



U.S. Department of Justice
Immigration and Naturalization Service
Office of Foreign Operations

Washington, D.C. 20536

Dear Bob:

A belated wish to you
and Elizabeth for a Happy and
Healthy New Year.

I have taken the liberty
of enclosing an "options paper"
on the Haastriin issue that I drew
up for INS. You might be
particularly interested in the
"Domestic Implications." I would
be very pleased to discuss
this with you and its
implication for the Republican
Party.

Sincerely,

Richard L. Hoover

U.S. IMMIGRATION AND NATURALIZATION SERVICE
OFFICE OF INTERNATIONAL AFFAIRS AND OUTREACH

Briefing Paper

and

Talking Points

on

HAITIAN MIGRATION

-
PROCESSING

THE DELIBERATIVE PROCESS

GUANTANAMO BAY, CUBA

DOMESTIC IMPLICATIONS

OPTIONS FOR THE FUTURE

DR. JAN C. TING
ACTING DIRECTOR

PREPARED BY:
RICHARD KRIEGER
CONSULTANT
TELEPHONE: 202/633-1100

DECEMBER 23, 1992

Haitian Migrant Processing: The Deliberative Process

BACKGROUND:

The issues surrounding Haitian migration to the United States did not begin on September 29, 1991:

- From 1960 through 1969, Haitian legal immigration to the United States totaled 31,536 people.
- From 1969 until the Mariel exodus from Cuba some 25,000 Haitians entered the United States.
- Trailing onto the Cuban Mariel Boat Lift (from 1980 to 1981) was a large group of Haitian "boat people," approximately 35,000 people.
- From 1987 through September 28, 1991, Haitian legal immigrants to the United States totaled 95,855.

During 1981, the Reagan Administration, after an exchange of letters between the then-existing Government of Haiti and the Government of the United States, concluded an agreement of cooperation early in September 1981. After a careful study and policy discussion at the Senior Inter-Governmental level (S.I.G.), the White House issued Executive Order 12324. The Executive Order, dated September 29, 1981, established the Alien Migration Interdiction Operation (A.M.I.O.), ordered the suspension of entry of undocumented aliens from the high seas into the United States, and directed the INS to interview (pre-screen) those persons on board for possible claims to refugee status. Consequently, on October 2, 1981, the Administration mandated the following charges:

THE COAST GUARD with the actual interdiction and return to their point of embarkation, of Haitians and other aliens.

THE IMMIGRATION AND NATURALIZATION SERVICE with asylum pre-screening on-board Coast Guard Cutters.

THE DEPARTMENT OF STATE with the monitoring of the human rights situation in Haiti, including the monitoring of the condition of those Haitians repatriated by A.M.I.O.

During the period that immediately followed the institution of this process, less than 50 individuals were interdicted monthly. However, between 1981-1990, more than 350 vessels carrying 22,940 persons were interdicted, of which 11 people were permitted into the United States to apply for asylum.

Following the events of the political coup in Haiti on September 29-30, 1991, which brought about the overthrow of the democratically elected President Aristide, increasing numbers of people sought to flee Haiti by boat for entry to the United States. This established a scenario which brought the United States Government into a process of decision-making impacting across federal agency lines, prior to the Administration having the opportunity to establish detailed policy goals and objectives. The affected agencies included the Departments of State, Justice, Defense, Health and Human Services, Transportation and Bureaus within the Department of State, including Refugee Programs, Consular Affairs, Latin American Affairs, Humanitarian Affairs, the U.S. Coordinator for Refugee Affairs and others. The Department of Justice participants included such Services and Offices as I.N.S., Community Relations Service, U.S. Marshals Service, and the Office of the Attorney General/Deputy Attorney General. There were a number of Department of Defense Branches and Offices involved in the program, primarily the Joint Chiefs of Staff, CINCLANT, the Marine Corps, the U.S. Army, the U.S. Navy, and their field components. The Department of Transportation provided the United States Coast Guard and the Department of Health and Human Services provided the U.S. Public Health Service and its Centers for Disease Control.

Between September 30, 1991, the date of the coup, and May 24, 1992, the date that President Bush issued an Executive Order to return Haitians picked up at sea directly to Haiti, the U.S. Coast Guard interdicted 36,985 persons; of these, 10,736 Haitians, or 29 % of those interviewed were "screened-in" to the United States under the "credible fear of return" standard. In the months that followed, up to December 16, 1992, the U.S. Coast Guard intercepted an additional 3,146 people, for a total of 40,131 picked up at sea following the coup.

"Screened-in," Haitians were eligible, under pre-May 24, 1992, policies and procedures for transfer to the United States to pursue formal asylum claims.

Adding to the "pull" factors that attracted Haitians to pursue entrance to the United States was an "incentive" provided to all screened-in applicants: eligibility to work in the United States (receive an Employment Authorization Document) while waiting for their asylum claim to be processed. If their asylum claim is initially denied, they may continue to receive work authorization while they go through a review and re-enter the asylum-claim procedure which, currently, could take years.

While on-board-cutter pre-screening of Haitians was normally the responsibility of a small permanent I.N.S. unit based in Miami (the A.M.I.O.), the post-coup exodus necessitated the augmentation of this unit with additional staff. The I.N.S. determined to detail officers from the newly established Asylum Program to assist in the conduct of these interviews. They began arriving in significant numbers shortly after November 15, 1991, and remained the main source of the pre-screening adjudication staff until the end of May 1992. In excess of 100 of the 150 officers in the Asylum Corps were assigned to Guantanamo for periods ranging from 2 weeks to 2 months, often in repeat assignments. In addition, the Asylum Officers were supplemented by a cadre of 91 Haitian-Creole interpreters, almost all of whom were recruited from the private sector. Interpreters were initially scheduled for duty periods of 30 to 60 days, under an emergency appointment. However, this appointment schedule was soon changed and 49 interpreters were given Schedule "A" appointments for an intermittent period not to exceed 1 year.

The diversion of Asylum Officers from their state-side assignments to serve as Asylum Pre-Screening Officers at Guantanamo presented both positive and negative results for the I.N.S.

On the positive side:

The public, the N.G.O.'s and the press became aware of the professionalism of the I.N.S. Asylum Officer Corps.

The public, the N.G.O.'s and the press became aware of the effort being expended by I.N.S. to provide an equitable interview for Haitians to present their claim for pre-screened asylum clearance to the United States.

The interviews were handled professionally and expeditiously.

The Resource Information Center and the Joint Task Force at Guantanamo provided constant up-dates of country conditions in Haiti for the adjudicators and the interpreters, which helped them in the positive performance of their duties.

The 29% approval rate established I.N.S. credibility in the eyes of N.G.O.'s and other parties.

The "quality assurance" review of each case determination provided supervisory and key professional oversight of all adjudications and played an important role in the "newly" achieved perception of the GTMO I.N.S. activities.

On the negative side:

The assignment of the Asylum Officers to Guantanamo negatively affected their ability to execute the statutory (Section 208 of the Immigration and Nationality Act) and regulatory responsibilities (Final Asylum Rule, 55 Fed. Reg. 30,674-688) of asylum adjudication, which the law states, only they can perform. This situation created large-scale delays in the normal adjudication case load responsibilities of the seven Asylum Offices in the United States.

The removal of the Asylum Officers from their normal functions created an increase in the backlog of undecided cases. On October 1, 1991, the undecided asylum case load for I.N.S. totaled 141,000 cases. Due to the diversion of Asylum Officers, this backlog grew to 216,000, an increase of 75,000 cases in just one year. The expected yearly number of case interviews by the 150 Officers in the Asylum Program is 70,000. As a result of the continual use of Asylum Officers in Guantanamo during the period between November 1991 and June of 1992, and with only half of the current Asylum Corps trained prior to April of 1992, only 10,418 U.S. Asylum Office interviews were held. This problem occurred at a time when the number of applications was far higher than what would have been normally expected in any given year as a result of the ABC-Thornburgh settlement, and even more than the 150 Asylum Officers on staff were needed to handle the additional case load if a growing backlog was to be prevented.

In addition, under normal procedures the Asylum Offices are able to adjudicate the work authorization requests of the vast majority of the 70,000 new asylum applications filed each year at the time of their regular asylum interviews. However, although reduction of incentives for individuals to file asylum claims merely or primarily to obtain such work authorization permits was one of the two main goals of the new Asylum Program, it was impossible to obtain this objective while so many Officers were diverted to the Haitian pre-screening operation. (As a result, the "paper adjudication" of Employment Authorization Documents continued as few E.A.D. interviews were held). Therefore, many potentially fraudulent E.A.D. applications were perfunctorily approved.

The enthusiasm of the officers in the newly created Asylum Program was electrifying, particularly as they left training and entered into the program. This enthusiasm continued into the first time assignment of the Asylum Officer to GTMO; however, as the assignment developed into a bi-monthly rotation, the enthusiasm waned and the performances of the returning Asylum Officers were negatively affected. Example: An Asylum Officer returning from GTMO after a

30-day assignment would be waiting for the return assignment to GTMO in another 30 to 60-days. The efficiency factor at both posts was negatively affected, as the individuals concerned had to re-acclimate themselves to the Asylum Office routine, while at the same time being aware that they would shortly be returning to work in GTMO, and will have to re-acclimate themselves to GTMO, in what became an endless cycle of uncertain duration.

REFUGEE PROCESSING:

On February 18, 1992, in a specific attempt to limit the flow of individuals fleeing Haiti for the United States only to those individuals, and their immediate families, who demonstrated the internationally accepted definition of a "well-founded fear of persecution," the U.S. Government acting under the authority of the FY 1992 Presidential Determination governing refugee admissions to the United States, instituted in-country processing for refugees in Haiti in Port-au-Prince.

Initially, the in-country program was limited to persons eligible for interview under Refugee Priority One of the Worldwide Refugee Processing Guidelines, i.e., persons in immediate danger of loss of life or of compelling concern, such as leaders of national or regional political movements, human rights activists, members of certain professions that might be targets of persecution, officials of the Aristide Government or political prisoners.

Screened by Department of State (DOS) Consular Officers to determine their eligibility for processing, Priority One applicants were provided full refugee interviews by INS officers detailed to the in-country program from within the Mexico District. During the first phase of the in-country processing (February 18-June 9, 1992), approximately 1,400 individuals notified the U.S. Embassy of their interest in the U.S. refugee program. Of the 168 individuals interviewed during this time period, 45 or 32% were found to have a "well founded fear of persecution.

EXPANSION OF THE IN-COUNTRY PROGRAM:

During the first months of the in-country processing, large numbers of Haitians also continued to seek admission to the United States through the U.S. Asylum Program operating at GTMO. However, on May 24, 1992, President Bush signed an Executive Order directing the immediate return of Haitians interdicted at sea to Haiti, effectively closing down asylum pre-screening in GTMO. In announcing its direct repatriation policy the Administration urged all Haitians who believed themselves to be at risk to

bring themselves to the attention of the U.S. refugee program in Port-au-Prince. This change in policy transformed the existing in-country program, opening it to all Haitians who wished to apply.

In early June, representatives from the D.O.S. and the I.N.S. meet in Port-au-Prince to establish new procedures for processing the anticipated increase in refugee applicants. Screening guidelines were put in place to ensure that persons most likely to be at risk were given priority for interviews.

Initially the screening and preparation of cases for interview was the responsibility of the U.S. Embassy consular staff. However, as of October 1, 1992, the International Organization for Migration (I.O.M.), under a contract with the D.O.S., has assumed responsibility for case preparation, in addition to its traditional role of scheduling travel for approved refugee applicants. The screening of refugee cases, to ensure that priority is given to those most likely to be at risk, is the responsibility of the Refugee Coordinator at the U.S. Embassy, who assumed his duties as of October 1, 1992.

Until recent weeks, I.N.S. has staffed its Port-au-Prince operations with 4 interviewing officers and 1 supervisor. With case preparation now being done by the I.O.M., at the rate of 100 cases per week, INS has reduced its staff to 3 officers for interviews and 1 supervisor.

APPROVAL RATES:

Since the expansion of in-country processing in Haiti to include a broad range of the population, approval rates have, not surprisingly, dropped. As of December 11, 1992, 2,815 individuals have been interviewed since the initiation of the in-country refugee processing. Of that number, 270 or 9.6% have been approved.

In-country approval rates cannot be compared with those found in asylum operations at GTMO, nor can the initial approval rates under the strict limitation of Refugee Priority 1 be equated with the approval rates for the broad-population base of Refugee Priorities 1 through 6.

1. The credible fear standard used by the asylum officers to screen Haitian applicants in GTMO is significantly broader in scope, as the attached I.N.S. memorandum demonstrates, than the world-wide refugee standard of a well-founded fear of persecution, against which refugee applicants are adjudicated in Port-au-Prince. Further, there is no way to determine whether these two populations (those interdicted at sea and those applying in Haiti) are comparable, i.e., have the same general characteristics.

2. The initial in-country processing of refugees was specifically limited, as described above, to those individuals and their families who could substantiate their consideration under the Priority 1 Standard. This criteria was known throughout Haiti and limited the applicants for refugee adjudication only to those people who felt they had a chance to qualify under Priority 1. The approval rate for those adjudicated in this group was 32%. With the implementation of the May 24, 1992, Executive Order, Refugee Priorities 1 through 6 were authorized for Port-au-Prince and some Haitians viewed this as expanded window of opportunity to immigrate to the United States as refugees, though their basic problem was economic. This concept was not true, as World Wide Refugee Standards was the operative criteria for all 6 categories. As a result the approval rate dropped to 9.6%.

Following the May 24, 1992, Executive Order, interest in the expanded in-country, five-day a week program at first overwhelmed the Embassy in Port-au-Prince. Hundreds of inquiries were received each day; however, in recent months, inquiries have declined to fewer than 50 a day. This is, perhaps, a reflection of the low approval rates we have noted or the preparation for a massive flight to the sea and an easier, though more dangerous chance of getting to (entering) the United States.

It is equitable to recognize that any change in U.S. policy regarding the direct repatriation of Haitians rescued at sea is likely to have a significant impact on the in-country refugee adjudication process and may require some adjustment in the program. Any such policy modification would require coordination with Departments of Justice, State, Health and Human Services, Transportation, Defense, the National Security Council, the international organizations of U.N.H.C.R., O.A.S. and I.O.M., as well as the VOLAGs and the U.S. states that will be effected by Haitian resettlement. It would also require discussions and decision making at the levels of the Policy Coordinating Committee (P.C.C.) and the Deputies Committee. It is, however, impossible to predict a particular impact in the absence of any stated policy.

However, the United States should consider continuing this in-country operation while initiating discussions regarding the future of alternative in-country programs, or if the new Administration reverses the current policy of direct repatriation. Discussions should also focus on the initiation of refugee processing for Haitians in third countries. Although, the cancellation of refugee processing in Port-Au-Prince prior to resolving the human problems created by the historic lack of a concerned, humane and effective Haitian infrastructure would only add another "push" factor for increasing Haitian migration, and this factor must be part of any future program and policy consideration.

UNITED STATES POLICY OBJECTIVES:

Because of the issues involved in the outpouring of migrants from Haiti, the primary concerns of the Administration were the foreign policy objectives of restoring a civil government, providing a free society in which open elections are held and those elected maintained in office, and restoring a government which would adhere to the protocols of democracy. Further, a determination was made to continue the process of interdiction until such time as the situation in Haiti was clarified. Shortly thereafter, it was recognized by the Administration that 1) the continuing problems of the instability in Haiti of the new "military" regime, and 2) the resultant persistence of the high volume of "boat people" departures, were issues that required a timely resolution. This led the Administration to determine that the reinstatement of the deposed President Aristide (with many questions concerning his short lived reign still unanswered) was the most appropriate course of action to be taken and that an international diplomatic solution, involving the O.A.S., was the proper process to institute such action. Within this complex agenda, the issue of aid and assistance to Haitians who were fleeing the island was a secondary question, but for many federal agencies this was to become the real mission.

DELIBERATIVE PROCESS DISCUSSIONS:

The convening of a P.C.C. by the Department of State is a long-standing process in which the Geographic Bureau responsible for the area of concern is charged by the Secretary of State with organizing and chairing a federal inter-agency group to provide policy options and directives for resolving specific country or regional issues. The U.S. Coordinator for Refugee Affairs receives her authority for a Refugee P.C.C. from the Office of the President of the United States. The Haitian P.C.C. was convened and chaired by the Deputy Assistant Secretary of the Department of State's Bureau for Inter-American Affairs (A.R.A.). This policy recommendation process within the government provides for an open and frank discussion of the issues, the pros and cons of a given course of action, and the various impacts upon individual agencies, organizations and entities within the federal structure. During those meetings, the following agenda items and policy options were discussed, debated, evaluated, and finally established (though in every instance with the flexibility to return to the P.C.C. for further discussion, alteration, deletion, etc., as the Haitian situation would, or could change and with the full understanding that all recommendations would be reviewed by the Deputies Committee).

Item: Should the processing of Haitian migrants be considered as a refugee process or an asylum pre-screening responsibility?

Discussion and response: The discussion and ensuing debates of this issue centered primarily over the questions associated with which agency and process shall assume the responsibility for the migrants and which screening/admission program would be used. Refugee processing is an international issue, with the costs for such processing being shared, through the United Nations, by all nations accepting the affected refugees. The U.S. Coordinator for Refugee Affairs (S.R.) is primarily responsible for recommending and guiding U.S. Refugee Policy on behalf of the President and the Secretary of State. The Bureau for Refugee Programs of the Department of State (R.P.) is the operational arm of the United States Government (U.S.G.) primarily responsible for implementing refugee policy. The R.P. responsibility is exclusive of the I.N.S. role of conducting its statutorily required interview and making the determination of whether the applicant has been able to articulate a well-founded fear of persecution. The issue of refugee processing as opposed to asylum pre-screening, or other migrant programs, was thoroughly discussed. A determination was made by the P.C.C. that there would be an early diplomatic solution to the issue and as such it would be inappropriate and unnecessary to alter the policy and instructions of President Reagan's Executive Order of September 29, 1981. However, as history has now demonstrated, it was an inaccurate and costly assumption.

Item: Was there an effort made to internationalize the migrant burden and the problems in Haiti that precipitated the departures?

Discussion and response: There were massive internal U.S.G. discussions about the appropriateness of internationalization, but little actual success. The Department of State and the United Nations High Commissioner for Refugees were unable to get many other countries to accept Haitians, other than small numbers of migrants for resettlement, and were unable to get any country to allow for the temporary safe-haven of migrants until a diplomatic solution was reached. The Department of State, and the U.N.H.C.R. held a series of informal meetings at the O.A.S. to review this issue and became involved in a series of bi-lateral discussions with other countries in the region to attempt to develop acceptable methods of resolving this problem. This led to a formal emergency meeting of the permanent members of the O.A.S. to attempt the development of a program to deal with Haiti. The meeting was requested and called by Honduras. A resolution was presented calling for regional responsibility for the Haitian problem; however, in order to garner adequate support for such a declaration, a weakened and less-country-action-compelling resolution had to be introduced. After the D.O.S. and U.N.H.C.R. went through the region on a country-by-country basis to obtain support, such a resolution was

finally passed. Three countries accepted Haitian migrants: Venezuela welcomed 100 (placed them on an isolated, mosquito infested island and eventually all returned to Haiti); Honduras accepted 250 (all of whom were interned and isolated, eventually all of these also returned to Haiti); and Surinam accepted 60 (all of whom are still in Surinam and integrated into that society). The processing of these 410 "refugees" and their final transportation to Venezuela, Honduras and Surinam was handled by the I.O.M. and paid for by the U.S.G.

The events described in the previous paragraph are clouded by a proverb coined by the philosopher George Santayana: "Those who forget the errors of the past are doomed to repeat them." It was on July 6, 1938, that the United States organized Evian-Les-Bains Refugee Conference opened. Thirty-two nations attended these sessions with a prime agenda of finding homes and solutions to the refugee problem of Europe. However, the issue of "burden sharing" of these refugees and migrants was eliminated as a possible solution when the United States announced that it would not alter its existing immigration policies. The Peruvian delegate pointedly remarked "that the United States had given his country and the other nations of this conference an example of caution and wisdom by its own migration restrictions." As a result of the American action, not one country at that conference opened its doors to the European refugees.

The refusal of other nations of this region to respond more openly to the United States and U.N.H.C.R. request of them to accept Haitian migrants appears to bear a direct correlation to the lack of a defined plan for regional burden sharing, which would have included a defined percentage of admissions to the United States.

Item: Were other international options considered by the P.C.C.?

Discussions and response: The P.C.C. considered the economic embargo to be a viable option and possible solution to the situation on the political front. If it had worked, it should have resulted in the reinstatement of President Aristide, with some international O.A.S. oversight, and resulted in a decrease in the number of boat departures. The apparent failure of the economic embargo has further stratified the Haitian population, and the under/marginally-employed found employment much more difficult to obtain as in conjunction with the political events in Haiti, a number of American companies left the country.

The O.A.S. participated in several discussions and actions, including sending a team of individuals into Haiti to ensure that there were not massive human rights abuses taking place and that there was sufficient infrastructure for the people of the country to exist.

Additionally, there was discussion regarding the establishment of a geographic enclave, protected by the United Nations, in Haiti to which individuals fearing persecution would be welcomed and cared for until a diplomatic solution was reached. This process would have required compliance by the existing regime and the diplomatic process to acquire such an agreement was never resolved. The pull factor of such an enclave for Haitians was never discussed, as the services provided within the safe haven would be far greater than those offered in much of Haiti. Therefore, such a facility in Haiti would not be effective, unless there was a concurrent operation to repair the internal structures of the country. There was also discussion regarding an enclave of this type being set up in the Dominican Republic or another "third-country" for the same reasons (the D.R. has a current Haitian population in excess of 1,000,000 and the Bahamas about 40,000 - 50,000). Although, the same magnet effect would occur as we would find in a Haiti safe haven. This massive expenditure for the D.R. or any other such country would be a questionable undertaking at best, particularly in view of the world's current economic climate. Further, the third country would have to be assured that un-approved Haitian migrants would not become permanent burdens of their country. A pledge that would be almost impossible to obtain. There was also discussion regarding locating an "island in the sun," which is not a part of the United States, for housing and processing under the international rules for refugees, for movement to other countries.

Further, there was discussion regarding military intervention to reestablish stability (politically, economically and militarily) within the country.

Item: What options were considered for saving the lives of persons on the high seas who were interdicted by the U.S. Coast Guard?

Discussions and responses: Numerous discussions took place during the deliberative process of the P.C.C. regarding the options available to the United States for those Haitians interdicted on the high seas. These included, but were not limited to:

- The US Coast Guard would let the boat people pass by (blink their eyes) and some will make it to the United States, unfortunately, some will not survive. In such a program, the U.S. Coast Guard estimates between 1/3 and 1/2 of the people would be lost at sea.
- The Coast Guard will continue interdictions and I.N.S. will interview on board the cutters with repatriation taking place for those screened-out. Screened-in Haitians will transit to Guantanamo Bay and from there to the United States.

- The Coast Guard will work with the U.S. Navy, using a "mother ship" concept of bringing interdictees to larger ships where they will remain until I.N.S. conducts the interview necessary to determine a "well founded fear of return."
- A large Navy aircraft carrier would be brought on line to establish the processing operation on board, which would be fed by the Coast Guard and/or Naval vessels. (This option, which was presented to I.N.S. as having been discussed at past operational meetings, has in fact not been discussed with D.O.D. or J.T.F., and both parties would have been and are opposed to it.
- The U.S. Naval Base at Guantanamo Bay, Cuba, would be used as a processing facility for those persons interdicted by the Coast Guard where the I.N.S. would process and make determinations using the "credible fear" standard.

The Department of Defense opposed all of these options, exclusive of the A.M.I.O. program, because, in their opinion, it would place a major burden on the military readiness, not only of the vessels but of the Naval Base at Guantanamo and the impact that these actions would have upon the military operations to which the vessels and base were already assigned. However, the decision was made by the Deputies Committee, (invoking their higher authority than the P.C.C.) that Guantanamo Bay would be used to house the migrants while they were being processed by I.N.S., D.O.D., P.H.S., and C.R.S.

GUANTANAMO BAY - NOVEMBER 1991, TO THE PRESENT:

Once the decision was reached by the Administration that the U.S. Naval Base at Guantanamo Bay, Cuba (GTMO.), would be used to house and be the processing point for the Haitian migrants interdicted on the high seas, the Deputies Committee (D.C.), on the recommendation of the P.C.C., established a Joint Task Force to accomplish the task (the D.C. dissolved the Task Force in June of 1992, when it was deemed no longer necessary). Interagency liaison was critical to the project because, similar to the P.C.C. deliberative process, there was a determined need to have each agency responsible for its own Congressionally legislated responsibility; therefore, there was no one organization in charge of the entire process. This organizational process created a series of problems and a number of squabbles. A position that has found support in many quarters, is that someone federal organization, agency or entity, must take the policy and program lead.

THE JOINT TASK FORCE (J.T.F.) was a military organization and was responsible for the housing, maintenance, control within the camps and movement of personnel into and out of the camps. The initial mission statement of the J.T.F.

charged them with "providing humanitarian assistance." Subsequently, the statement was amended and they were charged to work with the Immigration and Naturalization Service, the Public Health Service, the Coast Guard, and the Community Relations Service in order to accomplish the goals and objectives of the project. The J.T.F. was not commanded with assisting D.O.T. or H.H.S.

THE IMMIGRATION AND NATURALIZATION SERVICE (I.N.S.) was responsible for:

- 1) the determination of persons to be screened-in or screened-out (see attached for explanation of the criteria distinguishing claims);
- 2) the processing of persons screened-in for entry into the United States;
- 3) the processing of employment authorization documents for those coming to the United States;
- 4) the validity of the decision-making process and in conjunction with the J.T.F., the first data base for control of the camp population;
- 5) the final validation of manifests of persons for either movement to the United States or repatriation back to Haiti;
- 6) the "well-founded fear of persecution" interview on persons determined to be HIV+; the voluntary repatriation program; and for assisting the Immigration Litigation Office of the Department of Justice on issues surrounding the litigation currently pending that relates to the Haitian migrant issue; and
- 7) the inspection process for entry into the United States.

THE PUBLIC HEALTH SERVICE (P.H.S.) was responsible for:

- 1) technical advice to D.O.D. on the admission and medical examinations of persons determined by I.N.S. to be provisionally eligible to come into the United States;
- 2) oversight of medical procedures as part of HIV testing, while the J.T.F., was responsible for the health and well being of the individuals requiring treatment for STD and TB, and documenting adequate treatment for STD and TB;

- 3) while the J.T.F. drew blood, tested it, did physicals and x-rays, P.H.S. coordinated all medical records of individuals related to exclusionary conditions, but only for a limited period of time; and
- 4) oversight of the HIV+ affected population in conjunction with D.O.D.

THE COMMUNITY RELATIONS SERVICE (C.R.S.) was responsible for:

- 1) interviewing migrants for development of sponsorship information for providing placement and resettlement assistance to those approved by I.N.S. for entry into the United States;
- 2) family reunification, reuniting screened-in relatives who were either separated during the initial processing or who arrived at Guantanamo at different times;
- 3) generating flight manifests to transfer screened-in adults and accompanied minors to the United States for family reunification, as well as resettlement and sponsorship services; C.R.S. also transfers screened-in unaccompanied minors to the United States to shelter care programs while waiting family reunification or child welfare placement;
- 4) (in consultation with the I.N.S.) developing and implementing procedures and programs regarding the identification, processing, care and placement of unaccompanied minors; and
- 5) providing conflict resolution services for the J.T.F., I.N.S. and P.H.S. regarding identification and reduction of migrant camp concerns and tensions, control of disturbances, facilitation of cross-cultural communication and the reduction of community tension and conflict in those areas in the United States heavily impacted by Haitian resettlement. C.R.S. also provides conflict resolution for the HIV+ GTMO population.

There has always been a dynamic environment at Guantanamo Bay, which was created by the very basis of the establishment of a Naval station in a country that is hostile to the United States. It was evident that the intrusion of the processing and holding operation, the migrants and staffs, created a situation that enhanced the difficulty of the military operation. It is also obvious, that in the event of a reoccurrence of the Haitian exodus and a need for the use of the Guantanamo base once again, though hard pressed, the Navy (D.O.D.) would fully cooperate, if so tasked.

A number of directly related and ancillary concerns have to be examined. They are as follows:

- We recognize that the current infrastructure of the base at Guantanamo does not have an infinite capacity to support excessive numbers of migrants over an extended period of time. Indeed, we recognize that any camp or "safe haven" holding center would have a limited population capability. Therefore, if the potential flow exceeds the 12,500 that could currently be housed at Guantanamo at one time, then either a second holding center would have to be found or the infrastructure at Guantanamo expanded. We have been informed that a plan had been developed by the military at Guantanamo to allow for the expansion and development of facilities at GTMO to accommodate 50,000 people; however, in discussion with GTMO military personnel, I.N.S. was informed that the plan could actually be expanded to accommodate as many as 125,000 persons. After development of the plan it was turned over to CINCLANT for further review. We would anticipate that these plans will be presented to the P.C.C. and the D.C. during upcoming operational and policy reviews.
- The military, at times, pushed to move the people (load the U.S.-bound planes and move the ships for repatriation) faster than the other agencies were prepared to implement proper processing and orderly resettlement.
- The housing for military personnel and I.N.S. staff interpreters often created problems, particularly as the camp migrant, C.R.S., P.H.S., D.O.D. and I.N.S. populations grew.
- The domestic adjudication processing of the Asylum Corps was severely damaged as the U.S.G. determined that the Haitians would be processed under an asylum pre-screening adjudication program. Because of the questionable conclusion that only trained asylum officers may perform this task, when in fact any I.N.S. Officer could have performed this pre-screening process, adjudicators from the U.S. Asylum Offices were removed for use in Guantanamo and as such severely limited the ability of the domestic asylum operation to fulfill its mandate.
- The movement of screened-in Haitians to the United States was generally carried out by I.O.M. and D.O.D. aircraft. While the D.O.D. was able to provide more flexibility in their scheduling, it was difficult to have I.O.M. provide the flexibility necessary to deal with this particular population movement, as they had to rent/lease their planes and were subject to the availability of private commercial craft.

- Medical evacuation was always a problem and the medical facilities on the base could not always handle the health conditions (problems) of the migrants.
- Because we were not always able to screen or train interpreters during the hiring process, their initial lack of knowledge of I.N.S. and Guantanamo procedures, at times, became problematic. In most instances as the interpreter gained the experience of interchange with I.N.S. adjudicators and supervisors they were able to serve remarkably well.

GUANTANAMO BAY TODAY:

- There are 2 I.N.S. interpreters and 1 I.N.S. officer on duty at GTMO. In addition, C.R.S. has 2 full-time and 1 half-time person contracted to provide educational and recreational services for the HIV+ housed at GTMO.
- There will be no INS officer on duty during the period of December 18-January 4 (Christmas and New Year).
- There are currently 274 Haitians still living at Guantanamo, of whom 220 have been diagnosed as HIV+. 6 of the Haitians have pending parole requests, 54 are medically cleared and 53 are family members of an HIV+ infected party.

JUSTICE MANAGEMENT DIVISION QUESTIONS:

A series of questions were received from the Justice Management Division regarding the Haitian situation, both past and current. Listed below are the questions and our brief responses. Please be aware that some of the information in the responses may have been stated in the preceding pages of this report:

Question 1. What is the total number of Haitians intercepted since October of 1991?

Based on the United States Coast Guard figures from October 29, 1991 to December 16, 1992, the total number of Haitians interdicted was 40,131.

Question 2. What is the total number of those interviewed by I.N.S., who had been intercepted by the Coast Guard?

The total number of Haitians interviewed by I.N.S. at Guantanamo Bay was 34,616. Following the May 24, 1992 Presidential Order to return all those rescued at sea to Haiti, 5,515 were rescued and returned. Since the introduction of the refugee processing program at Port-au-Prince, Haiti, I.N.S. officers have interviewed 2,815 Haitians.

Question 3. Of those Haitians who had been interviewed during this interception process, what is the number that were screened-in, or have viable claims of asylum?

Of those interviewed at Guantanamo Bay, 10,736 were screened in to pursue an asylum claim. Of those Haitians interviewed in Port-au-Prince, 315 were approved for refugee status.

Question 4. What is the total number of Haitians transported to the United States during this process?

There were 10,459 Haitians transported from Guantanamo Bay to the United States and 93 Haitians were transported to the United States from Port-au-Prince

Question 5. What is the total number of Haitians repatriated to Haiti?

The total number of Haitians repatriated to Haiti was 27,586.

Question 6. What is the total number of Haitians resettled in the United States during this period?

Based upon information provided by the Community Relations Service, there were 10,747 Haitians resettled in the United States, including 440 unaccompanied minors.

Question 6A. For I.N.S., what is the amount spent to date for the Haitian situation?

As of the October 10, 1992 FACS report, the Office of International Affairs (HQIAO) had obligated \$2,053,730 for the Haitian program, exclusive of I.N.S. staff general payroll, which is estimated at \$1,200,000, for an estimated cost to HQIAO in excess of \$3,250,000. These direct expenses along with all other

Department of Justice specific "Haitian migrant program expenses" were funded through a Congressionally approved reprogramming of the Exam Fee Account.

Question 7. What is the current number of Haitians in Guantanamo Bay and how many are infected with HIV+?

There are 274 Haitian migrants currently in Guantanamo Bay, of which 220 are infected with HIV+.

Question 7A. What is the number of Haitians registered for refugee interviews in Port-au-Prince, Haiti?

Nearly 228 individuals remain registered for refugee interviews in Port-au-Prince. 3 individuals approved for refugee status have been identified as infected by the HIV+ virus.

Question 8. What is the current number of I.N.S. TDY in Haiti and Guantanamo?

There currently are 4 I.N.S. officers in Port-au-Prince and 1 INS officer/2 interpreters at Guantanamo. The officers at Port-au-Prince are assigned to refugee processing only and the officer in GTMO acts only to advise the military on potential Asylum cases and to act administratively for any of the HIV+ cases being housed at the base. Interpreters in Port-au-Prince are provided for each of the interviews either by a VOLAG or by the Embassy itself, as is the case with all overseas refugee processing. These interpreters are paid for by the R.P.. The interpreters at GTMO are provided by the I.N.S..

THE U.S. HAITIAN POPULATION AND POTENTIAL ADDITIONAL DOMESTIC POLICY CONCERNS:

Journalists, writers, some human rights organizations and N.G.O.'s throughout the nation have described the U.S. Haitian population as ranging from 750,000 to 1,000,000 people. The 1990 Census lists Haitian legal residents in the U.S. at 229,108, with the following states having the largest share of this population;

New York	88,266
Florida	84,183
Massachusetts	19,080
New Jersey	15,961

Connecticut	4,001
Illinois	3,090
California	2,894
Maryland	2,822

However, with 20,324 Haitian immigrants arriving in the United States in 1990, 47,527 in 1991, 2,600 in 1992 and 11,000 Haitians screened into the U.S. or brought in as refugees, the number of legal Haitians currently in the United States swells to more than 310,000. Recognizing that the 750,000-1,000,000 figure would be inclusive of illegal aliens and recognizing that the illegal's would be drawn to the areas in which their families or friends live, we can anticipate that a true demographic study of each state would find Haitian populations multiplied by three. Therefore, with the incoming Administration's election campaign pronouncements still being echoed by the Haitian community in the United States and in Haiti, we can anticipate:

- a. that the asylum offices in Newark, New Jersey, Miami, Florida and Chicago, Illinois should receive a vast increase in the number of Haitian applicants;
- b. that Haitians entering the United States would seek to resettle in those states where friends and family have already settled.
- c. that these "receiving states" will incur massive financial expenditures in health, education, housing and public assistance, that in the normal course of events these pay-outs will not be reimbursed by the Federal Government. Recognizing the difficulties these states are facing in dealing with normal state obligations, these exigencies could be dealt with by instituting the Department of Justice Immigration Emergency Fund (which was created for just such a non-budgeted emergency).

This information moves the problem of the massive potential Haitian influx out of the sole area of foreign policy and into a dual policy guiding entity involving both foreign and domestic policy. The functioning Department of State P.C.C.'s had included the Department of Health and Human Services, however, this was limited to the P.C.C.'s interest in the Public Health Service. We would recommend an expanded P.C.C. under the auspices of the White House that would include current P.C.C. participants, and, representatives of the directly effected states, Department of Health and Human Services Office of Refugee Resettlement (O.R.R.), Department of Justice Community Relations Service (C.R.S.), Immigration and Naturalization Service (I.N.S.), Department of Education, the White House Domestic Policy Office, the Office of Management and

Budget, and representatives of the National Association of States and the National Association of Governors. There would be occasions when the non-federal agencies/entities might have to be excluded for security reasons, however, these occasions should be severely limited.

OPTIONS FOR THE FUTURE OF HAITIAN PROCESSING:

President-elect Clinton has stated that he disagrees with current U.S.-Haitian policy. He has asserted, both during the election campaign, in his booklet, "Putting People First," and again at his November 12, 1992 press conference, that he will rescind Bush Administration policies regarding the treatment of Haitian migrants. In particular, the expectation, as described in the media, is that he will rescind the May 1992 Executive Order calling for the return to Haiti of all Haitians rescued at sea, but leaving them the option, along with all other Haitians, of applying for refugee status to the U.S. in Port-au-Prince. In anticipation of a change in U.S. policy, Haitians are once again starting to leave, and though the current numbers are not very large, reports from the media and various intelligence agencies, indicate that many more people, perhaps numbering in the hundreds of thousands, are preparing to leave Haiti. One report from D.O.D., speaks of over 642 boats completed or in the process of being finished in areas close to Haiti's shore line. Some press reports view the problem of Haiti and Haitian migration as one of the incoming Clinton Administration's earliest controversial problems.

This problem is being exacerbated, as recent reports by some human rights organizations are reporting testimony from refugee applicants, rather than from their own eye witness accounts, as evidence that abuses and repression of the past months continues. Though no one contends that some abuses are still occurring, as they had occurred under the Aristide regime. Coupled with these immediate problems are the long-standing ones of the Haitian socio-economic underclass, such as; economic and nutritional deprivation, lack of educational opportunities, inadequate sanitation and medical care, HIV+ and AIDS infestation, poor housing, lack of industry/industrial growth and the lack of opportunities for dignified employment. All of these Haitian domestic problems are among the economic and structural "root causes" creating the flow of migrants, and have been occurring, even during the most tolerant and beneficent of leadership in Haiti, for decades.

To date, the Haitian migrant problem has been dealt with on a reactive-ameliorative, rather than a preventive-soluble basis. Emphasis has been placed on relief and resettlement instead of our being concerned with preventive approaches such as focusing on the responsibility of regional organizations (i.e., O.A.S.), the regional private sector and the country itself, to lead Haiti into the later part of the twentieth century.

At this point I.N.S. cannot assume that the new Administration will return to the policies of the status quo, enact the Clinton campaign pledge, or institute one of the innovative initiatives that are being developed daily by N.G.O.'s, the U.N.H.C.R., and any number of "think tanks." However, current Administration officials are concerned that, if not prevented by a serious, publicly announced, Clinton initiative, at least 200,000 Haitians will set sail for the United States during the first weeks of the President-elect's term in office.

In respect to the above, a series of policy and strategic considerations have to be examined:

1. Will the Clinton Administration continue the decade long policy of rescue (interdiction) of Haitians by the U.S. Coast Guard on the high seas?

1A. Will the Clinton Administration continue the bilateral agreement permitting U.S. interdiction of Haitian vessels and repatriation of interdicted Haitians?

2. Would the Clinton Administration rescind the May 1992 Executive Order and address the migration effects of continuing problems inside Haiti by focusing on the status quo of the 1981 Ronald Reagan Executive Order concerning interdiction and repatriation after on-cutter screening?

2A. In rescinding the May 1992 Order, will President-elect Clinton introduce a new policy directed primarily at resolving the many persistently difficult "root causes" that foment disturbances in, and migration from, Haiti, up to and perhaps including support for multilateral humanitarian intervention?

3. Would any new Administration policy identify and offer legal protection -

3A. Only to genuine asylum-seekers? This would occur after a full asylum interview in which some would qualify, based upon the findings of the adjudicator who would be acting in accordance with the "well-founded fear" definition of refugee in the 1951 Convention and the 1980 Refugee Act (Section 101(a)(42) of the Immigration and Nationality Act (I.N.A.)?)

3B. To the many more who might qualify according to the reduced standard of "credible fear of return," as determined in (I.N.S. policy guidance dated November 22, 1991) the Bush Administration's asylum pre-screening operation at GTMO?

3C. In the form of "safe haven" to a wider range of persons, up to and/or including all migrants, according to the broader definition of "Temporary Protected Status" (Section 224A(b)(1) of the INA)?

3D. In the form of an "international safe haven," in conjunction with the United Nations, the United Nations High Commissioner for Refugees, and/or the Organization of American States?

FURTHER PROGRAM OPTIONS AND CONSIDERATIONS:

1. If a determination is made to rescind the May 24, 1992 Executive Order, even without also rescinding the 1981 formal bilateral interdiction agreement, a decision would be needed on whether to allow the Coast Guard to continue search and rescue missions (interdiction) of Haitian "boat people."
2. If interdiction, or, at least, "search and rescue programs" are not continued, then many thousands of Haitians are put at risk of drowning after their sailing vessels sink.
3. If interdiction is continued, then the Coast Guard must know beforehand where the interdictees are to be off-loaded. Experience demonstrates that on-board living conditions on cutters, for passengers, is not conducive for extended stays at sea.
4. If the U.S. Coast Guard interdiction of Haitians continues, the decision on where to off-load will depend on the purpose of that sea action. If the purpose of the interdiction is to rescue Haitians and then offer or provide "safe haven" (but without screening, pre-screening or any consequent formal entry into the United States and its asylum procedures; "provide them safe haven until democracy is restored in Haiti"), then a decision is needed on where to locate that safe haven, who will run it, and at whose expense. However, one must recognize that if the United States acts unilaterally in making these decisions, then we shall be left to bear the entire fiscal and human responsibility for the program and therefore for the Haitians and for Haiti. If, on the other hand, we offer guidance and assistance to the O.A.S. and the U.N.H.C.R. in this process and before the pending exodus, we will have a greater opportunity to internationalize the problem. The program options are:

- a. On United States soil, permit entry under an "expanded TPS (Temporary Protective Status)."
- b. On United States controlled territory (possibly an island off the coast of Puerto Rico, provide a "safe haven").
- c. At Guantanamo Bay, Cuba (run by the United States military or through an inter-agency agreement, to be run by another agency or group of agencies) provide either a holding and processing center or a safe haven.
- d. On some "host" country soil, with the terms and responsibilities of the "host" clearly defined and accepted both by the "host" and by the international community. The agreement would have the "host" government operating the in-country program (in cooperation with U.N.H.C.R., O.A.S. and I.O.M.), at the request of, and with reimbursement by, the international community, and with international guarantees against the unwanted Haitians being left there.
- e. At an internationally-sanctioned "safe haven enclave" within Haiti itself. This program would have to be instituted with the formal/informal concurrence of the current Haitian regime and come under the operation and protection of an international authority (or multiple authorities). In addition, as previously stated, such a facility could have a marked "pull" effect, unless a well publicized, concurrent program to markedly improve the Haitian infra-structure was in place

5. If the purpose of the interdiction operation is to provide an opportunity for United States and/or international "screening" or "pre-screening" of Haitian "boat people," who claim to be:

- a. real asylum-seekers; who would then be eligible for transfer to the U.S. for further asylum consideration, only if pre-screened by a U.S. I.N.S. Officer; or
- b. bona fide refugees; (that have been screened and potential refugee status determined for refugee resettlement in a receiving country) with this screening being conducted by United Nations officers and/or in conjunction with U.S. I.N.S. Refugee officers, then

5A. A decision is needed to determine the location of this screening/pre-screening activity;

- a. On board U.S. Coast Guard cutters?
- b. At Guantanamo Bay?
- c. On U.S. soil, by housing the Haitians at vacant or under-utilized federal facilities, many of which are listed and held by the G.S.A.?
- d. On an island in the sun, or international holding center?
- e. At the U.S. Embassy at Port-au-Prince? However, interest in the Haiti program which currently exists could largely evaporate should the potential for direct arrival in the United States become possible.
- f. At an internationally established "safe haven-enclave" somewhere in Haiti?

5B. a decision is needed on the legal standard to be used during the screening:

- a. On the basis of the "well-founded fear" standard of the 1951 U.N. Convention and the 1980 U.S. definition of refugee, under which only a small percentage of those interviewed may actually qualify?
- b. On the basis of the lower threshold "credible fear of return" standard, under which approximately 35% of interdicted Haitians were found eligible at Guantanamo?

5C. A decision is needed on who would do the screening and/or pre-screening:

- a. The United Nations High Commissioner for Refugees (U.N.H.C.R.)?
- b. The United States Government, with the understanding that such an action would make this a U.S. "owned" program? The question then becomes, who within the U.S.G.?

A. Department of State Consular Officers (operating in the same manner as refugee resettlement pre-screening is conducted in other parts of the world)?

B. I.N.S. Officers (not necessarily Asylum Officers)?

C. I.N.S. Trial Attorneys and Inspectors, trained and monitored by the I.N.S. Asylum Program as A.P.S.O.s (Asylum Pre-Screening Officers)? On April 20, 1992, I.N.S. Commissioner McNary issued a directive concerning the extension of asylum pre-screening to selected ports-of-entry and to asylum-seekers currently in detention. In accordance with this directive, pilot training programs have been instituted. To date, 35 attorneys and 20 inspectors have completed the A.P.S.O. training, and though the program was not instituted for the purpose of such activities as described in this paper, they would be sufficiently well-prepared to conduct pre-screening interviews.

6. If international "burden sharing" is to occur within the context of refugee processing, then U.N.H.C.R. will probably have to run the screening process, comprising (but not limited to):

a. concurrence among all receiving countries, the U.N.H.C.R. and the O.A.S., on the use of a "well founded fear" standard of the 1951 U.N. Convention;

b. the involvement of the U.N.H.C.R. in:

A. The channeling of financial contributions provided to U.N.H.C.R. for the asylum, asylum pre-screening, or refugee resettlement processing through, host and receiving country officials,

B. Rapid screening and timely final decisions,

C. Concurrence among interested parties on early and safe repatriation of the "screened-out,"

D. Location and establishment of processing on an "island in the sun," and

E. Obtaining commitments from the government officials in the region to permit admission of a defined share of refugees through a process of dignified refugee resettlement, to include the U.S.G.

Attachments:

- A: Presidential Documents**
- B: INS Documents**
- C: Newspaper and magazine articles**

Contributors to this analysis are:

Richard Krieger, HQIAO
John W. Cummings, HQRAP
Gregg Beyer, HQASM
John Evans, HQRIC
Janelle Jones, HQREF
Christine Davidson, HQASM
Major Ben Bell, USMC
Jeffrey Weiss, C.R.S.

cc: HQIAO, HQRAP
HQOSP, HQASM
HQRIC, HQREF
BEN BELL
JEFFREY WEISS
OFFICIAL FILE
READING FILE
R KRIEGER
INS:IAO:RKRIEGER:11/25/92, 12/01/92, 12/02/92, 12/03/92,
12/07/92, 12/09/92, 12/11/92, 12/16/92, 12/23/92:HAITI

THE TARRANCE GROUP

Research for Decisions in Politics and Public Affairs

Edward A. Goeas, III
President, CEO

Brian C. Tringali
Senior Vice President

David J. Sackett
Senior Vice President

Michael D. Baselice
Vice President

William H. Cullo
Research Analyst

Lorraine Gudermuth
Research Analyst

Patricia J. House
Research Analyst

January 11, 1993

The Honorable Robert Dole
Senate Hart - 141
Washington, DC 20510

Dear Senator Dole:

The Tarrance Group is pleased to present the enclosed key findings from our latest Battleground study of the national electorate.

This most recent national study, conducted January 4-5, 1993, is the latest in a series of joint nationwide surveys taken in conjunction with the Democrat firm of Greenberg-Lake: The Analysis Group -- Bill Clinton's polling firm. It is fitting that the focus of this latest survey is the transition process and the expectations of voters surrounding the new administration.

Bill Clinton is entering the White House with the highest approval rating of any President in modern history. The expectations associated with his administration are tremendous. While the voters generally approve of the appointments Bill Clinton has made, a majority (58%) feel that he has already had to back away from some of the commitments he made on the campaign trail.

Two-thirds of the voters remain frustrated with their government, while another 21% are still angry. The focus on the economy has waned little since the election. Voters still are looking to Clinton to re-invigorate the economy. Voters across the nation agree that the number one priority other than the economy is health care.

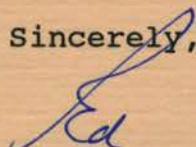
There are many more insights into the voters available through this latest installment in our recurring Battleground polling program. We hope that you find this data helpful as we enter the 1994 election cycle.

THE TARRANCE GROUP

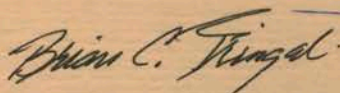
Page Two

Please do not hesitate to contact us if you have any questions or would like to meet and discuss the findings in greater detail.

Sincerely,



Ed Goeas
President/CEO

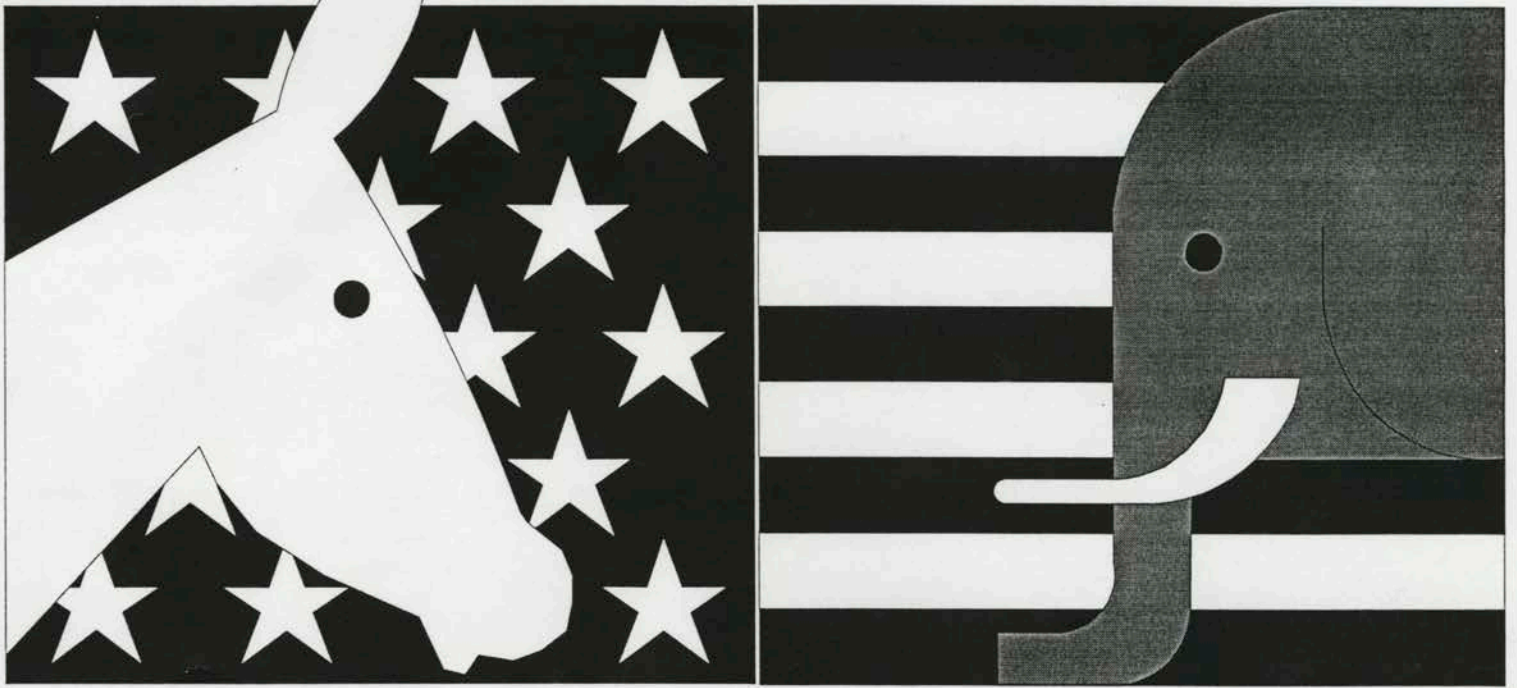


Brian C. Tringali
Senior Vice Pres.



Dave Sackett
Senior Vice Pres.

EAG:bt
Enclosure



Battleground *'94*

Republican *Strategic* *Analysis*

Battleground '94 *Republican Strategic Analysis*

This first survey of the 1993-1994 election cycle is not only a good instrument to gauge the American public's expectations of Bill Clinton in his first one hundred days in the White House, but will serve as a good benchmark for the Clinton presidency. As one might expect from a survey conducted during the height of the traditional "honeymoon" period for an incoming president, the data in this survey shows Bill Clinton receiving very favorable reviews from a cautiously optimistic, yet hopeful, electorate.

Bill Clinton receives high marks for his handling of the transition, favorable reviews for his cabinet selections, general consensus on his being a "new" kind of Democrat, and garnishes the highest favorable rating of any incoming president in the thirty years that there has been inauguration month polling. (Of course, when you find that Jimmy Carter was the second highest on this measurement with his favorable rating in January of 1977, this last

measurement is certainly suspect as a measurement of potential success.)

At the same time, an overwhelming majority of the voters see Bill Clinton as "already backing away from his campaign promises," and give him very mediocre reviews for his economic summit. As the voters move from a period where they respond to rhetoric into a phase where they expect performance and results, these types of measurements will have a heavier impact on how voters come to view Bill Clinton. For now, however, voters are more than willing to give Bill Clinton the benefit of the doubt.

Simultaneously, George Bush now registers his highest favorable ratings and job approval ratings since the end of the Gulf War. Now that their decision making process is over, and perhaps out of a sense of fairness, voters have returned to their once held view of George Bush as a likeable person.

What should be disconcerting for Republicans, however, is not the strength of Bill Clinton's numbers, but the stronger overall image of the Democrat Party coming out of the 1992 elections. Bill Clinton not only took steps during the election that began a process of redefining the Democrat Party, but his current popularity is raising the tide of public support for Democrats in Congress.

While Republicans may believe that Bill Clinton is all talk and no substance, and that the solutions he will try to implement are flawed, we have found that what Bill Clinton is best at is blaming Republicans. If all else fails, he will do just that! As the loyal opposition, Republicans must hold Bill Clinton to what he repeatedly said this past presidential election was all about, "time for the blame and finger-pointing to end -- and time for the solution to problems, for change, to begin."

Bill Clinton

In the two months since the election, Bill Clinton's favorable/unfavorable rating has improved from barely a one-to-one ratio on election day to seventy-one percent

(71%) favorable/ twenty percent (20%) unfavorable today. This is the highest favorable rating for any president in recent history (from surveys taken in the inaugural month.) While Jimmy Carter was somewhat comparable at 66%, Bill Clinton's favorable rating runs 10-15% higher than most presidents when taking office.

(As a sign of the cynical times we live in, twenty percent (20%) of the voters hold a negative view of Bill Clinton, which is almost double the negative rating usually seen at this point.)

Bill Clinton's biggest success in the campaign was labeling himself as a different or "new" kind of Democrat. Sixty-two percent of the American public agree with this "new" Democrat label in defining Bill Clinton.

Bill Clinton's hard core political base still runs strongest with voters 40-55 years of age, blacks, working women, moderate/liberal Democrats, lower educated voters, Catholics, blue collar voters, voters from the West, Central Plains, Midwest, and the Northeast regions, and voters from the urban areas. Beyond the traditional Democrat political base of

recent years, however, Bill Clinton has made inroads with ticket-splitters, conservative Democrats, young voters (18-29), women at home, Baptists, Southern voters, and voters in rural areas. It is this second group of voters, many of whom voted for Ronald Reagan in the eighties, who are key to the Republican Party maintaining parity with the Democrat Party in voter identification.

Bill Clinton also receives generally high marks from the American public on what they have seen to date from Bill Clinton and his transition team. Eighty-four percent (84%) of the voters approve of the job Bill Clinton has done with the transition (45% strongly approve). Voters also approve of Clinton's cabinet appointments by sixty-nine percent (69%), with sixty-three percent (63%) feeling that the appointments were from a "new group of people" rather than "insiders from the past". With all three of these measurements, support levels run well beyond Bill Clinton's political base, even gaining majority support from Republicans.

There are some black clouds on the horizon for Bill Clinton, however. Fifty-eight percent (58%) of the voters said that the President-elect was

already backing away from his campaign promises. While this sentiment among the voters has not yet put a damper on their overall feelings about Bill Clinton, they do run stronger with the very same voters who he has recently added to his political base. The fact that a majority of these voters felt that Bill Clinton was lying about his past, in the last week of the presidential campaign, may establish a pattern for these voters. And it is patterns in politics that give issues or images critical mass and meaning for voters.

President-elect Clinton's first stab at officially addressing the economy also received a lackluster response from the electorate. Only twenty percent (20%) of the nation's voters felt that the economic summit was extremely or very successful. A majority (55%) of the voters said that the summit was somewhat successful. (In survey research the equivalent of a big yawn!)

Given the fact that three out of the last four presidents standing for reelection over the last twenty years were defeated, and how quickly George Bush's historically high approval rating dissipated last year, it would be hard to imagine anyone in the Clinton camp taking too much

comfort in high approval numbers at this early stage of his presidency. Even so, Bill Clinton does find himself in a position to receive several months of good will from the voters and cooperation from the Congress.

The Economy

While the intensity of their negative feelings have abated since the election, voters still feel that the country is going in the wrong direction and that the nation is still in a recession. Fifty-one percent (51%) of the voters felt that the country was going in the wrong direction, with 35% holding strongly negative feelings. More importantly, fifty percent (50%) of the respondents said that the country was still in a recession, while forty-two percent (42%) regard the country was coming out of the recession and six percent (6%) believe that we were already out.

These results hold both good news and bad news for Bill Clinton. The good news is that it allows him to keep pressure on Congress to follow his economic agenda and it puts him in a better position to take credit for any economic recovery that

may already be taking place. On the other hand, it shows that the American public, whose lack of confidence in the economy played a large part in prolonging the recession over the last six months, may be very slow in reacting to visible improvements to the economy. In fact, only thirty-one percent of the voters presently feel that they will be better off economically one year from now -- fifty four percent (54%) feel that they will be about the same.

Voters do seem willing to give Bill Clinton a little more room to maneuver on the economy than they were for George Bush. While an overwhelming majority of the American public want the President-elect to direct his energy towards economic issues, three quarters of the voters are clearly willing to have that effort put into long range efforts rather than short term fixes.

Policies that voters thought would help stimulate the economy in the short term were raising the tax on the wealthy, establishing education programs, instituting a line-item veto, and creating jobs through transportation projects. For longer term economic policies, voters put an even greater emphasis on education programs, then gravitated to an

overall emphasis of reducing the deficit, stopping unfair trade, and the balanced budget amendment.

On the economic front two issues have taken a dramatic turn with the American public. One issue (middle-class tax cuts) now receives less emphasis by the voters -- one issue (deficit reduction) receives greater emphasis.

One of the early issues in the presidential campaign was giving voters a "middle-class" tax cut. This issue played a major strategic role in the Clinton campaign last spring through the Democratic convention in their thematic definition of "Us" (Clinton, Democrats, middle-class) versus "Them" (George Bush, Republicans, rich). In the Fall campaign, however, Bill Clinton backed away from middle-class tax cuts, George Bush was cornered from talking about tax cuts because of breaking his no new taxes pledge, and H. Ross Perot talked instead about raising taxes through a gasoline tax. As a result, middle-class tax cuts are no longer a top-of-the-mind mention for voters when discussing economic reform. Knowing the deep-rooted emotions voters hold on taxes, this lack of emphasis does not mean that voters would not respond very

favorably to a tax cut or conversely quite negatively to a tax hike.

The economic issue that has gained prominence in the voters' economic agenda for the first time in almost a decade is the federal deficit. This is in large part a reflection of Ross Perot's emphasis on the deficit and is driven by those who voted for Perot last November.

This concern by the voters about the deficit will ultimately be the best tool for Republicans to keep pressure on Bill Clinton, and more importantly, the Democrats in Congress, from moving their "tax-and-spend" policies into high gear. In fact, while sixty-two percent (62%) of the voters said that they support Clinton's economic programs, voters make note that if Clinton's programs began to increase the deficit, support would drop to thirty-four percent (34%), and resistance would increase to fifty-six percent (56%).

Other Issues on the Horizon

For almost a year and a half, the state of the U.S. economy has eclipsed all other concerns of voters. As the economy improves,

"pocketbook" issues will play a more diminished role in the voters' minds and "lifestyle" or social issues will become a greater concern. This is, of course, barring some major international crisis in which the United States is inextricably involved.

Until recently the only issue to surface beyond economic concerns has been health care. Even health care has proven to be more of an economic concern than a quality or access concern over the last year. As the economy continues to improve, Bill Clinton is most likely to gravitate towards the issue of health care. First, it is a very real problem that will not just go away because the economy improves. Second, health care costs do pose a threat to any long term economic recovery. Finally, health care is a good transition into a more "lifestyle" oriented issue agenda. As we saw at Clinton's economic summit, when a string of good economic stories came out in the days before the economic summit, Clinton and his team were quick to shift the bulk of the discussion to health care.

On the other hand, health care is an issue that the Republicans should not be reluctant to make a battleground issue over the next few

years. Bill Clinton's health care plan is not well developed, using oxymorons like "managed competition" rather than sound policy. Where Bill Clinton does have detailed plans on health care, they tend to be budget busters, which will further aggravate the deficit issue.

Another issue that has recently surfaced in the voters' agenda is crime. In fact, crime has more than doubled as a voter concern over the last few months. While crime traditionally increases during a recessionary period and then surfaces as an issue when the economy improves, crime mentions in this study do appear to have a heavier linkage to the drug issue than in past studies.

Where this issue is important for Republicans is as a domestic issue, particularly since Republicans have always been better at addressing the issue of crime and have been effective in using it to draw a contrast with the "national" Democrats. It was interesting to note that the crime issue was almost non-existent in the past presidential campaign. This was in large part because, like the no new taxes pledge, George Bush was painted into a corner by the Democrats raising the

Willie Horton/racial card.

Besides the economy and health care, keep an eye on the crime/drugs issue, for it is one that the Democrats have not been competent in dealing with. Unless Bill Clinton truly is a "new" kind of Democrat, it is hard to believe he will deal with this issue better than other Democrats have in the past.

Conclusions

Shortly after the election there was a discussion held within the news media about whether, with receiving 43% of the votes cast, Bill Clinton has a mandate from the people. (And if so, was it a mandate for change or a mandate for his specific policies?) While this may be an interesting conversation inside-the-beltway, the real issue will be performance and results.

Republicans were able to maintain control of the White House throughout the eighties in large part because they were seen by the voters as the best managers of effective government and best able to produce a strong economy. All the current hoopla aside (about the far right and

social issues), George Bush and the Republicans lost the presidential election because we were not able to deliver an economic recovery by election day that was steady enough to overcome the voters' concerns about their individual economic situations.

As a result, Republicans gave Bill Clinton and the Democrats the opportunity to begin a process of redefining themselves for presidential politics. It would be foolish not to acknowledge that Bill Clinton not only won the presidency but in the process made some progress in redefining the Democrat Party. On the other hand, it would be equally foolish for the Democrats to feel that advantages gained in defining their image are now set in stone.

This data also proves that the Republican Party remains a potent force in the political process. We are a much stronger party today than we were twelve years ago, not because of money or organization, but because more people believe in the Republican view of government than was the case at that time.

What some partisan Democrats tried to sell after the election was the thought that the Republican Party is

out of ideas. Nothing could be further from the truth. In fact, one of the ironies that Republicans find themselves in is that the success of Bill Clinton may very well be based on the passage of Republican ideas or solutions to the economic and political stagnation of the last two years.

Solutions from capital gains tax cuts to promote growth and

investment in America, to a presidential line-item veto to rein in a spendthrift Congress and runaway deficits, are all Republican solutions. Republican solutions that may very well determine whether Bill Clinton can take the necessary steps to be successful in setting out on a road to make some real changes, or become mired in budgetary constraints and congressional geopolitical self interest.

Ed Goetas
President/CEO
The Tarrance Group



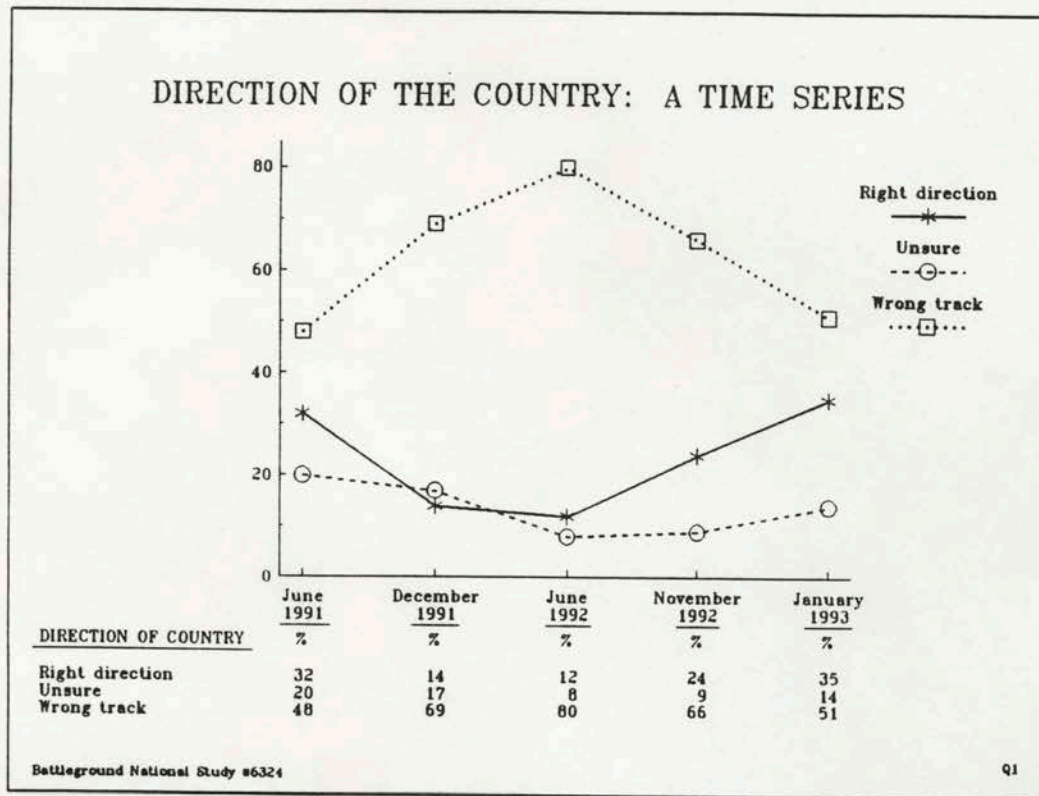
Battleground '94

Key Points and Charts

Political Environment

Mood of the Country

- Voters are becoming more optimistic about the direction of the country. Over one-third (35%) of voters see things headed in the right direction, up from 24% who felt this way last November, and up from 12% who felt this way last June. Despite the increased optimism, a majority of voters continue to believe the country is off on the wrong track (51%). Importantly, the percentage of voters believing the country is on the wrong track has declined substantially since last June when it stood at 80%, and from last November when it stood at 66%.
- Negative perceptions of the course of the nation are declining across the country, though the feeling has not quite reached voters in California where fully 58% of the electorate believes the country is on the wrong track.
- The most optimistic voters are those who voted for Clinton (41% right direction, 46% wrong track), while those who voted for Bush are more pessimistic (55% wrong track) and Perot voters are even more likely to believe the country is on the wrong track (57%).
- African American voters are among the most pessimistic (61% wrong track), as are Republican women (57%), and Republicans under 45 years old (57%).
- Interestingly, voters who identify a lifestyle problem as their top concern are more likely to believe the country is going in the wrong direction (58%), than voters who are worried about the economy (47%).

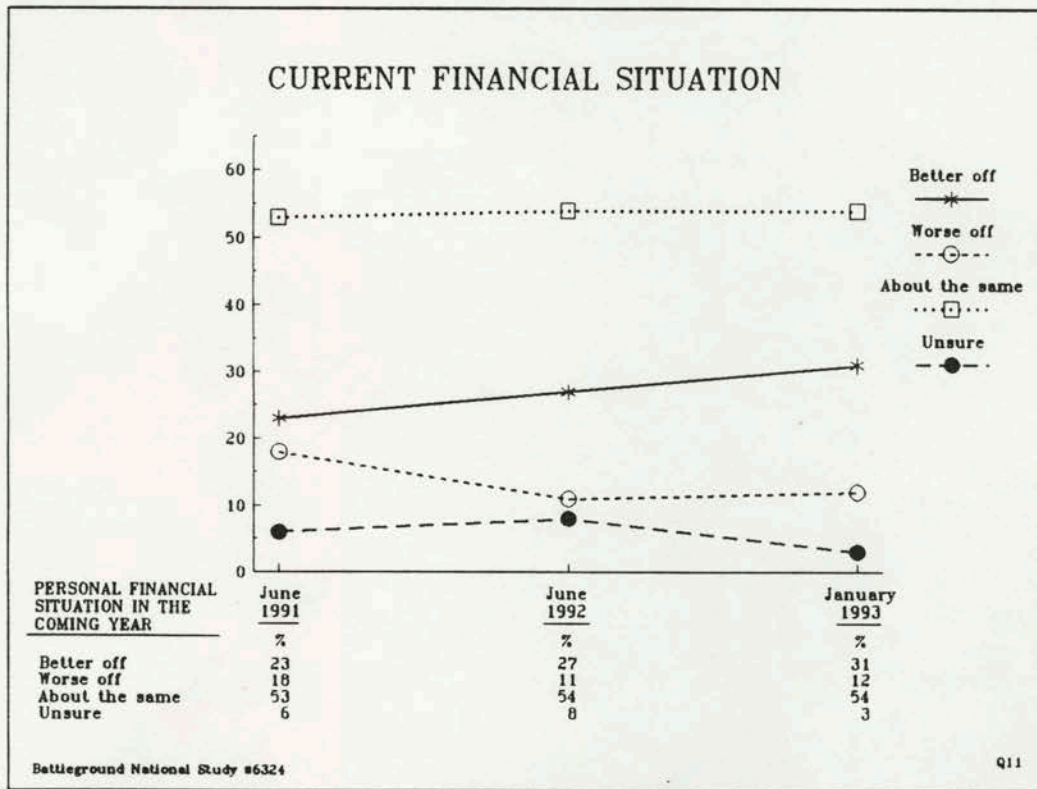


Personal Financial Situation One Year From Now

- American voters continue to predict a stagnant personal financial future. A majority (54%) feel that things will remain the same in the next year -- this is unchanged from last June. Only 12% think they will be worse off next year than they are now. Finally, there has been a slight increase in the percentage of voters who feel they will be better off one year from now (31%, up from 27%).
- Younger voters are the most optimistic that their economic future will be brighter. The most optimistic voters are under 45 years old, including voters under 30 years old (48%), 30-39 year olds (39%), younger men (43%), Democrats under 45 (41%), ticket-splitters (42%), and even young Republicans (38%).

GREENBERG-LAKE/TARRANCE

- Clinton voters are more optimistic (35%) than Bush (27%), or Perot voters (28%). Bush voters are most likely to believe things will get worse (19%).

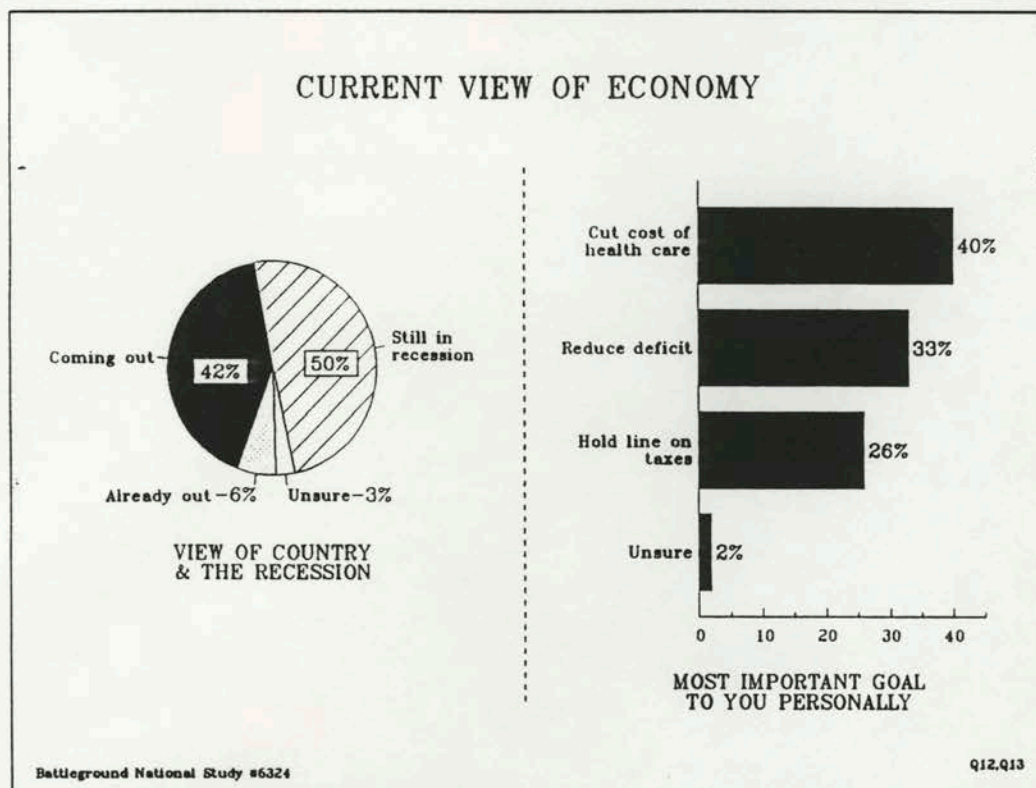


- There is a high percentage of voters who believe the country is coming out of the recession (42%). Still, half of the voters (50%) fear the country is still in the recession. Only 6% believe the country is already out of the recession.
- The voters who believe the country is coming out of the recession are Bush voters (51%), and Republicans (51%), especially Republicans under 45 years old (52%).
- Both Clinton and Perot voters firmly believe the country is still in a recession (59% each). This view is widespread across the country, with voters in the Northeast (55%)

GREENBERG-LAKE/TARRANCE

and West (56%) most often stating the country is still in a recession.

- Democrats (58%), ticket-splitters (59%), less educated voters, and women, are the groups who most firmly believe we are still in a recession, specifically: older working women (58%), African Americans (60%), men as well as women without a college education (56%, and 62% respectively), and union households (56%).



- Within the past two years, 24% have had a member of their family lose a job, and 28% have had a family member be without health insurance.

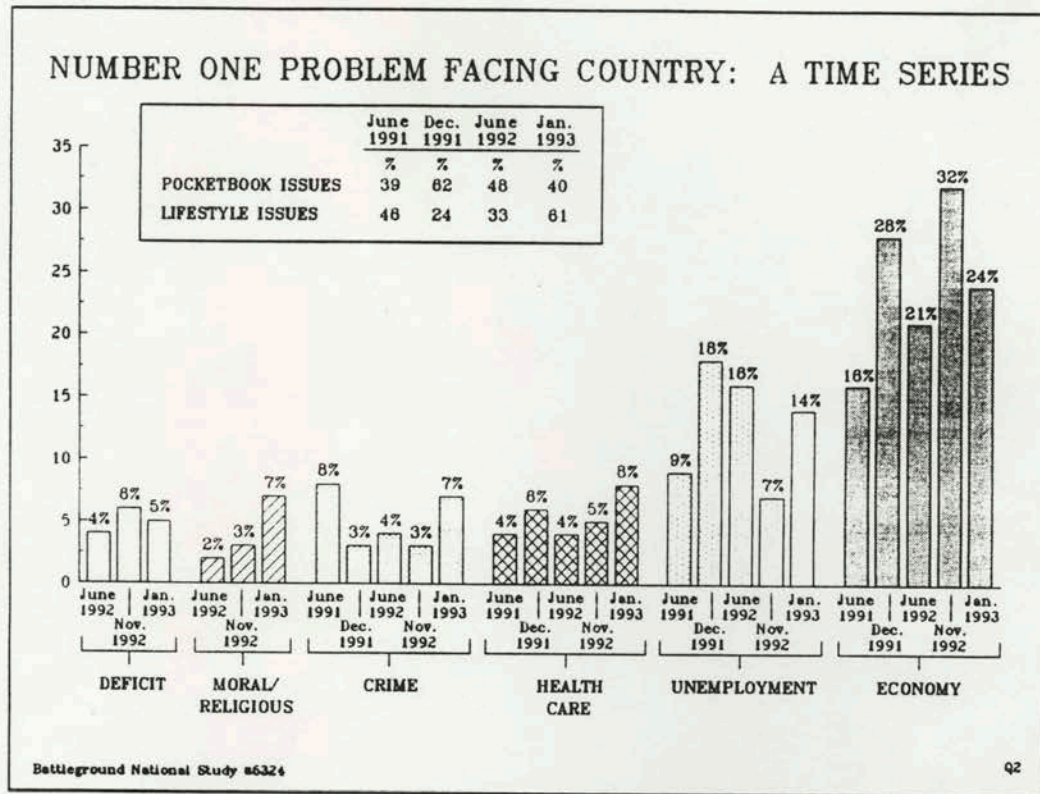
Number One Problem Facing the United States

- Pocketbook issues continue to dominate as the number one problem facing the country. 59% view pocketbook issues as their greatest

GREENBERG-LAKE/TARRANCE

concern compared to 27% for lifestyle issues. Last June, only 48% cited pocketbook issues, while 33% mentioned lifestyle issues.

- The economy is the most frequently cited response (24%), followed by unemployment (14%), and health care costs (8%). While the percentage citing unemployment is up since last November (up from 7%), it has been fairly low throughout the recession, and has never moved above 20%.
- Economic concerns are generally consistent across subgroups, though voters in the Mountain states are more likely to mention it as their top concern (53%), and voters in the West are least likely to mention it (33%). The West is the only region where lifestyle issues dominate voters' concerns (42%). This is unusual, as the West is the region most likely to believe the country is still in a recession (56%).
- Perot voters are more likely to mention the economy (46%) than Clinton voters (43%) or Bush voters (33%).
- When voters are asked what concerns them besides the economy, health care and health insurance are the most frequently mentioned (21%). This is followed by crime and drugs (19%), and education (14%).



Issues for President Clinton

- Voters believe that creating jobs and getting the economy moving is by far the most important issue for the next President (63% rate it as the first or second most important problem for the President). The economy was named as the number one problem by every demographic subgroup. A whopping 95% feel that it is important (rating it 6 or higher on a scale from 1 to 10) and six out of ten voters see this as an extremely important issue (61% give it the highest rating of 10).
- Democrats are particularly anxious to have Clinton address economic concerns. Democrats believe the economy is extremely important (72%), particularly Democratic women (75%), Democrats over 45 years old (74%), and Clinton voters (72%).

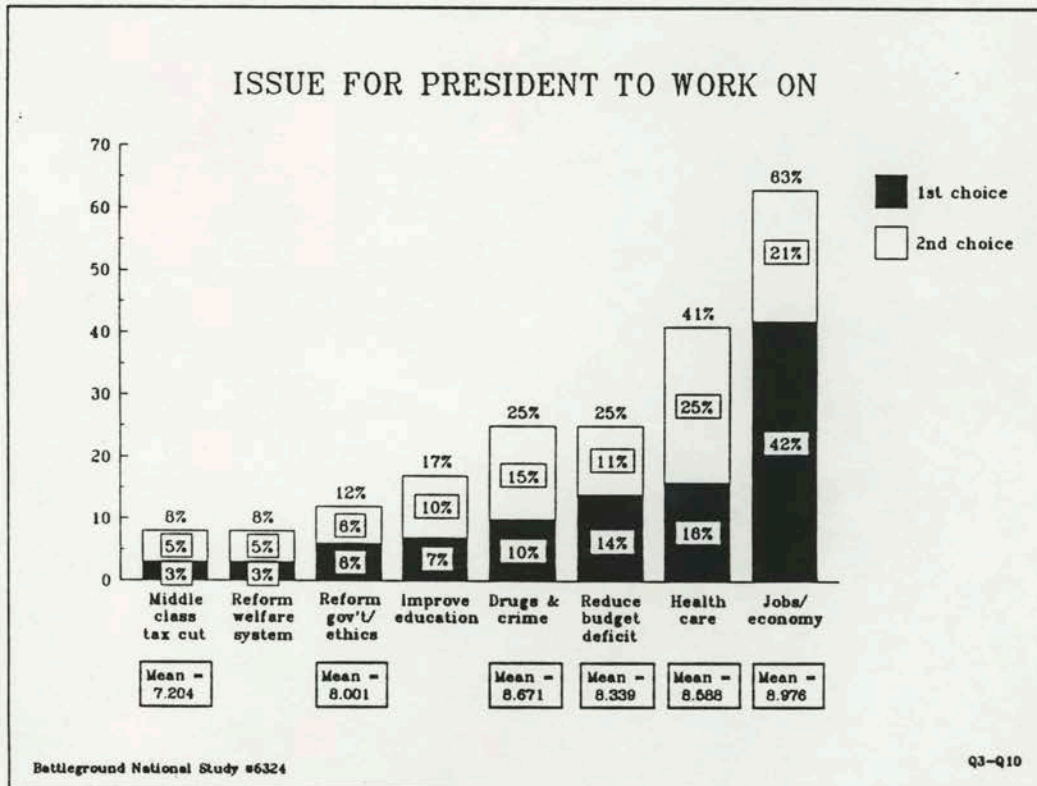
GREENBERG-LAKE/TARRANCE

- Women and less educated voters also demonstrate serious concern over the economy. Two-thirds (66%) of women, but only 55% of men, believe the economy is extremely important. This is especially true for Democratic women (75%), Independent women (72%), older working women (72%), and women without a college education (76%).
- Voters with less education are more worried about the economy than more educated voters: voters without a high school education (76%), high school graduates (71%), voters with some college (63%), and voters with a college degree (46%).
- Affordable health care is the next most important concern (41% place it in the top two), and a majority give it the highest rating of 10, saying that it is extremely important (54%). Health care continues to be a critical worry for voters. In fact, when voters think about what is personally important to them in terms of economic and financial issues, 40% of voters say that cutting health care costs is more important to them personally than reducing the budget deficit (33%), or holding the line on taxes (26%).
- Cutting the cost of health care is more important than the deficit to nearly every group of voters, and no group of voters chose taxes as the issue that was most important to them personally. The few groups stating that the deficit is more important than health care include: Perot voters (4 point margin over health care), Bush voters (7 point margin over health care), voters who believe the country is already out of a recession (15 points), voters in California (4 points), college-educated men (4 points), and Republican men (16 points).
- A majority also believe the drug and crime problem is extremely important (54%), however

GREENBERG-LAKE/TARRANCE

it follows health care in voters' priorities (25% in top two).

- Crime is an issue that is particularly important to voters in the South (61% rate it as extremely important), conservative Democrats (64%), homemakers over 45 years old (67%), African Americans (76%), Democratic women (61%), women without a college education (74%), and men without a college education (65%). African American voters choose it as their second most important issue after the economy (46% in top two).
- Rounding out the list of issues which the President should address are: reducing the federal budget (45% extremely important overall, 52% of Perot voters); reforming government and ethics (38%, 48% of Perot voters); and giving the middle class a tax cut (33%, 34% of Perot voters).



GREENBERG-LAKE/TARRANCE

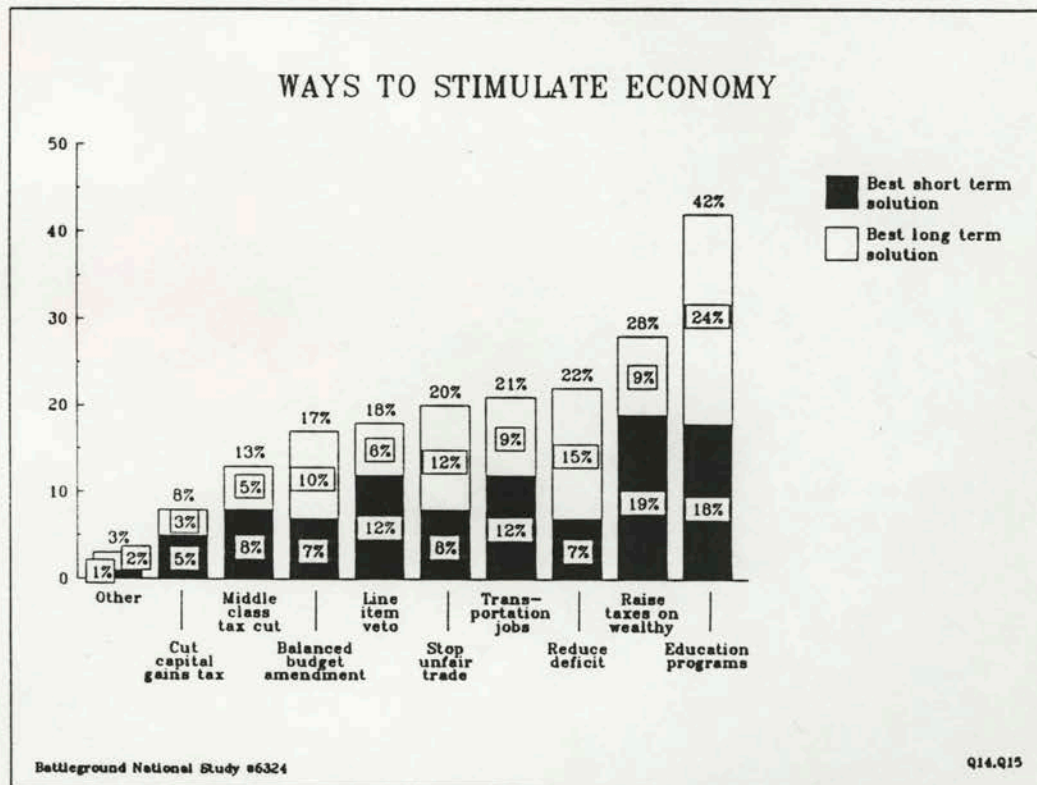
Long Term Solutions Rather Than Quick Fixes

- Voters are looking towards the future and they want Clinton and Congress to pass a long term economic package to rebuild the economy and jobs, and invest in education. A whopping 75% consider a long term package more desirable than a short term stimulus (20%).
- Long term options differ from short term fixes in voters' minds. Voters believe that job training and education programs are the number one solution to stimulate the national economy in the long term (24%), though a smaller 18% think it is most important in the short term.
- In the long term, supporters of each of the candidates choose education as the primary solution (28% of Clinton voters, 24% of Perot voters, and 21% of Bush voters), as do voters from each party (28% of Democrats, 25% of ticket splitters, and 19% of Republicans).
- On fiscal matters, voters also believe that reducing the federal deficit (15%) and a balanced budget amendment (10%) are good long term solutions, while a line item veto (6%) is not. However, in the short term, voters do believe a line item veto (12%) is important while reducing the deficit and a balanced budget amendment are not (7% each).
- Cracking down on unfair trade practices (12%) is crucial to any long term recovery, though fewer choose it as important in the short term (8%).
- Voters look to tax reform as important in the short term (32% choose some type of tax reform), but less so in the long term (17%). In fact, increasing taxes on the wealthy was chosen as a short term solution by more voters than any other solution (19%). Only 8% chose a middle class tax cut for the short term and 5% for the long term. Despite George Bush's stress on the importance of a capital gains

GREENBERG-LAKE/TARRANCE

tax cut, it was the least most popular solution in both the short term (5%) and long term (3%).

- Creating more highway and transportation projects (12%) is also seen a good short term solution, but not a long term solution (9%).
- For a short term solution, Democrats are most attracted to education programs (24%), while Republicans are most attracted to the line item veto (16%). Both choose raising taxes on the wealthy as their second short term solution (22% of Democrats, 14% of Republicans).

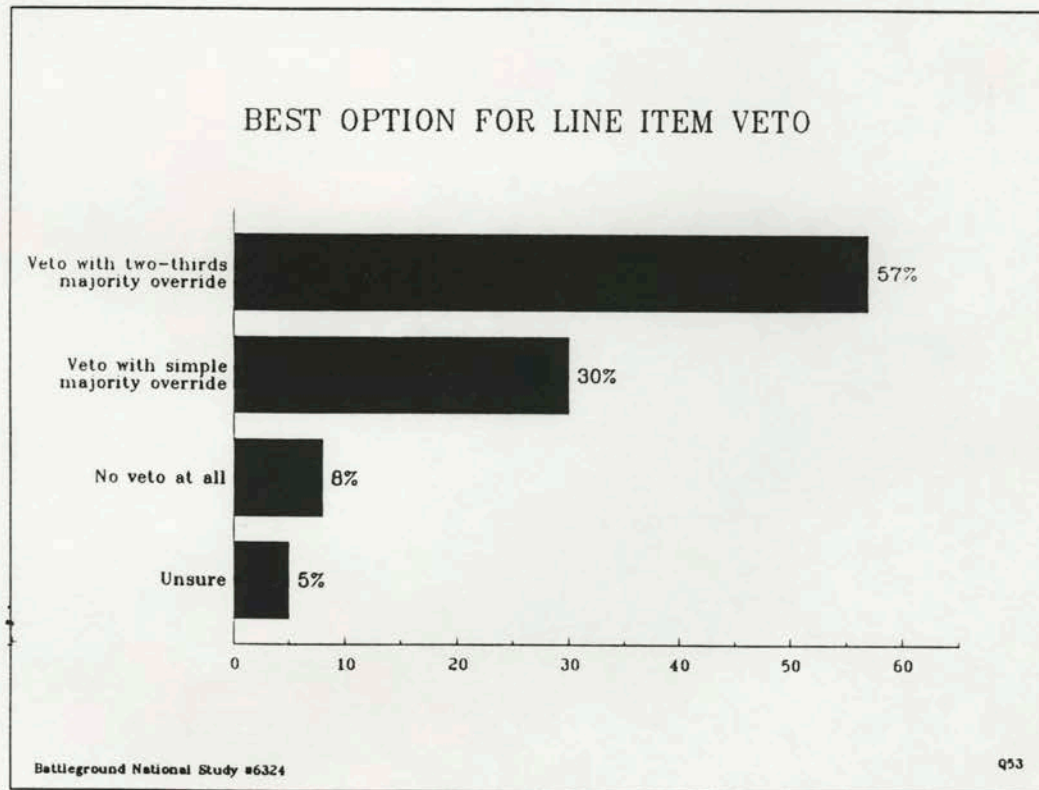


The Line Item Veto

- While a line item veto is low on the list of solutions to economic problems, voters are supportive of giving the President a line item veto in order to help reduce the federal

GREENBERG-LAKE/TARRANCE

deficit. Only 8% believe there should not be a line item veto. The majority of voters support a full line item veto which would require Congress to have a two-thirds vote to override the veto (57%), while 30% support a limited line item veto which would require only a simple majority vote in Congress to override. Pluralities in every group support a full line item veto.



President-Elect Bill Clinton

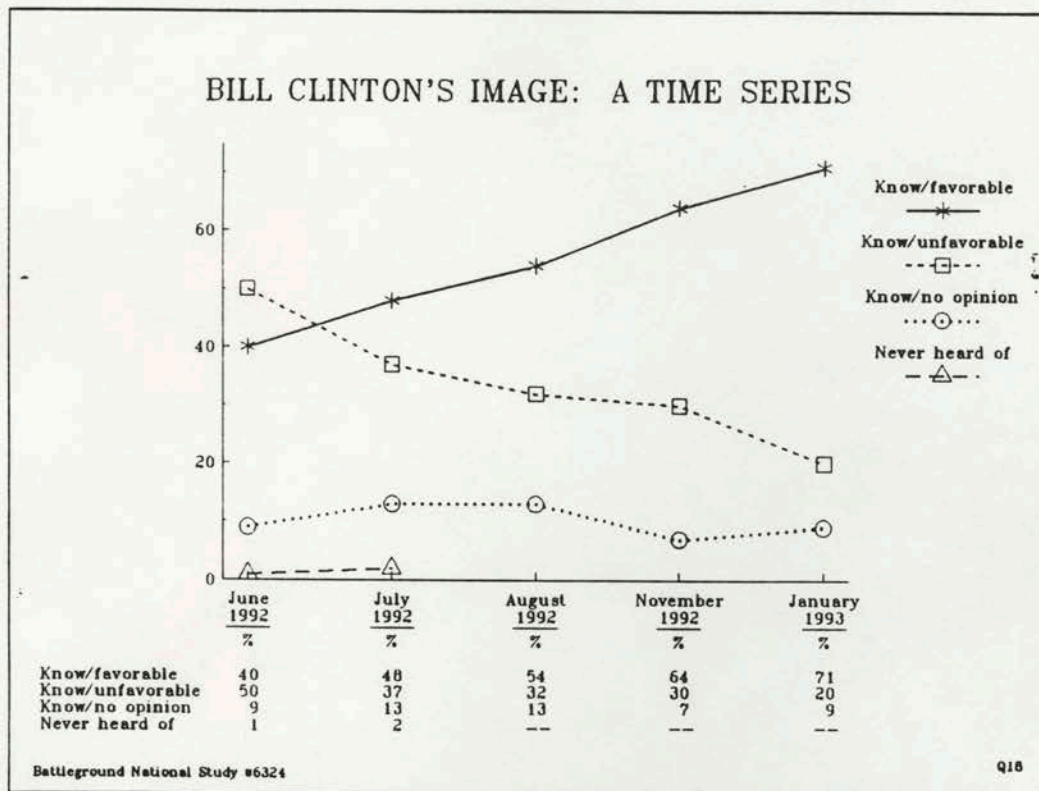
Image Rating

- President-elect Bill Clinton is currently enjoying a honeymoon with voters, a honeymoon that is particularly fueled by his own supporters. Nearly three-quarters (71%) hold a favorable opinion of him (35% strongly favorable), while only 20% hold an unfavorable opinion. This is an enormous leap since last

GREENBERG-LAKE/TARRANCE

August when his favorability rating stood at 54-32 percent, and is even a gain since his November rating of 64-30%.

- Clinton receives more favorable than unfavorable ratings among every group, including Republicans (47-43% favorable).

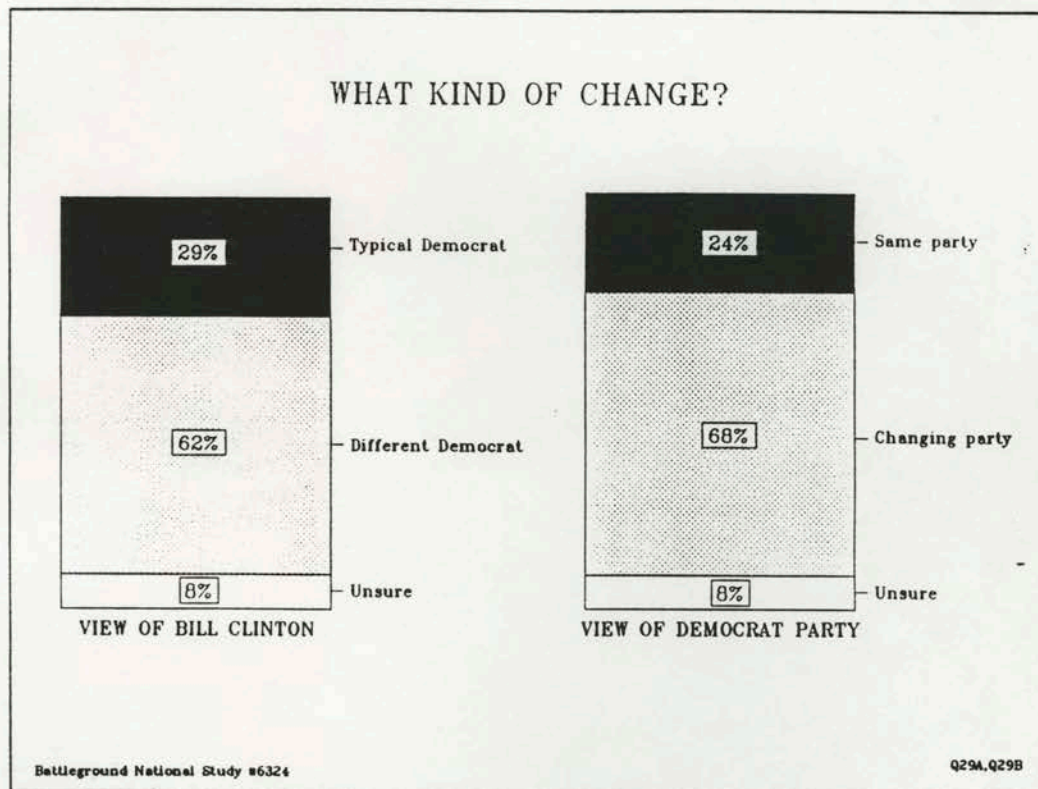


- Nearly two-thirds (62%) see Clinton as a different brand of Democrat, while 29% consider him a typical Democrat. This image has given a boost to the Democratic party, with 68% thinking that it is a changing party and only 24% seeing it as the same party of the past.
- Perot voters believe that Clinton is a different kind of Democrat (68%), as do voters who supported Reagan in one election (67%). Fewer Perot voters view the Democrats as a changing party (54%). Voters who supported Reagan once firmly believe the party is

GREENBERG-LAKE/TARRANCE

changing (76%). Voters who supported Reagan twice are less likely to believe that Clinton is different (50%) or that the party is changing (54%).

- Even Republicans are split between believing Clinton is a typical Democrat (46%) or a different kind of Democrat (46%). Republicans are even more likely to believe that the Democratic Party is changing (50%) rather than remaining the same as in the past (40%).



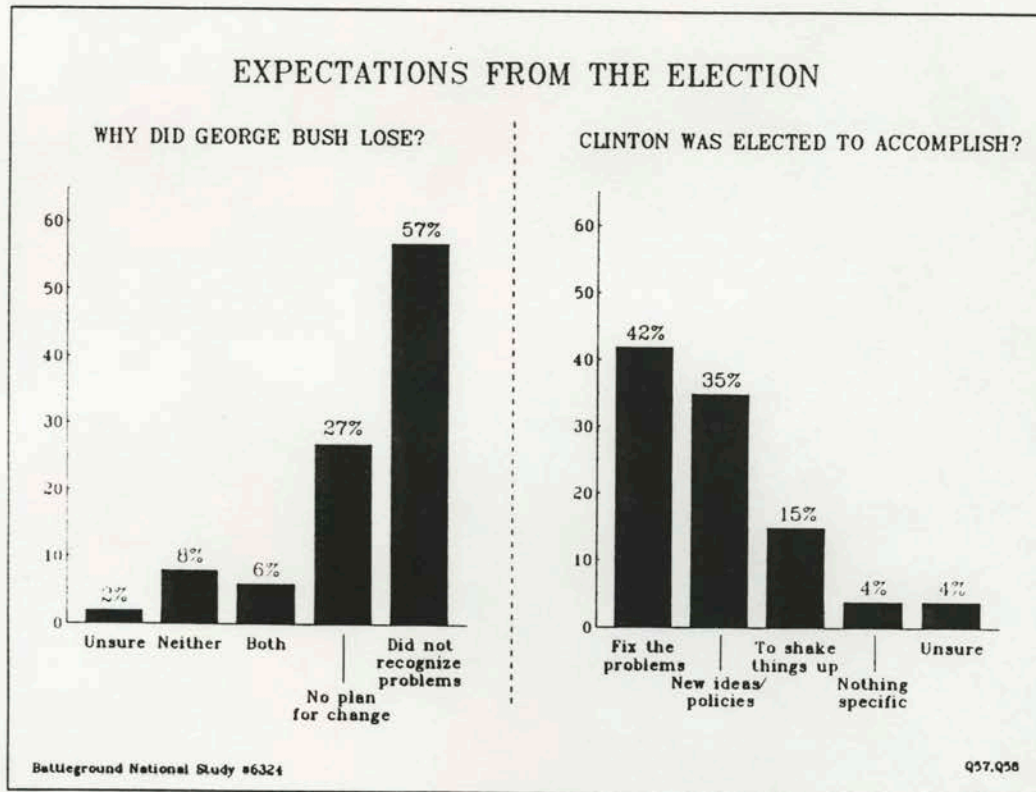
Voter Expectations

- A plurality of voters (42%) believe Clinton was elected to recognize the problems here at home and get the job done. Fewer believe he was elected because of his ability to bring new ideas and policies to the federal

GREENBERG-LAKE/TARRANCE

government (35%) or to shake up Washington (15%).

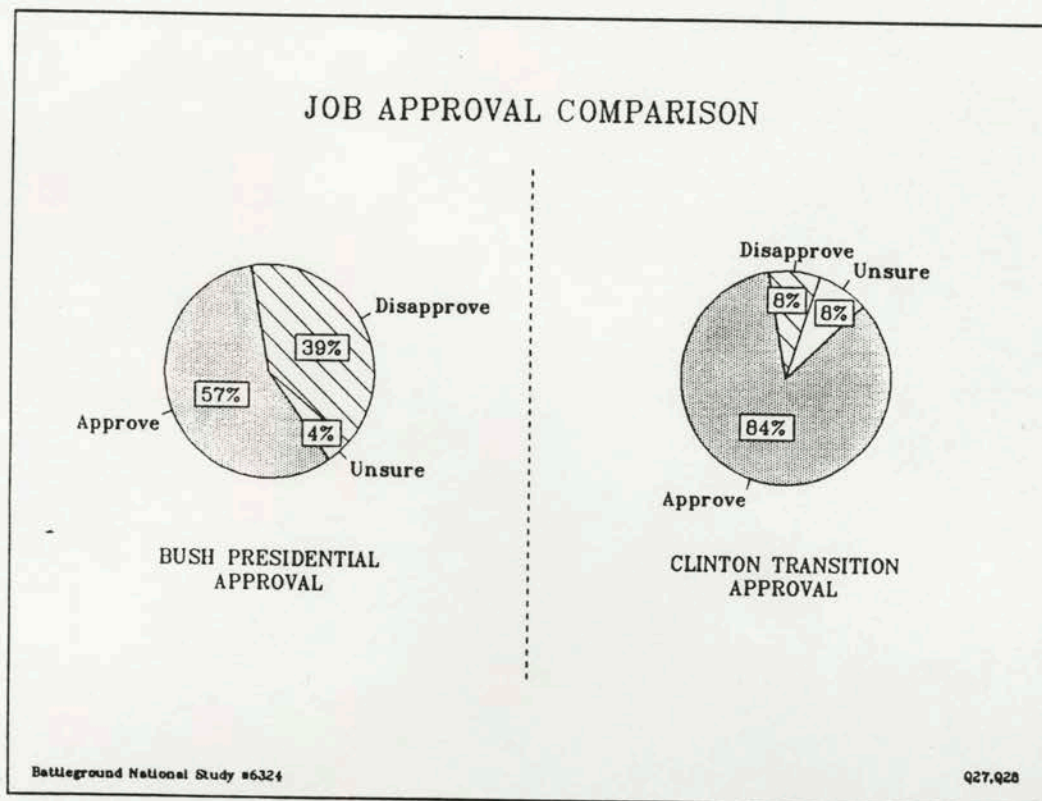
- A majority of Clinton voters say he was elected to fix problems at home (54%), while Perot voters are less likely to agree (39%), and a plurality of Bush voters believe he was elected for new policies (34%).
- Similarly, a majority of voters (57%) believe that Bush lost the election because of his failure to recognize the domestic policy problems facing the country, especially the economy. 27% believe he lost because he was unable to articulate the way in which his administration would work to bring about a change in the government.
- Democrats, ticket splitters and Perot voters believe that Bush lost because of his failure to recognize the country's problems (75%, 51%, and 52% respectively), however Republicans are split between blaming his failure to recognize problems (40%) and his failure to articulate a plan for change (42%).



Job Approval -- Transition and Appointments

- Voters give Clinton high marks for his job performance during the transition. A whopping 84% approve of the job he has done handling the transition period (45% strongly approve), while only 8% are dissatisfied. Even 70% of Bush voters and 80% of Perot voters approve of the way Clinton is handling the transition.

GREENBERG-LAKE/TARRANCE

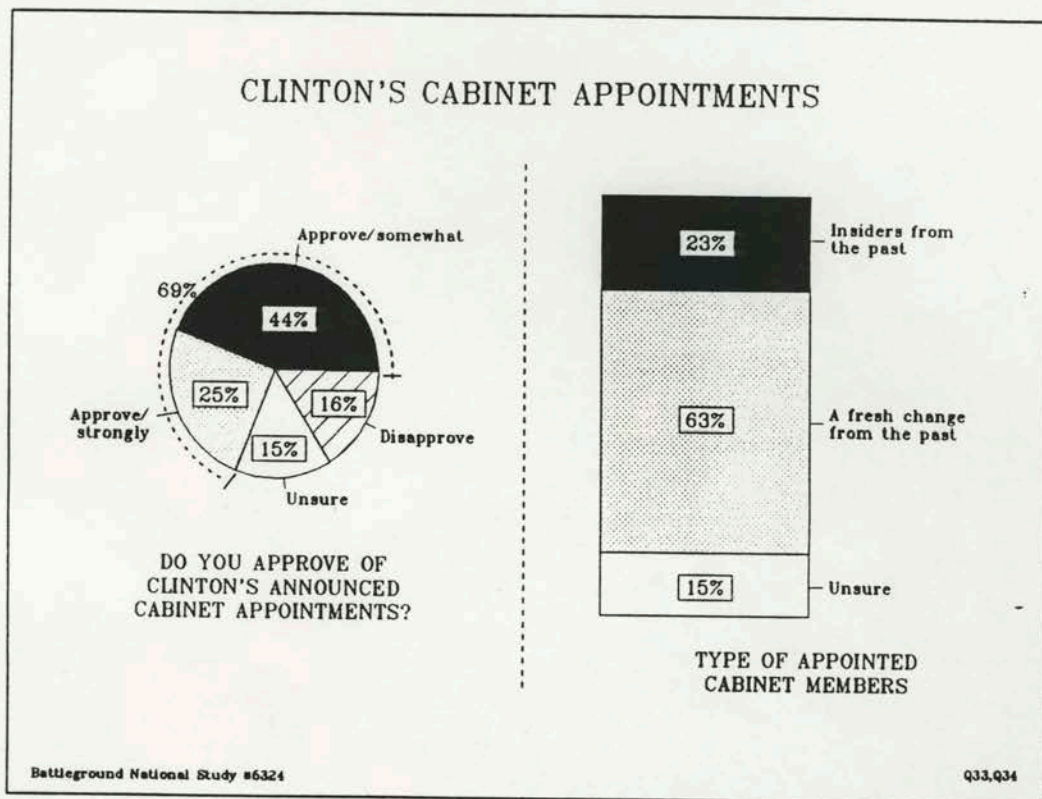


- Voters are also supportive of Clinton's appointments. Over two-thirds (69%) approve of his Cabinet appointments (25% strongly approve), while only 16% express displeasure. This high approval is consistent across groups, with even Republicans (51%) approving of his appointments. Clinton voters overwhelmingly approve of Clinton's appointments (86%, 46% strongly), and Perot voters generally agree (65%, 16% strongly).
- Voters not only believe that Clinton is an atypical Democrat, they believe he has chosen an atypical Cabinet which is representative of change. Sixty-three percent see his Cabinet as consisting of people who represent a fresh change from the past, while 23% say it consists of the same Washington insiders as past Cabinets. Clinton voters (77%) and a majority of Perot voters (54%) believe his

GREENBERG-LAKE/TARRANCE

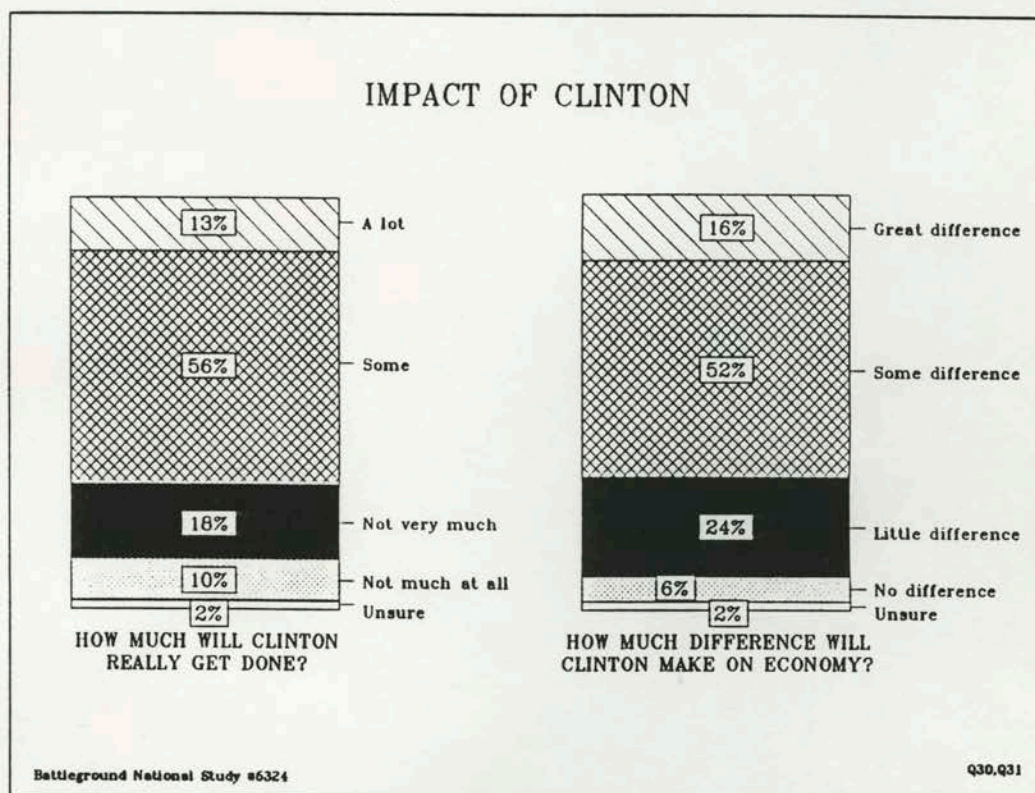
Cabinet represents change, while only 11% of Clinton voters and 30% of Perot voters believe they are the same old insiders.

- This view extends across groups, though African American voters (76-14%) and working women (69-18%) are more likely to think this cabinet represents change, while men are slightly less likely to agree (59-27%), especially Republican men (48-41%).



- Voters were less enthusiastic about the economic summit. The economic summit made a favorable impression on voters, but not a strong one. Only 20% saw it as extremely or very successful. A majority of voters (55%) saw it as somewhat successful, and 12% felt it wasn't at all successful. Even among Clinton voters only 32% said the summit was extremely or very successful.

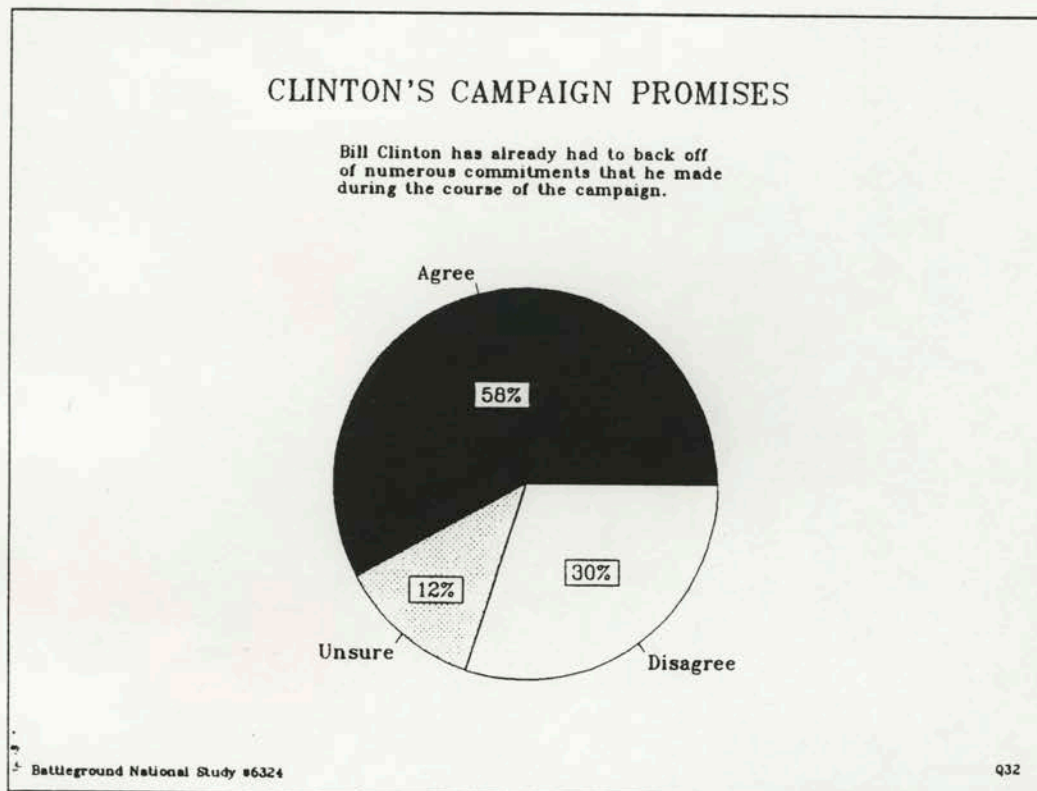
- Nearly seven out of ten voters (69%) believe Clinton will accomplish much of what he talked about during the campaign, however only 13% believe he will be able to accomplish "a lot" of what he talked about. Twenty-eight percent think he won't accomplish much at all.
- Clinton voters are convinced he will be able to accomplish a great deal (22% "a lot", 66% "some"), while Perot voters are less sure (5% "a lot", 53% "some"), and Bush voters are convinced he will not be able to do very much at all (48%).



- In fact, over half (58%) believe he has already begun to back away from numerous campaign commitments (22% strongly agree), while 30% disagree with that notion.
- Voters in the South Central (68%) and Mountain states (65%) more firmly agree with the notion that Clinton has backed off on some

GREENBERG-LAKE/TARRANCE

commitments. Republicans (77%) and Bush voters (80%) are the most likely to agree, but even 44% of Democrats and 43% of Clinton voters believe this is true. Perot voters also generally agree (58%).



Economic Expectations

- Voters (68%) believe that Clinton will be able to make a difference in the economy, though few believe he will be able to make a great deal of difference (16%). Nearly a third (30%) believe he will make little or no difference.
- Democrats (85%), voters without a high school degree (81%), and African American voters (82%) are most optimistic about the difference Clinton will make on the economy. Voters in the South Central states (52%), Republicans (47%), and Bush and Perot voters (44% and 59%)

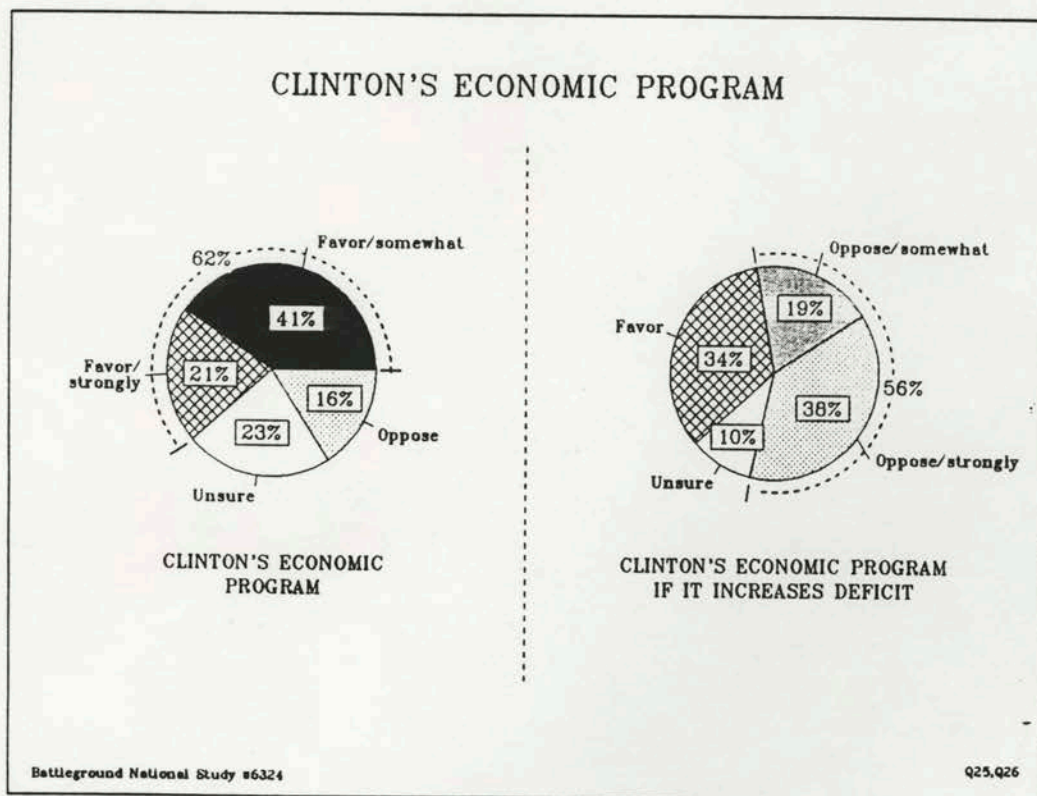
GREENBERG-LAKE/TARRANCE

are the least optimistic about Clinton's economic impact.

- From what voters currently know about Clinton's economic program, they are willing to give his programs a chance. Six out of ten voters (62%) favor Clinton's programs (21% strongly favor), only 16% are opposed.
- Voters across the country favor Clinton's programs, though voters in the Northeast are most favorable (67%) and voters in the Mountain states are least favorable (47%). The youngest voters and the oldest voters are the most favorable to his programs: 67% of voters under 30 years old as well as 67% of voters over 75 years old. The traditionally Democratic groups express the most satisfaction with his programs: Democrats (79%), union households (68%), African Americans (79%), and voters with less than a high school education (69%). Voters who worry most about the economy strongly favor his programs (67%), as do a majority of Perot voters (55%), who tend to be deficit sensitive.
- Although they are willing to give Clinton the benefit of the doubt, voters are not willing to support his programs if it means an increase in the budget deficit. Over half (56%) are opposed to a program that would increase the federal deficit (38% strongly opposed). Interestingly, a third of the voters (34%) would continue to favor his programs, even if they increased the deficit.
- The voters who would continue to favor his programs if they increased the deficit consist only of Democrats (49-40% favor) and Clinton voters (49-39% favor).
- All other voters shift to opposition of his programs if they would increase the deficit. The percent favoring his programs drops most markedly in the Midwest (-31 point drop in favorability), the West (-30), among Democrats

GREENBERG-LAKE/TARRANCE

over 45 years old (-38), men over 45 years old (-35), voters with less than a high school education (-40), and union households (-32). Democrats drop by 30 points and ticket splitters drop by 28 points. Clinton voters drop markedly (-34) as do Perot voters (-27).



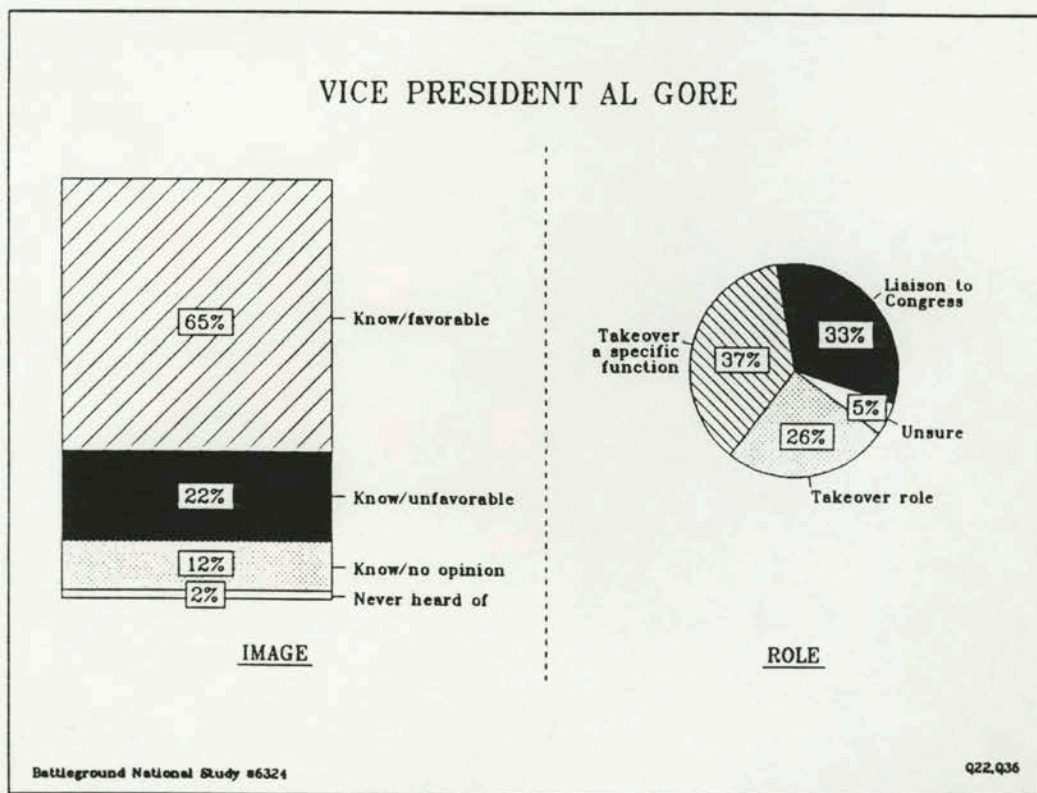
Vice-President-Elect Al Gore

- Al Gore continues to be viewed favorably by the voters. Nearly two-thirds (65%) have a favorable opinion of him, while 22% are unfavorable towards him.
- Gore's popularity is widespread, with his ratings the highest in the Midwest (72-18%), and lowest in the South Central states (55-28%) and the West (58-28%). Working women rate him much more favorably (72-14%), as do those voters who believe he will take over an issue

GREENBERG-LAKE/TARRANCE

and make it his own in his role as Vice President (83%).

- Voters do not believe Gore should act as vice-presidents have in the past. A plurality (37%) believe he will take over a major policy function and make it his own, while an additional third (33%) believe he will play the role of liaison to Congress. Only 26% believe he will be a traditional Vice President who represents the country in the President's absence.



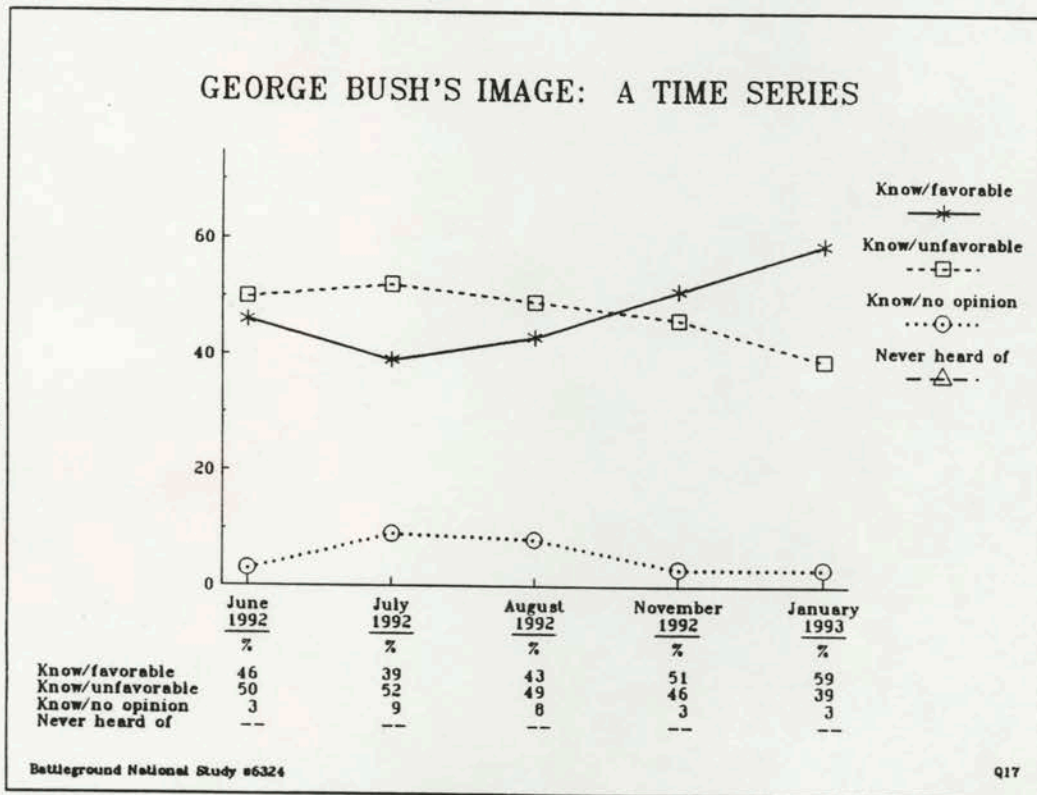
President George Bush

- President Bush's favorability rating has also improved considerably since the election. Now over half have a favorable opinion of him (59%, 28% strongly favorable). Just before the election he maintained a 51-46%

GREENBERG-LAKE/TARRANCE

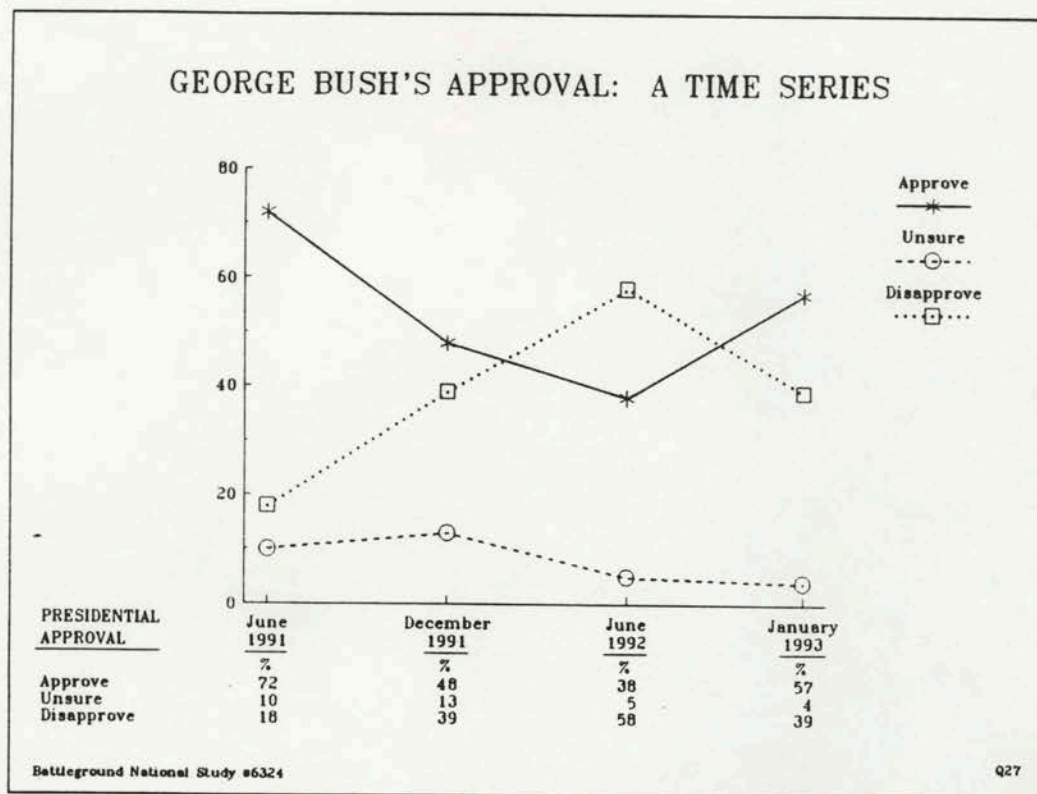
favorability rating, and last August his rating stood at a negative 43-49%.

- A majority of nearly every subgroup now has a favorable view of Bush. Regionally, the South Central and Mountain states are the most favorable (69% and 65% respectively), while California is the least favorable (50%).
- Men continue to rate Bush more favorably (62%) than either homemakers (58%) or working women (53%). Republicans are virtually unanimous in their approval (91%), while Democrats rate him 32-65% unfavorable. Ticket-splitters give Bush a strong 59-37% rating. Perot voters generally like Bush (61-36%).



- In addition to an increase in his favorability, voters are also more willing to approve of the job Bush is doing. Over half (57%) approve of his job performance, while 39% continue to disapprove.

GREENBERG-LAKE/TARRANCE

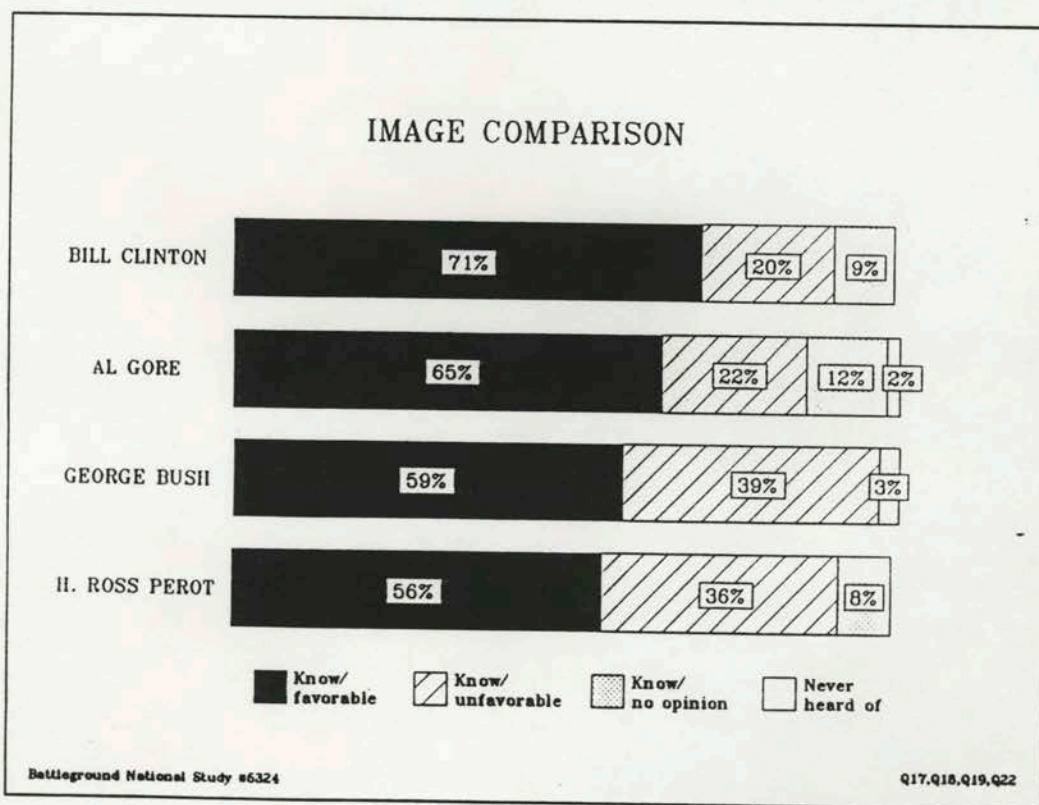


Ross Perot

- Perot maintains a fairly high opinion among voters. By 56-36% voters have a favorable opinion of him. However, nearly as many voters hold strongly unfavorable views (19%), as hold strongly favorable views of him (21%).
- The percentage of voters who hold a favorable view of Perot is consistent with the percentage who viewed him favorably in June 1992 (53%) and just before the election (50%). The percentage with an unfavorable view has increased dramatically from June (19%), though it is down slightly from its pre-election standing of 40%.

GREENBERG-LAKE/TARRANCE

- His image is strongest in the West (66% favorable) and the Central Plains states (62%). Younger voters are most attracted to him, especially younger men (66%), and younger Independents (66%). He also appeals to union households (62%).
- This favorable opinion does not translate into election day support. Nearly two-thirds (64%) of the electorate would not consider voting for Perot if the election were today, and fully 51% feel strongly in their opposition.



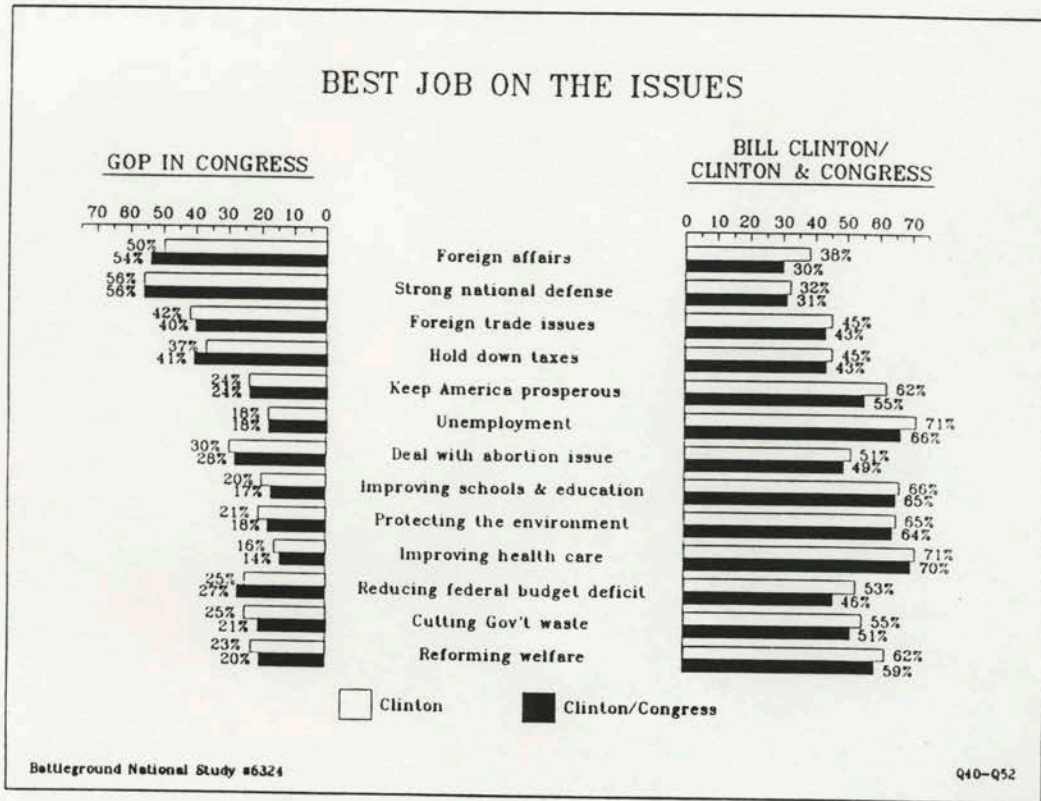
- One-third (35%) would consider voting for Perot. Again, his appeal is strongest among younger men, and Independents, specifically: men under 45 years old (49%), men without a college education (43%), and Republican and Independent men (45% and 48%). Regionally, his support is strongest among voters in the Central Plains (41%).

GREENBERG-LAKE/TARRANCE

Party Confidence on Key Issues

- With the exception of dealing with foreign affairs and maintaining a strong national defense, President-elect Clinton and the Democrats in Congress hold advantages over the Republicans in Congress on every issue tested.
- On issues that have recently been Republican advantages (foreign affairs and economic issues), President-elect Clinton maintains slightly larger advantages over Republicans if he is tested without mentioning ties to the Democrats in Congress, than if the Democrats in Congress are included as well. The net difference is most dramatic in "dealing with foreign affairs", where Clinton has a net 12 point disadvantage, while Clinton and the Democrats in Congress hold a net 24 point disadvantage. On issues unrelated to foreign affairs and the economy, the inclusion of the Democrats in Congress does not significantly change Clinton's lead over the Republicans in Congress.
- Clinton has significant advantages on improving health care (55 points), handling unemployment (53 points), improving education and schools (46 points), protecting the environment (44 points), reforming the welfare system (39 points), keeping America prosperous (38 points), cutting government waste (30 points), reducing the federal deficit (28 points), and in dealing with the abortion issue (21 points).
- Clinton has slight advantages on handling foreign trade issues (3 points), and holding down taxes (8 points).
- Republicans in Congress maintain their only advantage over Clinton in dealing with foreign affairs (12 points), and in maintaining a strong national defense (24 points).

GREENBERG-LAKE/TARRANCE



- While Clinton's margins over the Republicans in Congress are not directly comparable with his margins over George Bush on these same issues, it is useful to note that Clinton's margins on these issues are far higher than his margins were over George Bush in June of 1992. For example, in June 1992 Clinton held an 18 point advantage on handling unemployment and he now holds a 53 point advantage on that issue. On keeping American prosperous, his advantage has grown from 2 points to 38 points.

Improving Health Care

Clinton	71	Clinton/Congress	70
GOP in Congress	16	GOP in Congress	14

- President Clinton and the Democrats in Congress enjoy their greatest advantage, 56 points, on one of the issues of greatest importance to voters -- improving health care.
- This is also the issue where Republicans give Clinton his greatest advantage (54-29%). Perot voters give Clinton a whopping 70-15% lead on this issue.

Handling Unemployment

Clinton	71	Clinton/Congress	66
GOP in Congress	18	GOP in Congress	18

- Voters also give President Clinton a whopping 53 point advantage on another critical issue - handling unemployment. Clinton has improved voters' views of him on this issue -- last June he held a smaller 18 point margin over Bush on handling unemployment.
- Even a majority of Republicans (53-34%) choose Clinton over the GOP in Congress, but that margin narrows when Clinton is tied to the Democrats in Congress (44-35%). Perot voters choose Clinton (68-20%), but like Republicans that margin narrows somewhat when the Democrats in Congress are added (56-23%).

Improving Education and Schools

Clinton	66	Clinton/Congress	65
GOP in Congress	20	GOP in Congress	17

- President Clinton, together with the Democratic Congress, have a 48 point advantage over the Republicans on improving education and schools.
- Clinton has a solid advantage on this issue, even among Republicans (46-38%). Perot voters give him a strong lead (63-21%).

Protecting the Environment

Clinton	65	Clinton/Congress	64
GOP in Congress	21	GOP in Congress	18

- President Clinton and the Democratic Congress have a 46 point advantage over the Republicans on the issue of protecting the environment.
- This issue is where Clinton holds one of his greatest margins among Republican voters (52-34%). Perot voters also give him a strong advantage (64-23%).

Reforming the Welfare System

Clinton	62	Clinton/Congress	59
GOP in Congress	23	GOP in Congress	20

- Voters believe that Clinton and the Democrats in Congress will do a better job than the Republicans in Congress on reforming the welfare system (39 point advantage).

GREENBERG-LAKE/TARRANCE

- Even Republicans split on this issue (42-42%), and when Congress is included, Clinton's margin increases among this group (41-36%). Clinton leads among Perot voters (56-21%).

Keeping America Prosperous

Clinton	62	Clinton/Congress	55
GOP in Congress	24	GOP in Congress	24

- Both President Clinton and the Democratic Congress have a substantial advantage over the Republicans on keeping America prosperous (38 points and 31 points respectively). This is an enormous improvement from the bare 2 point advantage Clinton held over Bush last June.
- Except among Republicans, where the GOP wins this issue (51-33%), Clinton is seen by all groups as better able to keep the country prosperous. Perot voters strongly favor Clinton alone (65-19%), but less so when tied to the Democrats in Congress (46-21%).

Cutting Government Waste

Clinton	55	Clinton/Congress	51
GOP in Congress	25	GOP in Congress	21

- Voters believe that Clinton and the Democrats in Congress will do a better job than the Republicans in Congress on cutting government waste (30 point advantage).
- When Congress is included in this measure, Clinton's margin among men drops from 53-29% to 46-23%. Perot voters choose Clinton (46-27%), but are less enthusiastic when he is linked to Congress (36-23%).

GREENBERG-LAKE/TARRANCE

Reducing the Federal Budget Deficit

Clinton	53	Clinton/Congress	46
GOP in Congress	25	GOP in Congress	27

- President-elect Clinton has a 28 point advantage over the Republicans in Congress on the issue of reducing the federal budget deficit. When the Democratic Congress is included, the advantage drops down to 19 points.
- Other than Republicans and Bush voters who chose the GOP in Congress over Clinton (44-33% and 44-31%), every other group believe that Clinton will do a better job. Perot voters choose Clinton (42-29%), though 30% choose neither Clinton nor the GOP.

Dealing with the Abortion Issue

Clinton	51	Clinton/Congress	49
GOP in Congress	30	GOP in Congress	28

- Both President Clinton and the Democrats in Congress maintain a 21 point advantage over the Republicans in Congress on the issue of abortion.
- College educated women are the group most strongly in support of Clinton on this issue (60-24%), though most groups side with him. The GOP has the advantage only among Conservatives (44-38%), Republicans (44-39%), Bush voters (51-32%), and Fundamentalists (42-41%). Perot voters side with Clinton and the Democrats in Congress (45-25%) and more narrowly with Clinton alone (46-30%).

Holding Down Taxes

Clinton	45	Clinton/Congress	43
GOP in Congress	37	GOP in Congress	41

- President Clinton holds an eight point advantage over the Republicans on holding down taxes. However, when the Democrats in Congress are included the advantage drops to two points. This issue represents a challenge for Clinton, as his current margin is not much different from the 2 point disadvantage he had in June of 1992.
- Men give the Republicans the margin on this issue (46-39%) while homemakers and working women choose Clinton (52-25% and 51-32%). Perot voters split (39-39%) until the Democrats in Congress are added (30-53% choose GOP).

Handling Foreign Trade Issues

Clinton	45	Clinton/Congress	43
GOP in Congress	42	GOP in Congress	40

- Both President-elect Clinton and the Democratic Congress maintain a slight three point advantage over the Republicans in dealing with foreign trade issues. In June of 1992, Clinton was at a 38 point disadvantage to Bush on this issue.
- Democrats choose Clinton over the GOP (62-28%) while Republicans choose the GOP over Clinton (63-24%). Ticket-splitters choose Clinton by a 47-33% margin. Perot voters choose Clinton standing alone (42-37%), but not when tied to the Democrats in Congress (41-43% choose the GOP). Union households split 45-46%, until the

Democrats in Congress are added which improves Clinton's margin (47-33%).

Dealing with Foreign Affairs

Clinton	38	Clinton/Congress	30
GOP in Congress	50	GOP in Congress	54

- Republicans in Congress are seen as able to do a better job dealing with foreign affairs. They hold a 12 point advantage over President-elect Clinton and a 24 point advantage over Clinton and the Democratic Congress. Still, this represents an improvement for Clinton from June of 1992, when he had a 58 point disadvantage to Bush.
- While most other groups give the Republicans the advantage on this issue, Democrats choose Clinton over the GOP by 52-36%, and Clinton/Congress over the GOP by 51-32%. Union households choose Clinton (50-43%), but not when he is linked with Congress (30-54%). Perot voters choose the Republicans in Congress over Clinton (54-38%).

Maintaining a Strong National Defense

Clinton	32	Clinton/Congress	31
GOP in Congress	56	GOP in Congress	56

- Republicans in Congress get their highest vote of confidence for maintaining a strong national defense, holding a 25 point advantage over both President-elect Clinton and the Democratic Congress. Again, this represents a gain for Clinton from his 56 point disadvantage to Bush in June of 1992.
- Democrats choose Clinton/Congress over the GOP (53-33%), but only narrowly choose Clinton

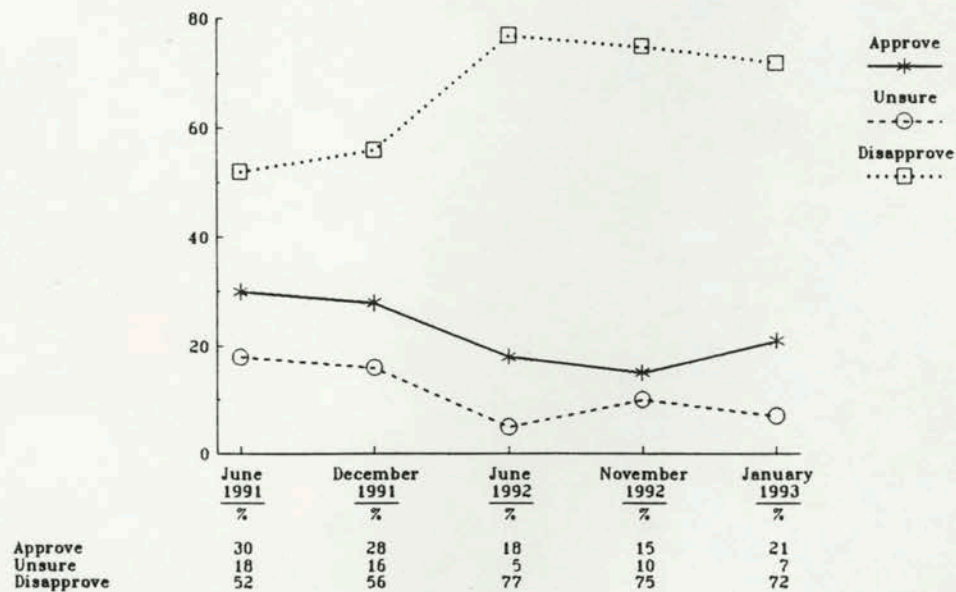
GREENBERG-LAKE/TARRANCE

alone (48-40%). Perot voters choose Republicans in Congress by 60-27%.

The Congress

- Congress continues to have an image problem despite the election of a large freshmen class. The congressional job disapproval stands at 72% (50% strongly disapprove). This is marginally better than its 77% disapproval rating last June. Only 21% say they approve of the way Congress is handling its job, up from 18%.
- Two thirds or more of voters in every region disapprove of the job Congress is doing. Republicans and Perot voters disapprove most strongly (81% and 84%), though even 64% of Democrats disapprove of the Democratically-controlled Congress.

CONGRESSIONAL JOB APPROVAL: A TIME SERIES



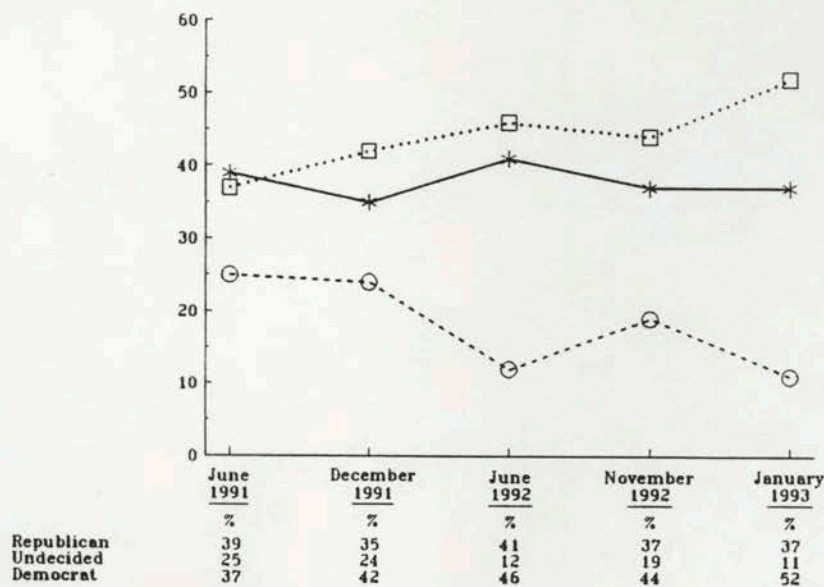
Battleground National Study #6324

Q55

GREENBERG-LAKE/TARRANCE

- As of now, voters are inclined to support the Democratic candidate for Congress from their district over the Republican by 52% to 37%. This is up from just before the election when Democrats held a 44-37% lead. 29% say they will definitely support the Democrat, while only 19% are definite Republican supporters.
- Democrats maintain a strong advantage in the Central Plains (22 point margin), the West (19 points), the Midwest (18 points), the Northeast (15 points), the South (15 points), and the parties split in the Mountain states (2 point GOP advantage) and the South Central states (1 point GOP advantage).
- 82% of Republicans would support the generic Republican congressional candidate, while 90% of Democrats would support the Democratic candidate. Ticket-splitters favor the Democrat over the Republican (43-27%). Outside of Republican identifiers and Perot voters (45-40%), the Democratic candidate has the advantage in every group.

GENERIC CONGRESSIONAL BALLOT: A TIME SERIES



-
- Voters continue to feel frustrated (69%) and angry (21%) at the way government works in Washington, DC. Few (8%) are content. Clinton and Bush voters are also frustrated (68% and 71%), while Perot voters tend to be more angry than most voters (29%).
 - Partially due to this frustration, voters strongly favor term limits. Most voters believe that Congress should pass a federal term limit law to apply to all states so that individual states are not put at a disadvantage (60%). A third of the voters (33%) believe that individual states should be able to limit the terms of their own elected officials whether it places their own state at a disadvantage or not.
 - Voters are slightly less likely to support federal term limits when they feel that this issue has been handled by the states. When informed that 175 members now operate under term limits, support for a federal solution drops (-8 points).
 - Support for federal term limits is sweeping and has majority support in every region, and among men and women, Democrats and Republicans, and among Clinton, Bush and Perot voters.

FINAL
1/14/93

SENATOR DOLE SCHEDULE -- JANUARY 14-18, 1993

Thursday, January 14

5:30 PM Lv. Washington National
AIRCRAFT: ADM Falcon
TAIL NO.: N 944 AD
MEAL SERVICE: Sandwiches

8:00 PM Ar. Ft. Lauderdale, FL
Jet Center
305/359-3200
MET BY: Seaview driver
RON: Seaview
305/866-4441

Friday, January 15, and Saturday, January 16

PRIVATE

Sunday, January 17

8:05 AM or (TENTATIVE)
8:35 AM LIVE - SUNDAY TODAY SHOW
Press office still working on this -- will probably
be at the Seaview

10:30 AM LIVE - CNN NEWSMAKER SUNDAY
At either CNN Bureau or the Seaview.
If not the Seaview, CNN will send a car

7:00 PM COCKTAILS - Dwayne Andreas suite

8:00 PM SPEAK - DINNER - ADM BOARD OF DIRECTORS
Main Dining Room - Seaview
AT EVENING DINNER

PAGE TWO

Monday, January 18

1:15 PM (Approximate) departure from Seaview

2:00 PM Ar. Ft. Lauderdale
 Jet Center

2:15 PM Lv. Ft. Lauderdale

 MANIFEST: Senator Dole
 Mrs. Dole
 Ambassador Strauss
 (others -- plane is full)


4:45 PM Ar. Washington National

TO: Senator Dole
FR: Kerry

RE: Meeting with ADM Board of Directors
January 18, 1993

*You will be meeting with approximately 40 ADM executives and directors.

*Through his assistant, Mr. Andreas has requested that you speak informally about your thoughts on the incoming Clinton Administration and the Congressional economic and legislative agenda. He also would like you to touch upon agriculture issues, but said that you should not talk about ethanol.

 _____ No prepared remarks necessary

_____ Prepare talking points

_____ Have Bret prepare memo on agriculture issues

January 14, 1993

Senator Dole --

For your Kansas press conference today and the ADM meeting this weekend:

-- The Russians are now near \$200 million in arrears on payments under the credit guarantee program.

-- They did pay about \$10 million to the French this week who then announced more sales. The EC is also expected to announce a credit package for Russia next week.

-- The Paris Club debt rescheduling has been delayed again because of the dispute between Ukraine and Russia over the division of the former USSR's assets and debts.

-- Madigan said this week he was confident the Russians would repay the US debt but didn't say why or when.

-- One of the Washington representatives of the wheat growers was circulating an interesting idea this week: allowing private companies to buy all or part of the Russian debt which could then be used to get access to Russian commodities such as oil, gas, minerals, timber, etc.

The same person also suggested possible debt for environment swaps such as the US has done in Latin America. In this case, environmental groups could purchase Russian debt and then forgive it in exchange for Russia doing environmental cleanup, setting aside land for nature preserves or some other good deed.

John Z.

January 14, 1993

TO: SENATOR DOLE
FROM: BRET FOX
SUBJECT: BRIEFING POINTS FOR MONDAY MEETING WITH ADM BOARD

AFTER VISITING WITH MARTIN SORKIN TODAY, FOLLOWING ARE A NUMBER OF KEY ISSUES THAT THE BOARD MAY WISH TO DISCUSS WITH YOU AND HEAR YOUR VIEWS ON:

- YOUR REACTION TO THE ESPY NOMINATION. ALMOST EVERYONE IS UPBEAT ABOUT ESPY, ALTHOUGH A NUMBER HAVE EXPRESSED CONCERN ABOUT HOW MUCH HE REALLY KNOWS ABOUT AGRICULTURE.
- NATIONAL POLITICS. LESSONS FROM THE 1992 PRESIDENTIAL CAMPAIGN.
- LOW COMMODITY PRICES, ESPECIALLY FOR CORN AND SOYBEANS. KEY CONTRIBUTING FACTORS ARE THE SIZE OF THE 1992 CROP AND THE RUSSIAN CREDIT SITUATION. BECAUSE OF THE PRICE SITUATION, USDA HAS REVISED ESTIMATED OUTLAYS FOR 1992 CROPS (ALL CROPS) FROM \$9-10 BILLION TO \$17 BILLION. A LOT OF PEOPLE ARE TRYING TO THINK OF NEW WAYS TO MOVE SOME OF THE SURPLUS, EITHER THROUGH DONATIONS OF FEED GRADE GRAIN OR SIMPLY BOOSTED SALES AND DONATIONS THROUGH PL-480.
- ENVIRONMENTAL ISSUES. BASICALLY, WE'RE GOING TO HAVE TO DIG IN AND FIGHT AGAINST SOME OF THE MORE EXTREME MEASURES THAT ARE LIKELY TO BE ADVANCED. THERE ARE A NUMBER OF SOUTHERN DEMOCRATS WHO WILL BE IMPORTANT ALLIES -- HEFLIN, BOREN AND PRYOR TOP THE LIST.
- RUSSIAN CREDITS. WORD IS THAT THE G-7 GROUP MAY BE ON THE VERGE OF OFFERING \$15 BILLION TO ALLOW RUSSIA TO GET UP TO DATE ON MOST OF THEIR EXISTING DEBT -- IT SHOULD BE ASSUMED THAT THEY WILL PAY US FIRST.
- NAMES IN THE RUMOR MILL FOR KEY USDA SLOTS. FOR DEPUTY SECRETARY, THE ODDS-ON FAVORITE IS GENE MOOS, FORMERLY WITH SPEAKER FOLEY. FOR THE UNDER SECRETARY SLOT -- IN ESSENCE THE THIRD LEVEL IN THE POWER STRUCTURE -- SOME NAMES INCLUDE STEVE McCOY, NAEGA; FORMER REP. HUCKABY; SCOTT SCHEER, FORMER DIXON STAFFER.

This overall mixed assessment obscures some stark differences when various population groups are looked at separately. By a margin of 67% to 14% more Blacks feel that "people like yourself" will gain rather than lose influence. The margin for Hispanics is 54% to 9%, while white respondents are divided 41% to 23%. Women (46% gain to 20% lose) were about as likely as men (40% to 24%) to see possible benefits of the change in administration for people like themselves. Finally, Democrats were far more likely to feel people like themselves would gain (63%) rather than lose (9%) power. Conversely, more Republicans felt people like them would lose (38%) rather than gain (22%) power with the change from the Bush to Clinton administration.

Media Performance

The press was given a better rating for its coverage of Somalia than for coverage of other major news stories this month, despite press controversies associated with coverage of the landings. Thirty percent rated coverage of Somalia as *excellent* and only 21% gave the coverage negative ratings. All other stories this month received higher negative ratings (28%) and lower excellent ratings (21%).

It is not unusual for a breaking news story, especially one involving U.S. troops to get better coverage than less action driven stories. However, the rating of Somalia's coverage was less positive than public evaluations of news coverage of other recent military actions. Compared to the 30% who rated Somalia coverage as excellent, 38% rated coverage of the Invasion of Panama as excellent (Jan '90), and 40% rated coverage of the War in the Gulf as excellent (Jan '91).

Relatively lower ratings may in part reflect the view that the story was initially overcovered. Two out of three Times Mirror respondents reported that they watched live coverage of the Marine landings in Mogadishu and 62% of these viewers thought there was too much coverage of the event. Few Americans who are critical of the overcoverage of the landing fault the military (19%); most (67%) blame the press.

As it has been since the Gulf War, CNN got better ratings from the public than the broadcast news units for covering the news lately. Eighty-three percent of Times Mirror respondents said they relied on television for news about national and international news, 52% newspapers, 17% radio and 5% magazines. Looked at another way, 43% of Times Mirror's respondents said they relied *both* on a print source and on tv for their national and international news, 40% said they relied on *tv exclusively*, and 14% said they relied on a *print source only*. As has been shown consistently in previous Times Mirror surveys, people who rely on television exclusively score consistently lower on news quiz questions than those who use some print source. (See Table on page 9).

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES:

1835 ASSEMBLY STREET
COLUMBIA, SC 29201
803-765-5731

103 FEDERAL BUILDING
SPARTANBURG, SC 29301
803-585-3702

126 FEDERAL BUILDING
GREENVILLE, SC 29603
803-233-5366

112 CUSTOM HOUSE
200 EAST BAY STREET
CHARLESTON, SC 29401
803-724-4525

233 FEDERAL BUILDING
FLORENCE, SC 29503
803-662-8135

United States Senate

125 RUSSELL OFFICE BUILDING
WASHINGTON, DC 20510
202-224-6121

January 12, 1993

COMMITTEES:

COMMERCE, SCIENCE, AND
TRANSPORTATION: CHAIRMAN

APPROPRIATIONS

COMMERCE, JUSTICE, STATE AND
THE JUDICIARY: CHAIRMAN

DEFENSE

LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION

ENERGY AND WATER DEVELOPMENT
INTERIOR

BUDGET

INTELLIGENCE

DEMOCRATIC POLICY COMMITTEE

OFFICE OF TECHNOLOGY ASSESSMENT

NATIONAL OCEAN POLICY STUDY

The President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

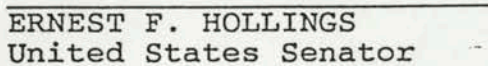
We are deeply disturbed to learn that, in these closing days of your administration, your negotiators are rushing pell-mell to conclude a Uruguay Round Agreement, and in the process are offering new concessions that should not and need not be made.

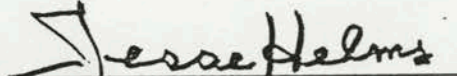
The draft text of the agreement -- the so-called "Dunkel text" -- is grossly flawed in a number of important respects. First, by weakening dumping and countervailing duty laws, the draft agreement restricts U.S. industry's ability to redress unfair trade practices. Second, though one of the negotiation's ostensible goals is to strengthen protection of intellectual property rights, this draft agreement does nothing of the kind. Third, the proposed new multilateral trade organization represents an unprecedented ceding of our national sovereignty and threatens our ability to take unilateral trade measures under Section 301. Fourth, despite a record volume of textile imports in 1992 (\$42 billion), your negotiators have agreed to elimination of the Multi Fiber Arrangement, which would directly threaten 1.8 million U.S. textile jobs. Finally, in the rush to conclude an agreement by the artificial January 15 deadline, our negotiators will have to agree to dramatic tariff reductions that would significantly worsen the U.S. trade deficit.

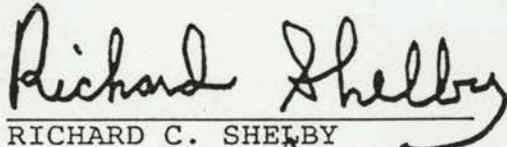
There is no question that the imperative of concluding an agreement by Jan. 15 has given significant leverage to our negotiating partners which they will use to win extraordinary concessions -- concessions that will do grave harm to working men and women in the United States. We urge you to order your negotiators to cease this headlong rush, which is both ill-advised and ill-timed.

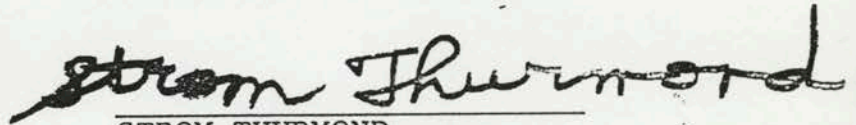
- 2 -

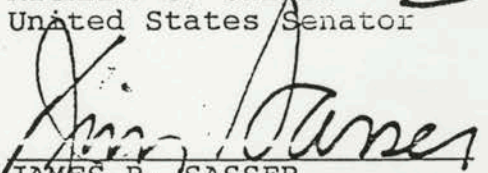
Sincerely,


ERNEST F. HOLLINGS
United States Senator

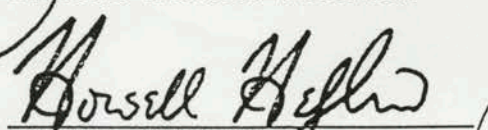

JESSE HELMS
United States Senator

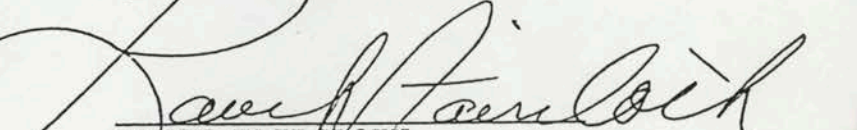

RICHARD C. SHELBY
United States Senator

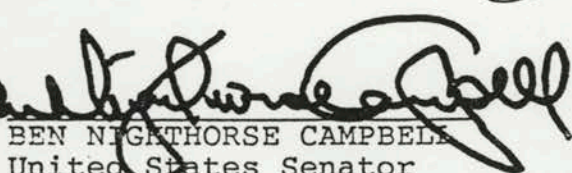

STROM THURMOND
United States Senator

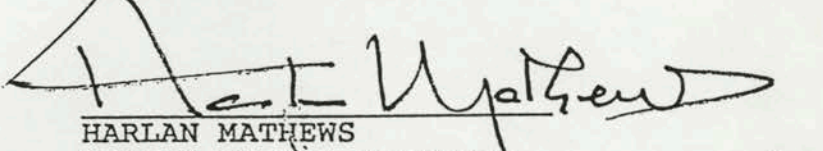

JAMES R. SASSER
United States Senator


JOHN R. WARNER
United States Senator


HOWELL HEFLIN
United States Senator


LAUCH FAIRCLOTH
United States Senator


BEN NIGHTHORSE CAMPBELL
United States Senator


HARLAN MATHEWS
United States Senator

TRENT LOTT
SECRETARY

United States Senate

SENATE REPUBLICAN CONFERENCE

OFFICE OF THE SECRETARY

DAVE HOPPE
STAFF DIRECTOR
SR-487
WASHINGTON, DC 20510-7062
(202) 224-3496

January 12, 1993

The Honorable Robert Dole
141 Hart Senate Office Building
Washington, D.C. 20510

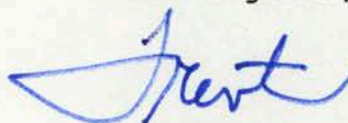
Dear Bob:

Enclosed please find the schedule and information grid on the Clinton Cabinet and Administration nominations. I have put this information together for your convenience and hope that you will find it helpful.

Included on the document is each Cabinet nominee's scheduled hearing date, the name of the Republican Committee staffer handling the nomination for each ranking member and his/her phone number, as well as other pertinent information.

Feel free to contact Dave Hoppe in my leadership office if you need any further information.

Best regards,



Trent Lott

revised: 1/12/93

CLINTON NOMINATIONS

Nominee	Hearing Date	FBI	Cmte. Quest	Written Quest.	Meet Cmte. Mbrs.	All Paper	Generic Quest.	Pol. Q's	Precedent Questions	Clinton Promises	RNC Bkgd	GAO Bkgd	Lobby Regis. Forms	Committee Staff	Phone
Lloyd Bentsen, Treasury Secretary	1/12/93	X	X	X	some	X	X	X	working on		X			Lindy Paull	4-4641
Roger Altman, Depy. Secy., Treasury	1/18 →				some		X	X	working on		X			Lindy Paull	4-4641
Laura Tyson, Council Econ. Adv.	1/21/93				some				working on	prepared	X			H. Menell	4-1575
Leon Panetta, Director, OMB	1/11-12	X	X	X	X	X	X	X	no	prepared	X			Frank Polk	4-2627
Alice Rivlin, Depy. Director, OMB	1/13/93		X	X	X		X	X	no	prepared	X			Frank Polk	4-2627
Robert Reich, Labor Secretary	1/7/93	X	X	X	X	X	X	X			X			Sue Hattan	4-6770
Ron Brown, Commerce Secretary	1/6/93	X	X	X	X	X	X	X	no	prepared	X		X	K. Dempsey	4-8170
Henry Cisneros, HUD Secretary	1/12/am	X	Dev.	X	some	X	X	X			X			M. Kinsella	4-8344
Jesse Brown, Vet Affairs Secy.	1/7/93	X	X	X	X	X	X	X			X			T. Roberts	4-4487
Hershel Gober, Depy. Secy., Veterans Affairs	1/22/93						X	X	working on					T. Roberts	4-4487
Donna Shalala, HHS Secretary	1/14-15	X	Dev.	Dev.	some	X	X	X	working on	prepared	X			Ed Mihalski	4-5315
Carolyn Browner, EPA	1/11/am	X	X	X	some	X	X	X			X			S. Shimberg	4-7854
Richard Riley, Education Secretary	1/12/am		Dev.		some		X	X	no	prepared	X			Sue Hattan	4-6770
Hazel O'Leary, Energy Secretary	1/19/am		X	X	most		X	X		prepared	X			G. Ellsworth	4-7141
Warren Christopher, Secy. of State	1/13-14		Dev.	Dev.	some		X	X		prepared	X			James Nance	4-3941
Les Aspin, Defense Secretary	1/7/93	X	X	X	X	X	X	X		prepared	X			Duke Short	4-7723
Federico Pena, Trans. Secretary	1/7-13	X	X	X	X	X	X	X		prepared	X			Alan Maness	4-4852
Zoe Baird, Attorney General	1/19/93		Dev.	Dev.	some		X	X					Actna legis.	Sharon Prost	4-7703

Nominee	Hearing Date	FBI	Cmte. Quest	Written Quest.	Meet Cmte. Mbrs.	All Paper	Generic Quest.	Pol. Q's	Precedent Questions	Clinton Promises	RNC Bkgd	GAO Bkgd	Lobby Regis. Forms	Committee Staff	Phone
Lloyd Bentsen, Treasury Secretary	1/12/93	X	X	X	some	X	X	X	working on		X			Lindy Paull	4-4641
M. Albright, U.N. Ambassador	1/21/93		Dev.	Dev.	some		X	X		prepared				James Nance	4-3941
Bruce Babbitt, Interior Secretary	1/21/pm		X	X	most		X	X	working on		X		X	G. Ellsworth	4-7141
Mike Espy, Agriculture Secretary	1/14/am		Dev.	Dev.	some		X	X			X			C. Conner	4-0005
Mickey Kantor, U.S. Trade Rep.	1/19/am				begin		X	X	working on	prepared	X		X	Brad Figel	4-5315
Jim Woolsey, CIA Director															
Joceyln Elders, Surgeon General														Sue Hattan	4-6770
Clifton Wharton, Depy. Secy, State	1/22/93		Dev.	Dev.	some		X	X	working on	prepared	X			James Nance	4-3941

➡ -- denotes "week of"

CAMP
BARSH
& TATE

RICHARD T. MCCORMACK

DIRECTOR: INTERNATIONAL ECONOMICS

Senator;
per your
request.
Bill McCormack

Suite 275

2550 M Street, NW

Washington, DC 20037-1396

Telephone: (202) 887-5160

Fax: (202) 223-4803

*John
Newman - T-4
to Mr. Conrad
Thank & Wish
Bob*



BOB DOLE
UNITED STATES SENATE

December 4, 1992

Dear John,

Thank you for breakfast on Thursday. It was good to see you.

I enjoyed reading the comprehensive analysis and look forward to reading Dick's analysis when it is finished.

Best wishes for the holidays.

Sincerely,

[Signature]
BOB DOLE
United States Senate

Mr. John C. Camp
Camp Barsh & Tate
Suite 275
2550 M Street, N.W.
Washington, D.C. 20037-1396

POSSIBLE STRATEGIES FOR COPING WITH THE
JAPANESE FINANCIAL CRISIS

A Presentation to
The Association of Retired Intelligence Officers
Washington, DC

December 7, 1992

By Ambassador Richard McCormack*

INTRODUCTION

I'm delighted to be here with you today to talk about some aspects of the disturbing Japanese economic situation.

Obviously in speaking about US-Japan economic relations we could discuss many things. We could talk about Japan's interaction with each of its major trading partners going back many years and how this history influences current decision makers. We could talk about Japan's partly mercantilistic trade policy, and the implications of this. We could talk about past examples of industrial targeting, and its consequences. We could talk about the facts and myths of "Japan Inc.", the interlocking business/government decision making process and how it reflects the power of money in Japanese politics. We could talk about the steps by which Japan emerged from the wreckage of 1945 to become the world's second greatest economy.

I'm quite willing during the questioning period to entertain questions about any of these aspects. But today, because of the urgency of the topic, I am going to address Japan's on going financial crisis, the potential implications of this crisis and what might be done to resolve this extremely dangerous situation.

Since I am speaking to a group of Americans who have served in our various intelligences services, I am going to begin by sharing with you a very relevant piece of personal history involving Japan's financial crisis.

When I became the US Ambassador to the organization of American States in 1985, Secretary Shultz authorized me to review on a daily basis the full portfolio of intelligence information that was available to the Department of State world wide.

Thus, for four years I reviewed, almost every day, the massive flow of information generated by you and your colleagues, and gradually

*Richard McCormack, former Under Secretary of State for Economic Affairs is currently Director of International Economics at the Washington firm of Camp, Barsh and Tate.

built up a degree of intellectual capital on a rather wide range of issues and situations.

From time to time, while reading through this mountain of material, I detected bits of isolated information on Japanese financial markets that unsettled me. Gradually the bits and pieces accumulated and I realized that what I was seeing was a duplicate of overheated financial conditions that existed in the United States during the late 1920's. But it was never pulled together. There were just these isolated bits of disturbing information: steady massive increases in the money supply, super booming stock and land price market conditions, infinitesimal stock price/earnings ratios, domestic and overseas investments on terms that often seemed to make no sense, housewives and taxi drivers involved in feverish stock market speculation, etc. etc. To a PhD. historian knowledgeable about the 1920's, these things impacted on me like chalk screeching across a black board.

Later when President Bush appointed me as Under Secretary of State for Economic Affairs, I began to look more closely into Japanese financial markets. When most of the State Department's Japan analysts didn't appear troubled about Japan's financial situation, I visited other parts of the US Government with important responsibilities in the area of international finance, outlined my concerns, and asked each agency to examine the potential for a disastrous crash of the Japanese stock market. When none of these institutions, after review, registered much concern, I grew alarmed.

To make a long story short, at the end of the first formal session of the US-Japan Structural Impediment Discussions in Tokyo in 1989, I added a final personal post script to the meeting by describing what I feared was about to happen to Japanese financial markets. I outlined the parallels in Japan to the conditions prevailing in US financial markets in the 1920's and suggested to the Japanese that they carefully consider measures to let the air out of the bubble, before the markets themselves did it in a way that would not only brutalize them but also endanger the interlocking financial system of the entire world.

You could have heard a pin drop in that room when I finished my presentation. No one said a word.

The following day, I made a similar presentation off the record in the living room of the American Ambassador in Tokyo to a group of Japan's leading financial writers.

To conclude the story, the moment the Japanese elections were past, the Central Bank of Japan reduced monetary expansion from its explosive pace, and within a matter of months, a trillion dollars disappeared from the Japanese stock market. Some months later, another trillion dollars similarly vaporized. To put this in to

perspective, 2 trillion dollars represents two-thirds of Japan's entire Gross National Product for one year.

Had nothing been said to the Japanese about this problem, and had the bubble been allowed to develop for another year or two, the eventual consequences for the Japanese financial system, and for others' as well, could have been truly catastrophic.

So, as one former member of the American team to a group from another part of this same team, let me express my public thanks to you. Your information enabled me to disregard the bland assurances of the entire American governmental financial establishment and move ahead alone to warn of this impending crisis.

THE DIMENSIONS OF JAPAN'S CURRENT FINANCIAL CRISIS

The statement last fall by Japanese Finance Minister, Tsutomu Hata, that his nation faced the gravest financial crisis since the end of the Second World War was initially ignored by most observers abroad. During a subsequent visit to Tokyo, Alan Greenspan repeated Hata's warning. This alarm deserves attention and respect, particularly given the uncertain global economic context in which the Japanese financial problems co-exist.

The scale of the Japanese asset devaluation during the past two years has been staggering. Having lost more than 2 trillion dollars from its peak, the Japanese stock market may not yet have found a sound bottom, if still anemic price/earnings ratios are relevant. According to recently published estimates by private economists, land values have also collapsed by as much as 40-50% in many places during this same period. An earlier estimate by The Economist magazine suggested that general land price declines of this magnitude would wipe out as much as 9 trillion dollars of paper assets.

Considering that land prices at the height of Japan's late 1980's financial bubble reached a collective putative value several times greater than that of the vast continental United States with all of its farms, mines and riches, such astronomic land prices were clearly unsustainable, as no conceivable rent value could ever justify their inflated nominal value over the long term. Furthermore, much of the value of Japanese land was an artificial product, fueled by monetary policy excesses and sustained by zoning arrangements and tax practices which had the effect of producing a ratchet like upward movement on land prices.

A related problem came from the fact that immense loans were taken out with these specious land and stock values as collateral and spent on domestic and international investments of various kinds, some sound, some very unsound, but all of which now must be

refinanced in a much more severe financial environment.

According to recent published reports, as much as 3 trillion dollars were invested by Japan in the past five years in new and upgraded manufacturing and industrial capacity of all kinds. This is equal to the full annual G.N.P. of Japan. At its peak it was like adding the production capacity equivalent to that of France each year to the world economy. This was financed partly by land based loans and warrants, loans tied to stock prices which temporarily gave Japanese manufacturers virtually interest free capital, but which, in a declining stock market, now must be refinanced on straight commercial market rates, and be repaid with interest, ultimately by sales of products from the new industrial capacity.

Some observers called this earlier financial apparatus a gigantic PAC-man and felt it was of sinister design. Others said that it was merely a good thing that got out of hand, with nobody around to take away the punch bowl when the party started to get exciting. But what ever the case, the party is now clearly over, leaving behind an overall situation of massive asset deflation, outstanding un-collateralized bad loans, and titanic new industrial production capacity. This has produced a number of very complicated economic and political problems for Japan and her trading partners.

1. The vast new Japanese industrial capacity in everything from autos to semi conductors, if fully deployed on the world market, will tend to displace existing manufacturing capacity elsewhere in a global economy characterized by anemic growth. This means problems for American, European and other competitors which do not have such super modern facilities or governments' deep pockets to help them survive the period of excess capacity and recession.
2. The need to sell products to keep workers occupied and service debts is causing Japan's exports to increase dramatically along with complaints about dumping. Japan's trade surplus this year will exceed 120 billion dollars. Next year's surplus is projected to reach nearly 160 billion and continue at this rate for years. Moreover, the multi-trillion dollar asset deflation in Japan combined with other factors is shrinking the domestic Japanese market further, eliminating the so-called "wealth effect" on Japanese consumers and putting additional pressure on manufacturers to export products as well as potential unemployment.
3. This process will tend to dry up profits from otherwise healthy companies, as everybody struggles to hold onto markets under attack. This will be true not just internally in Japan or in advanced countries where there are sophisticated mechanisms for monitoring dumping, but also in Third World

markets where countries are only interested in price.

4. These and related trade tensions will add baggage to the Uruguay Round negotiations now underway and put stress on existing open trade arrangements in various OECD countries including the United States.
5. This cycle of industrial over capacity, trade tensions, collapse of profits, squeeze on creditors and decline in stock markets, complicated by a belatedly conservative monetary policy is exactly what some 1930's economists, including Kondratieff, identified as contributory causes of periodic depressions.
6. The profit squeeze is already well advanced in Japan and its impact is also being felt elsewhere, particularly by companies and regions dependent on important supplier relationships with Japanese firms. In places such as Taiwan, the profit squeeze by Japanese component suppliers has been excruciating.
7. Lining up the multi-trillion dollar paper losses registered in Japan against the announced 89 billion dollar stimulation package, which itself contains more than a bit of hyperbole, it is clear the impact of the latter will be mainly psychological and temporary, unless supplemented by major additional elements. Thus far, augmenting measures have been largely regulatory in nature, allowing banks to reduce their dividends and to conceal their actual portfolio and loan losses through March of 1993. This allowed banks to refrain from dumping their stock holdings onto an already massively depressed market. This had a modest, though possibly temporary stabilizing effect on a market which had been anticipating fire sales of stocks by banks.

The measures taken thus far, however, have not dealt with the fundamental problem of declining profits of individual Japanese firms and the immense losses that have impacted the financial industry, individual investors and the collective demand level of the Japanese economy as a whole. The vast asset deflation, flagging domestic demand and rising protectionist political sentiment world wide, present economic planners in Japan and elsewhere with excruciating problems.

8. The global economic context of the Japanese financial trauma contributes to its potential danger and complicates the crisis. The United States is only now emerging from a recession. The former Soviet Union and Eastern Europe are in deep economic depression and confusion. In Western Europe, the one-for-one mark conversion and certain other aspects of the German reunification process are now being re-evaluated and currency markets through out Europe have been in turmoil. None of this augers well for the short and medium term

economic growth that could produce a larger pie in which Japan's new industrial capacity could fit more comfortably.

9. Looking again at the Japanese situation, one thinks about the differences between a recession and a depression. A recession is generally caused by excess inventory in warehouses. A year or so generally suffices to liquidate an inventory induced recession.

Depressions, by contrast, generally are characterized by excess investment and structural overcapacity. Once built, factories and buildings don't just disappear, even if demand flags. Instead, they over hang markets for years, depressing profits and economic activity.

Japan's economy has been importantly sustained in recent years by an extremely high level of capital goods investment: the building, expansion, and modernization of factories and commercial real estate. Given the saturated conditions of these markets, it is obvious that this formerly powerful engine of growth in Japan is stalled. It is not clear where this gap will be filled in the Japanese economy in the year or two ahead.

10. But the most obvious stress point today in the Japanese economic situation is their banking structure. Some years ago, the Bank for International Settlements imposed a capital adequacy requirement for all major banks in the system, including the big Japanese banks, to begin in 1993.

Over the protests of the governor of the Bank of England, the Japanese Banks were permitted to use 45% of the value of their stock holding as part of the formula for bank reserve capital.

By now, of course, these stock values have collapsed to the point where they do not provide much of a capital cushion to Japanese banks. Should financial markets decline further, as it is quite possible, some Japanese banks may be compelled by capital adequacy standards to reduce their loan base still further, or to jeopardize confidence in the soundness of these institutions by asking for a postponement of the 1993 deadline.

11. Faced with this problem, the Japanese Finance Ministry appears to have been conducting a campaign to talk up the stock market. Part of this appears to be an arm twisting effort to encourage still healthy financial institutions to pour money into the stock market in an attempt to stabilize it at critical moments.

During the past two years of this market's long decline, those Japanese and foreigners who threw billions of dollars into

this market saw much of their capital disappear, as one price "floor level" after another collapsed. In the absence of solid price earnings ratios that are competitive internationally, for the Finance Ministry to press liquid institutions to throw more cash into the stock market may prove to be an exercise in futility.

12. Nor are Japan's big banks the only problem area. The second and third tier banks, the land banks and other provincial banks, are even more desperately extended into bad loans. Even Japan's overseas branch banks are in some cases badly over extended in real estate loans that were incurred by misguided attempts to gain market share in already over heated property markets in London, California, New York and elsewhere. In this environment, Japanese bank savers are losing confidence in the private banking structure as a whole and are withdrawing hundreds of billions of dollars from these commercial banks and insurance companies in favor of the Government guaranteed Postal Savings system, which has now amassed 1.3 trillion dollars of deposits. The flight to the postal savings banks has triggered large demonstrations at the Ministry of Finance by employees of private banks and insurance companies organized by their distressed superiors, to try to get the Government to discourage the flow of deposits out of the private institutions.

Estimates of the total amount of bad debt in the Japanese system vary wildly, from the government's estimate of 12.5 trillion yen, which no one else appears to accept as definitive, to five or ten times that amount which is calculated by different private economists. Fleeing depositors are acting in the belief that the government has either grossly miscalculated the problem or is not being fully candid.

DILEMMAS NOW FACING JAPANESE ECONOMIC PLANNERS

It is clear that Japanese economic planners are faced with a series of fundamental dilemmas as they struggle to get the stalled Japanese economic growth machine back into motion, and avoid a further collapse of the Japanese financial structure.

The problem is that Japan does not face a single crisis. It faces three crises simultaneously, the solutions to which appear, on the surface, mutually contradictory. There is of course, the financial crisis, about which this paper is centered. But there is also a trade policy crisis intensified by Japan's mounting trade surpluses. Finally, there is a growing political crisis in Japan, as the ruling Liberal Democratic Party begins to fracture under the

strains of revealed corruption, policy failure, and popular disenchantment. None of these crises can be ignored, since they all have independent dynamics driving them forward. Unfortunately looked at in isolation some measures which would ease one of the crises, would worsen or complicate the other two. Even within individual crises there are wheels within wheels which complicate the solution to any of them. Policy paralysis has resulted from this situation as one dilemma after another surfaces. What are these dilemmas?

1. The classic export drives organized by Japanese companies and MITI to seek outlets for surplus production are beginning to encounter stiff resistance abroad since, it appears to many to be a zero-sum game in the current global industrial shake out now unfolding amidst widespread recession.

Fairly or not, increasingly foreigners are beginning to tell the Japanese: "Why should we close our factories and create additional unemployment, which costs us a lot of money in unemployment insurance and benefits merely because you have expanded your production base beyond the limits of prudence?" Yet, all known Japanese plans for coping with the financial crisis call for massive sustained increases in Japan's already large trade surplus with its trading partners.

2. Japan is also taking unprecedented steps to guard sectors of its internal market from what it views as unfair competition from imports. Japan recently instituted formal anti-dumping procedures against certain Chinese exports.

Should GATT succeed in ending effective national anti-dumping statutes, the Japanese may not be able to stop such Chinese dumping in the future.

3. If Japan fails to open its domestic market further, the Uruguay Round will surely fail and additional restrictions on Japanese exports seem inevitable. But, if Japanese markets are further opened, it means more competition in the domestic market at a time when there is over capacity in many Japanese industries and weakness in others.

Similarly, if the Japanese allow greater competition in domestic markets, Japanese companies will not be able to charge the 40-60% mark-ups in prices which are customary over similar Japanese made goods sold in the United States and elsewhere. This means that the Japanese profit squeeze, which is already savage in competitive markets abroad, will also be savage domestically in an economy where market share, not profits, has always been the supreme good. (On the assumption that a dominate position in a market would eventually allow profits to rise dramatically.)

But, if the Japanese don't allow more price competition in the domestic market, Japanese voters, who today travel and shop abroad, will have even more cause to grumble about the fact that Japan seems rich, while the Japanese people seem poor, by comparison to Americans and Europeans, adding more tension to the mounting political strains in the country. (Domestic purchasing power disparities generate between the yen and other OECD countries' currencies help misleading statistics on international comparative living standards and other data as well.)

4. If the Japanese government does not free up zoning restrictions imposed on such things as rice farms in Tokyo and other urban areas to permit more and cheaper residential construction, and change the tax system to allow greater buying and selling of land, the ordinary people will not have affordable housing, couples in super cramped conditions will not produce children, and Japan's political and demographic crises will intensify with long term negative consequences.

On the other hand, if the Japanese Government does free up land prices to provide for higher living standards for ordinary Japanese, this will intensify the present banking crisis, which is in part caused by under collateralized loans and earlier rampant land speculation by borrowers.

5. Interest rates pose similar dilemmas, with domestic and international considerations, and short term and long term effects seemingly pulling in the opposite directions.

Consider: Present high interest rates in Japan have already contributed to the fact that Japanese monetary growth has slowed down to practically zero. This translates into a no growth situation for the economy at large, which will not change until the money supply expands again.

But high interest rates help keep nervous or calculating depositors from pulling their money out of Japanese banks, and prevent an international run on the Yen. A run on the Yen would further cheapen Japanese exports, and intensify the trade policy crisis.

Lower short term interest rates could also trigger higher long term interest rates. Although this latter consideration is not as serious as the other interest rate dilemmas, it all fits into an environment where choices are not easy or simple.

6. The dilemmas extend to potential reforms of Japan's corrupt political system, which shares blame for the current economic crisis.

Today, the LDP is controlled by monied interests which dictate many key decisions of the Japanese Government. This means that the Government operates in the interests of those monied producer and financial groups. This is increasingly known and resented by ordinary Japanese citizens.

But, too much power to the monied interests in Japan have helped cause the present crisis of over investment and over capacity. Too little power by the consumer indirectly reduces the net demand of the Japanese economy as a whole, causing it to be too dependent upon overseas consumers.

Were the leaders of the LDP, in an effort to regain public confidence, to split their party into what could be described as relatively more pro-producer or pro-consumer parties, Japan would become a much more complicated political system. Japan would then become, in effect, a normal western democracy.

Naturally those now in power on stage and behind the scenes wish to continue to control as much of the economy as they can, believing that such control is not only in their interest but also in the national interest.

However, it requires only a heavy foot, determination and limited skills to bring a car up to 60 miles per/hour. To move that vehicle up to 120 miles per/hour and to operate it at such speeds successfully over time requires a completely different kind of steering system. It is not clear that Japan's complex economy of today can be effectively controlled by the present steering arrangement without it ending up wrapped around a tree on the dangerous curves ahead. However, to change the guidance system in the middle of a race is not an easy or risk free proposition.

Nevertheless it appears to many that what is called for is an environment of classical orthodox economics, complete transparency in the financial system, a truly free market allowed to do its thing in allocating resources, and then count on the collective genius of the Japanese people to move the nation to its next level of development. None of this is likely to happen in sufficient scale unless unprecedented reform of the political system occurs.

No one should for a moment underestimate the problems posed by this crisis to the LDP. In the first place many of the strong old leaders of the party have been so undermined by scandals that they seem no longer able to operate as leaders in getting others to accept painful but necessary policy changes.

Many of the next generation of LDP leaders appear to be more focused on internal political jockeying than in addressing the causes and cures of Japan's financial crisis.

Since power in the Japanese system as it is now constituted

involves lining up the financial support of powerful behind the scenes economic interests, it is hard to find anybody in the political leadership group that is prepared to jeopardize his future position by antagonizing this or that interest group.

Another problem flows from the fact that this crisis is so staggeringly complex and interrelated, that there are not more than a tiny handful of Japanese leaders capable of grasping all the elements of the problem, much less prioritizing matters, and brokering the painful tradeoffs to forge a workable solution.

For a system which prides itself on consensus, the dilemmas inherent in the current trade and financial crises represent a nightmare.

It is hard to believe that the Japanese alone will find a solution to this problem without the old *deus ex machina* that historically has broken the deadlock in Japan's paralyzed decision making system: "Gaiatsu", foreign pressure.

Obviously however, foreigners can not simply tell the barons of the LDP that one party rule has ended its usefulness. But as the Japanese crises intensify, as I believe they may over the course of this next year, there will be opportunities for the Japanese people and reform minded politicians to reorganize the political apparatus of their country. All would be wise to seize these opportunities for orderly change.

FINDING A PATH OUT OF THE JAPANESE FINANCIAL QUAGMIRE

DISCUSSION:

Faced with possible financial catastrophe, the articulated strategic approach of the Japanese government has been to try to copy the US strategies for coping with the past Third World debt and Savings and Loan problems. This involved buying time to allow the crisis to impact gradually over a multi year period. This assumes that there will soon be in place a real strategy for actually solving the crisis, not merely postponing it.

One key problem however, is that the Japanese financial crisis is much larger, as a percentage of the GNP, than either the Third World debt crisis or the Savings & Loan fiasco was for the larger US economy.

The second problem is that the US depended importantly upon domestic measures to solve the banking problem, namely higher interest rates for healthy borrowers to build up a loan loss fund

and forceful measures to compel weak banks to merge, broaden their capital base or shut down. Secondly, the US ran a large trade deficit during the Third World debt crisis, in part, to help foreign debtors service their debts to our banks. Finally, the IMF and other multi lateral institutions also played vital roles in securing reforms and order throughout the global banking system.

By contrast it is not clear to foreign observers that the Japanese government actually has a real blue print for coping with this crisis, beyond buying time and counting heavily on massive sustained trade surpluses to help accumulate part of capital necessary to strengthen their financial system.

Given the enormous difference in unemployment between Japan and most of the other OECD nations, it is not clear that such vast sustained trade surpluses will be acceptable to others. Japan will then face still another dilemma:

If the foreigners can not or will not permit the Japanese to export their way entirely out of this crisis, and if the Japanese Ministry of Finance, for macro economic reasons, will not allow interest spreads in Japan to rise to allow the banks to build up their loan loss reserves or conversely to significantly lower interest rates to assist struggling debtors and reenergize economic activity -- then the Japanese are left with the probability that the tax payer of Japan will have to reinsure some banks -- perhaps through something along the lines of the Reconstruction Finance Corporation originated by President Roosevelt during the 1930's. This means large scale borrowing by the government of Japan, something that until now has been anathema to the Ministry of Finance.

The problem that foreigners and Japanese alike face in assessing the Japanese financial situation is that nobody has much confidence in the numbers provided by Japanese accounting system. Governmental policy allows many struggling banks and companies to conceal the full extent of their bad loans and portfolio losses for extended periods. So people are left wondering exactly how big is the cancer at the heart of the Japanese financial system. Thus, the run on Japanese private banks by nervous depositors and other signs of fear elsewhere in the system.

In the present absence of a full and accurate public accounting of the magnitude of Japan's financial crisis, it is especially difficult for foreigners to give definitive advice. Nevertheless there is a logical division of labor between the Japanese and the international community to address this crisis.

SUGGESTIONS FOR THE JAPANESE

1. There appears to be a solution to the crisis now enveloping Japan, but it is a complicated one, and it involves simultaneously addressing measures that will ease the financial crisis, the trade policy crisis, and the political crisis. Any attempt which tries to solve one of these crises without dealing with the other two may be doomed to frustration, deadlock, and failure.
2. Get all the facts so that everybody knows exactly how big the financial crisis is, and so the need for radical measures can be explained to the Japanese public, to those whose financial clout governs LDP decisions at the highest levels, and to other governments.
3. It seems very important that the Japanese government produce and publish a credible plan for coping with the crisis that goes beyond current efforts based on an understated problem. The currently announced measures do not reassure either the Japanese or foreign public that the crisis is in hand.

Just as a number of other countries have benefitted in the past by involving experts from the IMF or other outside bodies in assessing national economic problems, Japan might benefit by requesting a team of outside experts to assist in both assessing the full extent of the current financial crisis and drafting a plan for resolving it. Such a program could also enhance confidence, which has been badly shaken.

4. Such an outside review will almost certainly conclude that it is essential to stimulate growth again in the domestic Japanese economy, and ease the burden of the debtor classes. This means lower interest rates now.
5. It is important that the government develop and announce a safety net for depositors in Japan's banks; and a system of "triage" to deal with the banks themselves.
6. Japan should not count on exporting its problems away. Exports can provide a part of the solution, but only a part. The West doesn't like unemployment any better than the Japanese do and it is very expensive financially, socially and politically.
7. Land prices must be allowed to fall, and the housing sector which will boom under these conditions can then fill in the gap in Japan's GNP left by the fall in the capital goods and commercial real estate sectors.

8. There must be a dramatic opening of the Japanese domestic markets, so that foreigners can invest and export comfortably in the Japanese market on a scale necessary to avoid upsetting the international trading and payments system. Otherwise lower interest rates will rapidly result in a cheaper Yen, and even greater export surpluses.
9. Greater transparency in both public and private finance in Japan is necessary. Corruption, fear, and lack of public confidence, both Japanese and foreign, flow from the current opaque systems.
10. Money politics are poisoning the confidence of the people of Japan in their democracy and impeding rational decision making by the government. Now may be a good time to consider a complete public funding of election campaigns and associated expenses by Diet members.
11. In war, if you try to defend everything, you will, in the end, successfully defend nothing. The same may hold true in Japan's financial crisis.

I do not see how the Japanese government can save all of their banks, prop up the stock market beyond the level justified by price earning ratios, prop up the land prices beyond the long term rent value of the land, avoid any unemployment, avoid shutting down much over capacity in industry, keep interest rates at present levels, and avoid any deviation from current polities.

Some priorities must be established soon. The Japanese Ministry of Finance seems determined not to get the Japanese fiscal situation back into a debt accumulating mode. But, if the Japanese government does not take on additional debt at this point, the only alternative to chaos may be for other governments to do so to help the Japanese. For the US after a decade of debt accumulation, the limits of prudence have been reached. No other countries seem likely to be more willing to do so.

Clearly the Japanese are going to have to make some difficult and painful choices in the year ahead, sooner rather than later. This will put the political system under great strain, but not as great as the strain that could result from ignoring the financial crisis until further disaster strikes.

SUGGESTIONS FOR THE US AND G-7

1. It is of course important that the full extent of the Japanese financial crisis be understood by the other G-7 nations. It is clear that trillions of dollars in paper values have been erased from the Japanese financial system. It is important to

know just how many trillions have been eliminated and how many bad debts, collateralized by phony asset values are lurking in the Japanese system. Anxious as they are for foreign investment and confidence, Japanese officials have been slow to provide full and accurate information abroad on the evolving financial crisis. Past scandals in brokerage houses and corruption have further complicated the picture.

2. It is important that there be some centralized assessment of industrial capacity world wide and due consideration given as to how the 3 trillion dollar Japanese industrial expansion and modernization are going to fit in. This is not a recommendation for managed trade. It is a call for some possible rethinking about overall OECD demand management practices. No time is a good time for squeezing out inflation, but perhaps, in view of the crisis in Japan and now Europe, some stretch-out in the time period for achieving definitive price stability should be contemplated, particularly by the Japanese Central Bank.
3. It is clear that Japan is the only major country in the G-7 with much slack in fiscal and monetary policies. In facing a supply excess which they have helped create with excessive industrial investment, it is not unreasonable to ask the Japanese to stimulate their own domestic demand at this juncture.
4. Any willingness of other parts of the G-7 to help accommodate Japan's industrial overcapacity and financial strains should also be tied to improvement in Japan's relatively low living standards, including the key housing area, which help to depress Japan's economy and propensity to absorb imports. Additional structural impediments to imports, and murky Kairetsu preferential purchasing arrangements, impenetrable to outsiders, Japanese and American, also collectively mitigate against equality of opportunity in the vast Japanese market and should be addressed.

Should it prove impossible to make additional meaningful openings in Japan to providers of goods and services from other countries, then it will be increasingly difficult politically to persuade elected officials in other countries to help the Japanese shoulder their current difficulties. New barriers to direct and indirect Japanese exports will almost certainly materialize by the middle of this decade. High sustained unemployment in the G-7 and elsewhere also would add pressure to the rising protectionist sentiment in the West. This of course involves dangers to all parties.

It is important that this not happen. But to avoid this will require great strength of purpose by both Japanese reformers and other interested governments.

The previous failure of US trade policy to open up Japan to rough reciprocity of opportunity in trade and investment has caused the US Treasury Department to depend too heavily on currency depreciations to reduce the US trade deficit. Not only has this policy not solved the problem, as evidenced by the continuing direct and indirect Japanese trade surplus with the US, but it is also, as a side effect, cheapened every asset in the entire US economy and angered other US trading partners whose interests have suffered from the depreciated dollar. The weakened dollar has also reduced US financial clout both governmental and business world wide.

Allowing the Japanese and their policy imitators to protect domestic markets, and forcing others to devalue their currencies to protect their own domestic and export markets, risks helping drive the world into three trading zones, without intending to do so. This devaluation policy has become counter productive.

Japan's domestic economy cannot be revitalized at this point without a major reduction in interest rates. This, in turn, can not happen in present circumstances without triggering a weakening of the Yen. A cheaper Yen based on interest rate differentials alone will cause Japan's exports to soar even higher, further destabilizing the international trading system. We are, therefore rapidly approaching one of those defining moments in international economic policy.

If the international community can prevail upon Japan to open its domestic markets dramatically, increase transparency in its financial system to restore the confidence of investors, allow conditions which will trigger foreign investment to enter Japan on large scale, it is possible to see a solution to the present Japanese financial crisis on terms that does little initial harm to the international economic system as a whole and enhances its long term unity and strength. This will require unprecedented flexibility from Japan's political decision making process. This is where the main problem lies.

CONCLUSION

It is far from clear that the effects from the dramatic rise and fall of stock and land prices in Japan are over.

Trillions of dollars of paper assets have vaporized and the financial system in Japan is now clearly vulnerable to a new profit squeeze and massive losses on loans that are now without adequate collateral.

The real danger to the global economy posed by the lack of a sound financial floor in key elements in the Japanese economic structure

is not just the problem in Japan. Were the rest of the global economy stable and growing, Japan's problem could be assisted and accommodated by other members of the G-7, much has occurred during earlier periods of difficulty involving Japan. It is obvious, however, there is much turmoil elsewhere in the world, and in that context, the Japanese situation is potentially dangerous.

The orderly retreat on the financial front being conducted by the Japanese Central Bank and Ministry of Finance can only be compared in scale and tactical brilliance to the retreat of the German army from Russia in the Second World War. The skill of the officers and the discipline of the units prevented a disorderly rout, but the fundamental forces opposing them were so massive that the retreat continued almost unbroken for nearly four years and ended in the rubble of Berlin.

Whether Tokyo's 1980's bubble economy and subsequent multi-trillion dollar asset deflation also ends in a serious disaster for Japan and possibly Japan's trading partners is less certain. Much depends upon the global economic context and how both the Japanese government and the international system react. Even with the best of international good will, however, the economic and political problems elsewhere in the G-7 and beyond, and the sheer size of Tokyo's earlier financial indiscretions and compulsive expansion of industrial capacity make it probable that it will be years before Japan's economy regains the vigor of the late 1980's.

By the time this crisis is history, Japan may be a very different country, both economically and politically.

TO :
FROM : ?

January 12, 1993

M E M O R A N D U M

To: Senator Dole
From: Dennis Shea
Subject: Campaign Observations

For whatever they're worth, I am passing along some observations about my recent campaign experience. I probably will be telling some things you already know.

My district, the 7th Congressional District located in Queens and the Bronx, is populated to a large extent by Reagan Democrats, the white middle-class and blue-collar ethnics who deserted President Bush for Bill Clinton and Ross Perot. Although the 7th CD has had Democratic representation in Congress for more than 25 years, it consistently voted for Republican Presidents--until George Bush in 1992.

The concerns of Reagan Democrats can be summed up in a single word: **SECURITY.**

Like many Americans, Reagan Democrats are overwhelmingly concerned about their own economic security and the physical security of themselves and their families. From my vantage point, any effort to bring Reagan Democrats back into the Republican coalition must emphasize the theme of security. The Republican Party must be the party that promises to allay the legitimate fears of those who live on the brink of poverty and personal misfortune. It must also be the party that "affirms" Reagan Democrats, that applauds their cultural values as the bedrock values of our society.

1. Economic Security

a. **Jobs and Taxes.** Republicans must start talking more forcefully and coherently about jobs and job-creation. It's not that Clinton had a better economic plan than the Bush Administration, but rather that he was perceived as caring more about those whose economic security was jeopardized. Bush's failure was essentially a failure of perception and communication.

When it comes to job-creation, Reagan Democrats are not ideological. They don't care whether jobs are created through supply-side tax cuts or through increased government spending on public-works programs. What Reagan Democrats want is a commitment from their political leaders to safeguard their economic security.

The "tax-the-rich" rhetoric of the liberals has little appeal to the Reagan Democrat. In fact, most Reagan Democrats want their children or grandchildren to be wealthy someday and don't perceive

TO :
FROM : 7

Obviously, Republicans must avoid the pitfalls of Pat Buchanan, who laced his opposition to racial preferences with a perceived mean-spiritedness that appeared narrow.

Instead, Republicans should make an aggressive attempt to redefine the term "civil rights." Civil rights should mean much more than "disparate impact" law and the empty legalisms of the civil rights establishment in Washington. Instead, civil rights should mean educational opportunity, economic opportunity, affordable housing, and freedom from the fear of crime.

I am convinced that this approach is the way to go, and can be successful in attracting African-Americans and other minorities to the party. An experience during the campaign confirmed this: While campaigning at a public housing project--nearly all of whose tenants were African-American--I asked a group of nearly 200 people whether they had benefitted from H.R. 1, the Civil Rights Act of 1991, which happened to be the number-one priority in Congress for nearly two years. The answer I received was a resounding "No!" In fact, most had never even heard of the legislation.

Not only could school choice become a defining issue separating Republicans from Democrats, it could also become a civil rights issue, attracting African-Americans and other minorities to the party. Although President Clinton is able to choose to send his daughter to a \$10,000-per-year private school, he nonetheless refuses to support a policy that would give this same choice to the middle class, the working class, and the poor.

e. **Foreign Aid.** I was surprised by the number of questions and comments I received on the the issue of foreign aid. As you know, people just don't understand why we are giving large amounts of money to foreign countries when we have so many problems here at home.

If Clinton proposes a foreign-aid program with lots of fat, I would respond aggressively. The Reagan Democrats will cheer.

2. **Physical Security**

Crime. Crime is the foremost concern in my district. According to a poll I conducted, 55% of those questioned said that crime and drugs, not the economy, were the most pressing problems facing their community.

Unfortunately, when it came to crime, the Bush Justice Department failed to see the forest for the trees. Technical issues like habeas corpus reform and reform of the exclusionary rule may be important to the lawyers on Pennsylvania Avenue, but they just don't sell out on the hustings.

Republicans must develop more imaginative responses to the horrendous problem of crime, even if these responses are not

TO :
FROM : 7

PHONE NO. : 12022 847/67

JAN. 12. 1993 2:52PM P 5

PHONE NO. : 7185754064

necessarily very practical. Since we don't control the White House or the Congress, we have this luxury.

During the campaign, I advocated a proposal, originally conceived by Adam Walinsky, to retrain those soldiers who were facing dismissal as a result of the cuts in defense spending and put them to work on state and local police forces. Although this proposal is loaded with difficult practical problems, most people saw it as a patriotic and common-sense solution to the pressing need for more police officers on the street. Republicans should start developing similar ideas. We can't afford to cede the crime issue to the Democrats.

3. Other Observations

a. **Government Spending.** People are beginning to catch on to the simple truth that it's not how much money is being spent, but how this money is being spent. Republicans should continue to emphasize this important point.

b. **The Deficit.** From my experience, the deficit still remains a mystery to most Americans. But when people are told that the deficit is, to a large degree, financed by the Germans, the Japanese, and the Saudis, and that foreign nationals exercise considerable control over the economic destiny of our country, then the light bulbs start to go on. In other words, the deficit makes sense to people when it is explained in terms of security--in this instance, national security.



THE DOLE FOUNDATION

FOR EMPLOYMENT OF PEOPLE WITH DISABILITIES

MEMORANDUM

DATE: December 16, 1992
TO: Board of Trustees
FROM: Paul Hearne
SUBJECT: Dole Foundation Interim Report

Please find attached a copy of our 1991 Interim Report for your interest.

Attachment - Interim Report

THE DOLE FOUNDATION

for Employment of People with Disabilities

INTERIM REPORT 1991

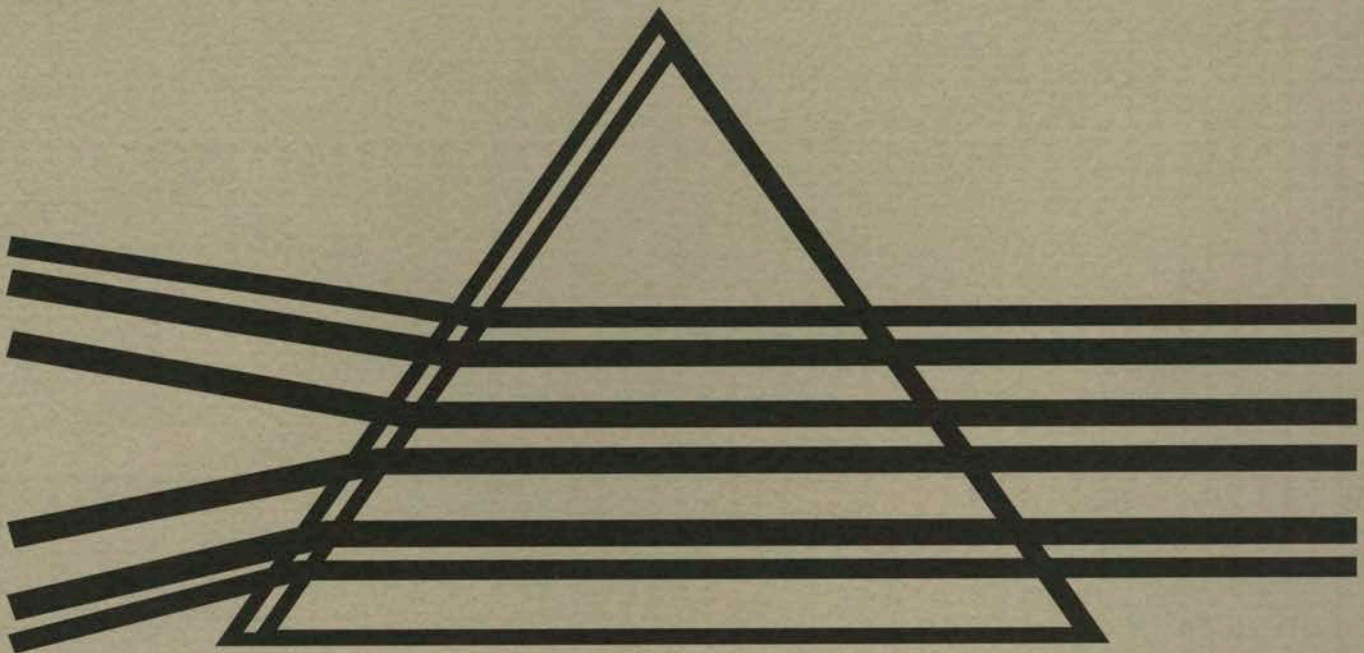


TABLE OF CONTENTS

Chairman's Message	1
President's Message	2
The Year 1991	3
Grant Recipients 1991	5
1991 Contributors List	6
Report of Ernst & Young, Independent Auditors	8
Foundation Board and Staff	13

CHAIRMAN'S MESSAGE

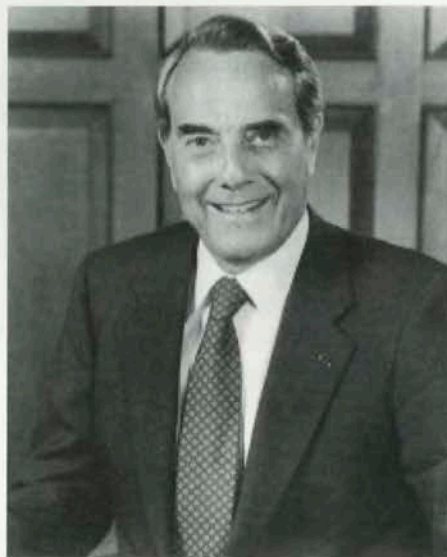


THE DOLE FOUNDATION was created in 1983 to help people with disabilities become independent by giving them the economic tools to do so: marketable skills, jobs, and career preparation training.

Over the course of our eight-year history, we have directly provided nearly \$4 million in grants to non-profit organizations with expertise in training and placing people with disabilities.

We have also worked with corporations and with the disability community to create links between employers and people with disabilities who want to enter or advance in the workforce. These bridges create benefits for employers as well as for people with disabilities looking for work.

Some of the ways that employers benefit include projects that supply qualified workers in occupations and regions suffering from labor shortages and programs that help them to accommodate people with disabilities in the workplace. Many employers find that adaptations originally designed to help workers with disabilities make the workplace more accessible and productive for **all** workers. In this way, Dole Foundation grants and activities benefit our entire economy, not only by opening employment opportunities for people with disabilities, but also by providing new ideas and models that can be adapted by employers and communities nationwide.



Our experience placed us in a unique position when the signing of the Americans with Disabilities Act (ADA) in 1990 gave people with disabilities the civil rights protection they had been missing for so long. The major provisions of the ADA do not go into effect until 1992 and later. During the interim between signing and implementation, while Federal agencies have been writing the regulations that will become the basis for implementing the new law, The Dole Foundation has been working with private funders to establish a consortium of foundations and corporations that will help in the process of educating, training, and otherwise assisting the people who will be most affected by the ADA: people with disabilities, employers, providers of public accommodations, and telecommunications carriers.

Dole Foundation President Paul Hearne and his staff have provided information, referrals, and educational materials to civic groups, service providers, business associations and others who have requested information on the ADA. At the same time, they have increased the Foundation's yearly grants and built its endowment.

I am proud to report that the Foundation has matured well beyond what anyone could have expected in the eight short years of its existence. Thanks to a superlative Board of Trustees, an expert group of Technical Advisors, and a committed and knowledgeable staff, The Dole Foundation is recognized as a leading force in the field of disability giving.

All of these people are deserving of thanks. Most of all, however, I would like to thank our contributors for investing their resources in America's largest and least recognized minority group.

Senator Robert J. Dole

PRESIDENT'S MESSAGE



IT IS AN UNUSUAL EXPERIENCE to be in the middle of history in the making. It is especially unusual for people with disabilities, who have been outside society looking in since the beginning of time. That is why I feel that it's such a privilege to be in the position of leading The Dole Foundation, one of the country's major funders in the disability field, at the same time as the Americans with Disabilities Act (ADA) is becoming part of the American legal fabric.

The ADA, the world's first comprehensive civil rights legislation for people with disabilities, creates the legal structure for fully assimilating people with disabilities into all aspects of social and economic life. However, while the ADA holds out enormous promise, my personal experience with disability and my professional experience in the disability field lead me to believe that it will still take years of hard work before people with disabilities are truly integrated.

The past year has been characterized by hard work for all involved in the disability field — the work of preparing for the implementation of the employment and public accommodation titles of the ADA and educating businesses, people with disabilities, and the general public about their rights and responsibilities under the Act.

For The Dole Foundation, the work has been especially rewarding. Our philosophy and mission — economic independence through competitive employment — has made us the focus of attention and the source of advice for other funders who are now becoming aware of issues relating to social and economic integration of people with disabilities.

Our work on The Funding Partnership for People with Disabilities created a consortium of funders who collectively committed over \$1 million to projects supporting the ADA and related issues. We also encouraged cooperation among our applicants by making collaboration with other organizations a requirement for receiving a Funding Partnership grant. We received over 600 proposals in response to our first request-for-proposals, and while we estimate that we will be able to provide no more than 30 to 40 grants, we have heard from organizations across the country that the cooperative work they did with other local agencies in the application process has already produced beneficial results.

I am honored to have been selected as Chair of The Funding Partnership, and I thank all the Funding Partners, especially The JM Foundation and The Milbank Memorial Fund for their commitment and vision in joining us as founding members.

The Dole Foundation has had a banner year in other ways, as well. We approved the largest amount of grants (\$900,000) and received more contributions (\$1,485,000) than at any other time in our eight-year history.

Our work now is to look to the future stability of the Foundation — to build our endowment while continuing to provide grants at the level we achieved this year. We look forward to continuing in our leadership role in the disability funding field. We are now laying the groundwork to enable us to continue in that role.



THE YEAR 1991



THE DOLE FOUNDATION issues full-scale reports every two years to communicate the scope of its

program activities and the involvement of its contributors and Board of Trustees. Interim reports, such as this one for 1991, are published to keep our contributors and applicants current on our activities between biennial reports.

The passage of the Americans with Disabilities Act (ADA) in 1990 was a monumental occasion for the 43 million people with disabilities in this country. This comprehensive civil rights legislation prohibits discrimination on the basis of disability in employment and mandates equal access to transportation, public accommodations, and telecommunications. It was the first time in U.S. history that people with disabilities were accorded the same civil rights that other minority groups have had for decades.

Nineteen ninety-one was a year of preparation for the implementation of the ADA and of gearing up for the challenges of moving from the principles behind the legislation to the practice of implementation. For The Dole Foundation, it was a confirmation of our mission to assist people with disabilities achieve independence, integration and economic security through employment. We had our most successful year to date in terms of contributions received from our supporters and the total dollars awarded to our grantees. We also expanded our efforts to educate other funders, employers, and the general public about the societal benefits of promoting the economic and social independence of people with disabilities.

THE GRANTS PROGRAM

The Dole Foundation authorized nearly \$900,000 in grants to 29 organizations acting to promote employment, placement, independent living, and other services for people with disabilities in 1991; this amount is the largest we have committed in any single year. Programs helped include:

- Projects supporting innovative training and placement programs in rural areas and programs focusing on small employers
- Projects demonstrating innovative training and placement methodologies such as natural workplace supports
- Demonstration projects in unique vocational fields: business initiatives, job training and placement in

horticultural vocations for people who are visually impaired, career advancement projects, and programs in technology-related careers

- Programs targeting underserved populations: job training and placement programs for people with hearing impairments, people with traumatic brain injuries, disabled people who are homeless, and people with multiple disabilities
- Job training and placement projects focusing on youth with disabilities

(A full listing of 1991 grant recipients is on p. 5.)

An activity complementary to our Grants Program was our support of The Search for Excellence Awards established by The JM Foundation six years ago. The Search program gives awards to rehabilitation facilities with outstanding programs and encourages the dissemination of excellence throughout the field. We were honored to have been the first co-sponsor invited by The JM Foundation to share in the provision of the awards.

THE FUNDING PARTNERSHIP FOR PEOPLE WITH DISABILITIES

The Funding Partnership, a coalition of 20 foundation and corporate funders whose members committed over \$1 million to fund programs supporting the ADA and related activities, was established in 1990 by The Dole Foundation, The JM Foundation, and The Milbank Memorial Fund. Paul Hearne, President of The Dole Foundation, chairs The Funding Partnership, which is the first major coalition of funders to focus on the disability field.

In 1991, the Partnership issued its first request-for-proposals (RFP), calling on communities across the country to create local coalitions made up of private non-profits together with other organizations like schools, business associations, community agencies, and for-profit entities. The RFP resulted in 615 proposals focusing on employment, housing, transportation, health, and other issues affecting the integration and independence of people with disabilities.

By the end of 1991, the proposals had been screened by a central reviewing committee, which then referred appropriate proposals to each funding partner. A unique feature of the Partnership from the funders' point of view is that once the central screening is completed, each funder incorporates the proposals it receives

THE YEAR 1991 (Cont'd.)

through the screening process into its regular grants review schedule. This allows each foundation or giving program to maintain control over its own funds while also offering it the opportunity to work with other partners to provide joint support to chosen projects.

By Spring 1992, each funder will have reviewed the proposals most suitable to its mission and obtained the authorization of its Board of Trustees. The Dole Foundation expects to make over \$150,000 in grants to Funding Partnership proposals in 1992 and to work with the other founders of the Partnership to expand the consortium in 1993.

PUBLICATION PROJECTS

The Workplace Workbook, originally published in 1990, has been remarkably successful. This illustrated guide to job accommodations and assistive technology is designed to help employers adapt their work environments to meet the needs of workers with various disabilities. Employers preparing to meet the *reasonable accommodation* requirements set out in the ADA and its implementing regulations have found the workbook to be a practical and usable tool for making their workplaces more accessible. Demand has been such that we are planning to issue an updated version in 1992.

Our second publication, **Success and Innovation in Funding Assistive Technology Programs and Organizations**, is a practical guide to assist program administrators and development personnel in formulating fundraising techniques to finance rehabilitation technology programs. The publication date is Summer 1992.

CONTRIBUTORS

The Dole Foundation is a public charity which raises funds from corporations and the general public. While work has begun to establish an endowment, our first priority is to continue to provide grants to community-based organizations across the country that work with people with disabilities. Our ability to do this depends on the vision and generosity of our ongoing and new contributors. To those contributors we offer our gratitude for enabling us to expand our programs to meet the growing need created by the ADA.

Our supporters met the challenge of an expanded need in 1991 by contributing more than they had in any previous year: \$1,485,000. Over 190 contributors — including corporations, foundations, and individuals — made contributions from \$30 to \$200,000. Many of these donors support our programs year after year, and to them we give our special thanks.

The Sixth Annual Contributors Reception was held on July 28, 1991 at the National Museum of Women in the Arts in Washington, D.C. President Bush made a special videotaped address to the 454 guests, and Senator Dole presented The Dole Foundation's Leadership Award to NYNEX Corporation of White Plains, N.Y. and Kreonite, Inc. of Wichita, Kansas for their policies and practices in employing and promoting people with disabilities.

Comediennes Geri Jewell and Kathy Buckley, both of whom incorporate disability into their comedy routines, acted as Emcees. The Dole Foundation Media awards were presented to Ms Jewell, Ms Buckley, and to Teddy Pendergrass, a well-known musician and singer who was disabled in an automobile accident. A special service award was given to Dr. Sheila Akabas for her seven years of service on the Foundation's Technical Advisory Committee.

FUTURE GOALS AND PLANS

In order to insure its future ability to provide grants and support our educational and other programs, The Dole Foundation began building an endowment in 1990. During the past year, long-range planning for an endowment was accelerated, and the endowment fund almost doubled to reach \$1 million. A feasibility study and formal endowment campaign are planned for 1992.

Our goal over the next few years is to stabilize our grants at \$1 million annually and to expand our fundraising both for the grants program and for the endowment. In addition, the establishment of The Funding Partnership for People with Disabilities will extend the impact of the grants we make in a variety of direct and indirect ways. First, we will be able to join with other funders to support large-scale projects which we could not fund on our own. Second, the Partnership has brought a number of funders into the disability field who have not previously made grants in this arena and has drawn the attention of yet other funders who we hope will join us in the future. Third, we encouraged cooperation among our applicants by making coordination with other organizations an application requirement for The Funding Partnership. Such cooperation is the key to addressing the problems and challenges of the future; through such activities as these, The Dole Foundation is setting an example of cooperative activity for the disability community, the service community, and the donor community.

GRANT RECIPIENTS 1991 (\$500 OR MORE)

ALABAMA

Epilepsy Foundation of Mobile and Gulf Coast, Mobile, \$49,800

Job training for 250 and supported employment for 110 people with epilepsy in rural Alabama

ARKANSAS

Lions World Services for the Blind, Little Rock, \$21,488

Job training of blind people for various positions in the horticulture industry

CALIFORNIA

Mark Wellman, Yosemite, \$1,000

An honorary award recognizing mountaineering accomplishments enhancing the image of people with disabilities

Center for Independent Living, Berkeley, \$49,880

A project to replicate and disseminate a successful job training and placement program for homeless disabled people

Sensory Access Foundation, Palo Alto, \$50,024

To provide computer skills and computer-based training in English skills to 30 people with hearing impairments

DISTRICT OF COLUMBIA

Operation Job Match, \$5,500

To establish a coordinated effort with The Dole Foundation to address the ADA and related concerns

St. John's Child Development Center, \$60,000

Transition 63 adults with developmental disabilities from enclave employment settings to community worksites utilizing natural supports

WCOT Fund/World Congress on Technology, \$1,000

Scholarship for a person with a disability from Europe, Asia or the Third World to attend the 1991 Technology Conference

IDAHO

Idaho Easter Seal Society/Goodwill Industries of So. Idaho, Boise, \$51,296

A demonstration project to assist young deaf adults to transition from the State School for the Deaf to independent living and working

KANSAS

Episcopal Social Services, Inc., Wichita, \$32,834

Expansion of a successful transitional employment program for people with mental illness to include 45 permanent jobs in competitive settings

MARYLAND

Self Help for Hard of Hearing People, Inc., Bethesda, \$50,000

Job skills training, adaptive technologies and technical assistance for people with hearing impairments

MASSACHUSETTS

The Harbor Schools, Inc., Newbury, \$11,500

Support for student internships at local community nonprofit worksites as part of an educational/job training program for severely emotionally impaired adolescents

Vision House, Andover, \$48,000

Adaptation of a successful employment training model for developmentally disabled people in a program for people who have had traumatic brain injuries

National Spinal Cord Injury Association, Woburn, \$1,500

To support awards ceremony expenses for honoring Elmer C. Bartels, Massachusetts Commissioner of Rehabilitation, and highlighting the Commission's history

MINNESOTA

Courage Center, Golden Valley, \$1,800

Matching funds for ham radio equipment for use in the education and training of people with severe physical, sight, hearing or speech disabilities

Multi Resource Center, Inc., Minneapolis, \$52,750

Job training in office support positions for more than 100 people with various disabilities

NEW HAMPSHIRE

Easter Seal Society of New Hampshire, Inc., Manchester, \$49,985

Comprehensive vocational training and employment by small employers for 35 people with disabilities

NEW YORK

Computer Center for the Visually Impaired, Baruch College, New York, \$49,028

Comprehensive training in computer skills for people with visual impairments, including software training, adaptive technologies and mentoring

En Garde Arts, Inc., New York, \$4,000

To support transportation expenses to performance locations for developmentally disabled and visually impaired musicians

Fountain House, New York, \$100,000

A program to integrate deaf people with mental illness into job training and employment programs for people with psychiatric disabilities

Hospital Audiences, Inc., New York, \$5,000

To support activities associated with youth with disabilities enrolled in a 1991 summer youth employment program

Joseph Bulova School, Woodside, \$7,705

A tuition scholarship for training in watch making and repair

The National Foundation for Teaching Entrepreneurship, New York, \$33,800

To provide intensive career/business-initiative planning for 20 young adults with disabilities

Self Initiated Living Options, New York, \$5,000

Support for a personal attendant who enables various staff members to increase their productivity.

Women and Foundation/Corporate Philanthropy, New York, \$2,500

To support a quarterly newsletter supplement focusing on women with disabilities

NORTH DAKOTA

Vocational Training Center, Inc., Fargo, \$49,340

Support of the state's first program providing job training and placement services to people with traumatic brain injuries

VIRGINIA

Horatio Alger Association, Alexandria, \$10,000

A National Scholars Conference scholarship for a high school student with a disability and contributing support for the conference

National Rehabilitation Association, Reston, \$4,500

Printing costs for the 15th Annual Mary Switzer Memorial Seminar Report on Aging, Disability and the Nation's Productivity

1991 CONTRIBUTORS LIST

Peter Ackerman	Cereal Food Processors, Inc.	General Electric Company
Amax Foundation, Inc.	Cessna Foundation, Inc.	Glaxo Inc.
American Advertising Federation	Chevron Corporation	Government Employees Hospital Association
American Cement Alliance, Inc.	Chicago Board of Trade	The BFGoodrich Company
American Council of Life Insurance	Chicago Mercantile Exchange	The Goodyear Tire & Rubber Company
American Express Foundation	CIGNA Foundation	Slade Gorton & Company, Inc.
American Farm Bureau Federation	Vern Clark & Associates	Grace Foundation, Inc.
American Home Products Corporation	The Coca-Cola Company	Great Western Financial Corporation
American Medical Association	The Coleman Company, Inc.	Grocery Manufacturers of America, Inc.
American Petroleum Institute	ConAgra, Inc.	GTE Corporation
American Stock Exchange	Contran Corporation	The Guardian Life Insurance Company of America
American Trucking Associations, Inc.	Coordination Council for North American Affairs	H.J. Heinz Company Foundation
AMERITECH	Council for Better Corporate Citizenship	The Henley Group/Chatam, Inc.
Amoco Foundation, Inc.	Justin Dart, Jr.	The Hershey Foods Corporation Fund
Anheuser-Busch Companies	Ira W. DeCamp Foundation	Hoechst Celanese Corporation
The Anschutz Foundation	Lorah D. Dorn	Hoffman-La Roche, Inc.
Archer Daniels Midland Company	Dow Corning Corporation	Holland & Knight
ARCO Foundation	The Dun & Bradstreet Corporation	Honeywell, Inc.
Armenian Society of America	John M. Dunn	Geo. A. Hormel & Company
Ashland Oil, Inc.	E.I. du Pont de Nemours	ITT Corporation
AT&T Foundation	Enron Oil & Gas Company	The J.M. Foundation
Avon Products, Inc.	Ernst & Young	Jostens
Becton Dickinson and Company	EXXON Corporation	Kansas Gas & Electric Company
BellSouth Corporation	Family Research Council	The Kettering Family Foundation
Berkshire Life Insurance Company	Farmland Industries, Inc.	F.M. Kirby Foundation, Inc.
Black, Manafort, Stone & Kelly	Federal Express Corporation	Honorable Henry Kissinger
The Boeing Company	Federal National Mortgage Association (FANNIE MAE) Foundation	Kraft General Foods, Inc.
The Burton Borman Foundation	Flue-cured Tobacco Cooperative Stabilization Corporation	Esther H. Levens
Bristol-Myers Squibb Company	Fluor Corporation	Lockheed Corporation
Brown & Williamson Tobacco Corporation	Forbes Foundation	Loews Foundation
Burlington Northern Railroad Company	Freeport McMoRan, Inc.	John D. and Catherine T. MacArthur Foundation
Cable & Wireless Communications, Inc.	The Gallo Foundation	Margaret E. Mahoney
Cargill, Incorporated	Lawrence M. Gelb Foundation, Inc.	Manufacturers Hanover Corporation
Centel Corporation		

Marion Merrell Dow, Inc.	Pitney Bowes	Jackie A. Strange
The J. Willard Marriott Foundation	The Principal Financial Group Foundation, Inc.	Subaru of America Foundation
Massachusetts Mutual Life Insurance Company	The Procter & Gamble Manufacturing Company	Sun Company, Inc.
McDonald's Corporation	Ralston Purina Company	Technology Applications, Inc.
The Mead Corporation Foundation	Raytheon Company	Texaco USA
Medusa Corporation	Revlon Foundation, Inc.	Tiffany & Co.
Mercedes-Benz of North America, Inc.	RJR Nabisco, Inc.	Time Warner Inc.
Merck & Company, Inc.	David Rockefeller	Timmons and Company, Incorporated
Merrill Lynch & Company, Inc.	Edward & Ellen Roche Relief Foundation, U.S. Trust of New York	The Tobacco Institute
Dr. Edward L. & Marie Meyen	The Rouse Company Foundation	Torchmark Corporation
Mobil Corporation	The Ross Family Charitable Foundation	Charles H. Tower
Motorola, Inc.	John Ruan Foundation Trust	Toyota Motor Sales, U.S.A., Inc.
Multimedia Cablevision Company	Samuel and May Rudin Foundation, Inc.	The Travelers Companies Foundation, Inc.
National Association of Chain Drug Stores	The Ryland Group, Inc.	TRW Foundation
National Association of Home Builders	Safeway, Inc.	Fred L. Turner
National Association of Letter Carriers of the United States	Sandoz Corporation	Union Pacific Foundation
The National Association of Life Underwriters	Sara Lee Corporation	United Air Lines, Inc.
The NFIB Foundation	Benno C. Schmidt	United States Sugar Corporation
New York Stock Exchange	Joseph E. Seagram & Sons, Inc.	United Transportation Union
NYNEX Corporation	Sears, Roebuck and Co.	UST
Occidental Petroleum Corporation	Security Benefit Group, Inc.	Utilicorp United Inc.
Oki America, Inc.	Shell Oil Company Foundation	Vinson & Elkins
Pacific Telesis Foundation	Michael E. Simon	Charls E. Walker Associates, Inc.
Lisa M. Paquette	SmithKline Beecham	Warner-Lambert Company
Paralyzed Veterans of America	Smokeless Tobacco Council, Inc.	Wasserman Foundation
Payless Cashways, Inc.	Southern California Edison Company	Webster, Chamberlain & Bean
The Perot Group/Perot Foundation	Southwestern Bell Corporation	Malcomb Hewitt Wiener Foundation, Inc.
Milton Petrie	Seth Sprague Educational & Charitable Foundation, U.S. Trust of New York	Western Publishing Group, Inc.
Joseph C. Petrone	The Starr Foundation	The Williams Companies, Inc.
Pfizer Inc.	State Farm Companies Foundation	
Pharmaceutical Manufacturers Association	Sterling Winthrop, Inc.	
Philip Morris Companies, Inc.	The Stouffer Corporation Fund	

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

The Board of Trustees
The Dole Foundation
for Employment of
People with Disabilities

We have audited the accompanying statements of assets, liabilities and fund balances of The Dole Foundation for Employment of People with Disabilities as of December 31, 1991 and 1990, and the related statements of public support and revenue, expenses and changes in fund balances and of functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Dole Foundation for Employment of People with Disabilities at December 31, 1991 and 1990, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young

June 26, 1992

**STATEMENTS OF ASSETS, LIABILITIES
 AND
 FUND BALANCES**

	December 31			
	1991		1990	
	Current Funds	Endowment Fund	Current Funds	Endowment Fund
ASSETS				
Current Assets				
Cash and cash equivalents (interest-earning)	\$653,957	\$651,069	\$1,012,850	\$136,400
Pledges receivable	49,471		32,359	
Prepaid expenses and other current assets	6,787	4,549	5,450	
Publication revenue receivable	9,313			
Total Current Assets	<u>719,528</u>	<u>655,618</u>	<u>1,050,659</u>	<u>136,400</u>
Office Furniture and Equipment, net of accumulated depreciation of \$90,165 and \$64,414 at December 31, 1991 and 1990	42,327		68,078	
	<u>\$761,855</u>	<u>\$655,618</u>	<u>\$1,118,737</u>	<u>\$136,400</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Payroll and withholding taxes payable			\$ 313	
Accounts payable and accrued liabilities	\$ 23,080		18,288	
Grants payable	753,102		431,394	
Deferred public support	132,947		29,178	
Total Current Liabilities	<u>909,129</u>		<u>479,173</u>	
FUND BALANCES (deficit)	<u>(147,274)</u>	<u>655,618</u>	<u>639,564</u>	<u>136,400</u>
	<u>\$761,855</u>	<u>\$655,618</u>	<u>\$1,118,737</u>	<u>\$136,400</u>

See notes to financial statements.

**NOTES TO FINANCIAL
STATEMENTS**

1 – Organizational Data

The Dole Foundation for Employment of People with Disabilities (“the Foundation”) is a nonprofit, publicly supported foundation incorporated in Kansas in June 1983. The purpose of the Foundation is to establish and operate scholarship, job training, job placement, and transportation assistance programs for the benefit of disabled or handicapped citizens; and to sponsor programs, seminars, fellowships, and research activities relating to issues of public policy. The organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2 – Summary of Significant Accounting Policies

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS, (Cont'd.)

STATEMENTS OF PUBLIC SUPPORT AND REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

	Year Ended December 31			
	1991		1990	
	Current Funds	Endowment Fund	Current Funds	Endowment Fund
PUBLIC SUPPORT AND REVENUE				
Public Support				
Contributions	\$1,185,396	\$ 26,000	\$1,262,085	
Revenue				
Interest	51,944	29,015	66,743	\$ 9,515
Publications	46,752		19,303	
	<u>1,284,092</u>	<u>55,015</u>	<u>1,348,131</u>	<u>9,515</u>
EXPENSES				
Program Services				
Public information	203,103		143,096	
Grants	1,172,706		681,943	
	<u>1,375,809</u>		<u>825,039</u>	
Support Services				
Development/fundraising	108,933		178,965	
General and administrative	121,985		97,281	
	<u>230,918</u>		<u>276,246</u>	
	<u>\$1,606,727</u>		<u>\$1,101,285</u>	
(Deficiency) Excess of Public Support and Revenue over Expenses	<u>(322,635)</u>	<u>55,015</u>	<u>246,846</u>	<u>9,515</u>
Fund balances at beginning of year	639,564	136,400	492,718	26,885
Interfund transfer	(464,203)	464,203	(100,000)	100,000
FUND BALANCES AT END OF YEAR	<u>\$(147,274)</u>	<u>\$655,618</u>	<u>\$ 639,564</u>	<u>\$136,400</u>

See notes to financial statements.

The assets, liabilities, and fund balances are reported in two self-balancing fund groups as follows:

Current funds, which include unrestricted and restricted resources, represent the portion of expendable funds that are available for support of Foundation operations.

The Endowment Fund represents funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used. It also includes funds designated by the Foundation's Board of Trustees for long-term investment. It is the Foundation's intent presently that investment earnings on Board designated endowment funds will be accumulated in the Endowment Fund. Withdrawals of amounts previously transferred from current funds are subject to Board of Trustee authorization.

Contributions

Contributions are recorded as support in the period designated by the donor. Uncollected pledges for the current period are recorded as receivables at their estimated realizable values.

Costs related to special events in which the donor receives a direct benefit are applied against contributions. These costs, primarily funded by donors, were approximately \$94,946 and \$109,773 for the years ended December 31, 1991 and 1990.

STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 1991				
	Public Information	Grants	Development/ Fund-raising	General & Administrative	Total
Grants awarded		\$ 895,379		\$	\$ 895,379
Salaries	\$ 71,560	105,386	\$ 36,946	\$ 50,947	264,839
Payroll taxes	5,724	8,222	2,968	4,569	21,483
Life and health insurance	7,783	10,090	4,208	8,447	30,528
Retirement contri- bution	5,656	7,808	2,933	4,609	21,006
Technical advisory		33,934			33,934
Temporary help	262	383	26,910	210	27,765
Professional services	5,736	8,030	4,589	4,589	22,944
Occupancy	15,843	22,424	13,308	12,776	64,351
Equipment rent/ maintenance	2,310	3,234	1,847	1,870	9,261
Telephone	2,669	3,575	1,776	933	8,953
Dues, subscriptions and books	3,537	2,524	1,658	1,367	9,086
Delivery and messenger	513	732	411	530	2,186
Printing	843	480	274	274	1,871
Supplies	2,316	3,251	1,853	1,992	9,412
Postage	2,292	4,457	1,381	1,747	9,877
Travel expense	17,585	23,426	719	979	42,709
Depreciation an amortization	6,439	9,012	5,150	5,150	25,751
Conferences	1,133	6,504	651	1,415	9,703
Press services	49,215				49,215
Endowment planning expenses				12,711	12,711
Funding partnership		21,231			21,231
Other expenses	1,687	2,624	1,351	6,870	12,532
Totals	\$203,103	\$1,172,706	\$108,933	\$121,985	\$1,606,727

See notes to financial statements.

Grants

Grants are recorded as expenses and liabilities when the grants are approved by the Board and the grantees are notified.

Office Furniture and Equipment

Fixed assets are recorded at cost or, if donated, at fair value. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Contributed Services

Objectively measurable contributed services are reflected in the financial statements as both a contribution and expense. Donated services of \$7,500 and \$8,500 were received for the years ended December 31, 1991 and 1990.

Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deferred Public Support

Current funds restricted by the donor, grantor, or other outside party for particular purposes are deemed to be earned and reported as public support when the Foundation has incurred expenditures in compliance with the specific restrictions. Such amounts received, but not yet earned, are reported as deferred public support.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS, (Cont'd.)

STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 1990				Total
	Public Information	Grants	Development/ Fund-raising	General & Administrative	
Grants awarded		\$ 471,443			\$ 471,443
Salaries	\$ 53,851	87,441	\$ 96,532	\$ 45,347	283,171
Payroll taxes	4,174	6,887	6,261	3,699	21,021
Life and health insurance	7,813	12,815	11,748	6,723	39,099
Retirement contribution	3,838	6,376	5,759	3,262	19,235
Technical advisory		19,500			19,500
Temporary help	260	1,198	127	461	2,046
Professional services	7,656	7,032	10,662	4,195	29,545
Occupancy	12,141	20,033	18,212	10,320	60,706
Equipment rent/ maintenance	2,658	4,385	3,987	2,580	13,610
Telephone	2,117	3,244	2,168	893	8,422
Dues, subscriptions and books	1,448	1,984	3,068	1,072	7,572
Delivery and messenger	1,157	1,136	656	736	3,685
Printing	2,107	2,444	1,533	2,107	8,191
Supplies	2,089	3,177	2,575	2,457	10,298
Postage	700	1,250	1,072	645	3,667
Travel expense	8,923	16,814	5,250	4,535	35,522
Depreciation an amortization	4,860	10,936	4,375	4,132	24,303
Conferences	1,671	2,955	4,167	1,324	10,117
Press services	25,092				25,092
Other expenses	541	893	813	2,793	5,040
Totals	\$143,096	\$681,943	\$178,965	\$97,281	\$1,101,285

See notes to financial statements.

3 — Retirement Plan

The Foundation participates in a contributory defined contribution retirement plan. All full-time employees with at least one year of service are eligible to participate in the plan. Employees who elect to participate contribute 5% of their annual salary, and the Foundation contributes an amount equivalent to 10% of the participants annual salary. The Foundation's expense for the years ended December 31, 1991 and 1990 totaled \$21,006 and \$19,235.

4 — Lease Commitments

The Foundation has a lease for office space that expires in 1993. The minimum annual base rentals under the lease are as follows:

1992	\$62,964
1993	5,247
	<u>\$68,211</u>

Board of Directors

Honorable Robert J. Dole, Chairman, The Dole Foundation
Republican Leader, United States Senate

Robert S. Strauss, Vice Chairman, The Dole Foundation
Senior Partner, Akin, Gump Strauss, Hauer and Feld

Julia M. Walsh, Secretary-Treasurer, The Dole Foundation
Managing Director, Tucker Anthony

Justin W. Dart, Jr., Chairman
President's Committee on Employment
of People with Disabilities

Allan G. Freund
Vice President and General Counsel
Mercedes-Benz of North America, Inc.

James R. Jones
Chairman of the Board
American Stock Exchange

W.M. Keck, II
President
Coalinga Corporation

Gerald M. Lowrie
Senior Vice President
AT&T

Margaret E. Mahoney
President
Commonwealth Fund

Richard E. Marriott
Vice Chairman of the Board
Marriott Corporation

Russell W. Meyer, Jr.
Chairman and CEO
Cessna Aircraft Co.

Sharon Percy Rockefeller
President and Chief Operating Officer
WETA

David Stanley
Chairman and CEO
Payless Cashways, Inc.

Technical Advisory Committee

Henry Viscardi, Jr., Ph.D.
President Emeritus
National Center for Disability Services

Sheila H. Akabas, Ph.D.
Professor and Director
The Columbia University School of Social Work
Center for Social Policy and Practice in the Workplace

Jack G. Duncan
Attorney at Law
Duncan and Associates

Edward L. Meyen, Ph.D.
Executive Vice Chancellor
University of Kansas

Lawrence Scadden, Ph.D.
Director, Rehabilitation Engineering Center
Electronic Industries Foundation

Neal W. Nathanson
President and Chief Executive Officer
National Rural Development and Finance Corporation

Jay F. Rochlin
Former Executive Director
President's Committee on Employment of People with
Disabilities

Guy Stubblefield
Area Director
Rockford Area Projects with Industry

Professional Staff

Paul G. Hearne
President

Jeanne Argoff, Ph.D.
Associate Director

Randy D. Davis
Program Officer

Linda F. Tolson
Executive Secretary

Lori A. Enfield
Receptionist/Secretary

Special thanks to
Sandra Cawley, Bill and Selena Rissell,
Ann Deschamps, and Maryko Deemer
for their extensive service to The Foundation.



CONFIDENTIAL MEMORANDUM

TO: POLITICAL MEDIA

FROM: FABRIZIO, MCLAUGHLIN & ASSOCIATES

RE: 1996 REPUBLICAN PRESIDENTIAL BALLOT TEST RESULTS

DATE: JANUARY 12, 1993

Methodology: This survey of political attitudes was conducted exclusively among Republican voters nationally between January 4th through 7th, 1993 by Fabrizio, McLaughlin and Associates. All interviews were conducted by professionally trained interviewers via telephone. Respondents were screened for party affiliation and interview selection was random within predetermined election units. These units were structured to statistically correlate with the actual voter distribution of the 1992 Presidential election. This survey of 800 Republican voters has an accuracy of +/- 3.46% at the 95% confidence interval.

Summary: At this time, Housing Secretary Jack Kemp and Senate Republican Leader Bob Dole are tied for the lead in the fractured 1996 G.O.P. Presidential Race. Of the 11 potential candidates tested, Kemp leads the field garnering 21.6%. Dole scored 21.1%, creating a statistical dead heat between the two. The only other potential contenders to break into double digit support were White House Chief of Staff James Baker who received 11.3% and Vice President Dan Quayle who garnered 10.3%.

The ideological composition of Dole's and Kemp's support as compared to each other may be a precursor to the coming battle between the Moderate and Conservative factions of the Republican Party. Among Republicans who self-describe themselves as Liberal, Dole receives 23.7% to Kemp's 10.3%. Whereas, among self-described Conservatives, Kemp garners 25.1% to Dole's 18.5%. Among Moderates, Dole holds a slight advantage receiving 24.3% to Kemp's 20.8%.

While 1996 is still a long way off, it is clear that both the Moderate and Conservative wings of the Party have their leading candidate should they actively pursue the nomination. Now, the question remains as to how many other potential candidates jump into the fray forcing the fracturing of either or both of these wings.

Fabrizio, McLaughlin & Associates, Inc. • (703) 684-4510 • FAX (703) 739-0664
801 North Fairfax Street • Suite 312 • Alexandria, Virginia 22314

MEMORANDUM: POLITICAL MEDIA
JANUARY 12, 1993
PAGE TWO

Question:

"From the following list, who is your first choice for the Republican Presidential nomination in 1996?" (READ AND ROTATE CHOICES)

	<u>OVERALL</u>	<u>LIBERAL REPUBLICANS</u>	<u>MODERATE REPUBLICANS</u>	<u>CONSERVATIVE REPUBLICANS</u>
Jack Kemp	21.6%	10.3%	20.8%	25.1%
Bob Dole	21.1	23.7	24.3	18.5
James Baker	11.3	12.4	13.4	9.4
Dan Quayle	10.3	12.4	7.7	11.7
Dick Cheney	6.1	4.1	7.0	6.3
Pat Buchanan	4.0	4.1	2.1	5.1
Pat Robertson	2.8	4.1	1.8	3.3
Phil Gramm	2.5	1.0	2.1	3.3
William Weld	1.3	0.0	2.1	1.0
Pete DuPont	0.9	0.0	1.4	0.8
Bill Bennett	0.1	0.0	0.0	0.3
Other	1.6	0.0	2.5	1.0
Undecided	16.5	27.8	14.8	14.2

KEY DEMOGRAPHICS:

Respondent Ideology:

	<u>OVERALL</u>
Total Liberal	12.1%
Moderate	35.5
Total Conservative	49.3
Don't Know/Refused	3.1

Age:

	<u>OVERALL</u>
18-25	8.3%
26-40	32.9
41-55	26.1
56-65	11.8
Over 65	19.8
Refused	1.3

MEMORANDUM: POLITICAL MEDIA
JANUARY 12, 1993
PAGE THREE

Race:

	<u>OVERALL</u>
White	93.9%
Black	1.6
Hispanic	1.6
Other	1.3
Refused	1.6

Gender:

	<u>OVERALL</u>
Male	49.5%
Female	50.5

Region:

	<u>OVERALL</u>
New England	6.3%
Middle Atlantic	15.5
East North Central	18.5
West North Central	8.5
South Atlantic	15.8
East South Central	5.6
West South Central	9.8
Mountain	5.5
Pacific	14.6