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THE WHITE HOUSE
WASHINGTON

November 7, 1991

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MEMORANDUM FOR ANDY CARD

FROM: CHARLES E.M. KOLB *CEMK*

SUBJECT: Domestic Policy

I wrote the attached memorandum about three weeks ago and thought you might find it of interest. In addition to the three suggestions on economic growth (page 2), I would add expanded IRAs (for first time home buyers, college costs, and health care costs) and continuation of the soon-to-expire Targeted Jobs Tax Credit, the latter being coupled with Dole's unemployment benefits extension.

On the subject of the middle class and higher education, you might call up last night's MacNeil/Lehrer segment featuring Ed Rollins and Paul Begala (Wofford's campaign manager). Begala concluded his remarks by zinging us for simultaneously proposing capital gains tax cuts and more restrictive Pell grants which, while targeted on the neediest students, eliminate several thousand middle class kids from eligibility. Some Democrats are clearly taking their script from Peter Brown's new book Minority Party.

Hope this is helpful. I will have the information about charitable deductions for you shortly.

Attachment

SUBJECT: Domestic Policy After the Thomas Confirmation

If the Wall Street Journal is correct, the confirmation of Judge Clarence Thomas to the U.S. Supreme Court constitutes a major turning point in American life. In one sense, the confirmation revived portions of the New Deal coalition (i.e., southern Democrats, Blacks, and northern Catholics) who supported a Republican Supreme Court nominee, while at the same time splitting that coalition in terms of the interest groups and other organizations that represent traditionally Democratic perspectives in Washington. The clearest indication of this division was the sharp divergence between the popular support for Judge Thomas outside the beltway and the strong liberal interest group opposition inside the beltway. As a matter of legitimacy, it is clear that these groups have become increasingly divorced from their rank and file. They are, in short, on the run, and this opening constitutes a splendid opportunity for us to reemphasize certain critical themes of our domestic agenda.

1. Fairness

Democrats traditionally see "fairness" as an economic issue. Currently, it's a political issue which focuses squarely on the Congress. Average Americans want to know:

- why the Congress has exempted itself from some fifteen laws, ranging from civil rights and age discrimination laws to ethics and privacy laws,
- why the Congress grants itself special banking privileges unavailable to the rest of us,
- why term limits can't be enacted, and
- why congressional pay raises are enacted in the dark of the night.

RECOMMENDATION: We should submit, or at least enthusiastically endorse, legislation that subjects Congress to the same laws it has imposed on the rest of the people. We should also make greater mention of our support for term limitations.

2. Economic Growth

The public perceives, at best, only three Bush initiatives to restore economic growth: jawboning the Federal Reserve to lower interest rates, calls to the Comptroller of the Currency to ease up on bank regulations, and occasional references to capital gains tax reduction. A more visible effort is needed.

For example, RNC staffer David Hansen briefed several of us recently on the issue of "prosperity and the elections." He noted that incumbent presidents had been reelected since 1948 when the growth in real disposable income per capita in the twelve months preceding presidential elections had been 2.9% or above. Incumbents had lost when growth was 2.3% and below. Presently, growth in real disposable income per capita is negative, at -1%!

Additionally, during an election year voters go to the polls in November and vote based on their perceptions of the economy five to six months earlier, i.e., in May. This means that we have roughly seven to eight months to alter public perceptions about the economy's performance. Given the traditional lag time before economic adjustments are felt, we have no time to waste.

RECOMMENDATION: We should announce a three-part economic growth strategy which includes: (1) capital gains tax reductions (benefits upper income groups and the economy as a whole but needs to be packaged with benefits for middle income families and assistance for those in direst circumstances now, so couple it with. . .); (2) a rollback in the social security tax for middle income taxpayers plus restoration of the value of the personal exemption; and (3) passage of the Dole unemployment benefits extension legislation (takes the issue away from the Democrats).

3. Accountability

Two years ago George Mitchell blocked the capital gains tax reduction despite House passage and clear majority support in the Senate. If Mitchell had his way again this week, Clarence Thomas would not be headed for the Supreme Court next week.

The country is beginning to perceive that the Congress will do whatever it can to block the agenda of a popular Republican president. Thus, we should make congressional accountability an issue.

The fact is that Congress tries to block the President but cannot even manage to complete its basic assignments. This year -- once again -- Congress failed to enact appropriations bills in time to preclude another Continuing Resolution (CR). We signed the CR with nary a peep about Congress's ineptness. We face an obstructionist Congress, not a loyal opposition.

RECOMMENDATION: In addition to proposing necessary changes to the Senate's judicial confirmation process, we should be criticizing the Congress for failing to compete its work on

time. Specific instances could include appropriations bills and the series of pending nominations that it refuses to move. The Congress is preventing participatory democracy from working.

4. The Middle Class

Everyone in the White House complex who is interested in politics should read Peter Brown's Minority Party: Why Democrats Face Defeat in 1992 and Beyond. Brown's thesis is that Democrats simply fail to understand the needs and desires of America's middle class and pursue a series of fringe policies that appease their various constituent groups. Smart Democrats like Bill Clinton have figured this out; others are still learning.

Brown's arguments are also supported by David Hansen's demographics and polling data: most people today think their future will be better than the present or past. As Hansen wrote: "[f]or the incumbent president or party, individuals' expectations for their financial well-being in the future have a clearer relationship to election results than do perceptions of recent financial progress." Jimmy Carter missed this point and returned to farming peanuts.

Most Americans are middle class and aspire to move further up the ladder; most others aspire to become middle class. That's why the Democrats' traditional message which targets on the poor is doomed to failure. Ours has been a message of optimism; theirs one of pessimism. We need to keep it that way well into the future. The Thomas hearings did the country the tremendous service of identifying and recognizing the sizable and growing black middle class.

Most middle class Americans have four principal concerns: owning their own home, the cost and quality of their children's education, high quality and affordable health care, and secure retirement.

RECOMMENDATION: We should advocate strategies that directly benefit the country's middle class. While we can continue to target resources on the poor (and make those programs really work through services integration, restructuring, and other reforms), we should be talking about efforts to: (1) help the middle class afford college, and (2) save through Individual Retirement Accounts to buy a first home, finance postsecondary education, secure health care, or plan for retirement.

5. Higher Education

This issue is a subset of the above item on the middle class and could become a real sleeper issue during the election year. The Higher Education Act was last enacted in 1986 (a non-Presidential election year).

We have been relatively silent in the area of higher education. In part this is justified by the fact that greater reform is needed at the K-through-12 level in order to ensure a higher level of achievement for all Americans. Democrats, however, could point out that in the area where we have the largest say in terms of controlling the resources (*i.e.*, postsecondary education) we have been absent when it came to meaningful structural reform there as well. Bear in mind the fact that the Democrats have now adopted our concern about trade schools and student loan defaults, but they have pushed ahead with their own agenda in pursuing direct loans and Pell entitlements.

While our opposition to Pell entitlements is sound, we are now left in the unfortunate position of opposing structural reform in the principal middle class education program that provides subsidized student loans. As one person expressed it recently, "we are now on the side of welfare for lenders." We are in the position of proposing changes that merely prop up the unworkable status quo. Smart Democrats can have a field day with this position, not to mention the fact that our targeted eligibility reforms actually mean fewer middle class students receiving Pell vouchers so that more funds can go to the neediest students. This targeting approach is not necessarily wrong; it's just not enough.

If we are beyond the point of reconsidering our official opposition to direct loans, then we need to find a way -- especially in the FY '93 budget -- to send the signal that we are on the side of middle class parents seeking to send their kids to college. Again, our current posture is characterized by a negative approach. For example, the Education Department has recently been discussing ways in which the Internal Revenue Service can assist in the collection of student loans. This is a dumb idea which was actually proposed by Dukakis. As Peter Brown observed, Minority Party at pages 190-91: "Democrats actually thought it a plus to have the loan repayments collected by the IRS. They were totally ignorant of the deep loathing the middle class has of the IRS and, therefore, for anything that might expand its power."

RECOMMENDATION: We should aggressively pursue a more targeted middle class postsecondary education strategy which complements our current targeting-on-the-neediest strategy.

6. Empowerment

Clarence Thomas is the living embodiment of the President's empowerment agenda. Now is the occasion to rejoin the offensive on empowerment and promote more visibly those ten or so initiatives directly identified. The theme of enhanced choice and individual decisionmaking is also a powerful theme which could be used not only to characterize major portions of our domestic agenda but also to serve as a natural linkage with some of the recent developments in Eastern and Central Europe and the former Soviet Union. The triumph of individual choice and decisionmaking characteristic of the Revolutions of 1989 finds a direct counterpart in the President's efforts to reinvigorate participatory democracy at home (*i.e.*, school choice, child care, tenant management and homeownership, civil rights defined as opportunity and not just litigation, crime, term limits, PAC reform, and the "turnback" proposal). The central thread here is a simple one: command-and-control bureaucracies have been routed or are on the defensive around the world, including America.

RECOMMENDATION: Our critics say we're a foreign policy presidency only. We have a domestic agenda which is not only solid but which complements the President's foreign policy successes. Let's emphasize it.

7. Paying for These Ideas

Machiavelli once said that "I believe, believed, and shall always believe ... that it is better to act than not to act and regret." Bill Bennett was more to the point: "If you're not on offense, you're on defense, and it's better to be on offense."

We are currently perceived as being stifled when it comes to innovation by the budget deal. This is a phoney issue. We don't propose enough breakthrough ideas, and all the Democrats do is taunt us. Let's cut through this posturing: we can propose an economic growth package and expanded middle class initiatives by submitting recommended spending cuts to the Congress -- living within the terms of the budget deal, if that's what we choose. At least we'd be for something; let the Democrats who oppose our ideas be characterized as against spending reductions. If they oppose the cuts or other proposed ways to pay for these ideas, then that's their problem.

RECOMMENDATION: New initiatives that might cost additional money could be accompanied by proposed spending cuts or other ways to pay for them.

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THE WHITE HOUSE

WASHINGTON

November 7, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*
SUBJECT: Banking Legislation Saga

Bob Glauber, who has been managing the day-to-day negotiations on the Administration's banking reform proposals, reports that following the defeat of the banking bill on the House floor the Banking Committee has marked up a narrow bill that it will take to the Rules Committee either today or next Tuesday.

The narrow bill includes a \$70 billion recapitalization provision for the Bank Insurance Fund (which is widely viewed as necessary) coupled with regulatory reforms calling for early action by regulators before a bank becomes insolvent.

The rule will likely include an amendment permitting interstate branching of the opt-out variety. A state could take itself out over a three year period. This version of interstate branching passed the House 366-4 when the bill was on the floor earlier this week.

There is also some sentiment for giving the insurance agents something. They want a rollback of the Citicorp v. Delaware decision that permits a bank to form a state chartered subsidiary bank and sell insurance by mail across the country, notwithstanding that some states don't permit banks to sell insurance. This is the highest priority of the insurance agents.

They also want a rollback of the current provisions that allow national banks to sell insurance in any state in towns with populations under 5,000 inhabitants.

There are also indications that Chairman Dingell wants to give the securities industry a moratorium on Section 20 orders that allow major banks to underwrite securities. If this moratorium were enacted no order could be issued giving banks the right to underwrite securities.

Glauber indicated that the Rules Committee could act today and take it to the floor tomorrow or taking it to the Rules Committee on Tuesday and to the floor on Wednesday. He advised that the situation remains very fluid and estimated the chances of getting both interstate branching and the insurance changes at roughly 50-50.

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THE WHITE HOUSE
WASHINGTON

May 8, 1991

MEMORANDUM FOR ANDREW H. CARD, JR.

FROM: ROGER B. PORTER *RBP*

SUBJECT: Shipowner Subsidies

*Make sure
the Governor
sees a copy of this.
fudge*
THE CHIEF of STAFF
has seen

You may receive a call from the Department of Transportation (DOT) or the shipping industry regarding U.S. tax subsidies provided under the Capital Construction Fund (CCF) and the Construction Reserve Fund (CRF).

The Trade Policy Review Group, which is chaired by USTR, has recommended the U.S. agree to phase out the CCF and CRF as part of an OECD shipbuilding agreement. The agreement is designed to impose binding international disciplines on subsidies to the shipbuilding sector. Our shipbuilding industry believes that it can compete internationally if European, Korean, and Japanese subsidies are eliminated.

In negotiating an agreement, USTR has protected the President's campaign commitments by insisting that the Jones Act and the Antireflagging Act be exempted from coverage. However, other governments are insisting that the U.S. phase out the CCF and CFR. These programs are tax deferral/subsidy schemes for the purchase of domestically built vessels.

There are strong policy arguments for eliminating the CCF and CRF subsidies. USTR appears close to an OECD agreement. It is important that, as part of the agreement, other governments eliminate "home credit" subsidies for shipowners that have been used to channel money to domestic shipbuilders. In addition, Treasury estimates that the U.S. programs result in about \$200 million of lost tax revenue annually.

DOT has proposed as a fallback that the "domestic build" requirement be eliminated. This would open a major loophole in the OECD agreement. In addition, it is unclear why the U.S. should subsidize the purchase of foreign ships.

DOT was the only agency to oppose the TPRG decision. It may appeal to the White House, since the issue is politically sensitive. You may be targeted.

To deflect the pressure, you might point out that DOT has a right to appeal the TPRG decision to the Economic Policy Council (EPC).

THE WHITE HOUSE
WASHINGTON

Date: 12-24-90

FOR: *Roger Porter*

FROM: ANDREW H. CARD, Jr. *Andy*

☐ Action

☐ Your Comment

☒ Let's Talk

☐ FYI

*Pinckerton sent this
to me.*

December 15, 1990

MEMORANDUM

Re: **State of the Union "Field Hearings" and a White House Conference On Empowerment**

We propose that Administration senior figures take the President's message to grassroots audiences in various cities around the country prior to the State of the Union. In return, the President's empowerment agenda will gain momentum from the expressions of support bubbling up from the grassroots. These surrogate speakers for the President could include the Vice President and those cabinet secretaries who are particularly persuasive on empowerment issues, e.g, Sec. Kemp, Sec. Sullivan, Attorney General Thornburgh, etc.

We envision a series of "Field Hearings" throughout the country that will spark interest in and anticipation of what the President will say in his State of the Union. The audiences would appear as shills for the Administration but they will not be hostile audiences either. They would be made up of real people, who are sympathetic to the President's empowerment agenda, and who therefore support programs like tenant management of public housing, parental choice education, enterprise zones, and urban homesteading.

For example, an audience of low-income minority parents gathered together by Polly Williams in Milwaukee, or by Detroit School Board Chairman Lawrence Patrick in Detroit, could hear Jack Kemp talk about creating opportunity. An audience gathered together by Police Chief Reuben Greenberg in Mobile could hear Attorney General Thornburgh talk about the President's strategy on crime. Just as important, the Administration would be in a position to gather anecdotal evidence to buttress the President's empowerment message.

Such Field Hearings could culminate after the State of the Union with a White House Conference On Empowerment. It also might be useful to have an internal briefing on the President's vision of empowerment for the benefit of the White House staff and the Cabinet. Together, these Field Hearings, the White House Conference On Empowerment and the State of the Union itself, will accelerate the momentum created by the Economic Empowerment Task Force, resulting in a powerfully focussed Bush empowerment message.

Attached are three items related to this proposal:

- 1) A list of suggested participants for Field Hearings and a White House Conference On Empowerment.
- 2) Possible topics to be examined.
- 3) A short precis on empowerment.

**SUGGESTED PARTICIPANTS FOR
FIELD HEARINGS AND A WHITE HOUSE CONFERENCE ON EMPOWERMENT**

MARTIN ANDERSON	--	Hoover Institution
STEVE BARTLETT	--	U.S. Congressman
GARY BAUER	--	Family Research Council; Fmr. Domestic Policy Advisor to Pres. Reagan;
PETER BERGER	--	Boston Univ.
BRIGITTE BERGER	--	Boston Univ.
DAVID BOAZ	--	Cato Institute
CLINT BOLICK	--	Landmark Legal Foundation
KEITH BUTLER	--	Detroit City Council
STUART BUTLER	--	Heritage Foundation
DAVID CAPRARA	--	Public Housing Director, HUD
JOHN E. CHUBB	--	Brookings Institution; co- author, <u>Politics, Markets, & America's Schools</u>
DENIS DOYLE	--	Hudson Institute
PETE DUPONT	--	Fmr. Gov., Delaware
DAVID ELLWOOD	--	Harvard Univ.
JEFFREY EISENACH	--	Washington Policy Group
JAMES FALLOWS	--	<u>Atlantic Monthly</u>
PETER FERRARA	--	Cato Institute
CHESTER FINN	--	Vanderbilt Univ.
NATHAN GLAZER	--	Harvard Univ.
JOHN GOODMAN	--	National Center For Policy Analysis
KIMI GRAY	--	Kenilworth-Parkside Homes

OS GUINNESS	--	Sociologist, author
GERTRUDE HIMMELFARB	--	CUNY, author of <u>The Idea of Poverty</u>
MICHAEL HOROWITZ	--	Fmr. Gen. Counsel, OMB
ELAINE KAMARCK	--	Progressive Policy Institute
PAUL KAMENAR	--	Washington Legal Foundation
JACK KEMP	--	Housing and Urban Development
ALAN KEYES	--	Citizens Against Government Waste
IRVING KRISTOL	--	American Enterprise Institute
LESLIE LENKOWSKY	--	Hudson Institute
NICHOLAS LEMANN	--	<u>The Atlantic</u> Magazine
GLENN LOURY	--	Harvard Univ.
GARY MACDOUGAL	--	Russell Sage Foundation
LAWRENCE MEAD	--	NYU; author, <u>Beyond Entitlements</u>
TERRY MOE	--	Stanford Univ.
CHARLES MURRAY	--	American Enterprise Institute
RICHARD JOHN NEUHAUS	--	Editor, <u>First Things</u>
MICHAEL NOVAK	--	American Enterprise Institute
KATE O'BEIRNE	--	Heritage Foundation
DAVID OSBORNE	--	author, <u>Laboratories of Democracy</u>
LAWRENCE PATRICK	--	Detroit School Board
BURTON YALE PINES	--	Heritage Foundation
ROBERT POOLE	--	Reason Foundation
BERNARD SIEGAN	--	Univ. of San Diego Law School
THOMAS SOWELL	--	Hoover Institution

SHELBY STEELE	--	San Jose State Univ.
BEN WATTENBERG	--	American Enterprise Institute
PAUL WEYRICH	--	Free Congress Foundation
ANNETTE (POLLY) WILLIAMS	--	State legislator, Wisconsin
JAMES Q. WILSON	--	UCLA; co-author, <u>Crime and Human Nature</u>
ROBERT WOODSON	--	National Center For Neighborhood Enterprise
KARL ZINSMEISTER	--	Freelance Journalist

SUGGESTED AREAS OF FOCUS ON EMPOWERMENT

FIRST TASK: DEFINE TERMS

We should aim at clarifying the President's message on empowerment. The Field Hearings will act as both forums to broadcast the President message and as listening sessions to pick up on what is going on at the grassroots level that can inform the President's policies.

By contrast, a White House Conference On Empowerment will focus on the cutting edge of empowerment policies. We envision not only grassroots leaders but policy experts, activists, academics, and government officials, among others. A White House Conference On Empowerment should not, however, begin by leaving it entirely up to the participants to define empowerment.

We should also not define terms so strictly as to stifle participants from examining subtleties of the concept. Thus, if the conference were to put forward as the central question: "How can we empower people?" then there should be an additional question to elaborate and clarify terms, e.g., "How can the government, the private sector, and individuals create opportunities that make it possible for the poor to control their own resources, make their own choices, chart their own destinies, and realize their individual vision of the American Dream?"

POLICY CATEGORIES

Secondly, the both the hearings and the conference should arrive at a classification of the policy areas in which to apply the empowerment approach, although the hearings will concern themselves typically with one issue area, e.g., choice in education.

The various Cabinet Departments could act as categories, for example. With the exception of certain departments that may not apply to empowerment (e.g., Defense and State), the remaining departments would supply the essential divisions of education policy (DOEd), urban development (HUD), etc. The main virtue of this suggestion is convenience -- there are probably more natural ways to categorize the issues. We should be careful not to ignore particular issues that may or may not correspond to a particular department or to the federal government. Some representative empowerment issue areas would include, among many others, the following:

- Crime, Education, Welfare, Health Care, Housing, Consumer Affairs, Workforce issues, Tax and Regulatory affairs, Indian Affairs, Civil Rights & Minorities

BROADER ISSUES

Finally, there will be specific questions that a White House Conference On Empowerment would address, and which the Hearings would address seriatim, regardless of how the issues were categorized:

o What can be done to promote the family?

Possible subjects:

- Incentives to encourage families.
- Encouraging a "Culture of Character" to promote pro-family values.
- Preventing the break-up of inner city families.

o How can we encourage "mediating structures"

Aside from the family, how can we encourage other intermediating institutions, such as neighborhoods, communities, voluntary associations to function fully?

o How can we reduce dependency?

Should work always be required of welfare recipients in return for their benefits?

o How can we broaden the range of choice?

A crucial instance of empowerment is the choice in education movement that is sweeping the country. The school vouchers long advocated by economists such as Milton Friedman have been discovered independently by inner city activists like Polly Williams, the ex-welfare mother and prime mover in the education choice effort underway in Milwaukee. What can we learn from the choice in education movement that suggests lessons for furthering reforms both in education and other issues?

o How can we encourage entrepreneurship to bootstrap the poor?

The Peruvian economist Hernando de Soto has described how millions of micro-entrepreneurs in the informal sector of

the Third World's economy have organized themselves to produce wealth on a scale that rivals the businesses officially recognized by the state. Differences notwithstanding, there is an analogous yearning and capability among many of the poor in the United States. The White House Conference On Empowerment would examine ways to encourage entrepreneurship and self-reliance.

o What lessons can we learn from the poor in other countries?

-- What can we learn from the Eastern Bloc and Third World about the relation between poverty and bureaucracy?

o How can we deregulate the poor?

This question deals with the issue of how we can encourage economic liberty among the poor, low income, and minority groups by doing away with laws, licenses, and regulations that put entry-level occupations out of reach. Such restraints on economic liberty have been the focus of a number of what might be called empowerment activists, such as Clint Bolick, an attorney with the Landmark Legal Foundation and author of Changing Course, Civil Rights At the Crossroads.

A characteristic and well-known case Bolick litigated will serve as the example. A Washington, D.C. shoeshine stand operator, "Ego" Brown, decided to take his shoe shine stand outside to the street after high rents drove him out of the Ritz-Carlton Hotel. He often employed vagrants to help set up on various street corners. A Jim Crow-era law forbidding "bootblacks" from operating on the street prevented the business from continuing. The case was brought to federal court by Bolick and the law overturned. The White House Conference On Empowerment could highlight similar cases and draw conclusions leading to reforms.

o What is the role of the state and local government?

o How can we encourage competition among providers of services to the poor?

o How can we encourage flexibility and accountability in government programs addressing poverty?

-- Clearly define and promote integration of services.

o Other Questions Involving Methodology:

- What should we be measuring?
- What role can new technologies play?
- What can learn from the military?
- What lessons does the history of poverty and fighting poverty offer?
- What can be done at the grassroots level?

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December 12, 1990

A NEW PARADIGM OF OPPORTUNITY

Empowerment is a dramatic shift in approach toward poverty that moves away from the idea that the poor are liabilities and toward the notion that they can be assets. President Bush has called it part of his New Paradigm. This new paradigm, or model, of increased opportunity is based on the idea that the best way to create upward mobility is to broaden the range of choices available to people in arranging their lives. This is not a completely new idea, of course. The words of the Declaration of Independence suggest that every person is naturally empowered to begin with, and that no person can be disempowered beyond the rights that are naturally theirs.

The essence of the concept as it pertains to the poor is, in the words of the Heritage Foundation's Stuart Butler, "to make it possible for the poor to act like consumers, controlling their own resources and making their own choices. It means enabling community organizations to play a much larger role in catering to those consumers."

In the 90's, there is general agreement on what the goals of domestic policy should be: reducing poverty, improving education, restoring national competitiveness, etc. There is also an emerging consensus on methods, notably that markets work better than bureaucracies.

One way to broaden the range of choices is to remove the barriers -- centralized bureaucracies, for example -- that inhibit alternatives, stifle opportunity, and create dependency. Thus, a central principle of empowerment is what goes by the name perestroika in the Soviet Union and by reform in the United States, namely a restructuring of existing bureaucratic structures of the welfare system, the education system, the health system, the housing system, and the like, through the use of decentralized means, particularly vouchers, tax credits, and other incentives.

In education, characteristic empowerment policies are the encouragement of parental choice of schools and alternative certification of teachers and principles; in health care, the use of tax credits; in child care, the establishment of an Earned Income Tax Credit for childrearing families; in cities, the elimination of rent control and the introduction of enterprise zones and urban homesteading.

The new approach reflects several new strands of current thought on poverty:

- o One strand is summed up in the idea that the family is a

natural state of affairs and that any attempt to make new policy must "first do no harm" to this basic social unit. Beyond this principle, a number of ideas to promote the family have been promoted by a widely diverse number of thinkers ranging from Elaine Kamarck and William Galston, both associated with a moderate Democratic thinktank, the Progressive Policy Institute, to Gary Bauer and the Family Research Council on the Right of the political spectrum. Among the ideas to empower the family are proposals to further expand the Earned Income Tax Credit, a further tax credit for child care, and better enforcement of child support payments by fathers.

There is particular consensus on the idea of using tax incentives. The federal income tax burden on American families with children has soared by over 2,500 percent since 1948, far beyond increases faced by single individuals and married couples without children. To have the same value relative to income it held in 1948, today's personal exemption would have to be raised to about \$6,300.

The Family Research Council and the Heritage Foundation recommend increasing the personal exemption on federal tax payments beyond its current level of \$2,000 per dependent, arguing that this would greatly reduce the financial burden of maintaining a family.

So does the Progressive Policy Institute which, in its recent report "Putting Children First," suggests increasing the personal income tax exemption for children to at least \$6,000. Thomas Humber of the Heritage Foundation proposes increasing the personal exemption to \$6,300. As Humber says:

"Restoring the personal exemption to the equivalent of its level after World War II would allow that family to keep thousands of dollars more of its own money, making the family less dependent on government, improving access to health care, child care and education opportunities, and giving the working poor a fighting chance to climb out of poverty."

- o A number of different strands of the empowerment concept cluster around the ideas of Mickey Kaus, David Ellwood, Lawrence Mead and others that work should always be a required of welfare recipients in return for their benefits. Similarly, many welfare reformists advocate ideas such as time limits on benefits, guaranteed jobs, provisions for child care, and the like.

Mickey Kaus, in "The Work Ethic State," proposed that every American be assured a job, and that to be eligible for any benefits an individual must be employed. Pete Dupont proposed a "Work and Family Responsibility Plan," a job-opportunity program that offers jobs to all able-bodied Americans at 90 percent of the minimum wage. And in February 1990, the Progressive Policy Institute proposed an "American Working Wage," whereby every family with an employed member would be assured non-poverty status.

- o A crucial instance of empowerment is the choice in education movement that is sweeping the country. The school vouchers long advocated by economists such as Milton Friedman have been discovered independently by inner city activists like Polly Williams, the ex-welfare mother and prime mover in the education choice effort underway in Milwaukee.

The American people understand that education is also a competitiveness issue. They are also learning that education spending has increased -- in real terms by about a third over the last decade, while the number of students has remained about the same -- and yet educational performance, as measured by standardized tests such as the SAT, and by comparison with the students of other countries, continues to decline. Thus, a grassroots consensus is growing that the only way to attain true education reform is to infuse the system with competition and accountability by empowering parents with a choice in their children's school. A recent Gallup poll revealed that 63 percent of all Americans favor parental choice in public schools. Already, at least eight states have instituted choice programs.

- o Another strand is represented by Hernando de Soto -- Peruvian economist, head of the Institute For Liberty and Democracy, and author of The Other Path -- whose work was recently praised by the President. The essence of de Soto is that the poor represent a dynamic, entrepreneurial segment, which de Soto calls the "informal sector." Millions of micro-entrepreneurs in the informal sector of the Third World's economy have organized themselves to produce wealth on a scale that rivals the businesses officially recognized by the state.

These are street vendors, operators of unlicensed businesses, landless peasants who are squatting on the land surrounding cities -- the poorest of the poor. They are excluded from the officially-approved economy, thus they are disempowered. They lack the guarantees of property rights under a formal legal structure that we take for granted. This is not just a matter of formalities. Without being

able to prove ownership, it is difficult to get credit, to obtain mortgages, to liquify assets -- all the things that business must do in order to plan for the future and protect themselves against circumstances.

These people would hardly consider themselves to be "entrepreneurs" and yet they are, in a fundamental sense, every bit as much as Steve Jobs or H. Ross Perot are: they are people who by dint of their own initiative started an enterprise. Individually, that enterprise is perhaps but an atom compared to Apple Computer or Electronic Data Systems. But cumulatively, the effect is dramatic: in Peru, the "informals" work 61 percent of the man-hours and create 38 percent of the wealth.

Some Americans automatically assume that the rural poor and the inner city poor of America are incapable of entrepreneurial effort. The policies of empowerment change this perspective on the poor, so that the poor come to be seen as creative opportunities -- people who are, more than is now realized, waiting for the chance to engage in enterprise, however small in scale. De Soto calls this "Putting a paradigm into practice."

The effect aimed for is akin to the recent profound changes in perspective about Eastern Europe as a business opportunity. In a handful of months, nothing objectively has changed in the physical attributes of the Eastern European countries -- in outward appearance everything is the same: people, buildings, geography. But on the level of perceived opportunities, particularly business opportunities, everything has changed. Suddenly Eastern Europe is seen as vast fertile field of possibility. So can America's inner cities.

- o Another strand is represented by Clint Bolick, an attorney with the Landmark Legal Foundation and author of Changing Course, Civil Rights At the Crossroads. The essence of Bolick's work is to encourage economic liberty among the poor, low income, and minority groups by doing away with laws, licenses, and regulations that put entry-level occupations out of reach. This is recognizably a principle of thinkers from Milton Friedman's Capitalism and Freedom to journalist James Fallows' recent More Like Us, but Bolick has put these ideas into practice.

One of the cases Bolick litigated involved a Washington, D.C. shoeshine stand operator, Ego Brown. Ego Brown decided to take his shoe shine stand outside to the street after high rents drove him out of the Ritz-Carlton Hotel. He often employed vagrants to help set up on various street

corners. A Jim Crow-era law forbidding "bootblacks" from operating on the street prevented the business from continuing. Bolick took on the suit and the law was overturned in federal court.

Another one of Bolick's efforts, the Santos case, is now pending in federal court. It involves a young Hispanic cab driver who operated a jitney service in the Chicano neighborhoods of Houston. A jitney service is characterized by a fixed route, like that of public buses. Santos charged his passengers one dollar to travel anywhere they liked on his route. An anti-jitney statute was invoked and Santos had his license suspended. The anti-jitney statute dated from the early twentieth century, when Houston had a streetcar service that would have competed with jitneys. The streetcars have long since disappeared, but not the statute.

- o Finally, there are a number of old ideas, such as the Civilian Conservation Corps (CCC), that worked in the past and can be replicated. In the case of the CCC, it is being replicated today in some 39 states.

Empowerment is above all a fresh new approach, a more flexible way to fight poverty. The experience of the last two and a half decades in waging that fight has been sobering. But where the empowerment approach is being tried it is succeeding brilliantly: where tenants in public housing have been empowered to manage or even own their housing, the decay, the squalor, and the violence have suddenly diminished, as Kimi Gray has proven at Kenilworth-Parkside public housing project in Washington, D.C. Where parents have been empowered to have greater choice of the schools their children will attend, as Minnesota has done and as Polly Williams is trying to do in Milwaukee, quality of education increases.

Here are some guiding principles for such a New Paradigm of Opportunity:

- that the family must be encouraged.
- policies should be guided first by whether they produce results, not by what the "inputs" are (e.g., money, personnel, etc.).
- that competition among service-providers to the poor should always be encouraged.
- that organizations and decision-making should be

community-based

- that the mediating structures of society will be encouraged.
- that the first step is to agree that the present system doesn't work.

###

14
14
THE WHITE HOUSE
WASHINGTON

DATE: June 26, 1990

TO: Roger B. Porter

FROM: ANDY CARD *Andy*

Lee Verstanding called saying he has had a tough time getting a return call from you. He would like to talk about EC concerns regarding pesticides used on grapes. The issue may come up at the Economic Summit.

Sent to Roger Porter

THE WHITE HOUSE

WASHINGTON

June 25, 1990

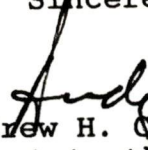
Dear Bud,

Thank you for your recent letter following up on my conversation with Governor Orr regarding the Kingsley Dam.

I also appreciated getting from Natalie Peetz the information urging the President to veto legislation designating a 76 mile stretch of the Niobrara east of Valentine, Nebraska, as a scenic river.

All the above will be shared with appropriate people here at the White House.

Sincerely,



Andrew H. Card, Jr.
Assistant to the President
and Deputy to the Chief of Staff

Mr. Bud Cuca
Special Counsel
Office of the Governor
Box 94848
Lincoln, Nebraska 68509-4848



STATE OF NEBRASKA

KAY A. ORR, GOVERNOR

June 14, 1990

Andy Card
Special Assistant to the President
For Intergovernmental Affairs
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: FERC--Relicensing of Kingsley Dam

Dear Andy:

The Governor requested that I prepare a short synopsis of our FERC issue for your information.

In 1938 the Federal Power Board (predecessor agency to FERC) issued a permit to the Nebraska Public Power District for the purpose of producing hydroelectric power from the Kingsley Dam on Lake McConaughy in west central Nebraska. The duration of the permit was 50 years. The current controversy deals with the reissuance of the license.

The FERC licensing process provides for a review and hearing followed by subsequent determination by the Commission as to the terms and conditions of the license. In making their determination FERC is bound under the Endangered Species Act to take into account the effect of their decision on wildlife habitat. A great number of endangered bird species roost in the Platte River in central Nebraska. Because Lake McConaughy provides essential water to these species and at the same time provides water to many irrigators in the area there is natural conflict between the irrigators and the environmentalists seeking to protect habitat. Governor Orr has taken the position that the best approach is to encourage negotiation and settlement between the irrigators and the various environmental groups. The prime irrigation group is the Central Irrigation District. The prime environmental group is the Whooping Crane Trust. Settlement has been difficult as both sides have shown intransigence.

Andy Card
June 14, 1990
Page 2

FERC did hold hearings on an interim license in late 89. Those hearings were viewed by the irrigators as less than fair and complete. Objectively, it is our view that FERC's hearing process, if not totally insufficient, certainly leads to the perception of being without due process. The result of those hearings was the issuance of an interim order which greatly depleted the level of Lake McConaughy and had the potential of greatly restricting irrigation. Several weeks ago FERC issued a stay to their interim order and things are back to normal for the time being. However, the larger issue of the long term license remains. Unless the negotiations lead to a successful conclusion, FERC must have additional hearings on the long term license.

Politically this is a difficult issue for Governor Orr. Her natural constituency is agriculture and if we were to choose sides it would be with the irrigation interests. We have tried to convince the irrigators that the best thing they can do for themselves is to realize that the Endangered Species Act is out there and FERC is bound to take it into effect. As such, the best approach for them is to negotiate a settlement. These arguments seem logical and practical but have been viewed by the irrigators as the Governor protecting the wildlife interest and not supporting their cause.

Should you desire additional information, please call me at (402) 471-2244.

Sincerely,



Bud Cuca
Special Counsel

KAO:bm



STATE OF NEBRASKA

KAY A. ORR, GOVERNOR

OFFICE OF THE GOVERNOR
ROOM 2316, STATE CAPITOL
LINCOLN, NEBRASKA 68509
(402) 471-2244
Fax No. (402) 471-0805

DATE: 6-16-90

FACSIMILE TRANSMISSION

NO. OF PAGES TO BE TRANSMITTED (INCLUDING COVER): 4TO BE DELIVERED TO: Andy CardFROM THE OFFICE OF: Natalie Peetz, Chief of Staff

REMARKS:

Andy

Governor Orr asked I fax the following info to you regarding the issue of the "Nebraska Scenic Area". Congresswoman Smith will probably be asking for a Presidential veto if the current Bill reaches the President's desk! Congressman Bereuter is not being very helpful.

Two Criticize Proposed Scenic River Study

By Paul Goodsell
WORLD-HERALD BUREAU

Washington — A proposed 30-month study of the Niobrara River — offered by Rep. Virginia Smith, R-Neb., as a substitute for designating the Niobrara as a scenic river — would be time-consuming and would open the door to projects like the Norden Dam, opponents of the amendment said Friday.

"This is not the innocuous little study amendment characterized by Mrs.

Smith, and it bears little resemblance to the amendment offered on behalf of Mrs. Smith during committee action on the bill," said Rep. Peter Hoagland, D-Neb.

Hoagland and Rep. Doug Bereuter, R-Neb., issued a joint press release Friday that criticized the proposed study amendment. The two are supporting a bill that would provide federal scenic river protection for a 76-mile stretch of the Niobrara east of Valentine, Neb.

Earlier, Mrs. Smith had sought a one-year study of the Niobrara. Her proposed amendment, which will be offered when the House takes up consideration of the Niobrara bill, would provide for a more extensive study before Congress would consider designation.

"This amendment would require an unnecessarily expensive and more time-consuming study than the 5(a) 'Wild and Scenic River' study Mrs. Smith has requested in the past,"

Bereuter said.

A spokeswoman for Mrs. Smith said the proposed study still is considered a "5(a)" study. It is more elaborate than the typical study, however, because there are more questions that must be answered when a scenic river runs through land that is mainly in private hands, the spokeswoman said.

Among other things, the Niobrara study would determine any restrictions

Please turn to Page 36, Col. 4

skilled health care other services, he said.

Community Employment
Planners need to look at as part of rural development, Cordes said, although even rural economy doesn't guarantee an area will have good care.

Some people involved in project see a local or area tool to attract local industry said. But many people fear the resource it is in itself, a survey of one hospital community of 7,000 found source of direct or indirect

Proposed Study of River Criticized

• Continued from Page 33

on development or land use needed to protect the river, identify all recreational facility and access points, and estimate instream flow requirement, erosion control measures, and economic benefits from recreational use.

Bereuter said Mrs. Smith's amendment would eliminate recreational river segments on the Niobrara and Missouri Rivers in his district and would drop studies of a proposed national park and a proposed national recreation area.

Mrs. Smith has criticized proponents of scenic river legislation for introducing a measure that affects her district, Bereuter noted.

Hoagland and Bereuter also said Mrs. Smith's amendment would protect water development projects on the Niobrara such as the Norden Dam. They cited a provision that would allow "continuation of all existing water development projects in the Niobrara River basin which have been developed or are under construction."

The Norden Dam-O'Neill project, which would inundate part of the Niobrara segment proposed for scenic designation, is considered dead because funding was cut off in 1982. But it has not been de-authorized by Congress, Bereuter and Hoagland said, and it could be considered "under construction" because part of it — a bridge on Plum Creek at Johnson Road — has

been built.

Mrs. Smith's spokeswoman said the Norden Dam is not an issue. Not only is the project dead, she said, but also no water projects could be built during the course of the 30-month study.

TV Crew to Be Paid From Mrs. Smith's Budget

WORLD-HERALD BUREAU

Washington — A television crew that filmed a press conference Thursday at the office of Rep. Virginia Smith, R-Neb., will be paid from the congresswoman's office budget, a spokeswoman said.

Earlier, The World-Herald reported that the free-lance crew was hired by the Republican Party, based on what the television crew had said. The press conference was held to announce the results of a poll on the Niobrara scenic river bill, which Mrs. Smith opposes.

Mrs. Smith's spokeswoman said the filming and transmission to Nebraska television stations will be paid as an official communications expense, not by a Republican Party organization.

United States Congress
House of Representatives

DOUG BEREUTER
1ST DISTRICT NEBRASKA

P.O. BOX 94794
LINCOLN, NEBRASKA 68509

June 14, 1990



The Honorable Kay Orr
Governor of Nebraska
State Capitol Building
Lincoln, Nebraska 68509

Dear Kay:

I'm sure you have already been or will be subjected to pressure by Virginia Smith, Jack Maddox, and others to flatly oppose the designation of a 76-mile stretch of the Niobrara River as a "scenic river" and to urge President Bush to veto the legislation if Congress sends it to his desk. Certainly I was disappointed when you backed away from your previous endorsement of the scenic river to the position of supporting only a study of such a designation. However, I do understand why politically that is a good position to take and I would certainly not criticize or comment on that new position. Likewise, in my judgment, Hal Daub is perfectly postured, in a political sense, with his support for a study.

However, I would say very candidly, that those who advise you to flatly oppose or urge a presidential veto are giving you about the dumbest political advice I can imagine. They have their own axes to grind and would unwittingly sacrifice your political future and the Republican control of the governorship to advance their ends. Not only does the 76-mile stretch of the river deserve such a designation, such a designation is broadly supported by the majority of Nebraskans -- of both parties and in all three congressional districts (last World-Herald poll) by a margin of 74% to 15% and even 65% to 20% in the Third Congressional District. You should see my supportive mail from Republicans in the 3rd District on this issue! (The latest poll commissioned by the highly prejudiced Nebraska Water Resources Association has several crucial faults and is not a valid indication of public opinion.)

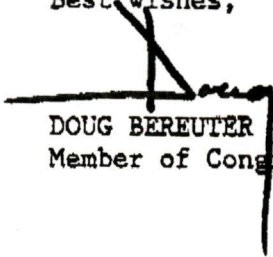
This scenic river issue is properly seen as a Federal issue and Nebraska voters don't perceive you to have a role in this matter. But if you flatly oppose designation there will be tens of thousands of Republican and independent voters who will have a reason to be upset with you. They will also know that President Bush will not veto a bill on this parochial issue unless he has consulted you and you express approval of such a veto. Then you are in the political soup.

The Honorable Kay Orr
June 14, 1990
Page 2

In short, Kay, here is one issue where you don't need to and shouldn't take any political lumps. The cadre leading opposition to the Niobrara designation are centered in the area of the moribund O'Neill Reclamation Project. They look to Virginia Smith to rescue them -- not you. You have very little to gain and a great many votes to lose if our well-meaning Republican colleagues pull you into this battle.

Thanks for reading this unsolicited advice. I wouldn't give you bum political advice simply to protect my necessary and heart-felt position on the Niobrara. Protecting Republican control of the governor's chair is too important for that kind of tactic.

Best wishes,



DOUG BEREUTER
Member of Congress

DB/s

P.S. Please treat as confidential. Thanks.

THE WHITE HOUSE

WASHINGTON

July 9, 1990

Dear Bret,

Thank you for your recent letter relative to White House Conferences on Children.

The material is in the pipeline, and we are taking a look at it.

Hope all else is well with you.

Sincerely,



Andrew H. Card, Jr.
Assistant to the President
and Deputy to the Chief of Staff

Mr. Bret S. Wacker
Langhoff & Wacker
Tenth Floor
207 East Redwood Street
Baltimore, Maryland 21202

LAW OFFICES
LANGHOFF & WACKER

A PROFESSIONAL CORPORATION

TENTH FLOOR

207 EAST REDWOOD STREET

BALTIMORE, MARYLAND 21202

STEPHEN D. LANGHOFF
BRET S. WACKER

TELEPHONE (301) 332-1010
TELECOPIER (301) 332-4511

June 28, 1990

Andrew H. Card, Jr.
Deputy to the Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

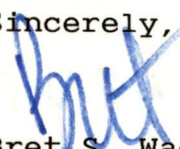
Dear Andy:

It was great to talk with you today. I hope all continues well for you.

I have enclosed a two page brief history on the past White House Conferences on Children composed by the individuals from the Bush Center in Child Development of Yale University for your information. I realize the pressure that you are under to do various Conferences, so this will conclude my efforts on this matter unless I hear otherwise from you.

Again, it is always great to talk. The President continues to do a terrific job, even from the subjective eyes of his biggest fan in Baltimore. Take care and say hi to Kathy and the children. Remember too, I am always available to lend a hand if needed.

Sincerely,


Bret S. Wacker

BSW/mlp
Enclosures

BRIEF HISTORY OF THE WHITE HOUSE CONFERENCES ON CHILDREN

The White House Conference on Children was a venerable institution in American life from its creation during the administration of Theodore Roosevelt. Following the 1906 introduction in Congress of the first federal law barring child labor, the Conference was established in 1909 and met every ten years until 1970.¹ The Conference was discontinued during the Reagan administration.

The 1909 Conference, entitled Conference on the Care of Dependent Children, brought together over 200 child welfare workers and is credited with speeding efforts to aid mothers with dependent children, establishment of a national voluntary child welfare organization, growth of adoption agencies, and development of higher child care agency standards. One of the most significant outcomes of the first Conference was the 1912 creation of the Children's Bureau.

The second Conference, again assembling 200 participants, focused on the issues of maternal and child health, the modestly-funded Children's Bureau having directed its first ten years towards improving child health and reducing maternal and infant mortality. The 1930 Conference was much broader in scope, dealing with education, mobility, labor, vocational training, the family, and recreation as these affected the child and adolescent. Although the 1930 Conference participants numbered 3000 and included representatives from local child welfare groups as well as leaders from the medical, educational, and social fields, the proceedings were dominated by the reports of pediatricians and educators and presentations by psychologists.

In the midst of the Depression, the 1930 Conference stressed the importance of shielding the young from the negative effects of economic privation. There was also an emphasis on avoiding the excessive use or misuse of standardized tests in rank-ordering children. The 1940 Conference was overcast by World War II, and the word "democracy" figured prominently in its published proceedings. Yet mobilization for war brought significant progress in maternal health and the cooperation of communities in health care and education service planning. The school system, in addition to the family, was perceived as a second locus for meeting childrens' needs.

¹ The remaining six Conferences were: Conference on Child Welfare Standards (1919), the White House Conference on Child Health and Protection (1930), The White House Conference on Children in a Democracy (1940), the Midcentury White House Conference on Children and Youth (1950), the Golden Anniversary White House Conference on Children and Youth (1960), and the White House Conference on Children and Youth (1970).

The 1950 Midcentury Conference was unusual in many respects. Although its proceedings were cast in rather pessimistic terms (perhaps because of nuclear threat and the cold war), it included a broad spectrum of participants such as citizens' groups, clergy and youth, and it relied in its recommendations on the work of development psychologists and social workers.

In 1960, the Conference reflected a growing concern for the perceived breakdown of family life and the alienation of youth. The special issues of adolescence figured prominently as the participants struggled to discover ways to deal with a growing delinquency problem. In an effort to prevent delinquency by strengthening family life, many recommendations were for the adoption of parent education in high schools, to help young people deal with the responsibilities of marriage and parenthood. In numbers attending, this Conference was huge: 7,600 participants.

The most recent Conference, held in 1970 and attended by 1318 delegates (915 of which were youth), recast children's developmental, health, and educational "needs" in terms of their "rights" or intrinsic entitlements. Special emphasis was given to the needs of younger children. Repeatedly, the proceedings called for the greater involvement of the federal government in addressing family needs and for the reordering of national priorities. The 1970 Conference participants voted the need for comprehensive, federally-funded child care programs to be the "number 1 priority" among child related issues for the decade. The delegates recommended that these be "family centered, locally controlled and universally available, with the priority given to those whose needs are greater." Further, it was urged that developmental cognitive, and health programs involve the entire family. Family stability, and family assistance programs contributing to that stability, were also emphasized.

Primary references: Rochelle Beck, "The White House Conferences on Children: A Historical Perspective," Harvard Educational Review, 1973, 43, (4) 653-668.

White House Conference on Children - Child Development Recommendations, U.S. Government Printing Office: Washington, D.C. 1971.

THE WHITE HOUSE
WASHINGTON

DATE: 6-5-90

TO: Roger Portes

FROM: ANDY CARB *Andy*

Richard Breeden tells me
he has done much re. the
development of capital markets
in Eastern Block countries.

Should we touch base
with Richard prior to the
Economic Summit?

cc. Gov. Summers.

To Roger Porter
FYI
sent 3/26/90
↑

AC HAS SEEN

March 22, 1990

Mr. Andy Card
Assistant to the President and
Deputy to the Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Andy:

Secretary Sullivan's March 7, 1990 food labeling speech certainly touched a nerve with the nation's editorial writers. Enclosed for your information is a cross section of editorial opinion.

The April 4, 1990 Senate Labor and Human Resource Committee markup of food labeling will address the national uniformity issue, it may be helpful to keep these views in mind.

Sincerely,

Jeff

Jeffrey Nedelman

Let me know how we can help on food safety:
this labeling issue.
JN

Clarify the labels on groceries.

When it comes to grocery shopping, the best solution these days seems to be to take a linguist, a scientist and a mind reader along in the cart to read and to understand all the labels.

So suggests Health Secretary Louis Sullivan, who has proposed major changes in the Food and Drug Administration's requirements on food labeling.

Without improved nutrition information, how do consumers, bombarded by food labels that claim "high fiber" and "low fat," decide which brand of bread, cereal or frozen dinner to buy? How can you tell that lean, light or 95 percent fat-free food labels can, in fact, be stuck on items loaded with fat?

Dr. Sullivan's plan, to take effect next year, would require labels with nutritional information on nearly all foods that are meaningful sources of nutrition. For example, it would be mandatory to provide information on amounts of saturated fat, fiber, cholesterol and percentage of calories from fat.

The best hope for consumers lies in the second phase of the plan, in which food manufacturers would be required to define health-related labeling terms such as "low fat" and "high fiber." In addition, the FDA will study whether to require a listing of ingredients by percentage. The agency currently requires listing of ingredients only by predominance of weight.

Will these changes end the confusion on the grocery shelves for consumers? If only it were that simple. Even with the labeling changes, food industry representatives are concerned that individual states could still adopt their own labeling standards. There's also food labeling legislation in Congress to achieve the same end, with even tougher rules. Those concerns should be addressed in the FDA changes.

A Babel of Babbling Labels

Last week Health and Human Services Secretary Louis Sullivan warned that the supermarket was becoming "a Tower of Babel" because of conflicting health and nutritional claims on everything from diet drinks to date bars. His proposed solution? A "comprehensive reform of the nation's food labeling" that would make matters worse.

Under Dr. Sullivan's proposed rules, the Food and Drug Administration (FDA) would set a single uniform set of guidelines and definitions, among other things requiring nutritional labeling on the 40 percent of foods that still don't have such labels. States would be free to set their own individual standards on top of Washington's.

The likely effect? To make the supermarket an even more confusing place than ever — a veritable Babel of babbling labels.

Ironically, two food labeling bills now on Capitol Hill, authored by consumer-manics Rep. Henry Waxman, D-Calif., of the House and Sen. Howard Metzenbaum, D-Ohio, while also unneeded, do at least preempt most state nutrition labeling. Without such preemption, states with grandstanding politicians will move to impose supposedly tougher standards, just to outdo the federal government in their "protection" of the consumer. Instead of changing the present 20,000 labels to conform to one standard, Dr. Sullivan would permit — even promote — 50 x 20,000 labels. That's a potential of one million separate food labels.

The expense will be borne by the consumer, of course. But the requirements will also make it tougher on small food producers and companies



Louis Sullivan

trying to get a toehold in the marketplace. Big companies will find it much easier to pay the up-front labeling costs of the new regulations and master the bureaucratic hurdles that labeling rules pose.

Secretary Sullivan's own agency has been participating in an interagency study of food labeling that was supposed to be finished by this summer. Rather than wait for the results, Dr. Sullivan decided to move ahead. Even his fellow Cabinet member, Agriculture Secretary Clayton Yeutter, has expressed "frustration" at this unexpected move.

Food labeling became a hot issue after California voters last year passed Proposition 65 requiring danger labeling on all products that contain even minute amounts of alleged cancer-causing agents — even in cases where the products have been declared safe by federal agencies such as the FDA.

At the moment, Prop 65 is tied up in the courts. Secretary Sullivan had a chance to head it off by arguing for a simple national health and nutrition labeling standard — for example, that food claims must be substantiated and not mislead the consumer. Instead, he encouraged still more costly political adventurism both by the FDA and the states.

The labeling mania ignores the growing evidence that we know far less about health risk from food than we think we do. For example, as Consumer Reports reported last January, "a growing body of scientific evidence indicates that the role of dietary salt as a threat to health has been greatly exaggerated." Yet one of the guidelines in the FDA's proposed "consensus" is that salt is dangerous to human health.

At its root, Dr. Sullivan's proposal assumes consumers are too stupid to sort out conflicting claims and need government to do it for them. The role of the FDA — the role the Federal Trade Commission now plays — should be to stop flagrantly unfounded claims. Otherwise it should stay out of the marketplace and tell states to do the same.

Closing a nutritional loophole

40
Finally, the federal government has acknowledged the need to decipher the grocery-store Babel of competing food labels promising healthier, thinner bodies. Health and Human Services Secretary Louis W. Sullivan's proposal for uniform nutrition labeling is especially appropriate in that it was the federal government that helped create today's anarchy in food labeling when it lifted restrictions several years ago.

Food claims now are often overblown or misleading. "Lite" products may taste lighter rather than be less fattening; "low cholesterol" items can be packed with highly saturated vegetable oils suspected of contributing to heart disease. And some labels are indecipherable.

An estimated 40% of all packaged food products carry no nutritional information at all.

Sullivan's proposal would be the first reform of the nation's nutrition-labeling system in 17 years. It should add fire to two bills, including one sponsored by Sen. Howard M. Metzenbaum of Ohio, that also seek uniform requirements and that might be able to accomplish the same goals in shorter time.

The plan has one fault: It would allow states to adopt tougher requirements. That may look appetizing to consumer groups, but it's a plate of trouble. Industry lobbyists rightly warn against the expense and headaches.

The obvious solution is for the federal standards to be as tough as possible.

The proposal as it stands would require vir-

66

The plan has one fault: It would allow states to adopt tougher requirements. That may look appetizing to consumer groups, but it's a plate of trouble.

tually all food packaging to list fiber, saturated fat and cholesterol content and to itemize the percent of calories derived from fat. Definitions of such claims as "low fat" and "high fiber" would be standardized. Stores would carry brochures on the food value of fresh produce.

Right now, only products with added vitamins or those that make certain, limited nutritional claims must carry nutrition labeling. That only applies to about 30% of food items. Yet manufacturers have rushed to make various claims to capture the growing market for healthful foods. The American Heart Association offers its own good-for-the-heart imprimatur, for a price.

Nutrition labels should not be just for the highest bidder. Under the proposed new guidelines, manufacturers won't be able to get away with unsupported claims. "Let the buyer beware" will soon have the corollary, "Let the buyer be aware."

THE ATLANTA CONSTITUTION

For 121 Years the South's Standard Newspaper

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Managing Editor

PAGE A10, MONDAY, MARCH 19, 1990

Sullivan to serve up better nutrition labels

The need for clear, uniform nutrition labeling should be obvious to anyone who has entered a grocery store in recent years. The array of "lite" foods, not to mention the "high-fiber" and "low-fat" items, is thoroughly bewildering.

What exactly do those terms mean? In fact, do they mean anything? In recent years, more and more manufacturers have been using nutritional claims to promote packaged food. Yet the Food and Drug Administration (FDA) has allowed companies to confuse consumers intentionally.

At last, the slumbering FDA has been given a wake-up call by Health and Human Services Secretary Louis Sullivan. Recently, Dr. Sullivan announced plans to require makers of packaged foods to display information about saturated fats, fiber, cholesterol and calories from fat. The government also intends to craft uniform definitions for marketing terms such as "high fiber" and "low salt."

Most manufacturers appear willing to accept the new labeling program but are fighting one aspect of it — and with good reason. One provision would allow states to impose their own labeling requirements on

top of federal rules. The food industry rightly is concerned that state labeling would result in confusion and unnecessary expenses as producers struggle to meet 50 different standards.

Consumers would be better served by a single, uniform program that is meaningful from coast to coast. Federal pre-emption would help manufacturers hold down production and marketing costs as they adjust to the new requirements.

While the industry is worrying about state standards, consumer groups are concerned that Dr. Sullivan has put forth this plan to head off congressional action on labeling. Consumer advocates worry that the slow-moving FDA bureaucracy will delay the new labeling system for years.

But Dr. Sullivan appears to be sincere when he says he wants to end the "Tower of Babel" in the supermarkets. While the FDA's performance has been dismal in recent years, consumers have every reason to believe Dr. Sullivan intends to be an effective leader who will not shirk his duty to help them buy nutritional foods.

Chicago Tribune

FOUNDED June 10, 1847

STANTON R. COOK, *Publisher*JOHN W. MADIGAN, *President*JACK FULLER, *Editor*LOIS WILLE, *Editorial Page Editor*F. RICHARD CICCONE, *Managing Editor*DOUGLAS E. KNEELAND, *Associate Editor*COLLEEN DISHON, *Associate Editor*DENIS GOSSELIN, *Associate Editor*

2 Section 4 ★

Sunday, March 18, 1990

Voice of the people

Nutrition labeling should be uniform

WASHINGTON—Health and Human Services Secretary Louis Sullivan's plan to require nutritional labels for virtually all packaged foods incorporates the recommendations of the most recent government studies, which call for more fat, fiber and cholesterol information.

But rather than making a final determination concerning the kinds of diet and health information that should be on food, the administration's approach invites states to impose different and conflicting health information requirements.

Grocery Manufacturers of America believes consumers deserve a modernized nutrition label, and manufacturers are ready to undertake the enormous job of changing more than 20,000 food labels typically found in a grocery store. However, a national industry should have an assurance that it will be able to market its products in interstate commerce without undue interference from the states.

Our food supply is national. For example, grain grown in one state often moves across state borders for milling. The flour is often then

shipped to a third state for manufacturing. A finished product—a cake mix, breakfast cereal or box of cookies—is distributed to all 50 states.

Our diet is homogeneous. In short, people are people and they eat basically the same foods, whether it is in Washington, D.C., or Walla Walla, Wash.

Once the federal government uses the best science available and determines what kinds of diet and health information should appear on a package of food, these decisions, in our judgment, should apply uniformly across the country.

The federal government should set the health policy for the nation. All consumers deserve the same accurate information about the relationship between diet and health. The abilities to manufacture on a large scale and to move products efficiently are major reasons why our food supply is the most diverse and affordable in the world.

Jeffrey Nedelman

Vice president, Public Affairs
Grocery Manufacturers of America Inc.

Chicago Tribune

FOUNDED Nov. 10, 1847

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Wednesday, March 14, 1990

Food labeling plan needs one additive

Bombarded by advertising and the media, a growing number of Americans are preoccupied with eating right. That can be a complicated and frustrating job. You scan food packages for help only to find a barrage of confusing, exaggerated, misleading or meaningless information. Sometimes all of the above on the same can or carton.

On about 40 percent of the packages, there is no nutritional label at all.

People with special dietary needs deserve a consistent, standardized labeling system that gives useful data based on scientific and nutritional evidence. So, for that matter, does everyone else who wants to stay healthy and raise healthy children.

A Bush administration initiative would require that kind of information on virtually all packaged foods. It would be the first substantial change in federal nutritional labeling since 1973, and would reflect much of what has been learned about the relationship between eating and health in the intervening years. The rules, announced last week by Health and Human Services Secretary Louis Sullivan, are not quite as tough as those proposed in a Democratic-sponsored bill before Congress, but they give you what you need to know when you shop: the amount of calories, sodium, dietary fiber, saturated fat, cholesterol, protein and carbohydrates, and the amount of calories from fat.

Sullivan also may require that nutritional information about fresh fruits and vegetables be posted in grocery stores. And Agriculture Secretary Clayton Yeutter has promised to provide more consumer information on meat and poultry products, which his department regulates.

The rules can take effect without congressional approval, but only after a period of public comment that could stretch over a year or more. Congress can do it faster—and it should, if it looks as if the administration is dawdling.

Grocers' and food processors' associations reacted favorably to Sullivan's announcement. They know today's consumers want this information. But the industry groups zeroed in on one big weakness of the plan, and it needs to be corrected. They are upset that Sullivan, apparently with the blessing of President Bush, would do nothing to prevent states from imposing their own requirements on top of the federal rules. Several may be on the verge of doing that.

Voters in California, where wacky pseudo-environmentalists are trying to terrify people into eating nothing but nuts and gruel, will have on their fall ballots a referendum creating a state labeling system that borders on the hysterical. Massachusetts also is considering setting up its own system.

Federal control over labeling and pesticide use is a sensitive political issue in California. Sen. Pete Wilson, a Republican candidate for governor, is getting heat from some Democratic foes pushing for stricter state rules. The White House, apparently to avoid handing them an issue to use against Wilson, agreed to let states create their own food and drug administrations that supersede the federal one.

That's an acute embarrassment for Yeutter, who for years has been crusading for removal of trade barriers worldwide and for compatible international health regulations for agriculture. "Consumers will pay a significant cost if we end up with different labeling systems in 50 states," he said. "That doesn't set a good example for the world."

Americans have the safest and most regulated food supply system in the world. The rules proposed by Secretary Sullivan will fortify it with information of considerable benefit to consumers. Individual states can and should press for changes in these rules as new scientific information about nutrition and health is accumulated. But states should not be allowed to erect barriers to interstate commerce or international trade.



6A • MONDAY, MARCH 12, 1990 • USA TODAY

C. MANLY MOLPUS

An opposing view

Don't let states get into the act

WASHINGTON — Consumers should be helped, not confused, by food labels.

However, to allow the federal government and the 50 states to determine independently what goes on a food label would result in more confusion, loss of credibility for the federal Food and Drug Administration, add cost to food products and impede international trade.

While food labels should be modernized to reflect advancements in nutrition, 51 different food-labeling requirements would then truly be the tower of Babel revisited.

The key issue is how to best assure that every U.S. consumer will be able to walk into a supermarket anywhere in this country and receive diet and health information that is scientifically sound.

The federal government should make that determination, and the information should be uniform throughout the country.

However, last week the U.S. Health and Human Services Department apparently opened Pandora's box by inviting the states to write their own labeling laws. This is the wrong answer for the USA.

This is not a debate between federal and state rights. It is a question of who should decide what information goes on 20,000 food labels.

There are two important reasons why food la-



C. Manly Molpus is president and chief executive of the Grocery Manufacturers of America.

beling must be national in scope:

► First, labeling decisions depend on science. Only the federal government has the resources to research and make the difficult judgments for over 250 million people who basically eat the same foods.

► Second, a crazy-quilt pattern of state regulation sets a dangerous precedent for agribusiness, which will hurt U.S. competitiveness abroad. As we move

toward a global marketplace, we should not move backward by erecting barriers between the states.

Our food moves from the farm to manufacturing plant to supermarket to pantry. It makes no sense at all for peanuts grown in Georgia and made into peanut butter to have a different label for each state in which it is consumed.

We need one set of tough, uniform rules to assure that all Americans are informed and protected.

One national label will provide the best protection for all Americans.

The Washington Post

AN INDEPENDENT NEWSPAPER

Fats and Other Food Facts

PERHAPS there are a few niacin, thiamine and riboflavin lovers out there in the nation's supermarkets who will be disappointed by HHS Secretary Louis Sullivan's recent announcement on nutrition labeling. But they are surely in a tiny minority. We suspect that a lot of Americans applaud the secretary for promising to develop and make mandatory a national system of labeling that will clearly tell consumers what they want to know about the food they buy. Some information, such as that now provided on the vitamins listed above, would no longer be required. But far more important facts would be made available on ingredients people want to know about: fat, cholesterol and sodium. The new regulations will also take care of two other irritating label problems by developing uniform serving size information and standard definitions for elusive terms like "lite" and "natural."

This proposal follows on Dr. Sullivan's pledge last month to stiffen the rules on health claims made by food manufacturers. Consumer confusion prompted a demand for some kind of government standards and regulation, which had been growing for some time. What good is it, for example, for some bananas to be labeled "cholesterol free" when from time immemorial, *all* bananas have been cholesterol free? Are cookies sold as "low in saturated fat" some kind of health item when

56 percent of their calories are derived from unsaturated fat, and most of the rest from sugar? Isn't a calorie counter likely to be misled by olive oil sold as "light" when the manufacturer defines the term to mean only "milder tasting." The whole misleading mess was creating chaos and preying on consumers' interest in health and fitness.

Dr. Sullivan's proposed regulatory scheme is not the first solution to be proposed. Legislation introduced by Sen. Howard Metzenbaum and Rep. Henry Waxman has been through subcommittee markup in each house, and legislators, even though they welcome the secretary's initiative, will continue to move the bills. Some believe a statutory approach is less susceptible to legal challenge than regulations would be; others claim passing a bill will take less time than implementing regulations. We believe that Mr. Waxman's bill does have a sensible provision that should be incorporated in any final compromise. He would allow federal law to preempt state law in this area so that manufacturers won't have to devise a possible 51 different labels for each product. Uniformity is needed, and Dr. Sullivan's failure to agree on this point is puzzling. Overall though, his initiative is welcome. Any government proposal that is good for peoples' health, costs taxpayers and business almost nothing and makes consumers so happy has got to be labeled a winner.

Opinion

Monday, March 12, 1990

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Food Labels

States generally aren't keen about relinquishing their regulatory rights to the federal government. For good reason: Federal regulators have proved themselves to be slow, disinterested or susceptible to pressure from lobbying groups. And in a number of areas — Vermont's regulations on chlorofluorocarbons, for example — states have ventured into territories where the federal government has feared to tread.

A group of local food producers, however, has convinced us that there is at least one regulatory area — packaged food labeling — where upholding states rights' might do more harm than good.

Long overdue, the Food and Drug Administration has proposed new regulations for nutritional information on packaged food. The proposal aims to fix two glaring problems — a lack of basic nutritional information that has left consumers in the dark about the value of the food they're buying and contradictory and vague claims in the information that is supplied.

Now, only about 60 percent of packaged foods carries nutritional information. That makes it difficult for consumers to know what packaged foods meet their dietary needs. The FDA seeks to require virtually all packaged foods to contain adequate information about such things as saturated fats, cholesterol and calories from fat. The federal government also wants to establish uniform definitions for various health claims such as "low fat" or "high fiber" so that food labeled as such will reflect something more than the marketing strategy of their manufacturers.

Unfortunately, the federal government is also amenable to giving states the freedom to establish more stringent labeling requirements. That would pose only a minor problem for large manufacturers that sell their products in sufficiently high volume to mitigate the extra costs of producing and warehousing differently labeled products. But for smaller food companies — of which a surprising number have been born and nurtured in the Upper Valley — a patchwork of regulations might seriously hamper their ability to survive.

Varying labeling requirements pose several hurdles to small food-manufacturing companies. To begin with, companies must shoulder the additional expense of printing different labels. For many small manufacturers, labeling costs represent a significant portion of their manufacturing costs. In the case of Lotta Rock Dairy of Littleton, N.H., for example — one of the few regional dairies still around — the label on a half-gallon of ice cream accounts for 8 percent of that product's manufacturing cost.

Small companies would also be forced to manage the distribution problems of handling, holding and shipping the differently labeled products to different states. For states where a company's business is not overwhelming, they may simply be forced to drop distribution in the state or scale back the number of products they sell. Or they could try to recoup their extra costs by increasing prices, which for many specialty manufacturers are already comparatively high. Needless to say, many small specialty-item manufacturers aren't operating on high margins and don't have all that much wiggle room to absorb lower profits or reduced sales.

In the past, states have felt compelled to write their own regulations because the federal government has been lax. Food manufacturers who want to see uniform regulations could aid their cause by pressuring Congress to insist on a set of regulations that can be regarded as sufficiently stringent to meet consumers' demands. The food manufacturing industry could then argue that the regulations, accompanied by a prohibition on individual state requirements, would offer protection for consumer and seller alike.

EDITORIALS

The Seattle Times

AN INDEPENDENT NEWSPAPER

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RIGHT INGREDIENTS

Food-labeling plan is a positive step

CHOLESTEROL. Dietary fiber. Saturated fat. Calories from fat.

Consumers have a right to know how much of those vital health-related substances are in the foods they eat.

Yet none of those four is included on the nutritional labels that now appear on most packaged foods.

They should be. And under a new mandatory labeling system proposed by Health and Human Services Secretary Louis Sullivan, they would be.

In addition, his plan would give formal definitions for such phrases as "high fiber" and "low fat." That's long overdue. As it is now, those phrases can mean almost anything.

Congress and several administrations have debated food labeling for years. Sullivan's proposal won't end the debate.

Some in Congress still want to pass a law so they can take the credit. But that could take even longer than the Food and Drug Administration action that Sullivan recommends.

The food industry wants guarantees that rules will be uniform nationwide, so individual states can't pass tougher requirements. That's reasonable; making different labels for different states would be burdensome and increase prices.

Sullivan's recipe may need some fine-tuning, but it contains all the right ingredients for better-informed decisions by consumers at the supermarket.

The Miami Herald

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FDA's 'lite' solution

WITH MANY Americans trying to take control of their health, it's too bad that the Federal Government is so timid about helping them. Perhaps within two years, the Feds may require that most packaged food have the labels that now appear on two-thirds of packaged food and that those labels include information about saturated fat, fiber, cholesterol, and calories from fat.

Then, in the future, the Food and Drug Administration (FDA) will define what "low fat" and "high fiber" mean officially. And then the FDA will get around to revising the label altogether. And on top of that, the states may be allowed to impose their own requirements for labeling.

If this is the best that Secretary of Health and Human Services Louis Sullivan has to offer, then the states understandably might impose labeling requirements themselves. But this would be onerous on manufacturers and potentially confusing to consumers in this mobile society.

Secretary Sullivan's plan apparently is the certified official answer to the American Heart Association. The association incurred official wrath for trying to provide customers with its own Heartguide label on foods.

TIMID ABOUT FOOD LABELING

The Heartguide program has drawbacks in that it is applied only to those foods that manufacturers pay the association to test.

But the Heartguide program is an attempt to make labels clear and informative. Packagers of some foods, especially those marketed to health-conscious consumers, are experimenting with big, bold labels about the products' contents of fat, cholesterol, and sodium. That's good, but still there is room for abuse. As the attorneys general for 34 states have pointed out to the FDA, some manufacturers play games with seemingly helpful labels by manipulating the size of servings and by being vague about some ingredients, such as shortenings, and by playing games with words such as "lite."

All that health-conscious consumers want is clear and consistent labeling that tells them what they are eating, and in what quantities. Perhaps the threat of 50 states making rules on labeling should spur the food industry into working with the FDA to produce nationwide rules on informative labeling — and to do it quickly.

Detroit Free Press

MARCH 9, 1990

FOOD LABELS

New rules make healthy sense — if quick and tough

Louis Sullivan, secretary of the U.S. Department of Health and Human Services, hit a triple this week with a proposal to reform nutrition labeling of packaged foods. He could score the winning run by moving more quickly on the reforms and by preempting state regulations.

Under the plan, food labels would contain more nutrition information, including information on saturated fat, cholesterol, fiber and vitamins. New regulations also would formally define such misused phrases as "high fiber" and "low fat" so that consumers could make fair comparisons.

The plan would put the rudderless, overworked U.S. Food and Drug Administration in charge of a process that already has a too-long timetable. Congress should hold Dr. Sullivan's feet to the fire to ensure the quickest possible action. And the plan wouldn't prevent states from drawing up their own, tougher standards. If the federal rules are strict enough — a big if — such a balkanized labeling system would unnecessarily raise costs to consumers.

Grocery shopping will be more pleasant when — quoting Dr. Sullivan now — we don't have to be a combination of "linguists, scientists and mind readers."

The Journal of Commerce

and Commercial

A Knight-Ridder Business Information Service

Truth in Labeling

GIVE LOUIS SULLIVAN, the secretary of health and human services, a cheer: Only a month after cracking down on spurious health claims about food, the secretary has announced plans to require detailed nutritional labeling on almost all packaged foods.

It's been 17 years since the Food and Drug Administration last updated its labeling rules. Almost 40% of all food sold in grocery stores bears no health information, and another 30% is labeled voluntarily with whatever information about calories and vitamin content the manufacturer chooses to disclose. The lack of standard information has made it difficult for health-conscious consumers to decide among the competing products on grocery shelves.

One aspect of Dr. Sullivan's proposal, however, is in need of revision. The secretary would allow states to impose stricter labeling regulations than the federal government requires. That's an invitation to needless interference with interstate commerce, and also may result in states using labeling requirements as a barrier to imported foodstuffs. Strict federal standards for labeling are much needed, but uniform national rules are needed as well.

Prop. 65 Populism Is on the Prowl, but Don't Cry Wolf

Private enterprise is remarkably adaptable to adversity, more so than its spokesmen sometimes will admit. When they issue warnings of how an outside shock, such as a new law, is likely to upset the apple cart, their credibility suffers as the fruit goes on being sold anyway and the buyers hardly notice a difference.

The produce metaphor is an apt one for California's Proposition 65, the citizens' toxins initiative passed in 1986 and now one step closer to full implementation after a

in question). Therefore, he asks, why object to California's requirement if you know you're in compliance?

Mr. Roe is calling what he believes is a bluff. Implicit in the disclosure regimen of Prop. 65 is an assumption that the regulators are captives of the industries they oversee and the public suffers for it. He speaks of the "revolving door" between agencies like the FDA and the law firms that ply their trade in those halls.

Yet, as he suspects nonfeasance, Mr. Roe maintains that industry can meet hard-and-fast rules with relative ease if its lawyers will just give way. This raises the question, if Prop. 65 is actually so easy to swallow, why was it so necessary?

All sides report a general truce while the legal skirmishes go on. Opponents credit moderate application of the law under Gov. George Deukmejian (who opposed it) and worry what happens under a more-activist successor. They think the proponents are only restraining their litigious impulses to avoid inciting Congress or the White House to pre-empt the state as Mr. Nedelman's group seeks. A union-environmentalist coalition has sued Deukmejian officials four times to try to toughen the implementation, but hasn't taken on the private sector directly with a lot of enforcement actions, as Prop. 65 entitles anyone to request. Several companies have acted, usually quietly, to comply by changing their products or procedures—hence the flexibility of business seeming to belie earlier dire forecasts.

Environmentalist Roe touts the genius of Prop. 65 in rearranging traditional pollution incentives by putting the onus on business to show its actions are safe, rather than on regulators to establish that practices are unsafe. He has gained a partial ally in Lester Lave of Carnegie Mellon University, a longtime critic of the uncertainty that Washington has caused (Prof. Lave emphasizes that he's positive on Prop. 65 as implemented to date).

The concept of regulating at the retail

level may go national. Sen. John Heinz (R., Pa.), heir to the food fortune, is looking into like federal legislation.

Mr. Nedelman says the California story is far from over. He figures that 18,000 food items will require analysis if the law stands, and maintains there aren't enough laboratories to do that work.

Apparently a good deal of toxicological testing is under way in industry. As usual with regulation, the burden is greatest on small producers that don't staff their own labs for this task. A consultant practice has arisen to serve them. Although only a handful of lawsuits amounting to less than half a million dollars in fines have been filed so far, manufacturers are apprehensive. Judging by the slew of silly suits to hit Source Perrier S.A. in recent weeks—unrelated to Prop. 65—they ought to be. And even if internal documentation can absolve makers of breaking the law, it is subject to subpoena under a citizen suit and then to whatever environmental denigatory might follow. Mr. Roe, citing the subdued rhetoric under Prop. 65 so far, challenges this fear. He argues that information is salutary.

This assumes that consumers, on learning that a trace of toxin is in their morning muffin, are equipped to make an intelligent decision. The industry doubts it; John Hunter, head of a California coalition of Prop. 65 opponents, points out that Perrier yanked its water from the market even though benzene levels were within safety standards because it knew that customers would be scared away nevertheless.

However, it is passing strange for busi-

ness interests to argue that expert regulators are better equipped to decide appropriateness for sale than consumers no matter how misinformed the latter might be. Advocates of open commerce would seem to belong on the other side.

Interstate commerce is impaired by a state law such as Prop. 65. It means that some products (very few, Mr. Roe projects) marketed elsewhere either have to be reconstituted or relabeled to reach the huge California market, or so altered everywhere. This hurdle isn't insurmountable—autos have long had to have special smog equipment for California—but it can be expensive.

How expensive is subject to dispute. Past predictions had the grocery industry's margins wiped out. But Jim Hammit, a RAND Corp. mathematician who was called as an expert witness, found those claims overstated. He figured the cost of having to post and monitor signs for shoppers at 0.3% of sales, and the cost of having to relabel and segregate production for the state market at 0.8% of sales.

However many millions of dollars Prop. 65 ends up costing, one ought to ask whether this is the best use of social capital. Even considering the water and air toxins that are covered by the initiative in addition to the store items, are the risks of chemical harm at low levels serious enough—or in the case of smoking or drinking or inhaling fumes at the gas pump, not obvious enough to merit this exercise? Or could the money better be spent on genetic cancer research or on expanding prenatal care and ensuring better nutrition?

As the environment grows still larger as a political issue, Prop. 65 will take many forms. The next time such populism is under consideration—and in California, that means nearly every election—it behooves business not to underestimate its capacity to bounce back. Rather, try talking about trade-offs. Society can't fend as well to the orchard if it's toying with the apple cart.

Business World

By Tim W. Ferguson

state-court ruling Friday. A Sacramento judge held, over the objections of the food and drug industry, that the state couldn't defer to federal regulation and satisfy the mandate of Prop. 65. The measure was sold as a way to curb cancer and birth defects by requiring companies to warn of exposures to risky substances and to keep them out of drinking water altogether.

Although several industries fought Prop. 65 at the polls, the Washington-based Grocery Manufacturers Association has resisted it most vocally as follow-up regulations give it shape. As yet, however, no crisis is evident in the store aisles. Outside of tobacco and booze, no supermarket items have even had a warning posted.

The carcinogen element of Prop. 65 has been contested because, it is argued, the U.S. Food and Drug Administration has sole authority in that area. The federal rules do the job, says grocery lobbyist Jeff Nedelman, adding, "I don't see why people in California need food that is different from anywhere else." David Roe of the Environmental Defense Fund, Prop. 65's champion, replies that as now written, the measure's standards are not as tough as the FDA's (the trigger is one incremental cancer per 100,000 exposures to the dosage

WARNING:

Drinking Distilled
Spirits, Beer, Coolers,
Wine and Other
Alcoholic Beverages
May Increase
Cancer Risk, and,
During Pregnancy,
Can Cause
Birth Defects.

The Des Moines Register

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THE REGISTER'S EDITORIALS

Wednesday, November 1, 1989

Truth on food labels

A commodity too-long missing from the grocery shelves should make a noteworthy splash soon — truth in labeling. Such truth as once existed in food marketing became a casualty of the advertising wars two years ago.

Some blame the Reagan administration's assault on government regulation; others say Congress was too stingy with the Food and Drug Administration, denying it the means to enforce its policies. In any event, the FDA found itself standing on the sidelines as food manufacturers produced labels attributing all manner of magical properties to their products.

Finally, the FDA decided a claim made by a small New York firm was too much. The company said its vitamin supplement could help reduce cholesterol if the user's diet was otherwise healthy. The FDA blew the whistle, but a federal district court said the agency couldn't jump on the little firm while ignoring some of the claims of the major food manufacturers.

As a result, the FDA is trying to come up with uniform regulations. They will require that food manufacturers make no health claims that are not supported by a pair of recent and generally respected federal studies of diet and health.

This time, the regulators will likely have the support of the regulated. The Grocery Manufacturers of America Inc., representing 130

companies marketing products in grocery stores, says it strongly supports uniform health and diet information on food labels — a switch from its onetime opposition to any regulation.

The emphasis is on "uniform": the manufacturers have witnessed a growth in state efforts to impose rules since the Reagan deregulation, and a mishmash of state rules could seriously complicate their marketing. The manufacturers favor disclosure rules, but only those scientifically established and policed by the FDA, not 50 different sets. That seems reasonable.

Consumers have too long been at the mercy of food-product hypsters, who promise that bread is "enriched," which means only that all the nutrients have been processed out and a few of them put back; and who promise that packaged dry cereals will not only add sparkle to your breakfast but to your step, your eyes and your sex life. (For the price charged, the stuff should also cure acne, arthritis, alcoholism and Alzheimer's.)

The label should tell the prospective buyer basic nutritional information, including defensible claims concerning health benefits in terms the buyer can understand, and using numbers the buyer can compare with the numbers on the label of the competitor's product. And once the regulations are established the FDA must be given the resources to enforce them.

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Adopt better food labeling

The nation's food industry is building a strong (and, for them, unexpected) case for tough federal legislation governing nutrition labels on all food products.

The Grocery Manufacturers of America, whose members comprise 85 percent of the industry, say they expect to support whatever requirements Congress mandates so long as national standards preempt state laws on packaging.

The GMA's campaign stems from the growing public awareness of nutrition content, and grass-roots campaigns (so far, largely on the West Coast) to control food packaging and restrict health-message claims on food products. The industry understandably wants to avoid having to comply eventually with 50 differing state laws on products that are distributed and advertised nationally.

With the public mind swirling from varying claims on low-cholesterol, high-fiber, reduced-calorie and whatnot, the time is ripe for mandatory uniform labeling of foods. GMA recognizes this, and has told the House Committee on Energy and Commerce its members want the federal government to enact what would be the first substantive strengthening of the Food and Drug Administration's labeling requirements in 15 years.

The committee currently is holding hearings on the subject. It should heed the industry's plea for preempting state actions on the same issue.

Food Scaremongers Are Beginning to Push Their Luck

Is vanilla ice cream poisonous? How about bread? Surely not. But if California chose to strictly enforce Proposition 65, lobbied into law by Jane Fonda and her friends three years ago, those foods and most others would have warning labels. The vanilla extract in ice cream contains ethyl alcohol, classified as a "reproductive toxicant." Bread, cereal, milk and other "fortified" foods contain Vitamin A, also a "reproductive toxicant."

Since Prop 65, California has mandated warning signs in bars, on menus and on la-

Business World

By George Melloan

bels warning pregnant women of the risks posed by the ethyl alcohol in their cocktails or wine. But the panel of scientists designated to interpret the law has been circumspect in pressing the law's extreme standards further.

Says Jeffrey Nedelman, vice president for public affairs for the Grocery Manufacturers of America (GMA): "The scientists are not going to do anything dumb. And the environmentalists know that should vanilla ice cream have to bear a warning, even the Bush administration could not sit by. The feds would step in."

"The same with Vitamin A. Vitamin A taken in large amounts is a very serious reproductive toxin. The federal government requires companies to put vitamin A in products to be allowed to say they are fortified. The amount used invokes the consumer warning requirement of Prop 65. So the state, in a Solomonlike decision, chose to exempt the amount required by the federal government."

"There's nothing in the law that says they can do that. The law says if you violate the safety standard you must provide

a warning. We haven't sued because it has provided us with relief. The environmentalists haven't sued for the same reason as ethyl alcohol. It would dramatically show the system to be the sham it is."

Maybe there are some natural limits after all to food-scare politics. It is doubtful that the Natural Resources Defense Council did itself a lot of good by raising the big apple scare alleging that Alar, a preservative coating, was a health threat. After near-hysteria in the school-lunch program and big losses by apple growers, the federal government had to step in and reassure consumers that apples are safe to eat. When scares are pushed beyond believability, people begin to wonder about motives, as they should.

But that doesn't mean this brand of politics is dead or dying. John Van de Kamp, California's attorney general, will probably use a proposition even broader and more draconian than Prop 65 in his bid for the California governorship next year. Pressures for measures similar to Prop 65 exist in Massachusetts and some other states. Public health generates virile politics, overwhelming rational counterarguments about the level of risk and the costs of risk reduction. During the Prop 65 campaign, Jane Fonda produced a film showing the deformed children of mothers alleged to have been poisoned during pregnancy.

Now, of course, in dealing with toxins, the amount of exposure is everything. If a human ingested saccharin in an amount equivalent to that fed rats to force a warning label on saccharin products, he or she might get cancer. But eating that much saccharin would be impossible. Dioxins are a favorite environmentalist bugaboo and the paper industry is spending hundreds of millions of dollars to take traces of dioxin out of milk cartons. But dioxins are everywhere and a recent reinvestigation of intense dioxin exposures caused by an accident in Seveso, Italy, 20 years ago showed

no increased incidence of cancer.

"In California, the birth-defect standard is 10 times more stringent than anything any scientific organization in the world has endorsed," says Mr. Nedelman. "The state government brought in as witnesses top Ph.D.s from the academic community and people from Washington. They found toxicologists, food scientists, risk assessors, and to a man they all said this is crazy, this makes no sense. Hayden was there. When his turn came he said, 'I've heard what you have to say, and my only reaction is that we in California want to be better.'" Tom Hayden, a state legislator, was the student activist of the '60s who married Jane Fonda. They now are estranged.

But, however unreasonable, the GMA has decided that given California's health consciousness and its susceptibilities to the politicking of movie stars, the next version of Prop 65 could succeed too. The CEOs of the GMA's 130-member firms, which register some \$280 billion in food sales annually, agreed this summer to ask for overriding federal regulation despite their federalism concerns. This kind of response to state pressures is not new. The auto industry, for example, has often asked for federal standards to avoid having to equip cars 50 different ways for 50 different states.

The GMA decided it was getting licked in the states. "The idea of the Natural Resources Defense Council and the Sierra Club as tree-huggers and little ladies in blue hair and tennis shoes just couldn't be further from the truth," says Mr. Nedelman. "They are well-financed, highly paid, very skilled advocates. Most of the environmental case law in this country has been litigated by the NRDC or the Sierra Club and they win. They are very, very able."

If court battles and legislative campaigns are too slow, there is always direct action, calling up supermarket chieftains and telling them that demonstrators will shortly be crowding into their stores if they

don't take such and such product off the shelves. Supermarket companies, operating as they do on high volume and narrow margins, are very susceptible to such threats and some capitulated quickly during the apple scare.

"Supermarkets are happy places," says Mr. Nedelman. "People go to spend money and they don't want signs and they don't want pickets. Alar was the first example of the change in the tactics from trying to make the system work to what some people call environmental blackmail."

Perhaps the food industry itself has unconsciously erred by putting its own stress on health and safety, sometimes with not much more scientific basis than that employed by its enemies. By one estimate nearly a third of food industry advertising makes some kind of nutritional or health claim. Shoppers can get, for example, decaffeinated instant tea without sugar, the same with sugar, tea with caffeine and sugar, low-sugar, etc., etc. Supermarket managers tear their hair at this proliferation, which accounts for why some are charging for shelf space. Customers with concerns about health and safety have those concerns reinforced by the advertising bombardment, which sets them up for the next food scare.

But, of course, the driving force in the food-scare movement consists of the hundreds of organizations that bill themselves as "environmentalist." In a way, they have become an industry as well. Their ability to attract foundation grants and individual contributions rests on their ability to make news, and they often have allies in the press who suspend skepticism when they make claims, even wild ones. They say they represent the "public interest" but they don't do so badly for their own interests, either. Do we need an "environmentalism" industry? Maybe. But the answer would be more certain if the one we have exercised more quality control over its "science."

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DONALD J. STERLING JR., Asst. to the Publisher

MONDAY, OCTOBER 9, 1989

Food labels national issue

Low-cholesterol. High-fiber. Low-sodium. Reduced-calorie. Lite.

American consumers are bombarded with advertisers' claims about the health effects and nutritional content of foods. Surprisingly, there is no national standard for what some of those terms mean, and for most foods not even a requirement that they carry nutritional information on their labels.

A bill to require mandatory uniform labeling of foods is before the House Committee on Energy and Commerce, and the principle makes sense.

Many consumers want that information, and especially for those with medical conditions such as diabetes and high blood pressure, they need it. Not everyone reads the labels, but a survey taken last year for the Food Marketing Institute found that food shoppers rated only taste as more important to them than nutrition and product safety.

The bill has the support of the major trade association, the Grocery Manufacturers of America Inc. But in testimony to the subcommittee hearing the bill, the association suggested principles that also make sense:

- Congress should not try to write the regulations itself. It should assign that job to the Food and Drug

Administration, along with the necessary resources and a deadline.

- The FDA should base the labeling requirements on the latest available scientific information. New information is constantly coming along, and the FDA's rule-making process has the flexibility to take account of it.

- Federal labeling requirements should apply uniformly across the country.

That last proposal has much to do with the association's support of the bill. Many manufacturers used to argue that labeling should be voluntary, but in the absence of national standards, several states have begun adopting labeling requirements of their own, and their lack of uniformity has been a problem to the food processors.

The states deserve credit for producing the cause of informative labeling along, but the standards indeed should be national, as is the distribution and advertising of food. A traveling Oregonian once found canned Santiam green beans from the Willamette Valley on the shelves of a grocery store in rural Georgia.

Reps. Ron Wyden, D-Ore., and Al Swift, D-Wash., serve on the House committee that is handling the so-called Nutrition Labeling and Information Act. It deserves their special attention.

THE BIRMINGHAM NEWS

MONDAY, JULY 31, 1989

Truth In Advertising

One of the more interesting hearings scheduled to occur this week before a congressional subcommittee will take a look at what food products claim to be on the labels wrapped around them. The subject is the Nutrition Labeling and Education Act, whose passage appears to be in the best interest of the America consumer.

Many food companies are trying to attract the growing number of health-conscious people who will buy anything with the words "lite" or "cholesterol free" written on them. Mandatory uniform labels required by the proposed act would eliminate confusing and deceptive labels.

Rep. Jim Cooper, D-Tenn., believes product labeling is a decade behind in giving consumers the kind of information they want. "This bill will, in a sense, give us a stomach-impact statement," he said.

The legislation has the support of 23 nutrition and health organizations, including the American Heart Association, Center for Science in the Public Interest, American Cancer Society, American Dietetic Association, American College of Physicians, and Public Voice for Food and Health Policy.

The Grocery Manufacturers of America, which represents 140 national brand food manufacturers, supports the bill's concept. But a GMA spokesman said the bill needs a "provision to mandate national uniformity" and needs to allow enough flexibility in labeling to account for future changes in scientific information.

Those concerns do not appear to be beyond the ability of Congress to include in its final product. We look forward to seeing legislation that will make it easier for the consumer to choose healthy foods to bring home to his family.

THE WHITE HOUSE

4/19/90

Bobs -

Thank you for your paper,
"Revenue Neutral Solutions to the
Health Care Crisis." I've read it
and will make sure others do as
well. — Keep in touch. *Andy Card*

Andrew H. Card
THE WHITE HOUSE
WASHINGTON

Mr. R.L. Laszewski
Liberty Mutual
The Cocheco Mill
100 Main Street
Dover, NH 03820

THE WHITE HOUSE
WASHINGTON

Date: _____

4/4

FOR:

Linda G.

FROM:

ANDY CARD

Andy

☐

Action

☐

Your Comment

☐

Let's Talk

☐

FYI

Do I have to send
this? If EA closed the
Gov's file - I don't see a
need to respond.



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

421 Aviation Way • Frederick, Maryland 21701-4798
Telephone (301) 695-2000 • Telex 89-3445 • FAX (301) 695-2375

106276

January 19, 1990

Honorable John Sununu
Chief of Staff
The White House
Washington, DC 20500

*Reggie Porter
closed
2/23/90.*

ACTION	
SI/Oman	
CONTROL NO	
900205-056	
SIMS	S-10

Dear Governor Sununu,

The President has promised no new taxes. Transportation Secretary Skinner proposes new user fees and increased taxes for aviation users. The Administration has a dilemma.

The critical question however is, can America adequately modernize the airport and airway system without raising taxes or imposing new user fees (read: "taxes")? In AOPA's opinion, you bet it can.

This year, Congress will reauthorize the Airport and Airway Trust Fund and the taxes to pay for federal aviation programs.

In preparation for the upcoming debate, Aircraft Owners and Pilots Association--which represents more than 300,000 general aviation users nationwide--published Aviation: The Future is Now. This is the result of an intensive, two-year review by AOPA of the nation's air transportation system.

The underpinning of AOPA's recommendations is (1) rapid development and deployment of the next generation air traffic system, (2) realistic prioritization of other FAA projects, and (3) sound financial management of the nation's aviation tax dollars.

The result of our proposal would be an annual savings of approximately one billion dollars a year over the budget requirements forecast by the FAA through the decade of the 90s--and an estimated long-term savings to the country of more than \$250 billion.

AOPA is pleased to provide you with a copy of our report. We believe you will find it interesting and we would very much welcome the opportunity to brief you or your staff personally.

Sincerely,

Stephen R. Duggett
Senior Vice President



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Chief of Staff

400 Seventh Street, S.W.
Washington, D.C. 20590

March 21, 1990

MEMORANDUM FOR:

DAVID Q. BATES
ASSISTANT TO THE PRESIDENT
AND SECRETARY TO THE CABINET

FROM:

JOHN CAUGHAN

SUBJECT:

REPLY TO STEPHEN BASSETT REGARDING THE
NATION'S AIR TRANSPORTATION SYSTEM

Per your request, attached is a draft reply to the letter
Mr. Stephen R. Bassett sent to Governor Sununu regarding the
Nation's Air Transportation System.

Attachment

DRAFT REPLY

Mr. Stephen R. Bassett
Senior Vice President
Aircraft Owners and Pilots Association
421 Aviation Way
Frederick, MD 21701-4798

Dear Mr. Bassett:

Thank you for your letter and enclosure to Governor Sununu, outlining AOPA's views on the future of this Nation's air transportation system. As reflected in our most recent budget proposal and the National Transportation Policy, this Administration is committed to addressing the aviation capacity and safety needs you describe.

Secretary Skinner and Administrator Busey are aggressively pursuing further enhancements of the procurement process and we are convinced that we will be able to make even more progress in the years ahead. We strongly encourage your organization to work closely with the Department of Transportation and the Federal Aviation Administration to ensure that they have the benefit of your full input into their decisionmaking.

We appreciate receiving your views.

Sincerely,

Andrew Card
Deputy Chief of Staff
and Assistant to the President

THE WHITE HOUSE

WASHINGTON

July 11, 1990

MEMORANDUM FOR ANDREW H. CARD, JR.

FROM: ROGER B. PORTER *RBP*
SUBJECT: White House Conference on Children

Bret Wacker wrote to you about the proposal for a White House Conference on Children. You asked about the status of such a conference.

At this time we have no plan to hold such a conference. The Congress has created and funded White House conferences on indian education and libraries. The President's FY 1991 budget requested funds for a White House Conference on Aging for late 1991. HHS staff has indicated that if and when the aging conference is set, Secretary Sullivan is interested in holding a White House Conference on Children.

The paper attached to the Wacker letter omits what happened to the White House Conference on Children in 1980. The Carter Administration chose to make the conference a conference on families and faced utter chaos in the conflict between left and right over what should count as a family and whether the family was the core of society or an obsolete institution.

FOR: Roger Porter

FROM: ANDREW H. CARD, Jr.

- ☐ Action
- ☒ Your Comment - status?
- ☐ Let's Talk
- ☐ FYI

THE WHITE HOUSE

WASHINGTON

July 9, 1990

Dear Bret,

Thank you for your recent letter relative to White House Conferences on Children.

The material is in the pipeline, and we are taking a look at it.

Hope all else is well with you.

Sincerely,



Andrew H. Card, Jr.
Assistant to the President
and Deputy to the Chief of Staff

Mr. Bret S. Wacker
Langhoff & Wacker
Tenth Floor
207 East Redwood Street
Baltimore, Maryland 21202

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TENTH FLOOR

207 EAST REDWOOD STREET

BALTIMORE, MARYLAND 21202

STEPHEN D. LANGHOFF
BRET S. WACKER

TELEPHONE (301) 332-1010
TELECOPIER (301) 332-4511

June 28, 1990

Andrew H. Card, Jr.
Deputy to the Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

Dear Andy:

It was great to talk with you today. I hope all continues well for you.

I have enclosed a two page brief history on the past White House Conferences on Children composed by the individuals from the Bush Center in Child Development of Yale University for your information. I realize the pressure that you are under to do various Conferences, so this will conclude my efforts on this matter unless I hear otherwise from you.

Again, it is always great to talk. The President continues to do a terrific job, even from the subjective eyes of his biggest fan in Baltimore. Take care and say hi to Kathy and the children. Remember too, I am always available to lend a hand if needed.

Sincerely,


Bret S. Wacker

BSW/mlp
Enclosures

BRIEF HISTORY OF THE WHITE HOUSE CONFERENCES ON CHILDREN

The White House Conference on Children was a venerable institution in American life from its creation during the administration of Theodore Roosevelt. Following the 1906 introduction in Congress of the first federal law barring child labor, the Conference was established in 1909 and met every ten years until 1970.¹ The Conference was discontinued during the Reagan administration.

The 1909 Conference, entitled Conference on the Care of Dependent Children, brought together over 200 child welfare workers and is credited with speeding efforts to aid mothers with dependent children, establishment of a national voluntary child welfare organization, growth of adoption agencies, and development of higher child care agency standards. One of the most significant outcomes of the first Conference was the 1912 creation of the Children's Bureau.

The second Conference, again assembling 200 participants, focused on the issues of maternal and child health, the modestly-funded Children's Bureau having directed its first ten years towards improving child health and reducing maternal and infant mortality. The 1930 Conference was much broader in scope, dealing with education, mobility, labor, vocational training, the family, and recreation as these affected the child and adolescent. Although the 1930 Conference participants numbered 3000 and included representatives from local child welfare groups as well as leaders from the medical, educational, and social fields, the proceedings were dominated by the reports of pediatricians and educators and presentations by psychologists.

In the midst of the Depression, the 1930 Conference stressed the importance of shielding the young from the negative effects of economic privation. There was also an emphasis on avoiding the excessive use or misuse of standardized tests in rank-ordering children. The 1940 Conference was overcast by World War II, and the word "democracy" figured prominently in its published proceedings. Yet mobilization for war brought significant progress in maternal health and the cooperation of communities in health care and education service planning. The school system, in addition to the family, was perceived as a second locus for meeting childrens' needs.

¹ The remaining six Conferences were: Conference on Child Welfare Standards (1919), the White House Conference on Child Health and Protection (1930), The White House Conference on Children in a Democracy (1940), the Midcentury White House Conference on Children and Youth (1950), the Golden Anniversary White House Conference on Children and Youth (1960), and the White House Conference on Children and Youth (1970).

The 1950 Midcentury Conference was unusual in many respects. Although its proceedings were cast in rather pessimistic terms (perhaps because of nuclear threat and the cold war), it included a broad spectrum of participants such as citizens' groups, clergy and youth, and it relied in its recommendations on the work of development psychologists and social workers.

In 1960, the Conference reflected a growing concern for the perceived breakdown of family life and the alienation of youth. The special issues of adolescence figured prominently as the participants struggled to discover ways to deal with a growing delinquency problem. In an effort to prevent delinquency by strengthening family life, many recommendations were for the adoption of parent education in high schools, to help young people deal with the responsibilities of marriage and parenthood. In numbers attending, this Conference was huge: 7,600 participants.

The most recent Conference, held in 1970 and attended by 1318 delegates (915 of which were youth), recast children's developmental, health, and educational "needs" in terms of their "rights" or intrinsic entitlements. Special emphasis was given to the needs of younger children. Repeatedly, the proceedings called for the greater involvement of the federal government in addressing family needs and for the reordering of national priorities. The 1970 Conference participants voted the need for comprehensive, federally-funded child care programs to be the "number 1 priority" among child related issues for the decade. The delegates recommended that these be "family centered, locally controlled and universally available, with the priority given to those whose needs are greater." Further, it was urged that developmental cognitive, and health programs involve the entire family. Family stability, and family assistance programs contributing to that stability, were also emphasized.

Primary references: Rochelle Beck, "The White House Conferences on Children: A Historical Perspective," Harvard Educational Review, 1973, 43, (4) 653-668.

White House Conference on Children - Child Development Recommendations, U.S. Government Printing Office: Washington, D.C. 1971.

THE WHITE HOUSE
WASHINGTON

file

Date: 3-16

FOR: *Roger Porter*

FROM: ANDY CARD

Andy

☐ Action

☐ Your Comment

☒ Let's Talk *ASAP*

☐ FYI

AC HAS SEEN 3/27

Andy -

*We are working with them
It looks O.K.*

Roger

Yesterday's action which overturned the Simpson amendment not only allows EPA to create a regulatory function for radionuclides, but it also reasserts the States authority to set standards that are stricter than Federal standards. Although this authority currently exists, it has not been widely utilized. The concern is that if EPA starts to actually regulate nuclear power, the States will receive additional support for tightening standards.

// Can you just imagine the mischief (potential) here??

We think this arrangement will create a number of problems. If this provision is allowed to stand, nuclear power plant operators and other users of radioactive material will be responsible to two different agencies, with possibly two different sets of regulation and compliance requirements. This could create an impossible situation where a plant operator may be allowed to operate by one agency but not by another. This is not only an unnecessary regulatory burden but it is costly as well, especially for research facilities and hospitals. Some of the operators of these facilities have indicated that they may have to shut down because of this provision.

If the States start adopting stricter, more varying standards for nuclear power plant operation, it would be difficult to design and construct new standardized plants as well as to operate some existing plants. Also, it may be difficult to site unpopular facilities like a monitored retrievable storage facility and a high-level nuclear waste repository. We are concerned that the State of Nevada may use this provision by setting unreasonably low emission standards as their next ploy to delay the Yucca Mountain project.

We are also very concerned that the EPA and States could do the same thing to DOE facilities which were not picked up under the Simpson amendment. Some States could set emission standards at defense facilities at extremely low levels and force the Nation's production capability to shut down.

I am convinced that the Glenn amendment could have been defeated if enough White House and Agency pressure would have been brought to bear. For example, the White House negotiating team on the Clean Air Act never discussed the provision in its deliberations. This means that under the rules, Glenn was allowed to bring up the amendment on the floor. Our supporters in Congress waited over six weeks for a response to letters from the Administration on the issue. It was finally sent yesterday morning under Bob Grady's signature.

RECOMMENDATION

We must make an all-out effort to salvage some part of the Simpson approach. For example, it may be that we insist that EPA continue to set standards but not implement regulations. States could be granted some additional oversight authority but we must insist that stricter standards be justified. I am assuming that Federal regulation was originally established through the Atomic Energy Commission to avoid this situation.

I recommend that at your earliest convenience we convene a meeting with you, Roger Porter, Bill Reilly, Admiral Carr of NRC, Jim Mason of NIH, and myself to discuss this matter further. I would hope that we could develop an alternative legislation strategy for addressing this problem. I hope in doing so that we could count on Bill Reilly and the White House to play an aggressive role in convincing Congress to prevent EPA from creating a totally unnecessary, redundant regulatory function to oversee what is already a very well regulated industry.

A handwritten signature, possibly reading "Jim", is written in dark ink. It consists of a large, stylized initial "J" followed by the letters "im".

THE WHITE HOUSE

WASHINGTON

April 3, 1990

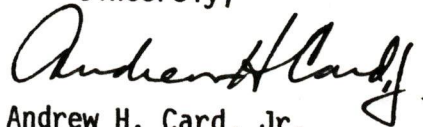
Dear Mr. Upah:

Thank you for your recent letter in which you set forth your views regarding the censorship issue.

Please know that I understand your concerns and will share your correspondence with appropriate White House officials for their review.

I appreciate you taking the time to write to provide us with your input.

Sincerely,

A handwritten signature in dark ink, appearing to read "Andrew H. Card, Jr.", with a stylized flourish at the end.

Andrew H. Card, Jr.
Assistant to the President
and Deputy to the Chief of Staff

Mr. Dick Upah
Post Office Box 37350
Omaha, Nebraska 68137



DICK UPAH

P.O. BOX 37350
OMAHA, NE 68137
402-551-3303

March 26, 1990

Mr. Andrew H. Card
Deputy Chief of Staff
The White House
Washington, D.C. 20500

Dear Mr. Card,

The enclosed materials do not deal with your government position, however I hope you will evaluate them as a concerned citizen.

The enclosed poll from Parents Magazine indicates 66% of parents favor some type of standards (censorship) for television. This incredible land-slide would probably be much, much greater if they polled grandparents, such as myself.

Censorship is a most inflammatory concept . . . particularly for people like Jack Valenti and groups like the ACLU. They will plead, pressure and insist that censorship will doom our country . . . hogwash! This is pure tongue-in-cheek rhetoric on their part to protect extremely monumental money making techniques.

I've previously sent letters and most of these materials to each member of Congress, but I'm worried that staff has used the circle file or bounced them over to the FCC. If you feel something should be done, please alert your friends in the Administration and on the Hill.

Numerous hard-rock and heavy-metal lyrics are dedicated to poisoning the minds of young people . . . particularly the "at-risk" children who are easy targets. Those lyrics which condone and advocate rape, incest, sodomy, sado-masochism, suicide, satanic activities such as torture, murder and the drinking of human blood have gone well beyond the protection provided in the 1st Amendment.

Most of the producers and performers utilize our public airways . . . at no cost . . . to pour their poisonous offerings into the minds of children . . . with PILE DRIVER force. This process would be stopped immediately if it were placed on the same level with a factory dispensing poisons into our air or water.

Senator Gore has sponsored legislation which might result in ratings, warning labels or printed lyrics on the jackets of records. This will not offer much protection to the "at-risk" kids with radios. In any event, it seems comparable to treating AIDS with aspirin and band-aids.

I hope this encourages you to take some action.

Any advice will be appreciated and most welcome.

Very truly yours,

Dick Upah
Dick Upah

THE WHITE HOUSE

WASHINGTON

December 21, 1989

MEMORANDUM FOR ANDY CARD

FROM: LARRY LINDSEY

SUBJECT: Targeted Jobs Tax Credit

Yesterday I met with David O'Toole and Robert DeFlaminis at your request regarding the Targeted Jobs Tax Credit (TJTC). O'Toole and DeFlaminis represent business consulting firms which process TJTC applications for companies which hire TJTC-qualified workers.

Background

The TJTC was begun in 1978 to provide an incentive for firms to hire the hard core unemployed, or what economists call the "structurally" unemployed. Most of those eligible are either welfare mothers, felons who have served their time, or the children of extremely poor households who have reached working age. Presently, employers who hire these individuals are eligible for a credit of 40 percent for the first \$6000 of wages paid.

The recently enacted reconciliation package extended this program for 9 months. The Department of Treasury was, and continues to be, on record against extension of this program. Under current plans, the Administration is not going to seek extension of the TJTC in the FY91 budget.

Evaluation

When it was first started, employers could receive the credit after they had already hired the worker. An incentive effect exists only if the worker can advise his prospective employer that he is a "low cost" employee when he applies for the job. So, early evaluations of the program showed it to be highly wasteful.

Changes made during the 1980s require employers to request the TJTC on or before the day that the employee is hired. This substantially improves the efficacy of the program. Employees still do not market themselves effectively, but the consulting firms which Messrs. O'Toole and DeFlaminis represent work with personnel officers to help them identify potential TJTC employees and then get the paperwork processed speedily. The consulting firms take 10-12 percent of the credit as a fee.

On net, the TJTC has probably improved to be approximately average in wastefulness in federal dollars. However, more data would be useful. I suggested to O'Toole and DeFlaminis the kinds of data that they might provide which would help them make a more convincing case. In particular, I think it would be useful to know whether the people who get jobs through TJTC stick with them or go back to welfare. I will report in when the data arrives.

In the meantime, there does not seem to be any reason for the Administration to reconsider its policies regarding the TJTC. The program has a lot of support on the Hill. If it is to be continued, it might be best to let the Congress decide which spending programs should be cut in order to cover the cost of the TJTC (about \$0.2 billion).

If I can answer any questions, please do not hesitate to ask.

cc: Roger Porter