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THE PRESIDENT HAS SEEN

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THE WHITE HOUSE
WASHINGTON

January 5, 1998

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MEMORANDUM TO THE PRESIDENT

FROM: ANN LEWIS *Ann*
SUBJECT: STANFORD LAW REVIEW

You have been asked by the editors of the Stanford Law & Policy Review to write an article for a special edition of the Journal to be published in the Fall of 1998. You wrote an article about education in 1989, for their issue of "Challenges for the '90s." This year they would like to reprint this piece along with the new article "for a critical look at where we have been and where we are going in the next century."

A copy of the earlier article is attached. It shows that 9 years ago you were working on issues such as public school choice, teacher recruitment, early childhood education and increasing access to college -- all areas in which you have now achieved significant action at the national level. Thus, this article could be a good opportunity to demonstrate the extent to which you have been consistent -- and effective-- on this major issue.

Bruce Reed is "fine" with doing the article, but warns that the "pain/benefit ratio" of writing will be high. He suggests that we try to adapt statements you have already made. Because of the effort that will be required to produce this piece, we would try to get more mileage out of it by making it available to the education press and others.

We are asked to respond to the Review by January 21, 1998 if you wish to go forward. The article would be due by March 10, 1998.

Decision: ☒ Accept ☐ Reject

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Lewis
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BILL CLINTON

Priority Issues for the States as Educational Reform Continues

*The states must
restructure the
schools to ensure
the continued
success of reform
efforts.*

In April 1983, a blue-ribbon panel appointed by the Secretary of Education issued *A Nation at Risk* and bluntly declared: "If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves."¹ The report of the National Commission on Excellence in Education offered dramatic evidence of "a rising tide of mediocrity"² and brought to the surface concerns about public education that a majority of Americans had held for some time. By activating these latent feelings, the report sent educational reform roaring like a firestorm onto the national agenda.

Not everyone needed *A Nation at Risk* to highlight the problems of the educational system before taking action to correct them. In Mississippi, in 1982 and 1983, the state established a framework for measuring the performance of individual schools and raised taxes to fund a new mandatory kindergarten plan and to increase ev-

ery teacher's salary. In Florida, just three months after *A Nation at Risk*, the governor signed into law an educational reform package that had been assembled by the state legislature before the report was issued. The Florida package, also supported by new taxes, made the high school graduation requirements more

rigorous, increased the number of hours of instruction in the school year, and allocated \$30 million to expand laboratory experiences for students.

In the six years since *A Nation at Risk*, every state has responded in some way. States in the South, the poorest and least-educated part of the country, have been particularly active. The Secretary of Education, in *American Education: Making it Work*,³ and the National Governors' Association, in its series *Results in Education*,⁴ have documented the reform efforts throughout the country. The efforts include increasing the number of courses schools must offer and students must take, reducing class size in the early grades, expanding the opportunities for gifted students, providing more computers for student use, testing students more, evaluating teachers better, and rewarding outstanding performance by schools, students, and teachers.

Bill Clinton, a Democrat, is the Governor of Arkansas and a former Chairman of the Education Commission of the States.

Although it is still too early to conclusively evaluate the changes, there are indications that many schools are doing a better job. In my state, for example, enrollment over the past five years is up by 300 percent in advanced math, 270 percent in foreign languages, and 330 percent in computer science. The high school graduation rate is almost 6 percent higher than it was five years ago and now stands at 77.5 percent, the highest in the South. (Nationally, the rate is 71.1 percent and has varied only slightly over the last five years.⁵) The proportion of high school graduates continuing on to college (the "college-going rate") has increased more than 16 percent to 44.3 percent. (The national college-going rate is 53.8 percent and has also been basically stable.⁶)

There is still work to be done

Nevertheless, there is good reason to remain concerned. The National Assessment of Educational Progress, for example, announced earlier this year that while students have improved their ability to do simple math and to read basic text, they are unable to do higher-level reasoning or to apply their knowledge in innovative ways.⁷ Measured by international standards, which determine the nation's ability to compete in the world economy, students are also not doing as well as they should. American scores on science and math exams are still below those of students in other industrialized countries.⁸ A more general problem is the length of the school year in the United States. It is so short that high school graduates in this country have two to three years less knowledge than their counterparts around the world. With an increasingly global economy, one result of this knowledge deficit is that the earnings of high school graduates under 25 years old are, in real terms, 28 percent less than they were 15 years ago.⁹

Poor educational performance, however, is but one dimension of a complicated problem. Other aspects include teenage pregnancy and drug abuse. Among women 15 to 19 years old in the United States, there are 96 pregnancies per thousand women, more than double the rate in countries such as England, Canada, and France.¹⁰ The drug abuse rate among American teenagers, although it has

been decreasing over the last several years, also is far too high. In 1986, the federal government's annual survey of high school seniors reported that 27 percent of the students used an illicit drug in the 30 days before the survey.¹¹ (The survey, by definition, excludes dropouts, who are typically heavier drug users.) With so many young people distracted by pregnancy, drugs, and disorganized family circumstances generally, it is not surprising that they have trouble with school.

And yet, at the same time that educational performance is hurt by the existence of these other problems, changes in the educational system can contribute to their solution. School is a unique opportunity to make disciplined, personal connections with all of the children who might be considered "at-risk." It is an opportunity to establish in their minds the promise of education as the tool with which they can control their own destiny. With such potential power, the public schools must be designed to serve successfully each and every student. That is the guiding principle of this article, which will suggest some priority areas as the educational reform process continues.

Restructuring is the key to long-term reform

Up until now, the educational reform movement has been directed primarily by the state governments. One indicator of the lead role taken by the states is the share of public school funds provided by state governments nationwide. It has increased from 47.6 percent in 1982 to 50 percent in 1987, while the proportion of both federal and local funds has declined.¹² This locus of control is not unexpected, since state constitutions typically place responsibility for public education at the state level, and the failures of a state's educational system bear directly on the state's economy.

In addition, there are certain changes that are most effectively made at the state level. For example, before Arkansas updated its high school curriculum standards in 1983, about one-third of the state's valedictorians would have been on probation at the state's major university because they did not take required academic courses, such as chemistry, physics, and advanced math. One-third of the districts in the state simply did not offer

those courses.

The ultimate goal, however, is a school system that offers the best teaching methods and the best structure for learning. Developing those methods and designing that structure are not tasks for me or any other governor. Only the principal and the teachers at each school know what works in the classroom. It is time, therefore, for states to start acting less like directors and more like facilitators under a restructured system of public school administration. This recommendation is strongly supported by, among others, David Kearns, the chairman of Xerox Corporation, and Denis Doyle, a researcher at the Hudson Institute, in their book *Winning the Brain Race*. They explain the concept of restructuring by drawing an analogy to business.

In the early twentieth century, as mass production techniques were being developed by industry, mass education became the method of U.S. schools.

The system was designed to respond to the masses, pour knowledge into students, and squeeze work out of teachers, while running few, if any, risks. It was anti-intellectual and hostile to creativity, innovation, and entrepreneurship. It was an education bureaucracy, the purpose of which was to suspend the exercise of judgment. It was an education assembly line, designed to produce a perfectly uniform product by using production processes that employed the labor of people smart enough to follow the teacher's guide.¹³

As companies in the United States have changed to meet the competitive challenge of the international economy, so too our schools must change.

The modern school should look less like a factory and more like the best high-tech compa-

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nies, with lean structures, flat organizations, and decision-making pushed to the lowest possible level. The modern high-tech company has fewer middle managers, and those that remain act less like controllers and more like colleagues and collaborators.¹⁴

Many major corporations, including Xerox, have recently reexamined their organizations and initiated this kind of restructuring process. One important result is an environment where creativity can flourish among front-line employees within a framework of goals and objectives that is set at the top. The changes are motivated in part by a rediscovery of the customer as the central focus of everything a business does. Similarly, the need for restructuring in education is a result of the failure of the schools to serve adequately

their customers, the students.

Restructuring, in the educational context, means going school-by-school and giving more authority to principals, teachers, and sometimes parents, to reorganize and experiment with the school day, classroom instruction, and other activities. Implementation will not be easy because many administrators are used to running their schools under an authoritarian system, and they will be hesitant to relinquish their control. Moreover, at each step in the bureaucratic ladder, experiences like lawsuits and reprimands have taught people to spend more time avoiding bad results rather than taking a chance to accomplish some really good results. To change that, decisionmaking must be pushed down to those who have the most contact with students and are thus most sensitive to the problems and potential solutions. Everyone must be encouraged to try new approaches and must be supported even when some efforts do not work out as well as expected.

Arkansas is one of several states actively pursuing a statewide restructuring process. Suc-

cessful restructuring requires taking the time to carefully plan changes and to understand the likely effects of those changes. State education officials in Arkansas have begun by experimenting on a small scale. Last year, they picked 15 good school districts and brought in experts to explain restructuring to the teachers and administrators. At the end of two days of meetings and workshops, the participants were encouraged to start coming up with ideas for projects. The officials told them that state support would include getting waivers of state rules, if that became necessary.

In one school district in rural Arkansas, the elementary school teachers decided that first-grade children with learning problems would be better off integrated into regular classes rather than being pulled out to take part in separate remedial programs. To make sure the children received sufficient attention, the teachers suggested having federally-funded aides work within the classroom. Teachers at Central High School in Little Rock, who are concerned about the high dropout rate in the sophomore class, proposed changing the class schedule to reinstitute the home room period. The extra time in home room will be used by the teachers to expand their relationship with their students to include that of mentor and advocate. This supplement to the services of the school counselor is expected to ease the students' transition from junior high school to the larger high school setting.

Restructuring is of vital importance to the reform of the schools. We have made great strides so far by establishing specific programs that respond to specific needs. Now we need to view the problem comprehensively. We need to change the basic framework of schools so that, even after the national spotlight shifts away from education, there will be a structure in place that gives teachers the incentives and resources to develop the reforms of the future.

Give parents the power to choose

Another systemic change that will encourage schools to develop innovative programs is to give every student and her parents the right to choose the public school that the student attends, in or out of her current district. Students differ in the types

of environments that are most beneficial to their educational development, and parents have different concerns and objectives regarding their children's education. A carefully designed program permitting choice among public schools can use these interests and concerns to revitalize public education.

Under a choice program, every school has an incentive to serve its students better and make sure they are educated to the satisfaction of their parents. If a school does not measure up, then a student will go elsewhere. The school that a student leaves behind will be strengthened because it will work harder to retain the remaining students and attract new ones. The school where the student decides to go will also be strengthened; it will now be populated by students who want to be at that school because they are interested in the environment that it offers. At the same time, overall parent satisfaction with the schools will increase because all of the schools will be improving, and parents will have a greater impact on what happens in the schools. Furthermore, if administered properly, a choice program can contribute to desegregation that allows children of every race to attend a quality school.¹⁵

Minnesota is currently the nation's laboratory for studying the implementation of a comprehensive, statewide choice program. Led by Governor Rudy Perpich, Minnesota is phasing in a plan that will, by the 1990-1991 school year, permit every student to attend any school in the state that the student can get to in time for the start of class. In 1988-1989, about a third of the districts in the state participated in the program. Out of 707,000 students in the entire state, only 435 decided to change schools, but reports indicate that just the existence of the power to switch has made school officials more responsive to parents' concerns.¹⁶ Beginning in the fall of 1989, more districts will be involved in the plan, and about 3,500 students have applied to leave their districts.¹⁷

As a supplement to choice among school districts, Minnesota also allows high school juniors and seniors to take courses at state colleges and universities for both high school and college credit. Since the program was adopted in 1985,

more than 10,000 students have participated, and 90 percent of the participants surveyed said they had learned more by participating than by just taking high school courses.¹⁸ Contrary to the concerns of those who opposed the program, it does not just serve the highest performing students. About 6 percent of the participants surveyed had previously dropped out of high school, and only 36 percent reported receiving "mostly A's" for high school grades.¹⁹ Like the rest of the Minnesota choice plan, state tax funds follow the student, and therefore the post-secondary institutions do not charge the student for tuition, supplies, or books. In addition, money is available to provide transportation for low-income students.

Other states are not waiting for the results of the Minnesota experiment before starting their own choice programs. In March, for example, Iowa Governor Terry Branstad signed a choice law. Arkansas is also moving ahead with choice. I recently signed into law a choice program similar to Minnesota's. Each district can decide whether to join the program, but once a district joins, it cannot be selective about which students it accepts. Some of the key provisions include switching the state tax money that is allocated to each student from the old school to the new school and monitoring student movement to ensure that racial balance is preserved in those districts under court-ordered desegregation plans. Transportation is generally the responsibility of the transferring student, although the school districts and parents may work out their own arrangement.

More good teachers are needed

Restructuring the schools and permitting choice among them will have little value unless there are plenty of talented teachers working inside the schools. Every state and every school district consequently must continue working to get and keep better teachers. Right now there is a shortage in the critical subject areas of mathematics, science,

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foreign languages, and special education. Also of concern is the small number of minority teachers. More than 25 percent of U.S. schoolchildren are black or Hispanic, but only 10.5 percent of current teachers are.²⁰ The gap is widening, as the number of minority students increases while the number of minorities entering the teaching profession falls. Only 8 percent of those now enrolled in teacher training programs are black or Hispanic.²¹ Although there is some dispute about the likelihood of a general teacher shortage over the next several years, a reasonable es-

timate indicates that nearly 200,000 teacher vacancies will be created annually over the next five years.²² Filling them will require nearly doubling the teacher hiring rate of the 1970s.²³

No matter how you figure the numbers, the nation needs more good teachers. One of the central problems in attracting the most qualified people to teaching is the disparity between the average teacher's salary and the average salary for comparable professions.²⁴ According to the American Federation of Teachers, the average salary for teachers in 1988 was \$28,085. Although the gap has closed over the last few years, the average teacher still earns over 20 percent less than similarly educated people in other professions, including accountants, auditors, chemists, and engineers.²⁵ Viewed from the perspective of new college graduates who are choosing jobs, teaching again loses out. In 1988, the average starting salary for teachers was \$19,683, well below the expected salaries for college graduates with majors in marketing, computer science, or business administration.²⁶ It is time that we made a national commitment to prove how highly we value teachers by paying them as much as these other groups.

Even as new teachers are being hired, a 1988 survey suggests that the possibility of a shortage may not be reduced. In the survey, 34 percent of the teachers with less than five years experience said they are likely to leave teaching within the

next five years.²⁷ That figure is a dramatic increase over the 20 percent who expressed the same view in 1987, and the 19 percent who did in 1985. (Of all teachers, 26 percent said they are likely to exit within five years.²⁸) One way to avoid the dissatisfaction suggested by that statistic is to give all teachers a role in making the changes they believe are needed at each school. That expanded role is part of the restructuring process discussed above. In addition, teachers who teach well and who take on increased responsibility must be rewarded, but not in the traditional way of offering them administrative positions that take them out of the classroom. Some type of career-ladder or master-teacher concept must be implemented. The local districts are best placed to develop the details of these pay-for-performance plans, although the states can support the effort by helping to fund it.

In addition to offering greater financial rewards, every state should add more qualified people to the teaching ranks by creating some mechanism for alternative certification of those who are academically prepared to teach but have not graduated from a teacher education school. New Jersey has been the leader in bringing into the schools hundreds of gifted people who never would have become teachers under the monopoly of the teacher colleges. The state's Provisional Teacher Program is designed not as an emergency response to shortages but rather as a planned effort to bring more high-caliber people into the teaching profession. Instead of requiring the usual education courses, New Jersey demands a bachelor's degree in the subject the person wants to teach, at least a passing score on the appropriate specialty area test of the Educational Testing Service's National Teacher Exam (NTE), and successful completion of a one-year school residency that includes intensive training. New Jersey now gets more than one of every four new teachers from the program.²⁹ Critics often fear that alternative certification will allow lower quality teachers to receive credentials, but quite the opposite is true in New Jersey. More than 1,000 teachers have been hired under the criteria just mentioned, and, on average, they have better college grades, higher scores on the NTE, and better performance evaluations than teachers

with education degrees.³⁰

Arkansas is in the beginning stages of its own alternative certification program. Although professional educators in the state have opposed the program, the results should reassure them. The job security of current teachers will not be affected by the plan, and it will definitely be to the benefit of superintendents with the greatest need for teachers, primarily those in rural communities who have had trouble recruiting traditionally certified teachers in math, science, and foreign languages. The expanding retired population in the state is expected to be a particularly fruitful source of qualified teachers.

Expand preschool education

To succeed in school, students need to be prepared to take advantage of its resources when they enter. Yet millions of students are not, including many of the more than one-fifth of children under the age of six who live in poverty.³¹ (By comparison, 13.5 percent of all Americans live below the poverty line.) Good early childhood education is therefore essential for these students. A quality preschool program can improve a child's grades, increase the likelihood that the child will graduate from high school, and improve the child's self-esteem.³² By one estimate, every dollar invested in preschool education earns a return of six dollars by reducing the costs associated with special education, welfare, and crime, and by increasing worker productivity.³³

Although Head Start is a proven success in this area, a lack of funding restricts it to just 18 percent of the eligible children nationwide. As a result, the states have been forced to develop their own approaches to the problem of helping children in need. In Arkansas, a partial solution is the Home Instruction Program for Preschool Youngsters, which was created in Israel in 1969 by Avima Lombard. HIPPY, as the program is known, costs only \$500 to \$700 per student (Head Start costs about \$2500 per student) but has been phenomenally successful.

The essence of the program is to teach parents to teach their children to succeed in school, and it works even with parents who have only

limited formal education. After starting with a small pilot project in 1986, Arkansas has now implemented HIPPY in 20 counties, containing 35 percent of the state's population. The program is in use in other states, including Florida and Oklahoma, but Arkansas has the largest enrollment of any state.

The participants in HIPPY are four-year-old children and their parents who are considered disadvantaged under certain criteria. Every week, a HIPPY worker comes to the home with workbooks for the parents to use. Following the plan provided by the worker, the parents spend at least 20 minutes a day over the next week helping the child to develop skills in language, sensory discrimination, and problem-solving. The instruction lasts eight months each year and continues for two years.

In the summer of 1988, one of the single mothers involved in HIPPY traveled with me to the meeting of the National Governors' Association to testify about the program. She is 25 years old and has four kids, aged four, six, eight, and ten. Until that trip, she had never spent a night in a hotel or flown on an airplane or ridden on an escalator. She delivered an eloquent, compelling statement to the other governors about what she had been able to teach her youngest child and how the process had given her new confidence in her ability as a parent. She also said that HIPPY had convinced her to improve her own education and leave welfare to join the workforce.

Another mother who participated in HIPPY reported, "The program has helped me in many ways. It let me see that I'm not the only one needing a lot of help. It helped me to make up my mind to get an education, so I can go on with my life for my children, if not for anyone else. Also, I feel it has helped my girls and put me right in the middle of their education."

This anecdotal evidence of the program's

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success is buttressed by preliminary quantitative evidence. Before starting the program, the 1986 HIPPY class in the Pulaski County Special School District was given Early Prevention of School Failure pretesting. Only 6 percent of the children received an average or above-average score. At the end of the 16 months of HIPPY, 74 percent tested average or above-average. Of the 55 children in that district, 54 entered the first grade not requiring Chapter I compensatory education services. Tests showed that learning gains for these children, achieved during the two years of HIPPY, ranged from 20 to 33 months. Because the program is so new, data is not yet available on its long-term impact. Benefits will continue to be realized, how-

ever, provided that the initial integration of parents into the educational process is the foundation for an ongoing interest in their child's education and ongoing encouragement of educational achievement.

When HIPPY was introduced in Arkansas, the emphasis was on the child. Now, however, it is clear that the program can also make a positive contribution to a parent's education and open a parent's eyes to potential personal growth. In western Arkansas, for example, 45 percent of the welfare mothers in the HIPPY program requested participation in an education or job training course after the first year.

Despite limited funding, HIPPY is able to involve parents in the educational process systematically and improve the skills of children while providing parents with greater self-confidence. Because it is home-based, the program is particularly useful in rural areas. These attributes make HIPPY a valuable model for programs around the country. Yet young children obviously have many needs not addressed by HIPPY, such as improved nutrition and better day care. What is required is a unified approach to all of these problems. Until

that happens, HIPPY-type programs should be expanded along with more comprehensive programs like Head Start. Although serving every eligible child through Head Start would cost close to \$5 billion,³⁴ that is the goal we should work toward. As noted above, the benefits are far greater than the required outlay.

The school year is too short

Even if all of the previous recommendations are implemented, American students will still be at a disadvantage internationally because of the length of the school year. Arkansas has 180 school days this year, slightly more than the U.S. average of 178 days. By contrast, there are approximately 192 days in the school year in Britain, 215 days in West Germany, and 243 days in Japan.³⁵ The short school year is especially troublesome for at-risk children. During the long summer vacation, children with learning problems forget a substantial portion of what they learned during the rest of the year. In the fall, the teachers have to repeat the lessons taught the previous year, which helps the slower students but bores the other students who learned the material the first time. Since there is no substantial support among Americans for extending the school year to at least 220 days, the difficulties of students with learning problems should be minimized by increasing summer school opportunities and organizing before-school and after-school programs for those who need them.

Most students do retain the material taught, despite the summer hiatus, but they are also hurt by the short school year. The global nature of the economy means that every American high school graduate is competing for a job against secondary school graduates in every other major country, including those graduates who have a better background because of a longer school year. The result is the finding, mentioned earlier, of the Grant Commission on Work, Family, and Citizenship: In 1986, workers under age twenty-five who were high school graduates earned 28 percent less, in real terms, than their counterparts did in 1973; high school dropouts earned 42 percent less.³⁶ (In the same period, real income for all workers dropped 8.3 percent.³⁷)

Raise the college-going rate

To compensate for the short school year and to provide a sufficient supply of workers prepared for intellectually demanding jobs, as many students as possible must go to college. Of course the role of college is to build on the basic skills that the student must learn before completing high school, not to offer remedial instruction in reading, writing, or mathematics. In 1986, the college enrollment rate of recent high school graduates was 53.8 percent,³⁸ substantially above most other industrialized countries. Nevertheless, because of the knowledge deficit that students take with them from high school, that rate is still too low. We need to raise the college-going rate to at least 75 percent.

After declining in the 1970s, the economic value of a college education has risen in all but two years from 1979 to 1987. In 1987, the median income of a man with four years of college was \$35,244. The man who had only graduated from high school had a median income of \$25,394. That gap is 39 percent, more than one and a half times the 1979 gap of 24 percent. For women, college graduates in 1987 earned 42 percent more than high school graduates; in 1979, the gap was 28 percent.³⁹ The effect of a college degree on earnings in the first year of work is even greater. In 1980, the average college graduate earned 27 percent more than the average high school graduate in his or her first year of work. By 1987, that difference had grown to 55 percent.⁴⁰

A college education is becoming more valuable because the jobs being created by the economy are demanding higher levels of education. The U.S. Department of Labor, working with the Hudson Institute, an economic think tank, has documented the higher skill levels that will be needed for jobs created between now and 2000. The Department ranks jobs on a scale from one to six, depending on the math, language, and reasoning capabilities that the job requires. During the next decade, the fastest growing jobs will be those that rate high on the scale. As a result, "41 percent of the new jobs will require skills ranked in one of the top three categories, compared with only 24 percent that require such proficiency at present."⁴¹ This estimate is more significant, and quite dis-

turbing, when educational trends are also projected forward. These trends suggest that only 22 percent of the new employees will be capable of doing 60 percent of the new jobs.⁴² If more young people do not increase their skills by going to college or vocational school, the business community will be forced to spend tens of billions of dollars to find and train potentially qualified workers, with the nation's economic growth stunted as a result.

Efforts to raise the college-going rate should proceed on two tracks: inspirational and financial. First, we need programs that help children to understand their educational choices starting as early as elementary school. We must convince them that their future will be much brighter if they finish school and go on to college. Second, every possible source, both governmental and private, should contribute more scholarship money to make sure everyone who wants to attend college has the resources to do so.

Eugene Lang's "I Have a Dream" program combines both of these features and is worth emulating. The program began at Public School 121 in Harlem in 1981, when Lang, a businessman, returned to the school he had attended as a boy to address the graduating sixth-grade class. On the spur of the moment, he promised a \$2000 college scholarship to every member of the class, with the sum increasing as long as the student stayed in school and advanced toward high school graduation. Lang guaranteed that by the time of graduation, each student would have enough money to go to college. He also promised to meet regularly with the students to discuss their interests and future plans. Since the program started, other sponsors have joined Lang, and more than 500 sixth-graders have entered the program. The concept is now spreading to other cities around the country.⁴³ The genius of the program is to offer the students not only a guarantee of money for college but also the opportunity for one-on-one interaction with a caring private citizen. This relationship creates a climate for the students to develop their own aspi-

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rations and ideas.

Adult literacy is also a priority

I began this article with a quotation from *A Nation at Risk* decrying the quality of the schools. Every recommendation I have discussed will help improve the schools for future students, but what about those students who came through the system as it is? It is out of concern for those people that my final recommendation deals with adult literacy.

Defining literacy and counting the people who do not meet the definition are not easy tasks, but one attempt to do so suggests that there are some 27 million functionally illiterate adults in this country and another 45 million who are only marginally proficient.⁴⁴ The cost of illiteracy is also hard to measure, but it likely extends into the hundreds of billions of dollars when taking into account reduced wages due to lower job skills, additional costs of the criminal justice system due to the tendency of illiterate persons to turn to crime, and the costs of government assistance that supports many illiterate persons.⁴⁵ A cost that cannot be quantified is the pain and frustration inflicted on people by leaving them forever unable to understand the written word.

The problem is large, but only about \$500 million is spent each year to combat it. As a result, adult literacy programs reach perhaps 10 percent of those who need them.⁴⁶ My state, though small in population, spends the second largest amount of money on adult literacy programs of any of the southern states, but \$9 million barely allows Arkansas to scratch the surface of the problem. The state's efforts are targeted to groups over which it has some control, primarily people who come into the criminal justice system and people who receive welfare payments. The biggest literacy need, however, continues to be in the workplace. Only through a public-private partnership can large numbers of non-readers be successfully encouraged to admit to and overcome their disability.

Creative programs that take advantage of

existing resources must also be developed. One such program, proposed by my administration and recently passed by the Arkansas General Assembly, is the Arkansas Literacy Corps. The Corps is a promising method of addressing the need for literacy tutors by hiring college students to tutor illiterate adults as part of the students' work-study, which helps to pay their tuition. Under the plan, local literacy councils or adult education instructors will train the students in the proper teaching methods. The students will earn five dollars an hour for up to six hours of tutoring each week. The program will be administered by the Arkansas Department of Higher Education and coordinated on college campuses with the literacy councils and adult education centers. In the absence of huge new expenditures, it is this kind of creative thinking which will contribute to greater adult literacy.

The improvement in education must continue

I have outlined six steps to maintain the momentum of school reform efforts:

1. Restructure the schools to enhance the opportunities for teachers and principals to exercise their creativity in designing ways to improve the educational experience of the students.
2. Give parents and students the power to vote with their feet about the quality of the schools by allowing them to choose the school that a student attends.
3. Increase the number of good teachers by paying teachers more and by opening the teaching profession to all who are qualified, not just those who have taken education courses.

TERRORISM, POLITICS AND LAW

The *Achille Lauro* Affair

Antonio Cassese

Antonio Cassese here provides a succinct and highly original analysis of one of the most pervasive nightmares of our time—the terrorist phenomenon. Cassese focuses on the notorious hijacking of the Italian transatlantic liner the *Achille Lauro* in October 1985 by four members of a faction of the Palestinian Liberation Front, and the killing of the wheelchair-bound passenger Leon Klinghoffer. Cassese not only reconstructs the events of the hijacking but also evaluates its widespread implications for international law.

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An Ethical Study

David Luban

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EDUCATIONAL REFORM

4. Expand preschool education programs to reach all who need them to prepare for school. The federal government should fully fund Head Start, while the states continue to supplement it with programs, like HIPPI, that integrate parents into the learning process.

5. Raise the college-going rate so that more students can enjoy the economic benefits of a college education.

6. Extend adult literacy programs to reach more of those people who were shortchanged by the educational system the first time.

Although there are many other issues that should be addressed in the next wave of reform (for example, initiatives to strengthen math and science education), these six areas should be the focus of the most time and money.

Even as we make progress, the basic goals remain the same:

- More of our children have to learn. We are still wasting more of our human capital than our major competitors.
- All of our children must learn more. We are still less demanding of even our best students than our major competitors.

Those of us who have prospered in the United States must give more to and expect more of our nation's children. It is both a moral imperative and an economic one. Our children are the key to continued prosperity and political strength. With a labor shortage looming in the 1990s, we do not have a person to waste.

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CHRISTOPHER ASHBY

17 Side Hill Rd.
Westport, CT 06880
December 31, 1997

THE P. 1013 THAT BEEN
1-6-98

✓
President Bill Clinton
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20050-2000

Dear Bill,

I have not written in a while, which is too bad because I always enjoy our exchanges. Frankly, I have this new job and I am running my ass off. However, I am having more fun than I have in long time.

I had the "civil ceremony" swearing-in in late November, and then went to Montevideo to present my credentials to President Sanguinetti. It was quite a ceremony, lots of pomp and circumstance. However, compared to monarchies, I gather it was rather republican. I only spent three working days in Montevideo, but I was able to get to know all the staff of the embassy, and spend some time with the DCM, Nancy Mason. She was great, and my short time was very effective.

In looking at Uruguay, it seemed to me that there was a lot of frustration on both sides as to why the relationship was not going better. The Uruguayans thought that they were doing the things that we asked, but were not getting the recognition for it. The State Department thought the Uruguayans were being difficult just for the sake of being difficult. I surmised that we needed to be more specific about what was important to us, and what was in their interest.

Uruguay needs a new strategic plan. They have long been the Switzerland of Latin America, but I don't think Latin America needs a Switzerland any more. I have asked them, through their ambassador to the United States, to let me know where they see themselves in 5-10 years, what role do they intend to play, in what areas do they see themselves taking leadership position. Then let's identify together what the United States can do to further that plan. It seemed to me that everything had been defined as what we want, and what they were willing to do for us. It has not been good in Latin America for the past 50 years to be too positive toward the United States.

While I was in Uruguay, we got an instruction to ask them if they would help us on a matter concerning Cuba. This has always been a sensitive, almost knee-jerk topic with them. Traditionally, we had gotten nowhere. But Nancy and I

copied
Burger
COS

Copy 2 Kit's
letter to Sandy Burger
20

Third Planet

P.O. Box 160
Gates Mills, Ohio 44040 USA
tlf.+1 4404234426 fax.+1 4404234654 email: forskning@aol.com

President William Jefferson Clinton
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500-2000

'98 JAN 6 PM8:11

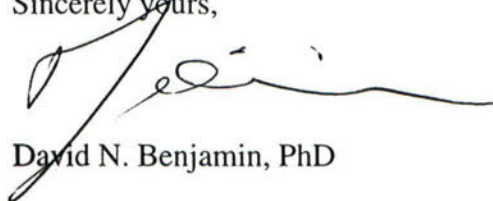
Dec. 19, 1997

Dear Mr. President,

my last letter to you outlined a meeting of experts on the environment with you the President and the Vice-President. After hearing on the radio your innovative and hugely successful Town Hall Meeting on race relations in Akron, Ohio I have seen that the Town Hall Meeting idea suits the environmental issue also and brings the questions and answers directly to those very people that will ultimately have to implement the policies. Further, such a meeting will effectively bring the issue directly to the nay-sayers and pessimists in the Congress and industry so that hopefully they will enter the discussion, which will in turn mean that the voices of reason will have an excellent chance to convince them of the efficacy of ratifying the new worldwide treaty.

Please let me know your comments and criticisms of the Town Hall Meeting idea as outlined on the enclosed proposal. My agent, John Burns at Sterling Ltd. in Pepper Pike, Ohio is taking my calls while I move my offices. He can be reached at ph. 216 464 6901, while my mail should still to go the above address until the Tenth of January, 1998.

Sincerely yours,



David N. Benjamin, PhD

send to 1-6-98
Burkhardt for
reply.
- yes
- no

American Leadership for the Environment: Town Hall Meeting

The success of the President's recent Town Hall Meeting on race relations in Akron, Ohio shows that Americans are in fact ready to discuss openly in public difficult issues that are still a part of the daily life of the nation. Now that the United States has been able to work out a reasonable agreement on global climate change with hundreds of other countries, the challenge is now to ratify this treaty in a willing and enthusiastic Congress that will appropriate funds for its implementation. Towards this end, one or a series of Town Hall Meetings on the issue of how we as a nation will deal with global climate change will allow the American people to speak from the heart about this most pressing issue of concern to all who care about the future and the world that our children will inherit.

From the community activist Lois Arkin in Los Angeles at the L.A. eco-village project, working to help inner-city people make a better life for their children, to the up scale developer John Clark in Washington D.C., building the Haymount sustainable new town in the Virginia countryside connected by rail to the modern metropolis and to the noble Native American past through sensitive historical research and land planning, people all over the United States are showing in practical, concrete ways that we can make a difference in the actual amounts of climate gases that the United States contributes to the planet.

A Town Hall Meeting setting will be a wonderful forum for these leaders and other like them to talk about their experiences in making a difference, especially the sense of fulfillment they gain from doing something important for the entire society while at the same time helping their own local community prosper. It will be important to invite other nay-sayers and pessimistic congressmen should to these Town Hall get-togethers, as this will necessarily bring them into the discussion, helping to convince them of the efficacy of both the urgency in dealing with global climate change and the assurance that we Americans are already doing something about it at the grass-roots level.

Such a Town Hall Meeting may be held at a venue like the Northeast Sustainable Energy Association in Greenfield, Massachusetts, a breeding ground for grass-roots and professional competence in the field of sustainability implementation for over 20 years. There exist innumerable other suitable venues across the country.

Americans are showing that they have the gusto to deal with these problems. And so the solar world of the future is not so far away. It is mostly a matter of first, getting people from the entire political spectrum to see that the problem is the protection of the natural premises of life for our children and, second, communicating the concepts and symbols to America so that people see that it is exactly the above task that is the most important and worthwhile activity that we can do for the future.

It may be worthwhile to include an expert panel of community leaders, scientists and designers in this Town Hall Meeting to direct and inform the discussion. They may be drawn from the enclosed list of experts.

Tentative List of Participating Members of the
Expert Panel on the Environment

1. James Kunstler, journalist of New Urbanism
alternate: Philip Langdon, journalist of New Urbanism
2. Herman Daly, economist and policy analyst, University of Maryland
alternate: Robert Costanza, economist, University of Maryland System
3. Lois Arkin, community leader, L.A. Eco-City Project
alternate: Scott Bernstein, community organization specialist, Center for Neighborhood Technology
4. Sister Pat Daly, community and religious leader, Tri-State Coalition for Responsible Investment
alternate: Len Calabrese, archdiocese of Cleveland, expert on urban sprawl
5. Randolph Croxton, architect, New York City
alternates: Robert Berkebile, architect, Kansas City, Kansas
6. Ken Zinn, ICEM,
alternate: Jane Perkins, AFL-CIO
7. Dr. Paul Epstein, Harvard medical physician
alternate: Dr. Paul Ehrlich, Stanford biologist
8. John Clark, commercial real estate developer in Washington, D.C.
alternate: Peter Calthorpe, architect, San Francisco, California
9. Paul Hawken, industrialist, Sausalito, California
alternate: Mike Gage, electric energy business consultant, CALSTART
10. Scott Sklar, Solar Energy Industries Council
alternate: Greg Franta, architect, Colorado
11. John Decicco, energy and transportation expert, American Council for an Energy Efficient Economy
alternate: Dan Santini, energy and transportation expert, Argonne National Laboratories

To: President William Jefferson Clinton
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500-2000

sent to C.F. HR

Translation by Carmen Fowler

Honorable President:

gross &c

'98 JAN 6 PM8:1

My name is Alejandra Gutierrez de Ruiz. I arrived in Hot Springs for a vacation four months ago with my husband and two children. I couldn't let the Christmas season end without writing the youngest best-known president in the world that your city is very beautiful and the people here love you.

Mr. President we came from Venezuela, and I would like to obtain a resident visa since I've met a lot of people here who want me to teach them how to work with ceramics. I have 15 year experience and I know I can help many people through this work, especially the elderly and children.

Mr. President you were recently in Venezuela, what do you think (of Venezuela)?

Mr. President, it would make me very happy to get a letter from you giving me the opportunity to help so many elderly and children. I would like this very much and do it from my heart.

May the true presence of God shine upon you.

Alejandra

send to

1-6-98

Burkhardt

*For
Reply?*

✓ yes

— no

Hot Springs. 20/12/97

Honorable Presidente: mi nombre es Alejandra Gutierrez de Ruiz llegué a Hot Springs hace 4 meses con mi esposo y mis 2 hijos de vacaciones. No podia dejar de pasar estas Navidades sin tener el honor de poder escribirle al presidente mas joven y reconocido del mundo, su ciudad natal es muy linda y todos sus habitantes lo quieren mucho.

Sr. Presidente: Nosotros venimos de Venezuela y me gustaria mucho poder obtener la visa de Presidente ya que he hecho

~~muchas~~ amistades y me han pedido que les enseñe a trabajar cronica con las manos, tengo 15 años de experiencia en esto y siento que puedo ayudar a muchas personas con este trabajo especialmente ancianos y niños. Ud. Sr. Presidente, esturo hace

Wishing you
every happiness
for Christmas

and the coming year.

por en Venezuela ¿Que le pongo?
Sr. Presidente me haria muy Feliz recibir una carta suya diciendome si tengo la oportunidad de ayudar a tantos ancianos y niños; ya que esto me gusta mucho y lo hago de corazón.

¡Que la verdadera presencia de Dios lo siga iluminando!
Alejandra.

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reply?

✓ yes bc sig
- no

Stoff Se ✓
Dayton Duncan
Pleasant Street
Box 835
Walpole, NH 03608

December 17, 1997

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

'98 JAN 6 PM8:11

Dear President Clinton:

I am writing to oppose a request that has been made to the National Park Service to exhume the remains of Meriwether Lewis, buried at an NPS site on the Natchez Trace in Tennessee. So far, in accordance with longstanding NPS policy, the request has been denied, but efforts are underway -- both through legal and political channels -- to overturn the decision. I hope you will not allow the Park Service to dig up and examine Lewis's remains. It would not only disturb the grave of a true national hero but would also set a terrible precedent with, I think, far-reaching consequences at other burial sites under federal jurisdiction.

The request has been instigated by James Starrs, a professor at George Washington University who seems to specialize in headline-grabbing exhumations of historical figures on the pretext of "solving" historical disputes. (He has already, I believe, dug up the grave of Jesse James and of several miners cannibalized in Colorado by Alferd Packer in the 19th century.) In this case, he is arguing that Meriwether Lewis was murdered rather than committed suicide, and he proposes that by studying the explorer's remains he can prove it. Through a carefully orchestrated publicity campaign, Professor Starrs has now convinced a number of Lewis family members and several elected officials (including three governors) to support his request -- although I think it's worth noting that the instigation appears to be entirely his own.

I don't intend here to bore you with all the detailed evidence that has convinced me and many others that Lewis committed suicide, but it can be summarized quickly. When Lewis left St. Louis for Washington in September of 1809, his mental state was of deep concern to his friend William Clark and was a topic of much conversation in St. Louis at the time. At least twice, Lewis tried to commit suicide on the boat going down the Mississippi, but was restrained by the crew. For his own safety, he was detained by the

military commander of Fort Pickering, who described him as being in a state of mental derangement. After two weeks' rest, and apparently in better shape, Lewis proceeded on, traveling along the Natchez Trace with the Indian agent for the Chickasaw Nation, who later reported to Jefferson that Lewis once again became "at times deranged in mind." According to statements by three unrelated people at the scene -- Lewis's servant, the Indian agent's servant, and the woman at whose inn he was staying -- in the dark hours before dawn of October 11, after hearing two shots, they discovered Lewis, near death but still conscious, who told them he had shot himself. It is worth noting that the two people who knew him best -- Thomas Jefferson and William Clark -- never questioned the suicide account.

For the murder theory to have any credence, these disparate contemporary accounts must not only be discounted, but in some cases must be considered outright lies. And the only way to accommodate them would be to construct an elaborate conspiracy consisting of Lewis's servant, the woman innkeeper, the Indian agent and his servant, and possibly many more people.

Suffice it to say that the nation's pre-eminent Lewis and Clark scholars have concluded that Lewis died in the way people at the time said he died: tragically, by his own hand. And while it is true that no eyewitness account exists of Lewis actually shooting himself, the same is true of almost all suicides.

But the issue before you and the National Park Service is not to take sides in this argument (although I think a close review of both sides would reveal that those purporting Lewis's murder rest their case more on elaborate theory and a refusal to believe that such a great man might be capable of self-destruction than on documentary evidence and common sense). The issue for the federal government is whether to make an exception of NPS policy for this case, and I think there are two good reasons not to.

First, allowing Professor Starrs to exhume and examine Lewis's remains most probably would not "solve" what he purports to be a historical mystery. With so much invested in proving the murder theory, his findings would unlikely be taken as proof of anything by serious historians. Likewise, even a forensic study backing the case for suicide would probably not dissuade those who prefer conspiracies in the face of all other evidence.

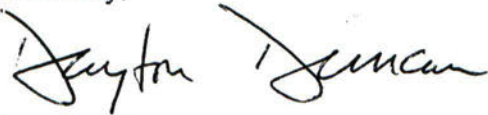
Second, and most important, making an exception in the case of Meriwether Lewis would set a dangerous precedent for other historical figures buried on federal grounds. Some Indian accounts of the Battle of the Little Bighorn say that members of the 7th Cavalry shot themselves in the final moments of the fray; will they and Custer be dug up to decide if that's correct? Should Thomas Jefferson's remains be exhumed so his DNA can be matched against those who say they are descendants of him and Sally Hemings? The list of

such unanswered historical questions could go on and on, with an unending parade of exhumations and disturbances of burial grounds.

To believe that Meriwether Lewis committed suicide, as I do, does not prevent me from considering him a national hero: a first-rate explorer, a brilliant leader, and a man to whom we all owe a tremendous debt of gratitude. If others wish to make the case for a different ending to his life, let them. We can -- and no doubt will -- continue to disagree. But let his grave remain undisturbed and let his soul rest in peace.

The policies and laws governing graves at federal sites were enacted for good reasons. Please make sure that the Park Service holds firm in abiding by them.

Sincerely,

A handwritten signature in cursive script that reads "Dayton Duncan". The signature is fluid and somewhat stylized, with the first and last names being clearly legible.

Dayton Duncan

cc: Robert Stanton, Director, National Park Service

*P.S. Thanks again for a memorable
Lewis & Clark reception at the
White House. Best wishes to
you and your family (including
Buddy) for the holidays.*

FLORENTINE FILMS

Ken Burns

Elizabeth-

Could you see that
the President gets this?

Thanks.

Dayton

JAMES P. McGOVERN
3RD DISTRICT, MASSACHUSETTS

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Congress of the United States

H01

W

To Chris Walker for Reply?

1-6-98

Yes ☒ No ☐

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

Dear Mr. President:

I wish to express my deep appreciation and strong support for the issues you and the First Lady have raised over the past year regarding early childhood development and access to quality child care. On behalf of my constituents and colleagues, I would like to encourage you to make these important issues of development and care for our youngest citizens -- those five years and younger -- a centerpiece of your address to the nation on January 27th.

In meetings last November between White House officials and Members of Congress who have taken the lead on these issues, we discussed a proposal that would target \$20 billion over the next five years toward improving the quality of early childhood development and increasing the ability of working families to have access to quality early childhood development and child care programs. In recent weeks, White House officials have made statements indicating a commitment to achieve these goals through a combination of tax credits for families paying for child care and increased funding for early childhood development and child care programs that enhance the quality of care and access to these services.

I want you to be assured that I will strongly support such initiatives, especially those that would allow more lower-income working families to place their infants and toddlers in a quality developmental environment and those that would make funds available to states to enhance access to and the quality of their programs for children five years and younger. I would hope that such proposals initiated by the White House would be balanced between providing financial relief to those families who can already afford child care and providing program funds for enhanced access and quality care to working families of more modest means. I would also hope that proposals will support state initiatives to improve the quality of early child care and increase access to that care. It is essential that states be able to attract the very best child care providers by establishing high standards and salaries commensurate with the training and education required for quality care.

Together, you and the Congress have already taken initial steps toward achieving these goals. Last year's budget agreement included \$4 billion over five years to expand the Head Start/Early Start program, which is facing reauthorization during this session of Congress. And

last year, through the efforts of many of my colleagues and me, the FY98 appropriations bill for Labor, Health and Human Services, and the Education Departments included \$114 million in additional funding for key early childhood development programs.

Early childhood development and quality child care are key elements in providing for the collective good of our nation. Their benefits are not just to the families and children themselves; their benefits accrue to the whole of society. Programs and incentives that ensure quality care and an environment in which every child in America might develop to his or her full potential will contribute to a healthier, more productive nation. Such programs are an investment in America's future, and I salute you and the First Lady for championing these programs.

I look forward to reviewing your proposals as they are announced and to hearing them highlighted in the State of the Union Address later this month.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McGovern", with a long horizontal flourish extending to the right.

James P. McGovern
Member of Congress

cc: First Lady Hillary Rodham Clinton
Franklin Raines, Director, Office of Management and Budget

THE CARTER CENTER
ONE COPENHILL
ATLANTA, GEORGIA 30307

1-6-98
To NSC to
coordinate
reply?
— yes
— no



With best wishes,
Jimmy Carter



JIMMY CARTER

Jamaica Election, December 18, 1997

When we visited Jamaica last January, the two opposition political parties (JLP and NDM) asked The Carter Center to monitor the next parliamentary elections. However, they felt there would be less of a need to do so if a high technology system of voter registration and polling was installed.

The ruling PNP party initially did not want to invite international observers, considering the proposal to be a reflection on the nation's sovereignty and an insinuation of incompetence or impropriety. However, public pressure built as time for the elections approached. Many groups in Jamaica implored The Carter Center to monitor the elections because of fear of increasing violence and intimidation. Partly in response to those fears, all three parties approved a change in the law to permit foreign observers. The national election commission invited us, all three parties welcomed our presence, and we were the only international monitors.

There is no nationwide tabulation of votes in Jamaica; 60 members of the parliament are elected, each in a separate constituency. The prevailing party then chooses the prime minister and 13 members of the senate, and the opposition party names the other eight senators. They serve for five year terms, unless the prime minister decides to call an earlier election.

From September through early December we sent three pre-election observer teams to Jamaica to learn about its election procedures, potential problems, and to forge good working relations with political leaders, security forces, election officials, and a group of volunteer domestic election observers (CAFFE). Realizing the seriousness of the challenges involved, we formed an especially prestigious and influential group of leaders, including General Colin Powell, Reverend Joseph Lowery, former presidents of Bolivia and Costa Rica, the former prime minister of Belize,

and world heavyweight champion Evander Holyfield. Robert Pastor coordinated the entire effort, as he has in 16 other Latin American elections. In a total delegation of 60 persons from 11 nations, our family was represented by Rosalynn and me, our son Chip, and our grandson Jason.

After thorough briefings, we deployed 25 two-person teams throughout the nation on December 17, to become familiar with their assigned constituencies and to consult with top election officials. In order to reduce potential violence, we also encouraged the three party leaders, Prime Minister P.J. Patterson (PNP), former prime minister Edward Seaga (JLP), and Bruce Golding (NDM) to join Ombudsman James Kerr and us in a public appeal for "fair elections, free of fear."

On election day, our teams visited 1,111 of the 6,332 voting places. Those of us in the Kingston urban areas witnessed many problems during the day, but observer teams in the suburban and rural areas reported almost unanimously that there were few problems and the election was fair, free, and safe. Although there were some failures to deliver accurate registration lists and other voting materials on time, all the sites eventually functioned well enough to permit voters to cast their ballots. There were four deaths, although the police later said that at least three were not related to the elections. The fourth, a party observer, was stabbed. Tragically, she was the mother of seven children. Despite this deplorable violence, police officials and the news media recognized this as the most harmonious and peaceful election in recent history.

One unique and most disturbing feature of Jamaican politics is a number of "garrison" communities, mostly in the urban area of Kingston, each of which is totally dominated by one of the two major political parties. Within them, opponents can enter only at the risk of being attacked. In many cases in these areas, votes are tabulated several hours before the polls close, 100 percent of those registered having "voted" for the dominant party -- no matter how many have actually come to the polling site. The two major parties have accepted this arrangement, each struggling to carve out garrison communities for themselves. In the past, most of the massive violence has

occurred when political adversaries entered the territories or there were battles over votes along the borders separating two garrisons.

Despite this and other problems, the election was judged to be remarkably successful, and the results were not disputed by opponents -- except for a few routine legal challenges likely to be filed in the coming weeks.

The ruling PNP party won an overwhelming victory, gaining about 51 of the 60 seats. Although we expect there will be challenges in five or six constituencies, the overall result will not change. The other two leaders made gracious concession speeches by 10 p.m. on election night, and then came by our headquarters to express thanks for our contributions as monitors.

At a press conference the next morning, we reported on our observations and made some preliminary recommendations for improving the democratic process in Jamaica. In summary, we believe the results fairly represented the collective will of the voting public, but there are some historic and previously accepted aspects of the electoral system that need to be changed or improved drastically. We will make a definitive report within a few weeks, including recommendations for correcting some of the defects we observed in the electoral process.

Sandy

This is an extra copy if
you or someone in USC
would like to have it -

THE PRESIDENT HAS SEEN
1-6-98

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A LO

Letters from Prison and Other

Wei Jingsheng

Copied
Berger (note
and book)
COS (note and
title page)

the
COURAGE
to
STAND
ALONE

Letters from Prison and Other Writings

Wei Jingsheng

THE
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TO
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ALONE

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Letters
from
Prison
and
Other
Writings

VIKING

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cc School*

December 22, 1997

Russell W. Meyer, Jr.
Chairman
Chief Executive Officer

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

'98 JAN 6 PM7:03

Dear Bill:

First of all, thank you again very, very much for coming to Wichita to participate in the dedication of our new and expanded 21st Street training program a few weeks ago. It was clearly a great day for Wichita.

Your presence provided an enormous boost of pride and self-confidence to both the graduates and trainees. As I think you could tell from the enthusiastic response to your comments, everyone knew that you came here because you care. And I'll tell you that from a personal standpoint, despite my long-time association with Bob Dole, I was proud to have cast my vote for your re-election in 1996.

I wanted to briefly mention three things. First, if there is anything that I can do to assist in promoting the Welfare to Work program, I am available 24 hours a day, seven days a week. I will go anywhere and talk with anyone.

In that respect, I was pleased to be invited to speak next spring to a CEO Forum on Business Leadership which is sponsored by Harvard University and directed toward corporate responsibility. We simply must have a broader level of commitment by companies throughout the country to resolve what is clearly one of our highest priorities.

1-6-98

Cessna Aircraft Company One Cessna Boulevard, Wichita, Kansas
Mailing Address: P.O. Box 7706, Wichita, K

*To Burkhardt for
reply.*

President Bill Clinton

Page 2

December 22, 1997

Second, it occurs to me that the Welfare to Work Partnership might consider holding a conference here in Wichita. We would be pleased to host the event at our 21st Street facility and with your personal encouragement to the invitees, I believe we would have good attendance and an opportunity to get a commitment from many companies to undertake similar initiatives. I'm going to discuss this with Eli Segal.

To make America truly great requires that everyone have an opportunity to participate. As you and I both know, that isn't true today and simply implementing arbitrary limits on welfare payments will not solve the problem. We will solve this problem only by providing comprehensive training, personal support and the guarantee of meaningful jobs to those with neither the education nor the skills. So please let me know if I can help.

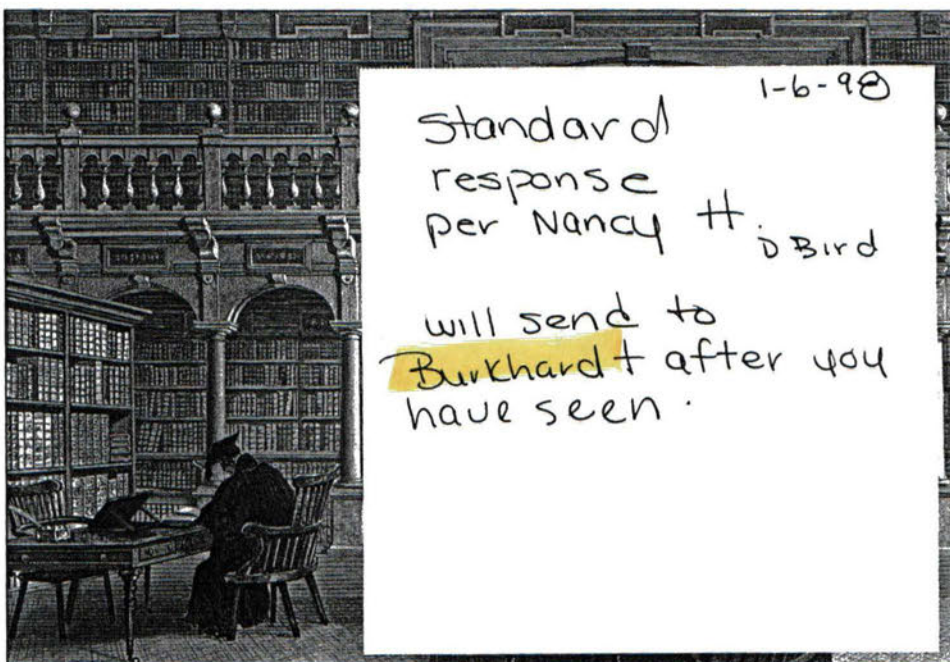
Third, I know how much you like to play golf and I wanted to extend an open invitation to you. I think the majority of golfers would agree that the most beautiful golf course in the world is Cypress Point, which is exceedingly private and located at Pebble Beach, about 45 minutes from Palo Alto. In fact, by helicopter it's only about 15 minutes.

Anytime you are out that way to visit Chelsea, I'd be delighted to host a round or two at Cypress. Because of its geographical location, it would be no problem whatever from a security standpoint. And quite frankly, no one would need to know that you were there anyway.

1
LETTER FROM
RUSS MEYER, CEO
OF CESSNA. — MR.
MEYER ASKED THAT
I DELIVER IT TO
THE PRESIDENT

President Bill Clinton
White House
1100 Pennsylvania Avenue
Washington, DC 20500

PERSONAL AND CONFIDENTIAL



Standard
response
per Nancy + Bird

1-6-98

will send to
Burkhardt after you
have seen.

December 6, 1947

Dear President and Mrs. Clinton,

I was really hoping to get a chance to say hi last January while in Washington for the inaugural festivities but was unfortunately unable to do so.

However, I will be organizing another event for the Arkansas Branch of the Oxford Society next summer in Little Rock, and if you'd be interested in attending I'll write to the White House scheduling office to try and find a suitable date. Please do

The Bodleian Library
Original Steel Engraving
Later hand coloured
1836 Le Keux

let me know, and in the meantime all best wishes for Christmas and the new year from all at University College! Yours,
Frank

P.S. My mother Barbara
really enjoyed meeting
you in October!

With Best Wishes for Christmas
and the New year
from

Frank H. Thompson

University College
Oxford OX1 4BH
England

1-6-98

Standard response
per Nancy H.

DBird

will send to
Burkhardt after
you have seen.

OK to
Dan B



Philip D. M. '97

To the President and First Lady

Season's Greetings
and warmest regards
Come back to see us soon!

— Tim Lewis (worcester)
57-60
Secretary, The Oxford Society
University of Oxford 41 Wellington Sq.,
OX1 2JF

With respect to members of congress, we considered limiting invitations to the head of each minority caucus; however, we would still be required to invite the Democratic leaders bringing the total congressional members to at least seven. Accordingly, Legislative Affairs recommends we invite only the leader and John Lewis, who is in his own right a Civil Rights leader.

Congressional:

Gephardt	Minority Leadership
Daschle	Minority Leadership
John Lewis	Civil Rights Leader

Some alternates:

JD Hokoyama	Leadership Education for Asian Pacific/Am
Jo Anne Chase	National Congress of Am Indians
Evonne Scruggs	Black Leadership Forum
Chancellor Tien	UC Berkeley
Rev. Lowery	Black Leadership Forum
William Julius Wilson	Harvard
Dr. Mary Berry	US Commission on Civil Rights
Cornel West	Harvard
Ronald Takaki	UC Berkeley
Antonio Vargas	National Association of Latino Elected Officials

Approve: _____

Reject: _____

THE WHITE HOUSE
WASHINGTON

January 6, 1998

MR. PRESIDENT:

The attached Sperling/Reed memo asks you to decide whether to include in tomorrow's child care announcements a proposal to expand the FMLA to help parents stay at home with their young children. *NEC/DPC recommend against an announcement tomorrow feeling that it will get lost in the child care package, but thought you should make the decision.*

Two options are presented. *But a policy decision is not required unless you decide to make an announcement tomorrow.* Option 1: lower the FMLA's coverage threshold from businesses with 50 employees to those with 25, either in one step or incrementally; or Option 2: extend the period of FMLA leave from 3 to 6 months. There is no support for Option 1 as it will provoke too much opposition, particularly from small business. NEC/DPC favor Option 2 but it enjoys only lukewarm support from Treasury, Commerce and Labor, and is opposed by SBA.

Rahm and Podesta agree that the announcement should be deferred. If you decide to make an announcement, Podesta favors Option 2. Erskine hasn't had a chance to weigh in on the policy options.

Copied
Reed
Sperling
COS
Jen Klein
FLOTUS
Waldman

Defer FMLA announcement:

☒ Agree (recommended) ☐ Disagree ☐ Discuss

If you decide to make announcement:

☐ Option 1 ☐ Option 2 ☐ Discuss

Phil Caplan *Phil*

Let's defer until after the 1/13/98 meeting. Phil Caplan

THE WHITE HOUSE
WASHINGTON

'98 JAN 6 - 2 59

January 6, 1998

MEMORANDUM TO THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

SUBJECT: FAMILY AND MEDICAL LEAVE EXPANSIONS

A number of your advisors believe that your child care initiative should include a proposal to help parents stay at home with their young children. In addition to giving parents greater opportunity to make real choices in raising their children, these policies could help inoculate your child care initiative against conservative attack. Two pieces of your child care proposal help parents who wish to stay at home: the Early Learning Fund pays for home visitation and other parent education programs (for both stay-at-home and working parents); and the Research and Evaluation Fund supports demonstration projects to test policies to help parents stay at home. This memorandum outlines proposals (without budgetary implications) to expand the Family and Medical Leave Act (FMLA) that will help parents stay at home with their newborns.

FMLA currently requires employers with 50 or more employees to provide up to 12 weeks of unpaid leave to eligible employees for certain family and medical reasons, including the care of a new child. Employees are eligible if they have worked for the employer for at least 12 months and for at least 1,250 hours over the previous 12 months, and if the employer has at least 50 employees working within 75 miles of the employee's worksite. Public agencies are covered by FMLA regardless of size, but employees must still meet the eligibility requirements, including working at a site where at least 50 employees are employed within 75 miles.

Options to expand FMLA include: (1) applying FMLA to businesses with 25 or more employees, either in one step or incrementally; or (2) extending the permissible leave period to 24 weeks for parents with newborns.

Expanding Coverage to Businesses with Fewer Employees. You could call for lowering FMLA's employer coverage threshold from 50 to 25, either in one step or incrementally (for example by lowering it to 40, then 35, and finally 25). Senators Kennedy and Dodd have proposed to lower the threshold to 10 employees, but your advisors believe that FMLA would be too great a burden on employers of that size.

According to the Department of Labor, 67 million employees are currently eligible for FMLA. Lowering the threshold to 40 would add 3.4 million people; lowering it to 35 would add 5.4 million people. Lowering the threshold all the way to 25 would add about 10 million people, increasing by 15 percent the number of employees covered by FMLA, and doubling the number of employers covered by the Act (from 330,000 to 690,000).

This proposal would give FMLA protection to more people at no cost to the federal government. It would receive strong support from labor, women's groups, and other core Democratic constituencies. The proposal, however, would provoke strong business opposition. Many Republican and some Democratic Members of Congress would likely criticize any attempt to lower the threshold as detrimental to small business. (According to a survey by the Family and Medical Leave Commission, however, the great majority of businesses that have implemented FMLA report little or no cost increases.) Introducing a FMLA proposal might also raise the flex-time debate in Congress again.

Extending FMLA Leave from Three to Six Months. This option would allow workers who are currently eligible for FMLA to take a longer leave. Approximately 12 million workers take FMLA leave. According to the FMLA Commission's survey, about 12.5 percent or 1.5 million workers take the full 12 week leave. Of these, 450,000 workers took 12 or more weeks leave for maternity, disability, or the care of a newborn, adopted or foster child.

This proposal would give parents additional time to spend with their new babies (again at no cost to the federal government). It might help respond to the charge that our child care proposal helps only working parents, not those who -- with a little help -- can and want to stay home with their children for a period of time. However, any family leave policy would not fully respond to that criticism because leave is by definition geared toward people who have been in the workforce and will return to it. In addition, this proposal would not help workers who currently cannot afford to take even the full 12 weeks of FMLA leave. According to the Commission's survey, 65 percent of those who would have liked to take leave to care for their newborn, foster, or adopted child could not do so for economic reasons. Because this proposal would not help such workers, FMLA advocates would likely give it only lukewarm support. Finally, businesses already covered by FMLA would oppose the extension because guaranteeing six months of leave would disrupt their operations.

Recommendations. Your advisors all agree that lowering the employee threshold will provoke too much opposition and will not therefore be seen as a viable proposal to help parents stay at home.

The views on the extension from three to six months are more complex. The Treasury Department does not have a view on the political merits on this proposal, but is concerned that by raising the cost of employing women, this proposal will result in reduced wages or reduced employment for *all* women, while likely disproportionately benefiting *affluent women*. The Commerce Department shares this concern, but recognizes that longer leave will allow some

parents to stay home to care for their young children throughout the critical first six months knowing that their job is protected, and therefore supports it. The Labor Department recognizes the limited benefit of the extension, but supports it nonetheless. The SBA opposes extending FMLA on the ground that it will engender widespread opposition from the small business community and may undermine gains we have already made.

DPC and NEC support extending FMLA from three to six months. (NEC feels that there are legitimate business and economic concerns with the extension, but in the final analysis is more for it than against it.) DPC and NEC do not believe, however, that you should announce this proposal tomorrow at the unveiling of your child care initiative. DPC believes that extending FMLA from three to six months may respond to conservative attacks because it allows at least some parents to stay at home to care for their young children in the critical first six months; DPC worries, however, this proposal may get lost if proposed tomorrow, given the size and significance of your child care announcement. NEC is also concerned that this proposal may taint the child care announcement with business criticism.

1-6-98

1. 800

759

7243

① Robert Medina

217

6745

1/5/98

Betty:

- Special Agent in Charge in Puerto Rico Frank Figueroa: This is the man who will set up the call with the family of Manuel Zurita (the custom's agent who is brain dead)

Copied
Mathews
COS

- Figueroa's # 787-729-6969 ← use this #.
1-800-891-3030 (pages)

Figueroa would like to be able to tell the family a time frame that POT will call in.

- Zurita's condition has taken a turn for the worse.

② Zurita IV (brother)
Rd Reyes - wife only

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newspaper
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Savistad of Bureau
French School

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for Mr. N. D. Dier
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THE PRESIDENT HAS SEEN
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No Colin Powell quota

For someone bent on starting a national conversation on race in America, President Clinton was trying awfully hard to have the last word. In his now-infamous televised exchange with author and racial-preferences critic Abigail Thernstrom, he challenged her to oppose the preferential treatment he said made none other than Colin Powell a brigadier general. "Abigail," he said, "do you favor the U.S. Army abolishing the affirmative action program that produced Colin Powell? Yes or no. Yes or no."

Mr. Clinton may believe Colin Powell was promoted based on skin color. But the man who made the decision doesn't. In an op-ed in the New York Times, former Army Secretary Clifford Alexander said Mr. Powell was one of several black colonels who received their first stars during his tenure from 1977-1981. "All of those black men, and one black woman," he wrote, "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."

Mr. Powell, he continued, was like his white colleagues — no better, no worse. "He did not get anything extra," Mr. Alexander wrote, for his skin color. His record, alas for Mr. Clinton, is untainted by government preferences.

So the search continues for some example, some argument that will show advocates of color-blind justice the error of their ways. In a recent closed-door White House meeting with conservatives, Mr. Clinton tried to put the matter another way. "Why do all these rich, white Republicans pay to go down and watch some black guys play basketball at the MCI center?" he wondered aloud.

It was supposed to be a trick question. The correct answer was not that rich, white Republicans merely want to see some good hoop action. It was that they have somehow overcome their latent racist attitudes and are willing to watch athletes of a different hue where there is no doubt about the merit of those hired to play the game.

So? So rich, white Republicans should get over their latent racist attitudes regarding other areas of life and, well, accept affirmative action. At least that's what the president's point seemed to be.

At best, this argument is a non sequitur. Republicans — rich, white or otherwise — have no quarrel with merit-based hiring and firing. That's a slam dunk. The problem is that hiring and firing based on skin color necessarily means that merit is not the primary criterion. If the Washington Wizards filled team rosters the way some law schools enroll students, it would have to set aside slots for whites, hispanics, women and the vertically challenged, all of whom are badly underrepresented on the team relative to their proportion of the population. Such a practice would lead to absurd results and lousy basketball, but no more absurd and lousy than for law schools.

Mr. Clinton also tried to tweak conservatives about existing "preferences" at universities for alumni children and athletes. If affirmative action for those groups is all right, why not for minorities who promote "racial diversity"?

The president seems to be arguing that judging people on home-run hitting and high-jumping is the moral equivalent of judging people on skin color. If so, he will find this analogy does not stigmatize athletic or alumni preferences as much as it undermines the case against race discrimination. People did not take to the streets in the early '60s and Martin Luther King did not go to jail over the equivalent of an athletic scholarship. They did so because they thought racial discrimination more invidious than any other. So even though handouts for alumni children aren't illegal, racial preferences are. Doesn't the president understand the difference? Yes or no, Mr. Clinton? Yes or no.

Mr. Clinton's conversation notwithstanding, there still doesn't seem to be any legitimate argument for such bias — not Colin Powell, not basketball fans, not college admissions favors. Advocates of color-blindness have nothing to lose from a conversation like this, one-sided though it may be.

The Washington Times
FRIDAY, JANUARY 2, 1998

The top three stories of the year had significant gender gaps in news interest. Far more women than men followed news about Princess Diana's death (64% to 43%) and the recall of hamburger meat (46% to 34%). More men followed news of tensions in Iraq (51% to 37%). The story about the septuplets also had a large gender gap: 36% of women followed the story very closely compared to 21% of men.

Although the debate about Social Security involved benefits for today's young people, it was seniors, not Generation Xers, that followed the news. Only 16% of those under 30 followed the story very closely, compared to 50% of those 65 and older.

The stories included in Pew surveys this year that drew the least attention were all based abroad: the civil war in Zaire (followed very closely by 4% of the public), NATO expansion (5%), the British Labor Party victory (5%) and the Helsinki Summit with Presidents Clinton and Yeltsin (6%).

I Believe in Miracles

Angels emerged as a leitmotif this year as strong religious faith soared. While Americans are said to be more cynical than ever, a series of questions about Americans' faith in God, the role of prayer in their lives and belief in miracles all show substantial increases in nearly every demographic group over the past decade. Fully 61% of the public completely agree with the statement: Even today miracles are performed by the power of God. This is up 14% points since 1987.

	% Completely Agree				
	'87	'88	'90	'94	'97
Prayer is an important part of my daily life	41	46	46	52	53
We all will be called before God at the Judgment Day to answer for our sins	52	52	52	61	64
Even today miracles are performed by the power of God	47	51	49	58	61
I never doubt the existence of God	60	63	60	72	71

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Swinney / Kallen

1-6-99

STATUS OF THE SMALTZ INVESTIGATION

Independent counsel Donald C. Smaltz's investigation into the activities of former agriculture secretary Mike Espy has yielded convictions of seven people and six businesses. Three people have been cleared, and a few cases are still pending. Where the prosecutions stand:

Ronald H. Blackley

Mike Espy's former chief of staff found **guilty** of making false statements concealing money he received from prohibited sources.

Richard Douglas

Former Sun-Diamond official found **guilty** of giving Mike Espy and others illegal gratuities. **Hung jury** on gratuity to Espy's girlfriend. **Acquitted** of mail fraud and election violations relating to illegal campaign contributions. **Awaits trial** on charges of wire fraud resulting from false statements on mortgage application.

Henry Espy

Mike Espy's brother **acquitted** of conspiring to make false statements to extend repayment deadline of a loan and to conceal illegal contribution.

Mike Espy

Awaits trial on charges he accepted illegal gratuities and gifts and made false statements.

Norris J. Faust Jr.

Farm Service Agency official **acquitted** of lying to a grand jury regarding a change in USDA regulations.

Alvarez Ferrouillet

Chairman of Henry Espy campaign was found **guilty** of interstate transportation of stolen property, money laundering and false statements regarding illegal contribution to Henry Espy's congressional campaign. He and his firms, Municipal Healthcare Cooperative and Ferrouillet & Ferrouillet, were found **guilty** of making false statements to extend repayment deadline of a loan and to conceal illegal contribution. Ferrouillet was sentenced to one year in prison and fined \$10,000.

James H. Lake

Lobbyist pleaded **guilty** to making illegal contributions to Henry Espy's campaign. Sentencing set for Jan. 16.

Jack L. Williams

Tyson Foods lobbyist found **guilty** of making false statements concealing knowledge of gratuities, a scholarship for Mike Espy's girlfriend, and the nature of his relationship with Espy and his girlfriend. Motion granted for new trial.

Crop Growers Corp., John J. Hemmingson, Gary A. Black

The crop insurance firm pleaded **no contest** to charges it made illegal contributions to Henry Espy's campaign and falsified records regarding contribution; fined \$2 million. The two executives were **acquitted** of conspiracy to defraud the FEC regarding illegal campaign contributions. Hemmingson was found **guilty** of interstate transportation of stolen property regarding illegal campaign contribution, convicted of two counts of money laundering and acquitted of one. Sentenced to one year in prison, \$30,000 fine and \$20,000 restitution.

SM Farming Enterprises, Brook Mitchell Sr., Brook Mitchell Jr.

The farming corporation and Mitchell Sr. pleaded **guilty** to illegally obtaining USDA subsidies. Mitchell Jr. awaits trial on the same charges.

Smith Barney Inc.

Found **liable** for improperly giving Mike Espy Super Bowl tickets. Fined \$1.05 million.

Sun-Diamond Growers of California

Found **guilty** of giving Espy illegal gratuities and making illegal contributions to Henry Espy campaign. **Acquitted** of providing illegal gratuity to Mike Espy's girlfriend. Fined \$1.5 million and given five years probation.

Tyson Foods Inc.

Pleaded **guilty** to giving Mike Espy illegal gratuities. Fined \$4 million, plus \$2 million toward cost of investigation.

SOURCE: Office of independent counsel Donald C. Smaltz

THE WASHINGTON POST

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28/10/88

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THE PRESIDENT HAS SEEN

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COS

In Hindsight, Signs of Asian Crisis Appear Clear

Bank Loan Problems in 1996 Exposed Mountains of Debt, Shook Investor Confidence

First of two articles

By Keith B. Richburg and Steven Mufson
Washington Post Foreign Service

One year ago, as Asia finished another year of sky-high growth and its leaders boasted of a dawning Pacific Century, a little-noticed bank scandal in Thailand provided a hint of the shock the region was about to receive.

The scandal, at the Bangkok Bank of Commerce, involved billions of dollars in questionable loans, including one to a convicted swindler known as the "Biscuit King." The bank's managers disguised their malfeasance using financial shell games, such as backing loans with vastly overvalued property.

The mess at the Bangkok bank exposed the weakness of Thailand's banks and the lack of government oversight in a deregulated financial system run amok. And though few guessed it at the time, that obscure and complex scandal was the portent for a larger economic meltdown that not only would send Thailand reeling into recession, but later would sweep through Indonesia, Malaysia, the Philippines and, eventually, South Korea, the world's 11th-largest economy.

By the end of 1997, the crisis had left behind bankrupt corporations and failed financial institutions across Asia, and a pile of regional currencies worth up to 40 percent less than before. It exposed a mountain of bad debt wrought by shoddy lending practices, and it underscored a generation of corrupt political and business practices long concealed by high growth figures. And perhaps most importantly, the crisis pierced the bubble of confidence that had allowed Asia to prosper for a decade on foreign investment.

Few can claim to have seen Asia's dramatic change in economic fortune coming, indeed, at the start of 1997, most economists, regional

See ASIA, A20, Col. 1

ASIA, From A1

analysts, and Asian academics and politicians were saying that the region's "miracle" growth was destined to continue well into the next millennium.

Looking back, however, the Thai bank scandal was the first—and perhaps the most glaring—of many warning signs that Asia's bubble of prosperity was about to burst. This story, reported with the benefit of hindsight, looks at how the gathering storm clouds in two key places—Thailand and South Korea—for more than a year signaled the eventual, region-wide economic crisis to come.

In many cases the warnings were ignored by government officials anxious to conceal unfavorable news, by foreign investors anxious to keep the funds flowing and by an international community eager to keep the myth of the miracle alive.

"The relative complacency across the globe in the initial stages of the crisis was probably a contributing factor to the crisis," said Andy Tan, a Singapore-based analyst. After the Mexican currency crisis of 1994, Tan said, "there was a sense of complacency that this would be the same."

"If you look at all of these countries," said Bruce Gale, regional manager of the Political and Economic Risk Consultancy, "the problems were known, but there wasn't the political will to do anything about them."

Richburg reported from Bangkok and Hong Kong; Mufson from Seoul.

Tomorrow: Lacking a sense of crisis, Japanese officials are reluctant to overhaul their ailing economy.

Most analysts here say Asia is in a position to pick up the pieces from the shambles of 1997, as governments to varying degrees show a willingness to recognize the size of the crisis and make the necessary reforms, particularly in the banking and financial sector. As with the savings and loan scandal in the United States, which led to a shakeout of the U.S. finance sector and greater regulation, so too Asia might retool by cleaning up its banking mess.

In most cases, the cleanup will involve shutting down banks and finance companies whose operations already have been suspended—16 banks in Indonesia, 14 merchant banks in Korea, 56 finance companies in Thailand. Other banks will be forced to merge, and laws are being changed from Jakarta to Seoul to allow still other banks to merge with foreign partners.

But the process is likely to be longer than initially thought, and more painful, according to regional analysts, economists and investors. Asia is likely to face recession, more bankruptcies, higher unemployment and perhaps social unrest, they say. Where initially the turnaround seemed likely to come by the end of 1998, most analysts now suspect Asia's troubles could last to the year 2000.

In addition, changes in global trade and investment patterns could slow recovery. Asia now is competing more with Latin America and Eastern Europe, and it may find it difficult to recapture its role as the favorite region for foreign capital. China, with its endless supply of low-wage labor, will challenge Southeast Asians increasingly in their traditional export fields. And perhaps most fundamentally, the crisis of 1997 has sapped investor confidence in the region.

Signs of Crisis in Thailand

Thailand, where the Asian collapse began last summer, holds the first clues of its origin and shows how warning signs along the road to disaster either were missed entirely or deliberately ignored.

One year ago, Thailand was coming out of a decade of unparalleled economic growth, averaging 8 percent annually. For nine years in a row the country reported a balanced budget. The technocrats in charge of financial and economic policy were considered among the most professional in the region, the history of political noninterference in economic management seemed well-entrenched, and the country boasted a relatively open, liberal investment policy.

"Every single person has been caught by surprise by the rapidity of the crisis and the depth of the crisis," said a Western embassy economist in Bangkok.

But Dominique Maire had his doubts. In 1996 Maire was a regional economist for UBS Securities based in Singapore. In September of that year, he and other UBS analysts spent two days in Bangkok talking with officials in charge of economic policy. "We asked what was going on," Maire recalled later. "I told them exports were weakening, everyone was still concentrating on strong economic growth, investment plans were still high—but can you do something to prevent a slowdown?"

"I remember in our case, after two days of meetings, I said, that's it—it's a major slowdown. That was the trigger point, after which I started cutting major forecasts."

One of the key factors in that 1996 reassessment were figures showing export performance for the last quarter of the year as sluggish at best. The government had at the beginning of 1996 predicted an 18 percent growth in exports, but at midyear, Thailand's export growth was in single digits. Government officials insisted that the earlier growth projections were on target and that Thailand was simply experiencing a brief cyclical downturn that had no long-term implications. And many foreign economists followed that line.

"Everyone was scurrying around trying to find cyclical explanations," said a hedge fund manager with long experience in Thailand. "But the drop in exports was crucial."

In fact, a long-term shift was underway, with profound implications for Thailand and the region. Thailand's traditional exports—footwear, garments, seafood—"got creamed," as one U.S. economist indelicately put it. The main problem was increased competition from relative newcomers India, Burma and Vietnam, and from China, whose exports expanded as Thailand's contracted. In addition, higher labor costs and the relatively high value of Thailand's currency, the baht, compared with the U.S. dollar, meant Thais had "priced themselves out of the market," the U.S. economist said.

At the same time exports were collapsing, trouble was brewing on an unrelated front: The country was embroiled in its biggest-ever banking scandal. The issue received little outside attention, because some ministers in the government of then-prime minister Banharn Silpa-archa were touched by the scandal, the government tried to hide the depth of the problem.

The Bangkok Bank of Commerce, or BBC as it is widely known, was taken over by a government committee in summer 1996 after it was revealed in parliament that the bank was insolvent because of some \$3 billion in outstanding loans, many of them with inadequate collateral. The beneficiaries included the late Rajan Pillai, a biscuit-maker and convicted swindler known as the "Biscuit King" who got three billion Thai baht (about \$117 million at 1996 conversion rates) and members of Banharn's Chart Thai political party.

The bank's former president and treasury adviser have been accused of running the bank into the ground. The ex-president is fighting the charges in Thailand, while the ex-treasury adviser is fighting an extradition request from Canada.

The BBC mess led to the resignation of Vijit Supinit as governor of the Bank of Thailand, the country's central bank, eroding confidence in that institution. More importantly, it focused attention on a banking sector that was seriously out of control.

After Thailand created foreign banks in 1993-94, and began offering high interest rates on deposits, foreigners poured in money, attracted by the relatively stable exchange rates. Flush with foreign cash, the proliferating banks "went out and loaned shamelessly," said one Western diplomat. Facing liquidity problems, and with lax government oversight, the banks covered up their increasing volume of bad loans by making still more loans and, as the economist said, "that's where we were in mid-'96 when the rot started."

By early 1997, the bad news on exports and the worries over BBC combined to put heavy foreign pressure on the baht. Analysts say they now believe the central bank was intervening in the futures currency markets even earlier than first revealed, in spring 1997. On Feb. 12, 1997, the Singapore-based Political and Economic Risk Consultancy group published its "Asian Intelligence" newsletter that for the first time warned of the extent of the impending crisis.

The pressure on the baht in January, the report said, "betrayed worries not just about the gloomy run of Thailand's macroeconomic results, but also about the health of the country's financial institutions." It said "serious surgery is needed to invigorate the country's financial institutions" and warned, "if panic takes hold of the market, reform may have to come to save off, or respond to, a meltdown."

The meltdown did come, with the government in August suspending the operations of 58 ailing financial firms and going to the International Monetary Fund for a bailout.

Korean Corporate Giants Tumble

Just as the crisis in Thailand began quietly with the mess at BBC, in South Korea the scandal had

another name: Hanbo. In what should have been a warning sign of South Korea's coming financial crisis, the giant Hanbo Group went bankrupt in January 1997 with a debt of about \$6 billion and became the first of the big conglomerates to go under. The scandal caused South Korea's normally

pliant banks to mutter publicly about the conglomerates' high debt levels.

The Hanbo group's chairman and his son were convicted of siphoning off \$400 million from the group to bribe government officials and bankers in a futile attempt to keep the group afloat. To many analysts, the mess at Hanbo appeared unique. But others say Hanbo's crisis was typical, indicative of the rot at the core of Korea's financial and industrial base.

In that February 1997 report, the Political and Economic Risk Consultancy group had rated Korea's banks among the region's most worried. "The recent Hanbo crisis has underlined just how much South Korea's banking system needs serious reform," the report said, adding that, among other things, the scandal exposed how Korean banks suffered under the "suffocating embrace from government" that made them "vulnerable to corrupt government officials."

As in Thailand, the banking scandal was the most visible and dramatic warning sign, but the roots of the economic problem were long in the making.

In Korea's case, double-digit growth in plant capacity since 1995 flooded markets with too many products, which then spurred a growth in inventories and price-slashing. This in turn caused a drop in profits for Korean firms that left them helpless in the face of crushing debts. With debt commonly equal to three-to-six times the cash invested in their firms, companies were having trouble finding the cash to make interest payments. The amount of corporate debt reached nearly twice the annual gross national product.

Even in fiscal year 1996, when Korea's economy grew at 7.1 percent (similar to Thailand's stunning growth that same year), 13 of the top 30 conglomerates were losing money, including four of the top 10. The losses kept mounting as investment slowed, indicating that from mid-1996, the firms were using borrowed money to cover operating costs.

Borrowing money and amassing debt seemed an attractive alternative to South Korea's corporate chiefs. It allowed them to navigate lean times while retaining control of their companies, rather than raising cash by issuing new stocks and diluting their own stakes.

Merchant banks, relatively new in Korea, also played a role. They were, said Kim Kihwan, ambassador-at-large for economic affairs, "used literally as private coffers" by the conglomerates which owned them. The problems were compounded when companies went abroad for their borrowing, making them vulnerable to the collapse in the currency that occurred later in the year, after Thailand's currency troubles spread.

After the Hanbo mess was exposed, banks began taking a closer look at their loan portfolios, and started calling in loans to the most indebted firms. That created a domino effect of more companies failing.

The biggest blow to confidence came with the July collapse of Kia Motors, the country's eighth-largest conglomerate. Its debts were bigger than Hanbo's, and it brought down one of the country's premier banks, the Korea First Bank.

The crisis in Korea deepened as Southeast Asian currencies began collapsing in July and August. Many Korean merchant banks had borrowed U.S. dollars to buy high-risk bonds in Thailand. In addition, the loss of value of Southeast Asian currencies meant a loss of purchasing power for Korean goods.

Yet as late as September, many analysts, including the IMF, were making optimistic forecasts about Korea, and still predicting positive growth. And as late as November, with more big companies collapsing and the central bank spending half-a-billion dollars each day to prop up the sagging won, the government was still trying to cover up the extent of the crisis.

When on Nov. 12, Stephen Marvin, research chief for SeangYong Investment and Securities, issued a report to investors warning that "ad beacon of light is visible" in Korea's financial mess, the finance ministry threatened to slap sanctions on SeangYong if it didn't halt distribution of the document.

ASIA IN CRISIS

By the middle of 1997, many Asian countries had accumulated huge external debt, much of it invested in domestic projects—many of them risky—that were not earning sufficient foreign currency to repay the debt. Moreover, most Asian currencies were pegged to the dollar and had become overvalued as the value of the dollar rose. Asian exports had become less competitive, earning less foreign currency. Finally, speculators worried by these economic troubles and in some cases political instability, sparked an avalanche of selling domestic currencies.

July 20: International Monetary Fund grants Philippines \$1 billion emergency loan, after currency plunges when central bank allows the peso to move in a wider range against the dollar.

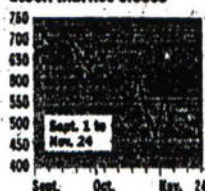
July 2: Thai currency, the baht, is allowed to float freely; this in effect devalues the currency by 15 to 20 percent.

July 24: Currency meltdown sweeps Asia. Malaysian Prime Minister Mahathir Mohamad blames speculators. A few days later, Mahathir blames American trader George Soros for the Malaysian ringgit's fall.

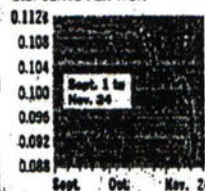
Nov. 21: Yamaichi, Japan's largest securities firm, collapses; it had been reported in trouble since October.

Nov. 24: Korean stocks fall 7.2% on fears that IMF may demand tough reforms.

South Korean stock market closes



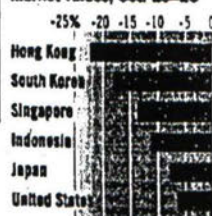
South Korean won continues decline, U.S. CENTS PER WON



Dec. 3: Seoul agrees on \$57 billion IMF rescue package.

Dec. 26: IMF and lender nations agree to speed \$10 billion of loans to South Korea.

Percentage change in stock market values, Oct. 23-28



Nov. 3: Japanese stock broker Sanyo Securities files for bankruptcy.

Nov. 18: Hokkaido Takushoku, Japan's 10th largest bank, folds due to bad loans.

Nov. 20: Korea begins talks with IMF for \$20 billion emergency loan.

Nov. 25: Tokyo City Bank, a regional Japanese bank, closes.

Dec. 5: Malaysia imposes tough reforms, including public spending cuts to reduce its balance of payments deficit.

Dec. 17: Japan announces new inflationary measures, including cut in income tax. Stock market rallies, then weakens.

Dec. 18: Koreans elect opposition leader Kim Dae Jung as new president. IMF releases second tranche of Korean loan.

WON RALLIES ON PLAN NO. 2

After two months of declines, the South Korean won rebounded sharply on Dec. 26 after the accelerated bailout plan was announced. The won has traded around the same level since.



SOURCES: Bloomberg News, news services and staff reports



Mahathir



Soros

Aug. 11: Thailand is pledged \$16 billion in loans in rescue package led by IMF and Japan.

Aug. 14: Indonesia loosens controls on the rupiah, and currency tumbles.

Sept. 4: Philippine peso falls to record low against the dollar before central bank intervenes.

Oct. 27: U.S. stock market plunges 7.2%. N.Y. Stock Exchange briefly suspends trading.

Nov. 11: U.S. Treasury Secretary Robert Rubin urges Tokyo to shore up Japanese banking system.



Aug. 28: Asian stock markets plunge; Manila down 9.3%; Jakarta 4.6%.

Sept. 11: World Bank urges reforms for East Asian financial systems.

Oct. 8: Indonesia asks IMF for \$10 billion emergency bailout.

Oct. 23-28: Hong Kong stock market loses nearly one-quarter of its value in four days on fears over interest rates and pressures on Hong Kong dollar; other Asian markets also plunge.

Rabun

*This was a good article
with it had been more
publicized - perhaps was
cut in the country -*

Bz

1-6-98

New year brings tax breaks for families

By Alice Ann Love
ASSOCIATED PRESS

A1

New Year's tax breaks could leave many American families with a little more cash to spend in 1998.

"The changes will help taxpayers from the childhood years to the education years, and from the savings years to the retirement years," said Rep. Bill Archer, Texas Republican and chairman of the House Ways and Means Committee.

People will have to wait until they file their 1998 tax forms next year before reaping most of the benefits from the tax code changes that were included in a balanced federal budget deal and took effect yesterday.

But families that qualify for a new \$400 credit for each child under age 17 could start keeping some extra cash immediately if parents adjust their 1998 payroll withholding. A mother of three children, for example, could ask

see TAX, page A10

TAX

From page A1

her employer to take \$100 less out of her paycheck each month for taxes and spend her \$1,200 in child credits throughout the year.

The child credit is available to families with incomes below \$75,000 if they file a single tax return and \$110,000 if a mother and father file jointly. Families with higher earnings can get partial credits — reduced by \$50 for every additional \$1,000 in income.

Congress estimates the tax breaks could cover 48.3 million children.

Families also will be able to take a \$1,500 tax credit for each of the first two years of a child's college education. Alternatively, they may choose a one-time \$1,000 credit to continue a child's education after high school — including vocational school.

Other tax changes ringing in with the new year:

- Qualifying families can save up to \$500 a year for each child in new savings accounts that are tax-free when spent on college or other education beyond high school.

- People between the ages of 65 and 69 will be able to earn \$14,500 a year, up from \$13,500, without losing any Social Security benefits. For working people paying Social Security payroll taxes, the maximum earnings taxable will rise to \$68,400 from \$65,400.

- People who work or volunteer for charities will be able to deduct 14 cents a mile for transportation, up from 12 cents.

- Americans repaying college loans can take a \$1,000 tax deduction on the interest.

- People with higher incomes qualify for tax deductions on savings in individual retirement accounts, or IRAs. Eligibility for the deduction will begin to phase out

for single filers with earnings starting at \$30,000, up from \$25,000. For joint filers, eligibility will begin to phase out at \$50,000, up from \$40,000.

- Americans with savings in IRAs will be allowed to make penalty-free withdrawals to continue their education in college, graduate school or through vocational training.

- A new kind of IRA, called a Roth IRA, will be available for retirement savings. Unlike a traditional IRA, money kept in a Roth IRA will not be taxable when it is withdrawn after retirement. However, there is no up-front tax deduction as savings are accumulated. Annual Roth IRA contributions of as much as \$2,000 will be allowed for single filers with incomes below a phase-out range of \$95,000 to \$110,000. Joint filers with incomes below a \$150,000-\$160,000 phase-out range also will qualify.

- The value of estates exempt from taxes after a person's death rises to \$625,000 from \$600,000. For small family farms and businesses, the exemption rises to \$1.3 million from \$600,000.

- Small-business owners will be able to deduct from their taxes 45 percent of the cost of their health insurance premiums, up from 40 percent.

- Also, the alternative minimum tax for corporations with less than \$5 million in sales is repealed.

- Fewer youths who earn money working summer jobs or after school will owe taxes as deductions and exemptions rise on their earnings.

In addition to the New Year's changes, many Americans already are benefiting from capital gains tax breaks that kicked in last May, including an exemption from taxes for the first \$500,000 gained on the sale of a home by joint filers.

The Washington Times

FRIDAY, JANUARY 2, 1998

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African Thugs Keep Their Continent Poor

By GEORGE B.N. AYITTY

Far from being a hopeless continent, Africa, with its immense mineral wealth, may well be the next frontier of roaring democratic capitalism. The Clinton administration has been paying increasing attention to Africa: Secretary of State Madeleine Albright recently completed a seven-nation tour, and President Clinton himself may visit later this year. At a June White House conference, Mr. Clinton lauded "a dynamic new Africa making dramatic strides toward democracy and prosperity."

But the administration's approach to Africa could cripple its prospects for growth. Shying away from criticisms of the policies of black African leaders for fear of being branded "racist" avoids the primary source of Africa's woes: the leadership. Further, the overly optimistic portrait the administration paints of Africa—perhaps to avoid offending black American voters—is apt to breed cynicism.

Fact is, there have been no "dramatic strides toward democracy and prosperity" but rather acrobatic "baby steps." To be sure, the number of African democracies did indeed rise to 15 in 1996 from four in 1990—but last year it declined to 13, as military regimes toppled democratically elected governments in Congo-Brazzaville and Sierra Leone.

Bazookas Pointed

Other African nations have failed in their planned transition to democracy. In Niger, for example, Gen. Ibrahim Bare Maïnassara seized power in a January 1996 coup. Gen. Maïnassara held elections in July 1996, but when early results showed that he was losing, he sacked and replaced the Independent National Electoral Commission, with his own appointees, placed his opponents under house arrest and cut off their phones. Ultimately Niger's Supreme Court, with bazookas pointed at its building, declared Gen. Maïnassara the winner. And Kenya's President Daniel arap Moi is accusing the nation's election commission, whose chairman he appointed, of rigging the votes in this week's election to favor the opposition. Five people have died in election-related violence.

After spending tens of millions of U.S. dollars on African democratization, the administration now appears to be retreating. Although Ms. Albright pledged \$40 million in new aid for democratic reforms, some U.S. officials now say Africa needs stability before democracy and that the continent lacks a "democratic culture."

Progress on African economic reform has been even less encouraging. Africa's gross domestic product did register 5% growth in 1996, but the population grew 3%, leaving a miserly 2% growth of GDP per capita. The continent is capable of roaring ahead at even a 12% clip or more under better leadership. But among the "new leaders" Washington hails are phony liberators who shot their way to power in Congo (formerly Zaire), Ethiopia, Rwanda and Uganda. The Clinton administration praises the successes of Benin, Guinea,

Lesotho, Mozambique and Uganda. But its obsession with small "success stories" blurs its vision. For it is the collapsing economies of the large countries—Algeria, Angola, Congo, Kenya, Nigeria, Sudan and Zimbabwe—that are dragging the continent down.

The key to Africa's prosperity is investment. But even domestic investors have not found Africa an attractive place to put their money. Africa is the least economically free continent, according to the Index of Economic Freedom, published jointly by the Heritage Foundation and The Wall Street Journal. Onerous state controls, unstable currencies, runaway government expenditures, confiscatory taxes, political

some of Africa's most ruthless tyrants. Little wonder that when President Clinton sent the Rev. Jesse Jackson as a special envoy to Nigeria in 1994, pro-democracy activists refused to meet with him and even threatened to stone him. (The activists backed down and met with Mr. Jackson after a prominent reformist Nigerian professor intervened on Mr. Jackson's behalf.)

Black American leaders did finally make a concerted effort against Nigeria's military junta after the March 1995 arrest of retired Gen. Olusegun Obasanjo, a former Nigerian head of state, on suspicion of complicity in an alleged coup plot. The campaign was led by Randall Robinson,

The administration's approach to Africa's ills is aimed not at rectifying these institutional defects but at offering symbolic shows of compassion.

instability and crumbling infrastructure have conspired to create an environment inimical to development.

Consider Nigeria, the continent's most populous nation. In the 18 months beginning in January 1994, at least 12 foreign partners pulled out of the country. A 1995 report by the Nigerian Institute of Social and Economic Research attributed the loss of foreign investment to the weak currency, poor infrastructure, lack of safety and security of life and property, high tariffs and political instability. This environment deters even Nigerian investors: The Manufacturing Association of Nigeria says that more than 700 of its 1,500 members have closed their doors since 1987.

As elsewhere in Africa, these "environmental defects" are due to the absence of a few key institutions: an independent central bank, an independent judiciary, an independent media, a neutral and professional army and police force. As a result, corruption is rampant; commercial and personal property is arbitrarily seized by drunken soldiers; dissidents frequently "disappear"; and senseless civil wars rage for years.

The administration's approach to Africa's ills is aimed not at rectifying these institutional defects but at offering symbolic shows of compassion. This flawed approach results from the administration's almost exclusive reliance on black American civil rights leaders, who view Africa according to the U.S.'s black/white racialist paradigm, in its formulation of African policy.

U.S. civil rights leaders did play an instrumental role in the campaign against apartheid in South Africa. But in the campaign to liberate Africa from black tyrants and thugs, black American leaders are not only interlopers but are often on the wrong side. They have not even mounted a spirited campaign against the enslavement of blacks by Arabs in Mauritania and Sudan. At conferences and summits in Africa, black American delegates laud

executive director of TransAfrica, the activist group that spearheaded the campaign against apartheid in South Africa and against Haiti's military thugs. But the campaign quickly sputtered amid division and acrimony. Prominent black Americans began serving as paid lobbyists for the Nigerian military.

Sen. Carol Moseley-Braun (D., Ill.), the only black U.S. senator, visited Nigeria in August 1996, outraging Africans and many human rights groups. She went to

Port Harcourt, where she chatted with the military governor, Col. Dauda Musa Komo, who had supervised the hangings of writer Ken Saro-Wiwa and other activists.

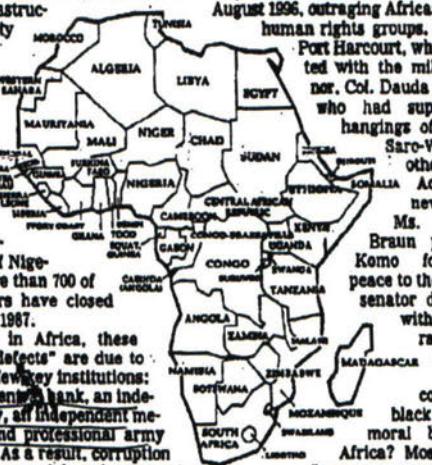
According to news reports, Ms. Moseley-Braun praised Col. Komo for bringing peace to the region. The senator did not meet with pro-democracy leaders in Lagos.

What accounts for U.S. leaders' moral blindness on Africa? Most tend to be "pro-government"—under-

standably enough, since the U.S. government secured black voting rights and ended Jim Crow. The Clinton administration's approach to Africa reflects this view—hence its inclination to form "partnerships" with African governments.

But in many African countries, "government" as Westerners understand it simply does not exist. These nations are ruled by gangsters, crooks and scoundrels who use the instruments of state to enrich themselves, their cronies and their tribesmen. Thus Western money goes down a sinkhole. Laurent Pope, a former U.S. ambassador to Chad, admitted in 1995 that "half of the \$300 million in assistance that the U.S. [Agency for International Development] provided to the government of Chad since fiscal 1982 has been wasted. We never build or fix anything, to speak of, and our programs have little direct contact with poor people."

The dispensation of patronage to buy political support has resulted in soaring government expenditures and bloated bu-



reacracies. "This country had 60,000 civil servants who were consuming 51% of the nation's wealth," complained Guinea's reformist prime minister, Sidiya Touré, shortly after taking office in 1996. Many governments are absurdly top-heavy. In Ghana, the total number of cabinet and deputy portfolios reached an astonishing 88 in 1995; in Zimbabwe, 54 officials have ministerial status.

Trimming these bureaucracies and instituting real reform are essential to Africa's development. But doing so would cripple the ruling elites' ability to hold on to power. So they dupe Western donors, taking one step forward, three steps back.

What should the Clinton administration do? First, it should engage African dissidents and reformers, who are seldom invited even to White House conferences on Africa, much less to high-profile meetings like the one President Clinton granted Chinese dissident Wei Jingsheng last month. Except in the Sudan, Secretary of State Madeleine Albright did not meet formally with opposition leaders during her recent trip to Africa. The administration cannot promote democracy in Africa when it talks only with incumbent governments.

If the administration wishes to engage African governments, it should predicate its aid program, including the proposed \$650 million Africa Growth and Investment Opportunity Act, on the establishment of a strong, independent central bank, judiciary, press and security force. The current eligibility requirement—"strong commitment to economic and political reform, market incentives and private sector growth and poverty reduction"—is so nebulous that even Congo's new ruler, Laurent Kabila, was able to qualify.

Free Zones

Alternatively, the administration could bypass the predatory state altogether and focus on giving direct aid to the African people. A way of doing this would be to persuade African governments to establish free economic zones in exchange for partial cancellation of their debts. Here's how it would work: A debtor African nation meets a consortium of creditor governments and designates an area of its country—say, 30 square miles—in which companies (both domestic and foreign) would enjoy certain benefits, such as tax-free profits and waivers on import duties, for say, 20 years.

These zones would be managed by an independent board with the debtor government having only observer status to ensure compliance with domestic laws. Like Hong Kong, the zone would enjoy a high degree of autonomy, establishing its own judicial and security systems and building its own infrastructure; but it could not engage in political activity. It would be a win-win situation for all sides. African nations would only give up sovereignty over these "Hong Kongs" temporarily; they would eventually revert to their respective governments. But they would serve as an example of good government, the rule of law and economic prosperity.

Mr. Ayitley, a native of Ghana, is an associate professor of economics at American University and president of the Free Africa Foundation, both in Washington. His new book, "Africa in Chaos," is published by St. Martin's Press.

I Answered That Question'

An exchange from President Clinton's Dec. 18 press conference:

Q: After all the things we've learned in the months of hearings about campaign fundraising and campaign contributions, I wonder if you can tell us whether you still consider two people, John Huang and Charlie Trie, to be your close friends, sir.

THE PRESIDENT: Well, I think what we've learned—first of all, what we've learned is that we need campaign finance reform. If anybody intentionally violated the law, then they should be held accountable.

We've already had some examples of that—not involving my campaign, but we've had some examples of that already in the last year or so, people who apparently intentionally violated the campaign finance laws. And no one should be exempt from that. We have laws. But what we've also learned is, as I have been saying now for six years, the laws we have are inadequate. And I am hopeful that the vote we have scheduled for the spring, the fact that we finally have a commitment to have a vote on some kind of campaign finance reform in the spring, will give us the kind of campaign finance reform that the American people need and deserve. And I can tell you, I believe most of the public officials would welcome it.

It is difficult because of the advantages that the Republican majority has in Congress in raising money from all sources. I understand the challenge that's on them to get them to vote for this, but we do have all the Democrats in the Senate, 100% of them now, lined up in favor of the McCain-Feingold bill and I am strongly committed to it.

That is ultimately the answer to this.

The fundamental problem is not those that might have deliberately violated the law; the fundamental problem is that the system no longer operates on the 1974-75 system of rules. We need to do more to deal with it. Now, I would like to see more done, whether Congress acts or not. I would like to see the FCC explore its authority and try to do something to offer free or reduced air time for candidates for federal office, especially if they in turn agree to accept voluntary spending limits. I would very much like to see the FEC try to tighten up its rules on soft money—they opened the floodgates in the beginning. There may be some things that can be done there. But in the end we have to have a decent campaign finance reform system if we want the kind of results that I think most Americans want.

Q: As to—

THE PRESIDENT: I answered that question.

Paul A. Gigot is on vacation.

THE WALL STREET JOURNAL FRIDAY, JANUARY 2, 1998

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Samuel R. Berger

1-6-99

Mr. President —

Worth reading.

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THE WASHINGTON POST

THE PRESIDENT HAS SEEN

1-6-99

Peace Comes Slowly to Bosnian Villages

For Muslim Refugees Returning Home, Life Resumes Alongside Longtime Serb Neighbors

By Christine Spolar
Washington Post Foreign Service

VOLARI, Bosnia—There is a house on a snowy hillside of war-ravaged homes that dares to be different in this bitter land. It is a duplex where Rahima Imamovic and Sajma Brkic, two Muslim sisters, live next door to a young Serb family.

The sisters and their families came home two months ago, more than two years after they abandoned their house. They are among the first Muslims to return to this village in what today is Serb territory. They found their neighbors Diana and Dragan Maksimovic and their 3-month-old daughter, Ana, waiting.

"They were our neighbors before and they're our neighbors again," said Brkic as she sat in her warm kitchen and deftly twisted and rolled cabbage leaves, filling them with meat and rice, for a feast for the Muslim holy month of Ramadan. "It's nice. . . . We're satisfied we can live here again."

Two years after the war stopped, peace is ever so slowly returning to the homes and villages of Bosnia, or at least a few of them. Volari counts about nine Muslim families who have returned. Another town, about a mile away, claims another two.

From Mrkonjic Grad to Sipovo, two of the biggest communities in this central Bosnian region, 40 Muslim families will have their homes repaired over the next couple months to begin a life—alongside the Serbs—that defies the legacy of the 3 1/2-year ethnic war that tore the former Yugoslavia apart.

To be sure, the numbers of refugees returning pale in comparison with the hundreds of thousands that were displaced during the war. But each lighted window on a hillside represents a triumph. In the eyes of international aid agencies responsible for nudging

Serb leaders and repairing Serb and Muslim homes damaged in the war, each is a tiny beacon of hope.

"The governments can sign all the agreements they want, but it's really up to the people on the ground and in the villages to make it happen," said Nenad Buzanin, a worker at the International Rescue Committee. "People were afraid at first. It was hard to be the first ones."

But the security provided by NATO peacekeeping troops helps, Buzanin said. "It's good for people to see the troops around."

Refugee returns in this part of the Serb republic are part of an assistance program begun in the past year by the United Nations High Commissioner for Refugees (UNHCR) and the U.S. Agency for International Development (USAID). UNHCR, for nine months, and USAID, since this summer, have devised economic incentive programs for communities that work to bring former neighbors together.

Towns and cities whose leaders commit to the letter and spirit of the peace agreement forged in 1995 in Dayton, Ohio, in essence can generate their own peace dividend if the aid agencies determine they are supporting refugee returns. If they are, the city is designated an "open city" and becomes a candidate for international assistance packages, most notably for reconstruction.

The aid program has succeeded in about a dozen non-Serb communities in the Bosnian-Croat federation and Croatia. In the past few weeks, there has been a perceptible change of attitude in some towns in the Serb half of Bosnia, which long has been antagonistic to the notion that Serbs, Muslims or Croats can live together again.

Mrkonjic Grad's new mayor last month asked for—and received—open city status.

In Sipovo last week, city authori-



ZONES OF CONTROL



THE WASHINGTON POST

ties voted to cooperate with UNHCR's refugee resettlement goal.

"We simply can't be isolated any more," said Sipovo Mayor Milorad Cirko, a former Serb army officer from the town of 12,000. "Sipovo is in a very, very hard position. No one else is helping us. We can't survive if we don't work with the international community."

The change of heart in the two communities reflects more than economic realities in the Serb half of Bosnia. The mayors in both cities, elected two months ago, are members of the Bosnian Serb Socialist Party, not the hard-line Serbian Democratic Party. The Socialists last year threw their support behind the Serb Republic's Western-backed president, Biljana Plavsic.

Both mayors also lead communities whose populations were not as deeply seared by Muslim-Serb battles as others. This part of Bosnia, occupied by Croats in the last year of the war, was handed back to the Serbs as part of the

Dayton peace accord. As the Croats left in the spring of 1996, they torched and burglarized houses.

Sipovo estimates more than half its houses were damaged. In Mrkonjic Grad, an international management team estimates that more than a quarter of the city's 8,865 dwellings were damaged; another 500 were destroyed. In a community of 27,300 people, an estimated 1,000 homes still do not have roofs. Only 2,500 people have a job. The average income, according to aid agency estimates, is \$17 a month.

"We want people to come back but who wants to come back to live on \$17 a month?" said Mrkonjic Grad Mayor Stevan Stojici. "If we want to survive, we must have someone help us get back on our feet. We have to be open."

In Mrkonjic Grad, 701 Serb homes have been repaired. Another 35 Serb homes are to be repaired as part of the open city program.

In contrast, 10 Muslim homes will be repaired in the nearby village of Baljvine where, as Stojici points out, one of the few mosques remaining in Serb territory stands.

Here in the village of Volari, Diana Maksimovic, a new mother at age 19, remembers her Muslim neighbors and how her husband's family watched over their house when they fled. Then she and her own relatives fled to the nearby city of Banja Luka in 1995. All of them, she said, have suffered enough.

"We didn't hurt anyone. We didn't do anything wrong," Maksimovic said, rocking her child on her hip.

"I don't think it will be the same as before but I believe everyone can come back. . . . I know how it was to be a refugee, to be from someplace else. I want everyone to come back to their homes."

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The Rage Over Christian Persecution

A conservative-led Washington coalition tries to remoralize American foreign policy.

BY JEFFREY GOLDBERG

Washington Discovers Christian Persecution

A year ago, it was barely on the public agenda. Now, an unlikely coalition of advocates has turned the human rights of Christians worldwide into this year's cause — and a wedge issue that could divide the Republican Party. **By Jeffrey Goldberg**

THE SOUR EXPRESSION ON HIS GRAY AND LINED FACE SUGGESTS that His Eminence Lufti Laham, the visiting patriarchal vicar for the Orthodox Melkite Church in Jerusalem, disapproves of Nina Shea — her message, her demeanor, even her presence on the same dais.

Shea is a stone-serious conservative Catholic, the religion expert at the human rights group Freedom House and a leader in the fight against the persecution of Christians overseas. Archbishop Laham represents a group of West Bank Christians who are experiencing growing discrimination from their fundamentalist Muslim neighbors. And yet Laham appears physically pained each time Shea mentions the word "persecution."

Shea is speaking to the Sovereign Military Order of the Temple of Jerusalem, a group of self-described knights who claim spiritual descentance from the infidel-smiting Crusaders of yore. They have invited her to their annual international convention, in a suburban hotel in Washington, to educate them about human rights. Her message is straightforward: Millions of Christians are now facing horrible persecution, most notably in many Muslim countries and in China, but American human rights advocates are blinded to this by their secular-humanist impulses. The American Government, meanwhile, seems far more interested in opening new trade markets than in defending human rights.

Shea belongs to a new and potent political coalition that includes Reaganite conservatives, labor activists, veterans of the Soviet Jewry movement and, most important, evangelical Christians. These unlikely partners are united by their desire to "remoralize" American foreign policy. Within the past year, they have seized an issue, Christian persecution, that

existed on the margins of the human rights agenda and yanked it to the center of America's foreign policy debate. They are now focused on passing the Freedom From Religious Persecution Act, which is opposed by the White House, big business and, surprisingly, several Christian groups.

"On a demographic scale, Christians are the most persecuted religious group in the world today," Shea now tells the knights. "I'm talking about the most egregious violations known to man. I'm talking about slavery, torture, arrest, imprisonment, even martyrdom."

When Shea mentions martyrdom, Archbishop Laham lets out a sigh. It is not that he objects to the notion of martyrdom. ("Martyrdom is glorious," he later tells the knights.) He does object to Shea's confrontational tone. He, after all, is the one living with the possibility of persecution at the hands of intolerant neighbors. As Laham steps up to the podium, he makes a detour to a table laden with books. He picks up Shea's recent book about Christian persecution, "In the Lion's Den," and another book on the subject, "Their Blood Cries Out." The archbishop turns to the audience, theatrically mournful. "These titles," he says, "are not helpful."

By the time the meeting ends, Shea is quietly steaming. "We have a lot of opposition," she mutters as she moves toward the door. "And *this*" — she nods in the direction of the archbishop, a man she believes needs her help — "is the sort of thing we're up against."

THE IDEA THAT CHRISTIANS ARE THE SUBJECT OF PERSECUTION IS DIFFICULT to grasp at first. After all, there are more Christians in the world than members of any other faith, and Christianity has historically (witness the Inquisition) and recently (think Bosnia) been more closely associated with the persecutors than with the persecuted. But Christians have, of course, been brutalized in the past (the Roman Colosseum comes to

Jeffrey Goldberg is a contributing writer for the Magazine. His last article, about the Palestinian secret police force, appeared in September.

Nina Shea says that more Christians have suffered persecution in this century than in all previous centuries combined. 'It's a great one-liner,' says a critic, 'but I'm not sure it's true.'



Against Intolerance: Above, a human rights worker comforts a Sudanese Christian shot by Government troops. Opposite, clockwise from upper left: Nina Shea of Freedom House, Michael J. Horowitz of the Hudson Institute, Kenneth Roth of Human Rights Watch and Gary Bauer of the Family Research Council.

mind). And today, in countries where Christians are in the minority, they often face all manner of oppression. On this point, at least, there is wide agreement among church and human rights groups.

"To suggest that the persecution of Christians is not a serious problem is nonsense," says William F. Schulz, the executive director of Amnesty International U.S.A., in a rebuke to anyone who might suggest otherwise.

It is difficult, though, to quantify a problem that takes different forms in different countries. Unlike a tightly focused human rights campaign — the movement to force the Soviet Union to let Jews emigrate, for instance — this is a diffuse cause. Activists say that as many as 200 million Christians in at least 35 countries live under governments that abet persecution.

The persecution of Christians is said to be especially ferocious in the Islamic world. In Pakistan, churches have been burned and Christians have been jailed on charges of blasphemy and beaten to death by Muslim mobs. The most dangerous country in the world for Christians is surely the Sudan, where the Christians of the south are targets of a near-genocidal campaign by Muslim northerners. Paul Marshall, author of "Their Blood Cries Out" and a senior fellow at the Institute of Christian Studies in Toronto, estimates that 700,000 Christians have died in the eight years since Muslim fundamentalists seized power in the Sudan. "More die from hunger than from bullets," Marshall says, but adds that armed Government militiamen often surround villages on horseback, kill the men and kidnap the children to forcibly convert them to Islam. Even in countries that are strong U.S. allies, Christians often face brutalization. Human rights groups have accused the Government of Saudi Arabia of beheading Christians; in Egypt, Coptic Christians are not allowed to build or repair churches without the permission of President Hosni Mubarak. Not that Muslim countries are the only ones charged with Christian persecution. According to Human Rights Watch, the leading U.S. human rights group, Communist officials in China have been shutting down Protestant and Catholic churches that refuse to affiliate with the Government and arresting ministers and priests.

To suggest, however, that Christian persecution is the most egregious human rights problem in the world is simplistic hype. Religious persecution seldom takes place in a vacuum. Countries like the Sudan, China and Cuba, all of which oppress Christians with vigor, regularly violate almost every recognizable human right. How, then, does one categorize a Catholic priest who is thrown in jail for attacking the government: as a religious martyr or a political prisoner — or both?

Several of the countries accused of persecuting Christians dispute the human rights groups' charges, and some see a pro-Israel plot behind Washington's sudden interest in the plight of Middle East Christians. Abdelaleem El-Abyad, a spokesman for the Egyptian Embassy in Washington, noted that several of the politicians and activists at the forefront of the movement are Jewish. "This crusade is like a jihad," says El-Abyad. "These Jewish extremists think they can help Israel by tarnishing Islam."

It is not only Arab publicists who are finding secret plots behind the campaign against Christian persecution. At the moment, the main target of the pro-Christian campaign is China. Beijing's advocates in the U.S., including many Fortune 500 companies, see distinctly political, and not humanitarian, motivations behind the evangelical right's interest in China. "I suspect that there are those in this town who think, incorrectly, that China is the new evil empire," says Willard A. Workman, the vice president for international affairs at the U.S. Chamber of Commerce. "China is not unique in the world in having some interesting views on religious-freedom issues."

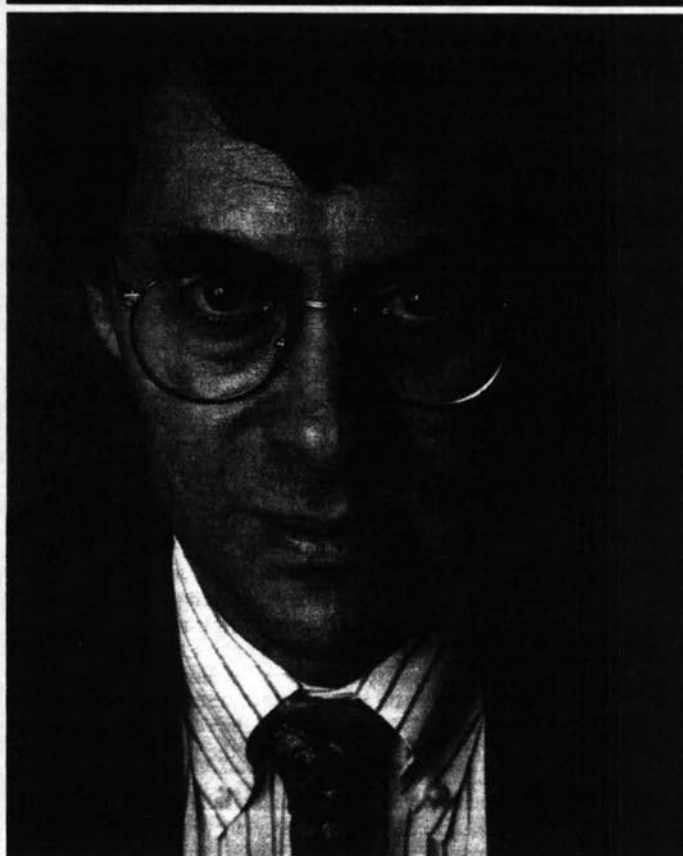
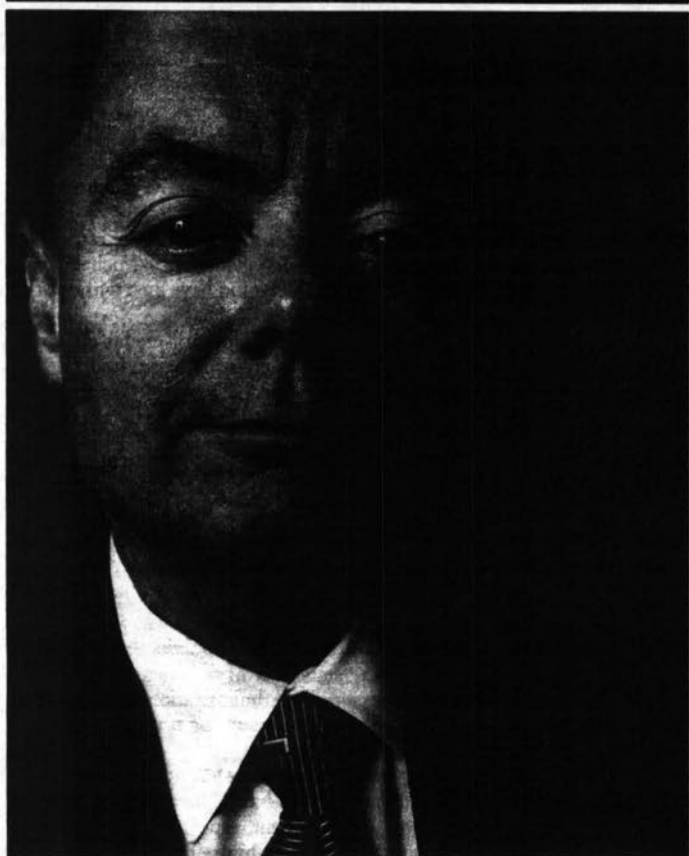
"Interesting views" is, charitably, an understatement, but the extent of Chinese persecution of Christians is nevertheless a matter of debate. Even the number of Christians in China is a matter of debate. (Estimates range from 14 million to 100 million.) When asked to describe the state of religious freedom in China, John Shattuck, the Assistant Secretary of State for Human Rights, said "bad." Then Shattuck, who is the White House's point man in its effort to defeat the Wolf-Specter bill, quickly added: "But it has been bad for some time." In fact, Human Rights Watch recently reported that incidents of long-term imprisonment and physical violence directed against religious activists are less frequent in China today than in years past.

Nina Shea puts little stock in this sort of report. "Human Rights Watch has no contacts in this community," she says. "They don't know what's going on." She then offers up a bundle of internal Chinese Government documents detailing Beijing's belief that underground Christianity is a serious threat to the leadership's ideology.

Shea often claims that more Christians have suffered persecution in this century than in all previous centuries combined. Such statements leave Shea's more analytical — and secular-minded — colleagues somewhat discomfited. "It's a great one-liner," says Kenneth Roth, the executive director of Human Rights Watch, "but I'm not sure it's true."

Shea dismisses Roth's criticism as the bitter plaint of a man who failed to predict the next great human rights battle. "No one is paying attention to anything they say or do or write anyway," she says about Human Rights Watch. "I've got the numbers, I've got the endorsements in all the Christian communities. I've got the power. It's our side that is setting the agenda now."

CHRISTIAN PERSECUTION SHOULD NOT, BY RIGHTS, BE AN ISSUE OF great controversy. After all, no one favors the persecution of Christians, in the same way that no one opposes clean water or supports nuclear warfare. But the unlikely coalition that Shea has helped put together is plainly working on some powerful political and commercial nerves, and has run into fevered opposition from another unlikely co-



Michael Horowitz's contribution, says Shea, 'was that he called these people and said, "I'm a Jew, I'm interested in this, why aren't you?" He shamed Christian leaders into action.'

alition. Besides the leaders of China and several Muslim countries, this coalition includes the U.S. Chamber of Commerce, the liberal National Council of Churches and several Christian leaders who believe that martyrdom, like the everlasting presence of the poor, is biblically preordained.

These forces are all fighting the proposed Freedom From Religious Persecution Act, which would create an office to monitor religious persecution and sanction countries that systematically persecute any religious group (including Iranian Bahais and Tibetan Buddhists). Opponents of the bill, which is sponsored by Senator Arlen Specter, the Pennsylvania Republican, and Representative Frank Wolf, a Virginia Republican, managed to keep it from coming to a vote in the last session of Congress. But its sponsors promise to push it hard after Congress reconvenes in January.

With thousands of lay Catholics and Protestant ministers having joined the fight against Christian persecution, it might be seen as a genuinely mass movement. But it's hardly a movement that arose by spontaneous combustion in some church basement. Midwived by a handful of veteran organizers, this is an issue manufactured in the mile-square section of Washington that produces the most priceless of political commodities: the wedge issue. It is a process of political manufacturing that Washington seems to have perfected, the taking of a simple, transparently righteous issue and turning into a political football.

For the Republican Party, the Wolf-Specter bill sets up a potentially calamitous gunfight between the party's social conservatives (millions of Christian foot soldiers) and its economic conservatives (big-business supporters). This new movement also threatens to put the President in a political squeeze. His State Department opposes Wolf-Specter, primarily because the bill calls for the automatic trigger of sanctions, and because of fears that an office devoted to religious persecution would create what Secretary of State Madeleine K. Albright calls "an artificial hierarchy of human rights," the elevation of one class of persecuted people over another. So if the legislation does make it through Congress, the President might risk alienating a wide swath of Christian America with his veto.

All this angst, generated by a political issue that barely existed a year ago.

TO THE EXTENT THAT THE CAUSE DID EXIST, IT EXISTED IN NINA Shea's briefcase. Shea first came to the human rights movement in the late 1970's. She was, by all appearances, a typical activist. She served as a program director for the International League for Human Rights, a group founded by the impeccably liberal Roger Baldwin, who also founded the A.C.L.U. In the early 80's, Shea, a lapsed Catholic, became increasingly interested in the human rights abuses committed by the Sandinistas in Nicaragua, especially toward priests.

"I tried to interest the human rights community in the situation in Nicaragua, and that's when I got blackballed by them," Shea says now. She is a slight, blond mother of three who seems hardened by years of ideological infighting. "They all but stopped talking to me." In response, Shea and a number of other lay Catholics formed the Puebla Institute, dedicated to advancing the cause of religious freedom. (Puebla was later absorbed by Freedom House, where Shea now works.) "There were already groups set up to do journalists, to do lawyers," she says. "No one was doing religion." Along the way, she says, her work drew her back to her religion. "I was evangelized by the persecuted people. This work really provoked something in me."

It didn't provoke much elsewhere. Puebla and several other groups kept the pilot light lit, but the late 1980's were lean years for Christian human rights activists. The broader human rights movement was preoccupied

with apartheid in South Africa, war in Central America and the Soviet oppression of Jews, Poland and the Baltic states. But by 1991, Shea says, "the bottom had begun to fall out" on each of those issues. And yet, while disparate historical forces were helping clear the table of traditional human rights concerns, the issue of Christian persecution stayed on the margins. To Shea, this was evidence of class bias. She believes that the mainstream human rights groups, and their foundation backers, exhibit a cultural distaste for religious people, especially for evangelicals.

"To them, since I focused on Christians, I was a bigot," Shea says, bitterness rising in her throat. "No one would call me a bigot if I decided to commit my life to Tibetan Buddhists. It's a common view of human rights advocates — they think of Christians as persecutors, not the persecuted."

MICHAEL J. HOROWITZ BELIEVES THAT ONE ACTIVIST ALONE WAS RESPONSIBLE for moving the issue of Christian persecution into the mainstream: Michael J. Horowitz. The former general counsel at the Office of Management and Budget under Reagan, he is now a senior fellow specializing in tort reform at the Hudson Institute, a conservative think tank. He is wire-thin, an aerobic talker and an expert self-publicist. "When I came on the scene," he says, "there were groups doing this, but they were going out of business. Puebla was one of those groups that was dying. Nina is good, but it was going out of business."

Horowitz, a self-described "backsliding Orthodox Jew," was alerted to Christian persecution by his Ethiopian housekeeper, who told him stories about the suffering of Christians under Ethiopia's Communist rulers. Those stories, he says, took him to Nina Shea's office one day in late 1995. "Evangelicals were with us on Soviet Jewry, and it was time to pay them back," he says. "You're only allowed to sit out one Holocaust each lifetime."

Shea educated Horowitz about Christian persecution, and it was this collaboration that set into motion much that would follow. Horowitz and Shea's relationship has since deteriorated; Shea has difficulty squelching her apparent distaste for Horowitz's self-promotion, and she resents his backhanded compliments. "Puebla was *not* dying until Michael came along," she says dismissively. "And Michael would have died without this issue. What did he have, tort reform?"

Still, they formed a partnership for a time, and Shea still credits Horowitz with devising a uniquely effective strategy to enlist Christian leaders. "Michael's contribution was that he called these people and said, 'I'm a Jew, I'm interested in this, why aren't you?'" Shea says. "He shamed Christian leaders into action." Horowitz became a tireless spokesman for their cause. The New York Times columnist A.M. Rosenthal, who has returned to the subject of Christian persecution again and again over the past year, wrote that Horowitz "screamed me awake" about Christian persecution.

In January 1996, Shea, Horowitz and several other activists, including officials of the National Association of Evangelicals, convened a conference of Christian leaders. More than 100 came, including many influential evangelists, like Charles Colson, as well as evangelists unknown in official Washington but who reach millions from their televised pulpits. After the conference, the Association released a "statement of conscience," calling on churches across the country to pressure the Administration to combat religious persecution abroad. Suddenly, the movement had found its masses.

THE MOVEMENT HAS ALSO FOUND ITS ENEMIES, AND NOT JUST THE RULING cabals in Beijing and Khartoum. The faith-based human rights insurgency sees the liberal human rights establishment, especially Human Rights Watch, as its *bête noire*. By way of introducing himself, Kenneth Roth, the

executive director of Human Rights Watch, hands over a two-inch-thick stack of documents. They detail his group's efforts to expose religious persecution around the world, efforts starting long before Nina Shea and Michael Horowitz cast him as the opposition.

Horowitz dismisses Roth's pile of evidence. "The elitist human rights groups have got it all wrong," Horowitz says. "It's their crowd that has caused more holocausts than the Christian Coalition crowd. They are children of the Enlightenment view that religious people are the ones doing the persecuting. At one point I was talking to Roth and he said, 'Maybe we could have some sort of meeting.' I said, 'Fine, how would you like to meet with Ralph Reed?' On the other end of the telephone, the gulp was so clear that it was if I asked him how he'd like to meet with salmonella. God forbid he should meet with Ralph Reed. He said, 'Well, what's his position on abortion?' Position on abortion? What has that got to do with political oppression?"

Roth, a lanky, earnest man who has run Human Rights Watch for four years, remembers the conversation differently. "I said I'd be happy to meet with him and bring the Christian Coalition into the movement, but not embrace it, because it rejects certain human rights, which is what its position on abortion reflects," he says. "The evangelical right has certain views which are contrary to the views of the human rights movement, around the issue of the rights of women, and around the issue of religious tolerance, but we are here to defend the rights of all, including the intolerant. But Horowitz is on his own thing, and he has a very selective memory."

To the class-centered

charges leveled by Shea and Horowitz, Roth responds: "These are self-congratulatory applause lines, to say that we weren't involved in religious rights. But they have chosen to pursue divisive tactics. It gets a rise out of certain constituencies — I can't imagine they'd be saying this sort of thing if they didn't get a rise."

GARY BAUER, THE president of the Family Research Council, is a slight and polite man, as relaxed as Michael Horowitz is frenetic. But his low-key presence belies his influence in conservative Christian circles and his understanding of how evangelical activists can manipulate the legislative levers on Capitol Hill. In the executive suite of the Council's imposing downtown Washington headquarters, Bauer recounts the recent history of evangelical politicization.

"There's a growing awareness by Christians that you can't compartmentalize your faith," he explains. "You've got the Promise Keepers saying that faith has to define what kind of father and husband you are, and now you have the movement to stop the persecution of Christians saying your faith has to define what sort of citizen you are. If that means becoming a human rights activist, so be it."

Bauer, improbably, has become a human rights activist. This activism began a few years ago, during the debate over whether to continue China's most-favored-nation trading status. Bauer is a close friend and ideological soul mate of William Kristol, the Republican theoretician and editor of *The Weekly Standard*. Both men were disappointed that the Republicans failed to have China punished; the party, they agreed, had been captured by greedy, amoral businessmen. They wondered aloud if it might be possible to restore a meas-

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ure of Reaganite greatness to the G.O.P. by casting the Communists in Beijing as Soviet-style enemies.

Bauer's interest in confronting China as a Communist enemy coincided with Shea and Horowitz's interest in confronting China as an enemy of Christians. Bauer, who is frequently mentioned in conservative circles as a potential Presidential candidate in 2000, understood that Christian persecution might well be Beijing's Achilles' heel. "I decided to see if I could get my own supporters around the country interested," he recalls, "and if I could gain credibility in Washington on this issue."

Foreign policy, however, had never held much interest for evangelical activists. True, Israel has always been important, for eschatological reasons, and the Soviet Union was often seen as a biblically predestined evil empire. (Ronald Reagan quite deliberately introduced this now-iconic expression at an evangelical convention.) But evangelical leaders were primarily motivated by domestic issues. That, however, has been changing. "Twenty years ago," says Kristol, "they focused on the issues most immediate to them — schools, abortion. But the Republican Party is going to wake up and realize that the dominance of big business has caused great unhappiness under the surface."

Once the National Association of Evangelicals issued its statement of conscience, Bauer and other activists had a surprisingly easy time enlisting evangelical Christians to their cause. "The Republican Party will be forced to make a decision about what it is," Bauer says. "Is it the party of Lincoln and Reagan or the party of Wall Street and the Fortune 500? This issue is creating incredible strains within the G.O.P. alliance."

A particularly striking moment for Bauer came

when he read the comments of the chairman and C.E.O. of the Boeing Company, Philip M. Condit, in this magazine last August. Condit was asked his thoughts about human rights violations in China. He responded: "They are the same ones that I have about human rights violations in the United States... I happened to be in China during the Rodney King beating. Now, there is a whole bunch of background that goes along with that. But watching that on CNN in China, their perspective was, 'What was that about?'"

"I almost fell out of my chair when I read that," says Bauer. "It's a viciously anti-American statement by a man whose company is on the map because America had the will to arm in order to face down international Communism. It's just astonishing. It will get more amazing if China does what I think it will do over the next 10 to 15 years. And then we'll have Boeing up to Congress demanding a military buildup to counter the Chinese threat that they helped create by sending our technology to them."

Though Bauer refuses to talk about it, he is paying a price for his newfound interest in human rights. His allies say he has come under pressure from his organization's biggest supporters, the DeVos family, one of the founders of Amway. The company did \$178 million in business in China last year, and Bauer's friends say he has been asked to tone down his anti-China rhetoric. John Gartland, Amway's director of government affairs, denies that the DeVos family is pressuring Bauer. "We have never told him he has to do this or that," he says, but then adds, "though in this particular case, we've made our views known that we don't agree with him."

Bauer clearly hasn't backed off. Which is what

led to a strange sight several weeks ago. During the visit of the Chinese President, Jiang Zemin, to Washington, there stood Gary Bauer alongside Richard Gere and Bianca Jagger, those avatars of the celebrity left, to protest the Administration's red-carpet treatment of a man Bauer calls "the Butcher of Beijing."

"It was a little jarring," Bauer says now, "but throughout American history, great causes have seen the formation of unusual coalitions and the breaking up of other coalitions."

IT IS DIFFICULT TO plumb someone else's motives. Michael Horowitz and Nina Shea are obviously moved by the plight of oppressed people. But they make it plain, just as Gary Bauer makes it plain, that their defense of persecuted Christians is a means to an end, the end being to overturn the established — that is, liberal — order. When Shea and Horowitz look at Human Rights Watch, the National Council of Churches, even the U.S. State Department, they see organizations driven by a class-based secular humanism. In Shea's view, many in the human rights establishment "buy into the argument put forward by the Chinese Government that religion has to be controlled because it's dangerous and that there are dangerous sects out there."

But some liberal Christians see danger closer to home — in the movement that Shea and Horowitz have spearheaded. "There is reason to be concerned with this overly muscular Christianity that is being advocated," says the Rev. Joan Brown Campbell, the general secretary of the National Council of Churches. "That's got some history to it. When Christians act like their faith is pre-eminent, it can create problems. I hate to use this example because it's so extreme, but if you

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PERSECUTION

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look at the Nazi regime, you see in it the philosophy of Christian superiority."

The emphasis on persecuted Christians, suggests Campbell, is theologically arrogant. "We are equally concerned about persecution of any faith," she says. "The persecution of Christians is not a primary concern. If we as Americans are not careful, we will create a more repressive situation for Christians."

To Horowitz, Campbell has it exactly wrong. "When Joan talks about Christianity as a precursor to the Holocaust," he says, "she ignores Nietzsche, who predicted that the Christian God in Europe would be replaced by a secular god and that the totalitarian clergyman would be replaced by the totalitarian politician, and then the blood would really flow. And it did."

Horowitz, like several other conservative Jewish thinkers, has come to believe that Christian anti-Semitism is a less malignant form of the disease. (He and several other Jewish conservatives are pressuring the U.S. Holocaust Museum to soften its depiction of Christian anti-Semitism.) But what does the persecution of Jews have to do with the movement to address the persecution of Christians?

"This issue is not just about saving the lambs," Horowitz says. "The question is, what does religion stand for? Is it a retrograde force of superstition, or is it a source of modernity and democracy and ultimately tolerance? I say the latter, and we're seeing the greatest expansion of Christianity in its lifetime." Horowitz, it turns out, is enthusiastic about the spread of Christianity. "Evangelicals will be the Jews of the 21st century," he says, praising them as carriers of the Judeo-Christian ideal of individual rights and democra-

cy. "The reason we have democracy is that the Judeo-Christian ethic taught the most radical political philosophy of all — that all men are created equal before God."

BEFORE HOROWITZ can help plant the flag of evangelism in Tiananmen Square, there are some considerably less philosophical objections he must overcome.

As evangelical Christians began lobbying their representatives to pass the Wolf-Specter bill, a coalition of business groups was already implementing a counterof-

fensive. Worried about the effect of this and other legislation on trade with China (among other countries), hundreds of corporations had created a lobbying group called USA Engage. To Horowitz's surprise, the lobby was able to persuade many legislators that Wolf-Specter threatened free trade. In fact, the original Wolf-Specter bill proposed in May contained provisions for only limited sanctions. The more significant thrust of the bill was the creation of a White House office to monitor persecution. If that office

Continued on page 64

ANSWERS TO PUZZLES

OF DECEMBER 14, 1997

P	A	S	C	A	L	E	N	D	U	P	A	T	O	P	O	S	E
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Houston Chronicle

Sunday, Dec. 21, 1997

PROFILE OF POWER

■ Bob Lanier leaves as mayor with record of success and respect that will be hard to match

By JOHN WILLIAMS
Houston Chronicle

DURING ALMOST six years in office, Mayor Bob Lanier has been compared with some of the most remarkable and controversial men of his time.

To some, he's been like a Franklin Roosevelt, eager to spend public funds to stimulate the local economy while Houston recovered from the oil depression of the last decade.

To others, he's a Ronald Reagan, adored for his leadership while piling up debt to fund his spending habits.

He also has been likened to Lyndon B. Johnson, a larger-than-life Texan not afraid to wield power mercilessly.

When it came to affirmative action, Lanier has been a Richard Nixon in China. In the same vein that only a Republican like Nixon could open trade with China, an aging white businessman like Lanier was best suited to argue for ethnic diversity.

Or is he a Robert Moses, New York City's public works czar who built his city into a national showcase?

Robert Clayton Lanier is seldom mentioned in the same breath with lightweights.

After six years, Houston's aging patriarch remains admired by much of his citizenry, respected by his peers and feared by his enemies.

See LANIER on Page 26A.



John Everett / Chronicle

Mayor Bob Lanier and wife Elyse stroll in front of City Hall through Hermann Square, which Elyse spruced up in the beginning of her husband's administration by soliciting money from businesses.

A look at some of the figures of Houston city government before Bob Lanier took office and as he prepares to leave.

	1991	1997
CRIME		
City limits	581.45 square miles	617.34 square miles
Residents	1.65 million	1.82 million
Police officers	4,088	5,305
Crimes (over 100,000 non-fatal)	10,884	7,428
Streets opened each year	136 miles	595 miles
Bike lanes added	27 miles	188 miles
Bus fare	\$2.50	\$2.00
Bus fare and grants	\$2.50 million	\$9.0 million
General fund revenue	\$780 million	\$1.1 billion
General fund expenses	\$881 million	\$1.1 billion
General fund balance	\$28.5 million	\$95.5 million
General fund debt service	\$186 million	\$194 million
Property tax rate per \$100 value	62 cents	66.5 cents
Property tax revenue	\$286 million	\$463 million
Sales tax revenue	\$204 million	\$278 million
BOND RATINGS		
Standard & Poor's	AA	AA
Fitch Investors	AA declining	AA stable
Moodys	AA	Aa

Source: City of Houston

B.C. Orr / Chronicle

Assembly operation set to begin in 1998

By MARK CARREAU
Houston Chronicle

Secured within a modern industrial complex amid the thriving swamp life that surrounds NASA's Kennedy Space Center, a gleaming symbol of U.S. global leadership awaits a long overdue journey into Earth orbit.

Half a world away, similarly sheltered in facilities eroded by economic neglect and harsher Russian climes, are two companion components of the same daunting vision — the \$58 billion, international space station.

Fourteen years in the making, longer than it took to win the race to the moon, the orbital laboratory involving the United States and 16 foreign partners will begin a six-year assembly operation next year.

Under a schedule that NASA acknowledges is optimistic, these first three modules are to be joined in Earth orbit by next Christmas.

Together, the U.S.-financed, Russian-manufactured Functional Energy Block, the U.S. Node and Russia's Service Module are to form the habitable cornerstone of a complex that eventually will encompass an area equivalent to a pair of football fields stretched side-by-side. Once assembled, the international station is to house a crew of up to seven astronauts and cosmonauts and operate for at least a decade.

Even with a prospective delay of two months in the scheduled December flight carrying the service module, the inaugural assembly missions planned for 1998 would represent a significant milestone for a program chronically mired in cost overruns, technical complexity and geopolitical upheaval.

"There is no doubt in my mind we will fly next year," says NASA's Randy Brinkley, who has steered the project's development through four turbulent years from the Johnson Space Center in Houston.

"It hasn't been pretty. Four years ago, most people would not have given us a snowball's chance in hell of succeeding," Brinkley said. "All in all, I think we have done a pretty reasonable job. Now, it's not a question of whether we are going to launch, it's a question now of exactly when."

Former President Reagan proposed the international station in 1984, setting a decade-long deadline for the space agency and a price tag

See STATION on Page 26A.

Goodfellows



Goodfellows contributor gives thanks for his family despite the loss of his wife during the year. He wishes the blessings of the Goodfellows program on those less fortunate. Page 44A.

Contributions can be made to The Goodfellows Fund, P.O. Box 480, Houston, TX 77263-0480. For more information call 713-653-0000, ext. 2000 (CDD) 2770.

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Weather	10

Latin journalists find freedom of speech a

Reporters the target of violence as stories focus on drug traders

On. And if they kill another of us, we'll continue. And another and another."

Camacho's resolve apparently is shared by her colleagues at La Prensa, a 3,500-circulation tabloid produced in a small house on the

Mexican journalists, especially those along the border with the United States, face a growing risk of violence spun by the political and economic influence of the drug trade.

Like their colleagues in Colombia and elsewhere in Latin America, Mexican journalists willing to expose or criticize local gangsters and their allies within government have become targets of violence, shock absorbers in their society's confronta-

Risk to when p high-sp Dangerous increased so

By JOE SHARKEY
New York Times

Some police officers use hearted term to describe speed car chase: "Off to the races."

For big-city Andy Spow, small-town Barney Fife and the psychology of police. And the police tend to react toward those who defy running when instructed to whether in a back alley or highway.

Last year, police officers involved in about 100,000 highway chases nationally. These were often accompanied by breathtaking spills and chases in a generation of action and television cop shows. But in the movies, happy endings: sive in real-life chases. About cent of police chases end in a in which people are injured. Last week, the Supreme Court a suit seeking to hold police able on constitutional grounds in pursuits.

Fallen

Hispanic cor and triumph

By LORI RODRIGUEZ
Houston Chronicle

San Antonio's Henry Cisneros, the latest. Former Railroad pioneer Lena Guerrero, pe first. And in between, like dominos, are a public school tendent in Dallas, Houston past and present council former port commissioner nominee for a U.S. attorney former district judge who at the federal bench, and slew of Hidalgo County of

They are fallen or failed case of Texas Attorney General Morales, who is retiring life, simply lost leaders of community where leader few. Where each loss is tally. And where, in a one style, each disgrace is v community shame, or guerra.

"This has not been a good Hispanics in this state. ton Port Commissioner tinez, who assumed the j cant by the indicted Bettu "We have city councilm

DUDLEY ALTHAUS
Houston Chronicle Mexico City Bureau

SAN LUIS RIO COLORADO. Mexico — Edith Camacho ignores the pleas of her family to quit her reporter's job when she goes to work each day at La Prensa, an em-pire newspaper anchored on a dirt lot in this rough-edged bor-



'I'd put him up with (Chicago Mayor Richard) Daly and (New York Mayor Fiorello) LaGuardia as one of the great mayors in 20th-century history.'

University of Houston political science Professor Richard Murray



John Everett / Chronicle

Mayor Bob Lanier attends one of his final City Council sessions in the recently remodeled City Council chambers at City Hall. Lanier leaves office Jan. 2, after six years, to be succeeded by Lee Brown.

Lanier

Continued from Page 1A.

Only history will judge the long-term effect he has had on Houston. Criticism that his financial risks could boil over or Houston's streets could again clog in the absence of rail remain concerns for some.

But after six years of focusing on



of luck along the way, a notion that rankles Lanier, causing him to respond with a quote from former University of Texas football coach Darrell Royal that "luck is when preparation meets opportunity."

For example:

■ Lanier's debt strategy — dependent on growth in the local economy, which would put more sales and property tax dollars in the city's coffers — paid off as Houston has been part of a booming national economy

to attract another NFL team to Houston.

"It's unfair for taxpayers to have to pay for these athletic stadia," Lanier said. "But I reconcile myself that it's part of the ambience of life. I don't think economically it works out totally. But you know, there are lots of things people spend their money on — movies, theaters, beer halls, playing cards, playing golf — but you have a hard time working out the economic equation. It's a difficult one."

Mayor Bob Lanier attends one of his final City Council sessions in the recently remodeled City Council chambers at City Hall. Lanier leaves office Jan. 2, after six years, to be succe

Lanier

Continued from Page 1A.

Only history will judge the long-term effect he has had on Houston. Criticism that his financial risks could boil over or Houston's streets could again clog in the absence of rail remain concerns for some.

But after six years of focusing on crime, inner-city redevelopment and ethnic diversity, most appear to like the results.

Lanier's approval rating is 78 percent, according to a poll conducted Nov. 29 to Dec. 2 for the Houston Chronicle and KHOU-Channel 11.

That is a high rating considering that during his last two years, Lanier took on three controversial issues — affirmative action, stadium financing and the Kingwood annexation.

As he prepares to give way to Mayor-elect Lee Brown on Jan. 2, the Lanier legend is stronger than the concrete highways he's fond of talking about.

Future Houston mayors will be compared with Mayor Bob.

"I'd put him up with (Chicago Mayor Richard) Daley and (New York Mayor Fiorello) LaGuardia as one of the great mayors in 20th-century history," said University of Houston political science Professor Richard Murray. "He has the ability to get things done."

OVER SIX YEARS, the cowboy boots that impressed reporters around the country have been replaced with Vibram-soled alligator loafers to soften the wear and tear on the aching knees of a 72-year-old man. His 6-foot-4-inch frame doesn't seem as tall as it once was. He's grown a little more testy with City Council members and others who cross him, partly the result of the pain from his problematic joints.

But make no mistake, Lanier maintains the same presence that caused former City Councilman Vince Ryan to call him "the 800-pound gorilla."

Lanier's six years as mayor are perhaps defined best not by what he did, but how he did it. His is a story of power, of the raw and unique type that surfaces rarely each generation. He is a scholar of power, its top instructor.

From Houston, where he lost but three council votes, to Austin, where the Legislature appreciated his style and remembered his years as highway commission chairman, to Washington, D.C., where an association with President Clinton and years of fund raising for Congress paid dividends, Lanier usually got what he wanted.

"He is absolutely the most powerful person this area has known since I've been around," said state Sen. Jon Lindsay, who was county judge for 20 years starting in 1975. "Usually, powerful people like Walter Mischer and George Brown don't run for office. They'd rather be in the back room, like Lanier was at one time."

Lindsay, Murray and others list five main characteristics of Lanier's power.

First, he was uniquely qualified for the job.

Lanier was once a lawyer with Baker & Botts, one of the state's most influential law firms. He was part of the kitchen cabinet of Mayor Louie Welch, perhaps the last mayor to flex as much muscle as Lanier. He was a developer of big subdivisions and apartment complexes. He once controlled University Savings & Loan. He served as chairman of the Texas Highway Commission and later the Metropolitan Transit Authority.

Second, Lanier is a fanatic about information and number crunching. If he can't learn enough from a book, Lanier brings the author to Houston for discussion. He uses polls not for



Chronicle file photo

After getting into the 1991 mayor's race in order to oust Kathy Whitmire and kill her rail program, Bob Lanier is sworn in by U.S. District Judge John V. Singleton as the city's 49th mayor in January 1992.

direction, the habit of many politicians, but to bolster his messages to generate support for what he wants to do, said one of his handful of pollsters, Mike Baseline.

As a result, Lindsay said, "he comes into combat knowing more than his opponent."

Third, Lanier didn't waste political chits on issues that didn't interest him. For example, he paid lip service in favor of zoning. But he allowed his inner circle of Billy Burge, image maker Mark McKinnon and fundraiser Sue Walden, the wife of his chief-of-staff, to defeat it at the polls.

Fourth, Lanier is an energetic campaign fund-raiser for other political candidates, who often become fast allies bound together at receptions that Lanier hosts. "People are scared of his ability to raise money," said one political insider.

Finally, Lanier is nice to his allies and brutal to a handful of enemies.

While council members had projects lavished on them in their districts, foils such as former Mayor Kathy Whitmire and former City Controller George Greanias became testaments to Lanier's wrath.

Lanier helped block his predecessor from White House appointments. Greanias left office with a huge debt when Lanier convinced the council not to pay his legal fees in a court battle between the two.

So strong is Lanier that several critics of the mayor declined to be interviewed for this story because in the words of one, "I still want to get work in this city and you never know when Lanier will show up."

"He is ruthless," Greanias said, "and he is totally committed to power and winning."

THE LANIER tenure can be broken down into basically three periods — a frenetic first year in which he got his finances in order and put his spending programs into place, a three-year interlude when he maintained an even keel and a final two years during which he rushed to get his final projects accomplished.

Lanier's legacy was etched during his first nine months in office following a racially divided runoff victory

over state Rep. Sylvester Turner after the two had ousted Whitmire, the architect of a monorail plan that Lanier killed.

"The rail war provided the personal impetus to run, but he wanted to be mayor for a whole series of reasons," Murray said. "He saw a whole opportunity to rebuild a part of society. With all the power he had, he didn't have to waste much time getting things done."

Immediately after taking office, Lanier moved with alacrity, causing one fawning scribe to call him "Captain Action."

He stacked the Metro board with his appointments and had his friend and developer Burge named chairman.

The board killed a monorail system sought by Whitmire and began the first of the so-called "Metro transfers," sending money to Houston, Harris County and other cities.

Within two months of taking office, Lanier used much of the money to place an additional 655 police on duty through additional hiring or increased overtime. Throughout his administration, Lanier has continued to add cops.

Crime dropped 21.7 percent during his first two years, a period when reporters flocked from around the country to chronicle the decline, and 31.4 percent during his six years.

The downside? Metro's monorail nest egg that once was more than \$650 million is now about \$200 million, and a large chunk of that is dedicated to street projects to match federal money sent to Houston. The transit agency has trouble finding money to add new street projects and some complain that bus service has declined.

In the meantime, Lanier and the Metro board convinced the Federal Transit Authority and Congress to let Houston spend \$500 million in federal funds on the Better Bus System, to upgrade roads and traffic signals. During that period, Lanier and his cronies flew key congressional leaders to Houston for campaign fundraisers.

Then Lanier started his neighborhoods-to-standards program, targeting small sections of the city with massive infusions of street

repairs, sidewalks, street lights and other basic amenities.

Instead of choosing totally blighted neighborhoods, Lanier made the strategic decision to pump money into more marginal areas that had a high home ownership and appeared likely to rebound with a little help.

He later tweaked that concept with a parks-to-standards program.

That year, Lanier refinanced the city's debt, largely as a way to compensate for a \$70 million deficit the budget faced when he took office. He also leaned heavily on short-term debt to finance smaller purchases. Lanier also issued \$25 million in bonds to repay legal claims against the city.

"It was important to move quickly so there would be citizen credibility in him, and so he had credibility in himself," said Dave Walden, Lanier's right-hand man for six years. "If those things had not worked out, these six years would have been different."

Not that it was easy for Lanier. Greanias, worrying that massive debt buildup would hurt the city, would not validate the bonds to pay legal claims. After a vicious court battle, Lanier agreed to call an election and the bond issue was approved.

But once his system was in place after those first nine months, things began running smoothly as the framework for his legacy was being built.

AT THE SAME TIME, Lanier focused seemingly sole attention on his three major issues, talking about crime, neighborhoods and diversity whenever he spoke.

Dan Jones, who has served under three mayors and was agenda director for Whitmire and Lanier, said Lanier used the bully pulpit as well as anyone in memory. Lanier's first state of the city address before the Greater Houston Partnership when he defined those issues still reverberates.

"Rule No. 1 is: Define the issues," Jones said. "If you can set the rules in poker, you win. Lanier did that." He has had an incredible amount

of luck along the way, a notion that ruffles Lanier, causing him to respond with a quote from former University of Texas football coach Darrell Royal that "luck is when preparation meets opportunity."

For example:

■ Lanier's debt strategy — dependent on growth in the local economy, which would put more sales and property tax dollars in the city's coffers — paid off as Houston has been part of a five-year national economic recovery.

The city's annual payment for general fund debt has risen by 18 percent to \$193.3 million since 1991. In the meantime, general fund revenues have grown by 17 percent to \$1.1 billion.

There has been one tax increase. In 1995, when property taxes were hiked 5.5 percent to 66.5 cents per \$100 valuation.

As he leaves office the general fund has an \$80 million surplus. All other accounts have significant surpluses.

Standard & Poor's was the only one of the three bond rating companies to lower its rating, to AA-minus, in response to the debt financing. That rating is still high for a city.

"The rebound of the Houston economy has certainly made (Lanier's) decision look better," said Standard & Poor's Alex Frazier, who oversees the Houston account.

Meanwhile, another bond rating house, Fitch Investors, recently noted that "Houston's debt burden is moderate and affordable."

■ Lanier's emphasis on crime came during a time when there has been a national reduction in crime for a variety of reasons, including a massive prison buildup that keeps criminals behind bars longer.

■ Lanier focused tens of millions of dollars on inner-city parks and infrastructure at roughly the same time there has been a national trend of people moving from the suburbs closer to downtowns.

Despite the controversial decisions, "his rverboat gamble seems to have worked out," Murray said.

Even Greanias isn't too eager to criticize the results, but adds, "it could still be a problem if the economy falters."

For much of the next few years, Lanier maintained what he had put in place. Some of the improvements in neighborhoods were hard to notice until enough work had been done.

But other developments ensued.

In 1994, Oilers owner Bud Adams started an ongoing sports facilities debate when he threatened to move his team unless Lanier and the city built him a new downtown domed stadium. A similar ploy in 1987 had gotten Adams major improvements at the Astrodome.

At first, Lanier decried professional sports and said it wasn't fair for "Joe Sixpack" to pay for high salaries. He tried to block a move by asking Congress to change the antitrust laws that sports enjoy. When that failed, he essentially told Adams to "hit the road." Adams moved the team to Tennessee.

Though he will be remembered as the mayor who lost professional football, Lanier said the burden is not heavy.

"(Adams) never came with any support," Lanier said. "What killed it as dead as anything is that he could move to Nashville and break his lease here. When I called up people to see if they would help, I got a dial tone."

Adams' departure was followed by talk that the Astros and Rockets would leave unless they got facilities. Faced with a total exodus of professional sports, Lanier became the point person to get a countywide referendum passed, a state law in place to fund construction and a sports authority created to build facilities.

A downtown baseball stadium is being planned, while the sports authority is studying ways to build a basketball arena and a new stadium

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ics of it. People just enjoy it."

While the stadium issue was reach-
ing a boiling point for the November
1996 referendum, another issue crept
onto the table — affirmative action.

Petitions started circulating to end
the city's affirmative action program,
which Lanier had inherited from
Whitmore and then expanded.

Race has always been a fragile is-
sue for Lanier since he defeated
Turner in 1991 in a contest in which
the mayor's campaigners helped feed
damaging information about Turner
to the media, said Texas Southern
University political science Professor
Sanders Anderson.

"There is always going to be suspi-
cion among blacks about Lanier,"
Anderson said. "That's why what he
did for affirmative action was so im-
portant."

Lanier had always espoused racial
equality. He jumped on businesses
that didn't hire and promote blacks.
He talked about "the multicultural
fabric of our society."

But Anderson said Lanier proved
his mettle during the affirmative ac-
tion referendum this November.
Lanier's passion for affirmative ac-
tion impressed supporters of the is-
sue around the country.

"He was the best person to roll up
his sleeves, this white businessman
who had the respect of his peers,"
Anderson said. "He told the whole
city that City Hall was working for
them."

In his last two years, Lanier also
has pushed hard for downtown rede-
velopment, putting together pack-
ages to renovate the Rice Hotel into
lofts, a convention center hotel and
redevelopment on the fringe of the
central business district. Last week
he asked for and received approval
to expand the George R. Brown Con-
vention Center.

THERE HAVE been other is-
sues along the way. A King-
wood annexation that kicked
up a maelstrom of problems in the
1997 Legislature. More than \$500,000
spent on a goal-setting strategy that
is sitting on a shelf somewhere. Mon-
ey spent on equipment for Calvin
Murphy's marching band.

But it is the rail issue that will al-
ways haunt the Lanier legacy.

Developer Howard Horne and oth-
ers believe Houston has given Dallas
a major strategic advantage by not
following that city's example and
building a rail system to connect
downtown with the suburbs.

Like other rail advocates, Horne
wishes that Lanier's clever use of
the Metro transfer means that it
could be a decade or longer before
the region addresses that issue
again. As a result, Horne says, Hous-
ton not only won't have an alternative
rail system, the continued reliance on
the automobile means it will be
tougher to clean the air and also will
deprive Houston of an important de-
velopment tool.

"Mr. Lanier chose to take the easy
way out — he took the money from
Metro," Horne said. "This city will
pay a high price in the lack of mobil-
ity for many years to come."

Neal R. Peirce, a syndicated colum-
nist who focuses on urban issues,
agrees, saying that "all great Ameri-
can cities will have rail."

"I'm afraid a lot of the early 21st
century will look back and wonder
why leadership failed us by not build-
ing rail," Peirce said.

Lanier, always aware that rail pro-

See MAYOR on Page 27A

to in the city."

During the past six years, she carved out a role as irrepressible cheerleader for Houston while serving as her husband's chief protector and defender. The couple often seem joined at the hip as she accompanied him almost everywhere and watched over him from her office next to his at City Hall.

Outspoken, flashy and controversial, she also took on high-visibility projects. She spruced up the area around City Hall with rose bushes, outdoor tables and colorful lights, pushed the renovation of Hermann Park, orchestrated the Power of Houston fireworks display and founded the Houston Image Group to tout the city.

Although some have criticized the group's efforts, Elyse Lanier is unrepentant. "When you've got something great, you don't want to keep it a secret," she said.

She has become so well-known that when she complained of chest pains last month and was taken to Methodist Hospital, all the local news telecasts led off with dramatic accounts of her two-hour hospital stay.

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lated story about the couple's first came to mind about the Lanier administration, nearly 12 percent mentioned Elyse.

It was the second most common answer, behind reducing crime, and ahead of such issues as affirmative action, improving neighborhoods, annexing Kingwood and building a new baseball stadium.

Her husband agrees with the public assessment of his wife as an important part of his administration and says her critics "can go soak their heads."

Before meeting Bob Lanier, Elyse Robins was never very political. A native Houstonian, she was a divorced

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Houston's first lady after her jewelry case was stolen when the Laniers were bumped and distracted by thieves while going through security detectors at Newark International Airport two months ago.

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At times, however, her tendency to shoot from the lip has raised eyebrows. After the incident in Newark, she told a New York Times reporter that airport law enforcement authorities could "take some lessons" from Houston police.

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"I'm not going to be the mayor's wife anymore, but we are in a position there are a lot of things we can still do," she said.

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Continued from Page 26A.

ponents want to lay tracks, argues that the Dallas rail is the best example of why rail doesn't work.

While Houston area residents make about 10 million trips a day by car, bus or other transportation, a rail system like Dallas' might satisfy about 30,000 of those. For \$1 billion, the cost to provide those trips is high, he argues.

It is better to spend the money making the inner city as handsome as the suburbs in order to attract the middle class back into the city rather than building a rail for them to ride to work, Lanier said.

In the meantime, Lanier said, a marriage of high technology with traffic management should keep Houston's highways running efficiently for decades.

But eventually, Houston may need some kind of inner-city line to connect the growing number of residents here, he said, adding that the issue needs continued study.

"It's not that it (rail) is useless, it's not a basic tool," he said. "Use it when it works, don't use it when it doesn't. Don't make it an ideological dispute. Make it a 'Hey, how do you transport people.'"

Aside from the never-ending debate on rail, there have been down-sides, critics note.

While mayors like Ron Kirk of Dallas were traveling to Mexico and Latin America to establish trade ties in the wake of the North American Free Trade Agreement, Lanier did little. He preferred to meet with dignitaries in his own office rather than leave the city.

Partly as a result, Houston lags behind other cities in building economic ties, despite the mayor's great track record in other areas, said Jim Kollmer, president of the Greater Hous-

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Mayor Bob Lanier

ton Partnership, the city's business development group.

"I think part of the reason for that is that he didn't have much contact with the partnership for about three years after the election," Kollmer said. "A lot of my members were for mono-rail and he just left us alone for a while."

Meanwhile, Lanier is often questioned for putting results ahead of the process. Getting roads repaved or the financial house in order is the goal, not making sure every "i" is dotted or "t" is crossed along the way.

For example, some of the streets and sidewalks that the Lanier administration has rebuilt are in shoddy shape. Some critics wonder that if in his zeal to get the projects done, and to spend the Metro money, Public Works officials have overlooked quality control.

Public Works Director Jimmie Schindewolf conceded there have been problems, which are inherent to such a large operation. But the city tries to identify errors and correct them, he said.

Others aren't convinced. "I would say that's a big concern," said Greanias.

Another "big concern" is police morale, which some officers say harkens to the Whitmire days.

Sgt. Hans Marticiuc, president of the Houston Police Officers Union, the city's largest police organization, complains that Lanier turned his

back on the cops after being a close ally early in his tenure.

While Marticiuc concedes there have been improvements under Lanier — the department got meet-and-confer bargaining status, retirement benefits increased, overtime dollars rolled into their pockets — he contends the mayor never came through with enough pay.

After giving a modest police increase in his first term, wages have remained static, he said.

"He took us and used us and threw us away like an old dish rag," Marticiuc said.

As Lanier reflects on his six years in office, the praise and the criticism, he is amazed by some of the things he enjoyed.

He liked working with council. "Everybody who knew me thought that would be my Waterloo," he said.

He enjoyed being something of a grandfatherly figure for Houston who won great adulation, whether it was sitting outside at a Rockets game or joking before the television cameras. Lanier began looking forward to ribbon cuttings and other ceremonies that he originally thought he would abhor.

"This is the experience that is the finest I ever had," Lanier said. "I learned there was a part of me I didn't know existed."

Perhaps in response, the Chronicle/KHOU Channel 11 poll indicates that second to reducing

crime, most people think of Lanier's personality and wife, Elyse, when they look back at his tenure. Next in order are park improvements, the stadium issue, neighborhood improvements and losing the Oilers.

"There is a quality that he has: He makes us want to like him," said Rice University sociology Professor Stephen Klineberg. "We saw someone with enormous capacity who could relate to business, the elite and the neighborhoods."

As he looks back, Lanier said he is most satisfied with his striving for ethnic equality and his ability to attract the middle class back into Houston.

"We've reversed the flight and we're gaining in population," Lanier said. "If you tend to basics — safety, streets, sidewalks, water, sewers, street lights, garbage pickup, you know the basic things — then your location advantage will reverse the flight."

"I made a living for years with subdivisions and rental units outside the city limits and have known for years why people moved," he said. "Really, almost all of those reasons are reversible. Now, you're not going to get all the market. But we're going to get enough now where that decline has stopped."

Lanier said all of his efforts are related to one overriding principle that he calls the "theory of reasonable hope."

"One of the best aspects of a democracy is that it gives people the reasonable hope they can improve themselves," Lanier said. "People can tell themselves or their children that if they work hard, go to school and make good grades, they can improve their lot. Ghettoes result if people don't have that reasonable hope."

"I tried to incorporate that in the things that I did," Lanier said. "To tell them they could have a nice street or a good park or a safe neighborhood."

Not only have his neighborhoods programs been an attempt to meet those standards, they have been an attempt to attract the middle class back to Houston to prevent a two-tiered system of rich and poor, Lanier said.

Lanier said he has lived by the theory, having grown up in a shotgun house in Baytown to poor parents only to always believe he could better himself.

"It's hard for a poor person to look at the rich and believe they have a reasonable hope of getting there," Lanier said. "But they can figure out how to get to the middle class if they see that."

WHAT WOULD he do differently?

"Given all the abilities and limitations, and what I knew at the time, I don't know if I would change anything at all," Lanier said. "I wish the Kingwood annexation had not gotten out of hand. Once again, the overall feeling is that we got so much more done than I thought we could do."

Still, Lanier believes there is work to be done. But he can't do it.

He can't seek another two years because of a term limits law he helped initiate six years ago in an effort to get rid of Whitmire. Despite a strong push by Lanier and his allies to change the law for him, the Texas Legislature last spring kept the three two-year term limits in place.

Yet to be done by his successors: The neighborhoods-to-standards programs is only six years through what should be a 20-year project to repair the city's infrastructure and address deferred maintenance, he said.

In the meantime, Lanier said, Houston should look for ways to enhance his programs and for other bigger ticket items like the baseball stadium "that add sizzle to a city."

Houston should continue working

out a compromise with the suburbs over annexation, Lanier said. He continues to argue that the suburbs should buy water to gain their independence from Houston.

Another concern is a long term water strategy to bring water from the Sabine River, said Lanier, who has started the framework for such a process. The current water supplies should last at least 35 years, he said.

Houston should also address political deficiencies in Austin, where the public officials "don't give Houston its fair share." Of immediate importance is state funding to widen Interstate 10.

But that is work for his successors. Despite concerns that Lanier will continue to meddle at City Hall, Lanier said he has no such interest in intruding into Brown's administration. Though he helped Brown win a runoff election over Robert Mosbacher, Lanier said he will answer only when called upon.

Anyway, he said he is not as eager to serve on commissions, boards and other public offices as he once was. "I think I originally did it for the prestige purposes," said Lanier. "I heard about things like that as a boy and I felt pretty big sitting in the inner circles. I don't have that need anymore."

In the end, perhaps the best close for the Lanier administration comes from the Lanier admired biography of New York City's Robert Moses, *The Power Broker* by Robert Caro. Lanier once brought the author to Houston to talk about Moses, a man the mayor later said he has tried to emulate by building his own city into a showcase.

Caro opens the book with a quote from Sophocles:

"One must wait until the evening. To see how splendid the day has been."

"Only time will tell if the Lanier years have been a short term feel good. Or whether they will resonate long into the future."

NEVER THE SHRINKING VIOL

Elyse Lanier has given the role of the city's first lady a higher profile than e

By CLIFFORD PUGH
Houston Chronicle

About this time last year, when it finally sunk in that her husband's days at City Hall were numbered, Elyse Lanier went into "mourning."

She didn't wear black — she wasn't depressed enough to forgo her trademark bright designer dresses accented by oversized jewelry — but she was in a funk nevertheless.

She found that she liked being Houston's first lady more than she ever dreamed of when Bob Lanier was elected mayor in 1991, and she didn't want it to end.

Being in the limelight, touting her hometown with an evangelist's zeal, and traveling to parts of the city she never would have otherwise visited thrilled her.

"When we reopened Moody Park, 10,000 kids were out there that afternoon," she recalled in a recent interview from her luxurious high-rise apartment near River Oaks. "Now you tell me something that feels better than that."

A new piece of jewelry, perhaps? "They're separate categories," she replied with a big laugh.

With term limits barring her husband from re-election, Elyse Lanier mulled over the idea of running for mayor herself. But after talking it over, the couple decided it wouldn't work because he could never adjust to being "first man."

"That's really not how we've done things before and it was kind of late to start it now," she said. "Once I understood this is how it is, I changed my thinking and moved on."

With that decision made, her sun-will-come-out-tomorrow outlook on life returned. "It's over and it's time to go," she said. "It's been great, but there's another new something out there that's going to be very exciting."

As the Laniers prepare to vacate City Hall, one thing seems certain: Houston has never seen a first lady like Elyse Lanier and probably never will again.

"I doubt if one person in 100 can recall Mayor McConn's wife or Fred Hofheinz's wife at the time," said Richard Murray, University of Houston political scientist. "Elyse Lanier has made this partner role a hell of a lot more visible than we are accustomed to in the city."

During the past six years, she carved out a role as irreplaceable cheerleader for Houston while serving as her husband's chief protector and defender. The couple often seem joined at the hip as she accompanied him almost everywhere and watched over him from her office next to his at City Hall.

Outspoken, flashy and controversial, she also took on high-visibility projects. She spruced up the area around City Hall with rose bushes, outdoor tables and colorful lights, pushed the renovation of Hermann Park, orchestrated the Power of Houston fireworks display and founded the Houston Image Group to tout the city.



John Everett / Chronicle

Always near her husband, Elyse Lanier has made herself a fixture at City Hall, where she has been responsible for helping raise millions of dollars in private donations for parks and beautification projects.

Although some have criticized the group's efforts, Elyse Lanier is unrepentant. "When you've got something great, you don't want to keep it a secret," she said.

She has become so well-known that when she complained of chest pains last month and was taken to Methodist Hospital, all the local news telecasts led off with dramatic accounts of her two-hour hospital stay.

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To many, Houston's first couple is known as "Team Lanier." When a re-

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Although Bob Lanier was a powerful player in political circles, he was a backroom insider who was not comfortable in the public eye. But after he had a celebrated falling-out with then-Mayor Kathy Whitmire in

1989 and resigned as chairman of Metro, Elyse encouraged him to run for mayor.

"Had it not been for her, I would have never run for this job," said Bob Lanier.

After he was elected, she was bruised by criticisms of her decision to move into a City Hall office next to his and to focus on beautification instead of grittier urban issues.

But her attitude changed after watching Washington Post columnist David Broder on the Today show, where he talked about presidents and the roles their wives have played over the years.

As soon as the segment ended, she got off her treadmill and phoned Broder. His words of encouragement prompted her to be herself and not worry about criticism.

"Boy, that really changed my life right then," she said.

Dave Walden, who is Bob Lanier's top aide, said Elyse Lanier has remained "remarkably immune" to criticism throughout the time her husband has been mayor.

"Maybe it bothered her, but I never saw it," Walden said. "She never said, 'Maybe we ought to back off.' It was always full steam ahead."

Walden said Elyse Lanier didn't get involved in setting policy but instead concentrated on improving parks, enhancing the city's image and entertaining dignitaries.

"She allowed him to focus a lot more on the hard-core administrative side of things. From that standpoint they made a great team," he said.

He added that Elyse Lanier brought talented women into the administration that would have otherwise been overlooked, but she did not meddle in personnel issues.

"She never once told me to hire or fire somebody," Walden said. "I sometimes wish she had."

But others saw a different side of Elyse Lanier. At the University of Houston, where she served as regent, she was influential in ousting chancellor Alex Schilt and pushing for a new administration.

"One of the most aggressive regents in shaking things up was Elyse Lanier," said UH's Murray. "She was no wallflower on our board. The perception that she was just involved in fluff ... was just not the case."

Walden also saw a feisty side of Houston's first lady after her jewelry case was stolen when the Laniers were bumped and distracted by thieves while going through security detectors at Newark International Airport two months ago.

"It was pretty frightening, but she was ready to go find the guy and get it back," says Walden.

At times, however, her tendency to shoot from the hip has raised eyebrows. After the incident in Newark, she told a New York Times reporter that airport law enforcement authorities could "take some lessons" from Houston police.

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John Everett / Chronicle

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Houston and the Newark airport, the newspaper reported.

She also drew some smirks from Houston gossips after she touted her in-home hair salon to a national publication in July. A photograph of her on the telephone while a stylist washed her hair at the couple's apartment accompanied the article in *House & Garden* magazine.

"We love the idea that we'll never have to go to a barbershop or beauty shop again," she said, adding that a hairdresser came by every morning to fluff both her and the mayor's hair.

Yet saying what's on her mind is nothing new to Elyse Lanier.

When the Laniers hosted a fund-raising dinner at their home for Bill Clinton before the 1992 election, the discussion turned to Republican claims that Clinton would raise taxes. According to some onlookers, she told the future president, "Please don't take too much of our money. I've only been rich for eight years" (the length of time she had been married to Lanier).

When she turned 50 earlier this year, she dyed her hair a vibrant red. "I thought about a face lift, liposuction or dying my hair. This was the least expensive, the least painful and the most dramatic," she explained.

About the only time she has been uncharacteristically silent is when she was linked to Teresa Rodriguez, a Houston businesswoman who was convicted in 1995 of cheating investors out of millions of dollars through an investment scheme.

Rodriguez, who was appointed to the Houston Parks Board by Bob Lanier, had several pieces of expensive jewelry from Elyse Lanier's former employer, David Webb Jewellers, that were never paid for. An invoice showed that three pieces were mailed from the New York jeweler to the mayor's residence.

A spokeswoman for Elyse Lanier said that she sometimes received and held costly gems as a favor to Nina Silberstein, owner of David Webb's, who is a close friend. Lanier declined to comment.

Elyse Lanier said her own "low point" over the past six years came when some Kingwood residents heavily criticized her husband over his successful efforts to annex them into the city. She was tempted to speak out to defend him but held her tongue.

The high point happened during the Power of Houston festivities this fall. "That was such a feeling. People were so happy," she said. "The fireworks at the end — that's how I felt inside."

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THE WHITE HOUSE

WASHINGTON

January 6, 1998

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Injured Treasury Agent Manuel Zurita III

This is a status report on the case of injured Customs Senior Special Agent Manuel Zurita III, who remains in critical condition at a San Juan hospital.

I told you yesterday that Treasury Under Secretary Ray Kelly was working to (a) have a neurosurgeon flown in to examine Zurita; (b) keep Zurita's two children in school at Ft. Buchanan; and (c) launch an investigation of the accident.

NSC ExecSec Glyn Davies followed up your conversation with Zurita's brother and family spokesman Manuel Zurita IV (the many Zurita brothers share the name Manuel and are differentiated only by their "number") and reported to him on Kelly's efforts. Zurita thanked Davies, asked whether the two children, nine and ten, could not only finish the year but finish their secondary schooling at Ft. Buchanan, and said the family had yet to hear that a neurosurgeon was on the way. Davies worked with Treasury and the Zurita family during the day Tuesday and established the following:

Neurosurgeon: Treasury is working with DoD to have a military neurosurgeon flown in by tomorrow. If necessary, Treasury will deploy a Customs aircraft to transport the doctor to San Juan.

Schooling: Treasury has sent a formal Bob Rubin-to-Bill Cohen request for an exception to DoD rules prohibiting dependents of non-USG personnel from attending DoD-run schools. The school's superintendent is sympathetic and is working with Treasury. If the relevant '94 law does not permit an exception -- DoD and Treasury lawyers are grappling with this now -- Treasury will look into asking for a special Act of Congress.

cc: Vice President
Chief of Staff

Investigation: Ray Kelly has commissioned separate Customs and Secret Service investigations of the accident to determine its cause and to prevent a recurrence.

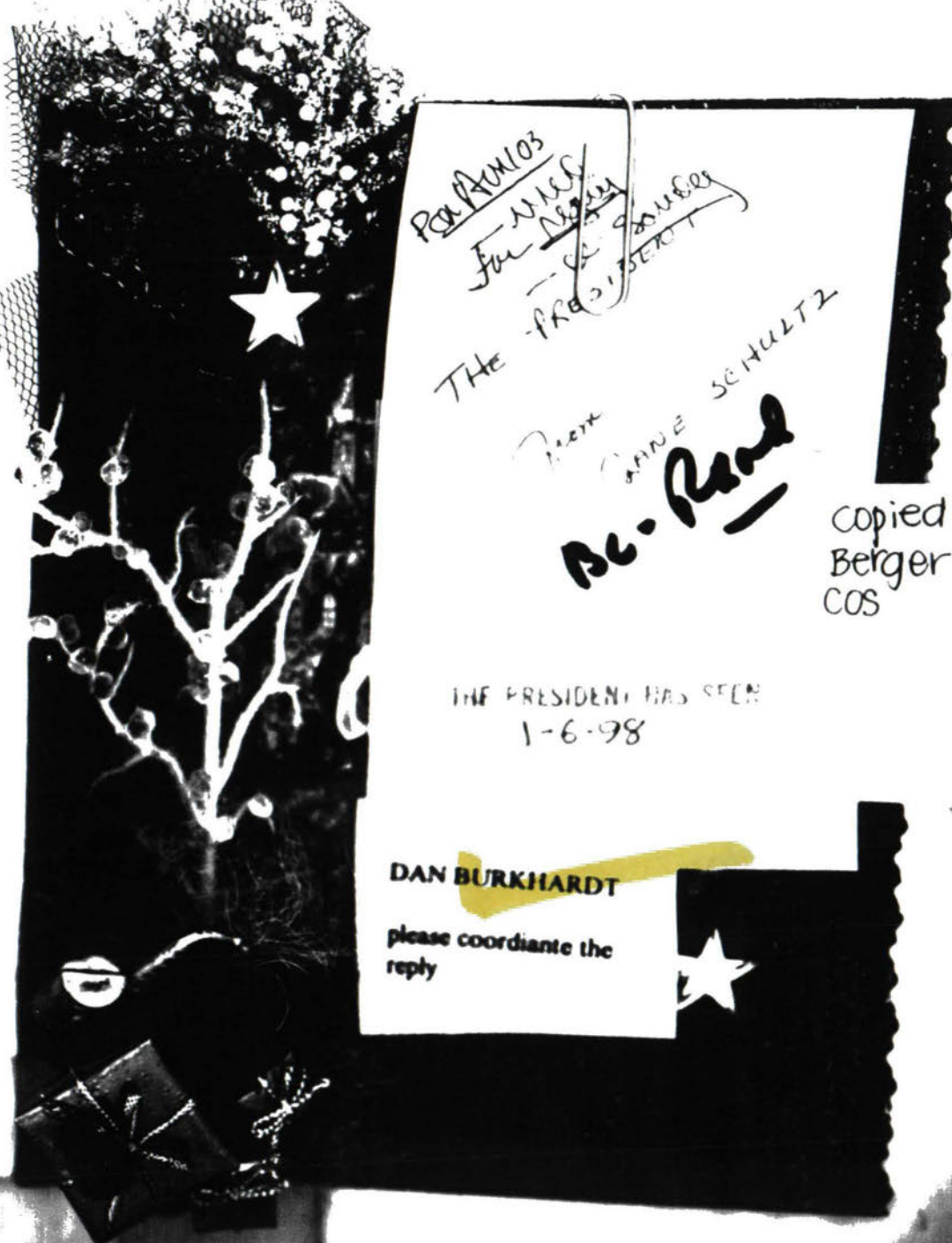
At our urging, Treasury has been in touch with the Zurita family to work directly with them.

We referred a call from Congressman Solomon Ortiz's office (D-TX) to Treasury.

I will stay on this and ensure follow-through.

The Christmas Year of Peace
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 *weckway designs*
By Jane Schultz
Christmas 1998



Dear President Clinton,

I wish you and your family a most happy Christmas. May you enjoy the warmth of each other's love and share in the blessings of this special season of re-birth and new beginnings.

1998 will be the 10th anniversary of the Pan Am 103 disaster. I look forward to having you at my side as once again, we will join with the other 269 families and the rest of the world to reverently remember all that was so tragically lost.

The acorn on your card fell from the majestic oak that keeps watch over the Cairn. With my best regards and wishes. Jane