love)

Doctor Faustus, Thomas Mann (a modern, though difficult, version of the Faust story, so often told by Marlowe, Goethe, Gounod, Berlioz, etc.—which reflects some of the deep divisions in Germany of the 1930s)

These are ten books I would like every adult American to have read—and perhaps reread. I have divided it half American, and half world. It is almost impossible to get the list down to ten.

Caroline M. Hoxby (Ohio and Magdalen '88, Assistant Professor of Economics, Harvard University)

Nicomachaen Ethics, Aristotle
Georgics, Virgil
Epistles to the Romans and Corinthians, St. Paul
Moral Epistles, Seneca

The Divine Comedy, Dante
Letters, Marsilio Ficino
The Book of the Courtier, Baldesar Castiglione
Essays, Michel de Montaigne
The New England Mind: the Seventeenth Century, Perry Miller
Poems, Emily Dickinson

I thought that a question soliciting a list of books that "every adult American" should read might result in reading lists focused on the liberal political tradition: Locke, Jefferson, *et cetera*. In the spirit of adding variety, let me suggest that Americans are, if anything, better at being citizens than at being *people*. Therefore, I have listed books that all ask, in their own ways, what a good life, or a beautiful life, is. Only two books on the list are American. They represent what seems to me to be the peculiar American twist on this question, a conception of "a good life" that has a moral ferocity unequalled in most non-American literature. Moral ferocity often makes goodness and beauty incompatible. But, it does not always do so: witness the two Americans on my list.

Walter Isaacson (Louisiana and Pembroke '74, Managing Editor of *Time*)

Ten Versions of the Odyssey:

The Odyssey, Homer. Not the best or most important of all books, but every American should read it and its progeny to learn that life should be lived as a journey.

Huckleberry Finn, Mark Twain. The best and most American of all Odyssey variations. Read twice the chapter where Huck decides to face damnation rather than send Jim back.

Moby Dick, Herman Melville. Another variation. Pay attention to the Lee Shore chapter warning against seductive homeward winds.

The Autobiography of Benjamin Franklin. The journey of the first real American.

Don Quixote, Cervantes. Great opening paragraph about the type of man whose horse and lance are always at the ready, even for tilting at windmills.

Invisible Man, Ralph Ellison. The narrator's journey continues to haunt.

The Moviegoer, Walker Percy. Even an everyday quest can be spiritual.

The Electric Kool-Aid Acid Test, Tom Wolfe. The chemically-fueled, cross-country ride of the merry Pranksters reminds us that we were once, for better and for worse, a bit crazier in our quests. Take note of Ken Kesey's speech about how "you're either on the bus or off the bus."
The Pilgrim's Progress, John Bunyon. "As I walked through the wilderness of this world..."
The Bible. Yes, of course, and it shouldn't be last.

Bruce McClellan (Massachusetts and New College '47, Historian)

Population: The First Essay, Thomas Robert Malthus
The Federalist, Alexander Hamilton, John Jay, James Madison
Democracy in America, Alexis de Tocqueville
The Scarlet Letter, Nathaniel Hawthorne
Huckleberry Finn, Mark Twain
Abraham Lincoln, Carl Sandburg
All Quiet on the Western Front, Erich Remarque
The Grapes of Wrath, John Steinbeck
Sand County Almanac, Aldo Leopold
Understanding Media, Marshall McLuhan

The request to list the "ten books every American should read," turns upon the verb "should." See Claudius in *Hamlet* IV, 7, l. 118ff., "this 'should' is like a spendthrift sigh,/ that hurts by easing." We can shove a pig into a python and anticipate digestion, but the results of shoving a book into a human are unpredictable. In this matter of recommending books we need to be "wise as serpents and harmless as doves." (Matthew 10:16) Justice Holmes once observed that, "The great classics are a great bore." I have, therefore, omitted Homer, the *Bible*, and Shakespeare from my "should" list because I am confident they can take care of themselves in the universe of literature.

Bryce Nelson (Idaho and St. John's '59, Professor and Director of Graduate Studies, School of Journalism, USC)

Lost in the City, Edward Paul Jones
A River Runs Through It, Norman MacLean
Death Comes for the Archbishop, Willa Cather
A novel by Wallace Stegner, perhaps *Angle of Repose* or *The Big Rock Candy Mountain*
Collected Poems, William Butler Yeats

The Education of Henry Adams
The Theban Plays, Sophocles
Heart of Darkness, Joseph Conrad
Jude the Obscure, Thomas Hardy

I chose works which are accessible, which might give you pleasure or insight if you haven't already read them, and which I have read recently. I have eliminated obvious choices: *The Bible*, Shakespeare and others. Either people have read them or they won't. (And some of the other "great" books I haven't read.) We may be more likely to read shorter works; brevity was a factor.

Edward Jones is a new African-American writer from Washington, D.C., who promises greatness. (Let's boost this era's writers, at least a bit.) Maclean, Cather and Stegner are related to my love of the American West. Although a great autobiography, Henry Adam's anti-Semitic ideas are very bothersome. Since this is an Oxford list, every Oxonian should read "Jude," depressing as it is.

It was distressing to leave off Ralph Ellison's *Invisible Man*, Russian novels which have moved me—*War and Peace*, *Anna Karenina*, *The Brothers Karamazov*—as well as Theodora Kroeber's *Ishi in Two Worlds*, *The Communist Manifesto*, and Melville's short novels, including *Billy Budd* and *Benito Cereno*.

Joseph S. Nye, Jr. (New Jersey and Exeter '58, Dean, Kennedy School, Harvard University)

The Bible
The Federalist Papers
History of the Peloponnesian War, Thucydides
Capitalism, Socialism and Democracy, Schumpeter
On Liberty, Mill
War and Peace, Tolstoy
Shakespeare's plays
Robert Frost's poetry
Raymond Carver's short stories
A River Runs Through It, Norman MacLean

Ten is an impossible number! What you get is a personal litmus test, rather than a list of what I think every American should know. Thus I chose works that were important in shaping my values, and that would be last to go if I had to reduce my library to ten books.

James O'Toole (California and Hertford '66, Amateur "Great Bookie") insert this entry between Nye and Pollard

Antigone, Sophocles. A leader fails to listen to his followers, and tragedy results!
Politics and *Nicomachean Ethics*, Aristotle. What it means to pursue happiness.
The Republic, Plato. A seductive—and dangerous—take on engineering a Good Society.
Leviathan, Hobbes. A Hertford College man introduces the world to such radical new ideas as liberty, equality, and the social contract.
The Second Treatise of Government, Locke. Develops and advances Hobbes' view of liberty.
The Social Contract, Rousseau. Develops and advances Hobbes' view of equality.
Declaration of Independence, Jefferson. The opening two paragraphs are an applied summary of all the books listed above!
On Liberty, Mill. Surprise, this "libertarian" was a "socialist."
Billy Budd, Melville. Who says novels aren't about ideas? (The theme is Natural Rights.)
The Worldly Philosophers, Heilbroner. What the greatest economists really said (in plain English).

Tanya Pollard (Maine and Magdelen '90, Department of Comparative Literature, Yale University)

The Bible
Oedipus Rex, Sophocles
The Symposium, Plato
Hamlet, Shakespeare
The Federalist Papers
The Wealth of Nations, Smith
On the Origin of Species, Darwin
Civilization and its Discontents, Freud
A Room of One's Own, Woolf
The Fire Next Time, Baldwin

First, I would sleep better at night knowing simply that all Americans could read. Given a hypothetical universal literacy and comprehension level, I would hope to introduce books that would startle and provoke, that would catalyze confrontations with ideas alien and un-

comfortable to assumed starting points. As Americans, we are under a particular imperative to understand and negotiate with a wide array of perspectives. I believe that the books most critical to this undertaking are those that are simultaneously foreign and foundational. I've chosen books that offered in their times, and still offer today, striking challenges to received understanding; at the same time, they are strangely familiar, in that they've gone on to become embedded in cultural assumptions on issues crucial to modern life. These books raise hard questions, and provocative suggestions, about areas in need of ongoing attention: violence, desire, self-interest, self-division, relationships between the sexes and between different races, freedom, rights, and respect.

Neil J. Smelser (Arizona and Magdalen '52, Director, Center for Advanced Study in the Behavioral Sciences)

Democracy in America, Alexis de Tocqueville
An American Dilemma, Gunnar Myrdal
The Structure of Scientific Revolutions, Thomas Kuhn
Huckleberry Finn, Mark Twain
The American Commonwealth, James Bryce
The Federalist
Abraham Lincoln, Carl Sandburg
Culture and Anarchy, Matthew Arnold
The Age of Jackson, Arthur M. Schlesinger, Jr.
Leaves of Grass, Walt Whitman

Howard K. Smith (Louisiana and Merton '37, News Commentator)

The Bible from Genesis through the Maccabees in the volume titled *The Bible Designed to be Read as Living Literature*, edited by Ernest Sutherland Bates.
Another version of the same story, *The Origin of Species*, Darwin
Essays, Francis Bacon
The Federalist
The Wealth of Nations, inquiry into, Dr. Smith
Battle Cry of Freedom, James McPherson, a very new book but I think it is the best one-volume account of the Civil War.
Much more controversial, the one-volume edition of Carl Sandburg's *Abraham Lincoln*. Historians will scoff but I think the poet gets nearer to the heart of the greatest American than they do.

Next is six volumes, but I find it the best readable account of WWI and will stick with it 'til I am overruled on grounds of numbers: *The World Crisis*, Winston Churchill.

Hitler and Stalin, Alan Bullock, which for my purposes doubles as an account of world politics in our bloody times.

Really far out, *A History of the World in Our Times*, Carroll Quigley. Who is Carroll Quigley? He was Bill Clinton's favorite professor at Georgetown. But that is not to be held against him; his huge book is very good.

My list tends to Americocentrism, neglects fiction and poetry, but these are my choices. My second ten would be more catholic.

Nicholas Spaeth (North Dakota and New College '72, Lawyer)

The Passion of the Western Mind, Richard Tarnas. The best recent history of Western thought and highly readable. I really do not expect every American to read Plato and Aristotle in the original.

The Bible. How can one understand America and the Western World without knowing this book?

The Adventures of Huckleberry Finn, Mark Twain. The quintessential piece of American literature.

Moby Dick, Herman Melville. Meaning for everyone in this classic.

The Souls of Black Folks, W.E.B. DuBois. No one can understand America without a sense of how slavery affected it.

The Constitution of the United States and *The Federalist Papers*. The source of frequent and passionate arguments between people who have never read the source documents.

The Divine Comedy, Dante. Perhaps the greatest piece of literature ever produced in the West.

Civilization and its Discontents, Sigmund Freud. The foundation of modern psychology.

Any good world history

The Origin of Species, Charles Darwin.