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Can
That
Be
George
Bush
Proclaiming,

Power to
the
People?



Power to the People?

President Bush plans to send Congress an empowerment package, with new spending in the range of \$2 billion. But doubt persists about how far the concept will get.

BY BURT SOLOMON

James P. Pinkerton is unrepentant for having chosen such a pedagogical term. "I'm under no illusions that this will be gracing bumper strips," President Bush's long-term policy planner said of his hot New Paradigm, an intriguing set of conceptions about how to confront social ills more responsibly than bureaucracies have done since Kafka's day.

"I think the term is absolutely accurate for the intellectual construct," Pinkerton said as he sat coiled on a couch in his office in the Old Executive Office Building next to the White House. "I'm counting on politicians as opposed to people like me to find their own language, to find the words they can take it to the American people [with]. 'Empowerment' strikes me as such a word."

Pinkerton's spacious, disheveled office, strewn with books and stacks of newspapers, hardly seems like a command center for a social revolution. But there's a hint of high stakes in the prominent painting near his desk of Sir Thomas More, who was executed by Henry VIII for his stand on principle. Pinkerton admires More but hopes not to emulate him.

He's unlikely to. A publicized swat he took last fall from budget chief Richard G. Darman served only to further Pinkerton's crusade, not hinder it. (*See NJ, 12/15/90, p. 3046.*) Pinkerton has become the most profiled member (other than chief of staff John H. Sununu) of Bush's staff, causing some resentment among more-senior advisers. Empowerment has become the shibboleth of Administration domestic policy, so that even Darman doesn't say a word against it.

More is coming. A paean to empowerment will grace Bush's State of the Union message on Jan. 29 if domestic policy—amid a war—is mentioned at all. His fiscal 1992 budget will feature an empowerment package of 10-15 pieces, an official said, with new spending in the range of \$2 billion for housing, education, enterprise zones, Indian affairs, small business and possibly welfare reform. And that will merely mark "the end of the first quarter" in a policy mission that may extend to job training and welfare reform later this year and possibly to health care in 1992, an aide said in describing the Administration's "short and long-term agendas."

This prospect has brought a touch of vitality to an otherwise dreary time for domestic policy, given Washington's budget restrictions and a President more taken with geopolitics than intractable social problems at home. Reformers and social scientists fatigued by a decade of seeing social problems ignored have delighted



Richard A. Bloom

Bush policy planner James P. Pinkerton "A system this sick" can't reform itself.

PUBLIC SCHOOL 'CHOICE' GATHERING MOMENTUM

To the empowerment team at the White House, New York City's East Harlem school district is the epitome of what empowerment in education is all about.

There, public school students can choose among dozens of educational programs, with schools that specialize in the performing arts, sports, science and mathematics, communications, health services, the environment and other programs.

Many of the schools are small, with several housed in a single building. The curricula are overseen by teams of teachers who are given wide latitude to innovate.

East Harlem schools attract hundreds of white students from outside the district, where the population is predominantly Hispanic and black and largely poor. Academically, East Harlem pupils' test scores rose from last place among New York City's 32 school districts in 1973, the year before the "choice" program was launched, to 16th last year.

Across the nation, the movement to give public school parents more latitude in choosing schools for their children is gaining political momentum. Schools such as those in East Harlem have improved, choice advocates say, because parents there can pick the schools their children attend instead of being forced to accept the school district's assignment. As a result, choice supporters say, schools work harder to deliver innovative and quality education; otherwise, they lose enrollment and go out of business.

Such free-market notions once came mainly from conservatives, but now a growing number of Democrats and liberals agree. The main reason is that a massive wave of school reform efforts in the 1980s failed to raise the achievement levels of U.S. students.

In 1988, Minnesota became the first state to implement a statewide school choice program. Since then, seven

more states have adopted versions of school choice, as have several major urban school systems. Advocates say choice programs spur more educational diversity, catalyze more parental involvement in schools and weaken the power of centralized school bureaucracies, which often act as roadblocks to educational restructuring. "Almost without exception, wherever choice has been attempted, choice has worked," President Bush told a 1989 White House education conference.

But a good chunk of the nation's education establishment, including school superintendents, principals and local school boards, remains skeptical. These officials worry that school districts may be rushing into choice plans without careful attention to the details or the program's impact. They point out that some school districts, such as Seattle's, have experienced major administrative problems trying to implement choice programs.

"School systems have to do several things simultaneously, or choice can be harmful," Charles Vert Willie, a Harvard University education and urban studies professor, said. Willie fears that choice programs that rely solely on market forces will have the harshest impact on poor and minority children by undermining one of the few remaining institutions in underclass neighborhoods—the public schools. School districts ought to provide choice, Willie said, but they should also "invest heavily" in failing schools, not shut them down.

Another concern is that so many divergent education concepts now march behind the school choice banner that some programs "may end up creating more problems than they solve," said Joe Nathan, a senior fellow at the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs and an adviser on the choice issue to the Bush White House.

Among the ideas being promoted as

part of the choice movement are magnet schools, which are proliferating around the country, and publicly financed vouchers to permit poor parents to send their children to private schools, an idea being tried in Milwaukee. But magnet schools, though they often offer strong academic programs, frequently "cream" off the best students, Nathan said, and absorb a disproportionate share of a locality's education resources, weakening other schools.

As for vouchers, Washington financed an experiment in the 1970s that provided \$7 million in vouchers to permit some students in the San Jose suburb of Alum Rock to attend the school of their choice. But the experiment produced no academic differences between students who used the vouchers and those who did not.

Until last year, choice strategists concentrated primarily on promoting more choice within public schools. Then last June, political scientists John E. Chubb and Terry M. Moe co-authored a plan, published by the liberal-leaning Brookings Institution, to include private schools in the mix. Under the plan, parents could choose any appropriate public or private school for their youngster, with state and local funds following the student to the school. The White House empowerment team has endorsed that idea; but others say that public and private schools alike could end up worse off under such a program.

"Competition alone isn't enough to stimulate school improvement," Nathan said. In his view, school districts with successful choice programs, such as East Harlem, also offer parents diverse, strong schools from which to choose and make special efforts—from providing transportation to sponsoring massive parent education programs—to ensure that all children can take advantage of the program.

—Carol F. Steinbach

in the burgeoning discussion of a policy redirection that Washington University social work professor Michael W. Sherraden said could—if it helps poor Americans accumulate property—"be the most important since the New Deal." Stuart E. Eizenstat, who was President Carter's chief domestic policy adviser, called empowerment an "important and interesting" idea and exulted that the debate is

about "how to help the disadvantaged rather than whether to."

Champions of empowerment make big claims. Putting decisions on education, housing, health care and other social services in recipients' hands would bolster the programs' effectiveness, they say, and reduce the costs by eliminating bureaucratic middlemen. By empowering poor people, the so-called underclass would

"evaporate" in 20 years, Pinkerton predicted. "Over the long run—and let's be clear I'm not talking about [fiscal] '91 or '92—if we want this country to be better, we've got to rethink in a pretty profound way a lot of what we're doing." A colleague discerned nothing less than "an league to reinvigorate participatory democracy in America."

Nor are the stakes small for Bush. Em-

powerment offers him a chance for long-term political gain by simultaneously providing a vision of domestic policy that he can afford and swiping his Democratic opponents' best issues. (For a report on Democrats' ideas, see this issue, p. 210.)

This stew has been spiced by the emergence of peculiar political coalitions. On Capitol Hill, do-gooders and cost cutters—camps usually at odds—have joined forces. In Washington, empowerment has mainly been Republican conservatives' policy property. But many Democrats have taken to it, too, and are competing for political control. In both parties, sentiment toward empowerment varies less by ideology than by generation. It appeals more to baby boomers of assorted political hues than to traditionalists of any stripe, suggesting an issue with staying power.

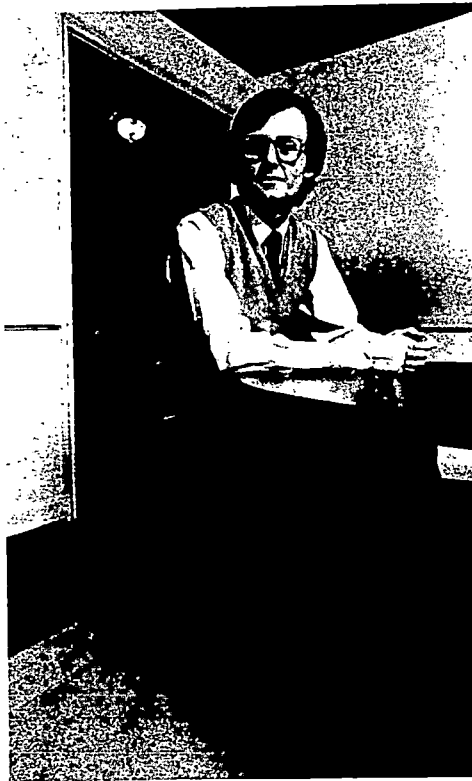
But it's far too soon to presume that empowerment will rise from the pages of its prophets in a fashion that someday will seem to have mattered. Bush won't decide until the Persian Gulf war is finished, officials say, whether empowerment will be a half-hearted Administration theme or a meaningful centerpiece of the government's domestic policy. Among Administration policy makers, open opposition to empowerment has ceased. But true believers remain few, and even adherents wonder whether it carries enough resonance with voters, who "don't have confidence in government to turn [social problems] around fundamentally," a senior Administration official said.

Voters' skepticism may prove well-placed. For hard questions about empowerment remain. Its proposed programs are mainly unproven. Social scientists warn of a profusion of nitty-gritty obstacles to achieving the advances that its advocates foresee. In many cases, empowerment would entail infusions of federal funds that are, at best, unlikely to be available any time soon.

Robert Greenstein, director of the Center on Budget and Policy Priorities, a liberal Washington think tank, said he finds "some interesting things" in empowerment but fears it's been oversold. "I'm a bit suspicious of sweeping principles," he said. "There are no simple answers."

VOTING WITH THEIR FEET

There's not much new about the New Paradigm. Proponents discern its underlying notions in the 1862 law granting homesteaders 160 acres in the West and, even earlier, in Thomas Jefferson's vision of democracy among a propertied yeo-



Stuart Butler of the Heritage Foundation
The new empowerment has to do with economics.

Richard A. Bloom

many. It carries a ring of the 1960s' pleas from the Left for "power to the people." Empowerment served then as a rallying cry for the civil rights movement and in the 1970s for feminists and the disabled, whose independent-living movement sought "to empower individuals to take control" of their own care and circumstances, Disability Rights Education and Defense Fund lobbyist Patrisha A. Wright recounted.

"The New Paradigm is ancient wisdom," New York Gov. Mario M. Cuomo recently told reporters.

Today's empowerment doctrine differs from the 1960s' version in its focus on economic—not political—power, according to Heritage Foundation domestic policy director Stuart Butler, one of the current concept's intellectual fathers. It is a reaction to what Pinkerton described as the entrenched system's "red tape and bureaucracy and rules and regulations and institutionalized redundancies and stupidities," which perhaps sufficed in the 19th century but not in this "infinitely more sophisticated time, when people are achingly more aware of their rights and entitlements."

This so-called Old Paradigm, empowerment advocates say, rewards the wrong behavior—abandoning a family, losing a job—and demonstrably hasn't worked, resulting in terrible schools, deteriorating cities and increasing millions of children with no reason to hope. "It's hard to

see how a system this sick," Pinkerton said, "can reform itself."

Proponents say the strength of empowerment is that it takes human nature as it is, not as a welfare-state engineer would hope it to be. "Adults are motivated by money—why not kids?" House Minority Whip Newt Gingrich, R-Ga., explained in describing a venture he sponsored last summer in Georgia to induce schoolchildren to read by paying them \$2 a book. Bureaucracies may work in Europe, where the culture supports the pervasive presence of government rules, Gingrich said, but America was settled by people who chose to leave rules behind. "We have to reshape government to fit America," not the reverse, he said, judging Pinkerton "right in raising the debate to the paradigm level."

The core idea in what Pinkerton portrayed as "looking at the world through new eyes" is to let consumers of social services vote, in effect, with their feet. That can happen in a variety of fields. The educational "choice" movement, now spreading in state after state, would let parents instead of government officials decide where children should go to school.

(See box, p. 205.) Poor people could spend government-supplied "vouchers" to line up housing rather than inhabiting a high rise that hardly feels like home. (See box, p. 209.) Vouchers could also be used for purchasing health insurance (see box, p. 207) or job training.

Another tool empowerment advocates favor is tax credits. Congress enacted \$12.5 billion worth (over five years) to subsidize child care last fall, and Bush is expected to propose other credits in his 1992 budget to lure employers to "enterprise zones" in inner cities. Housing and Urban Development (HUD) Secretary Jack F. Kemp, the leading advocate in Administration councils of enterprise zones and other forms of empowerment, has pressed for major tax cuts (such as for capital gains and social security) but isn't expected to prevail.

But some proponents mean more by empowerment than a mechanism for funneling aid to recipients. That has made the buzzword expansive as well as elusive. Empowerment also means ensuring that "people can vote with their feet," said assistant Labor secretary for employment and training Roberts T. Jones, a member of Kemp's Cabinet panel on empowerment. Only with a decent education and upbringing can an individual compete in a market economy, this thinking goes, and so escape the dependency fostered by having the government subsidize day-to-day consumption.

ESTABLISHING A FREE MARKET FOR HEALTH CARE

As yet, Bush Administration theoreticians haven't extended their theories of "empowerment" to the problems of the nation's crumbling health care system: the inexorable cost increases and the 30 million-plus Americans without health insurance.

Health and Human Services Secretary Louis W. Sullivan has used the term to exhort people to take responsibility for their own health, but he has not presented President Bush with a plan to improve public access to health care and restrain costs—the charge Bush gave him in his State of the Union speech last year.

"It's the last area the conservatives have tackled," Heritage Foundation health care policy analyst Edmund F. Haislmaier said. "It has taken conservatives a while to hash out the issue—other than just to react against [liberal proposals]—because coming to grips with this issue is difficult and complex."

But Haislmaier and several of his Heritage colleagues say they think they have come up with an alternative to a government-run or government-regulated health insurance system, either of which, they say, would be inefficient and cumbersome. The Heritage proposal has been widely circulated and has attracted some interest in the business community.

The key, the Heritage people say in a proposal first unveiled in 1989, is to turn the health care system "into a true market system."

To accomplish that, they would do away with the employer-based system of health insurance that now covers the vast majority of Americans under age 65. That would recoup almost \$40 billion in taxes that are currently lost each year because employer-paid health benefits are not taxed as income to workers.

In its place, they would require that individuals purchase catastrophic health insurance to cover high-cost injuries and illness. For lower-cost, more routine medical expenses, people could buy insurance or pay the costs themselves.

To make this health insurance affordable, the federal government would provide tax credits that would partially subsidize the purchases. The subsidy would be larger for those with low incomes or with high medical costs. State governments could also experiment with special risk pools or other aid to the unemployed and to medically high-risk individuals.

This arrangement, the Heritage analysts argue, would not only redistribute existing tax subsidies more equitably, but would also make consumers more cost-conscious and health care providers and insurers more competitive and efficient. Haislmaier and his Heritage colleagues don't buy the prevailing view that consumers can't make informed choices about their own health care. They say that interested consumers could draw on the expertise of a health plan or an insurer in making complicated medical decisions on big-ticket health services.

Proposed changes in Medicare, the federal program for the elderly, are more tentative. Under a plan proposed by Peter J. Ferrara, a senior fellow at the Cato Institute, Medicare would be changed to provide insurance only for catastrophic illnesses: premiums would be eliminated, but the elderly would have to buy or pay for insurance to cover lower-cost, routine care. Each Medicare beneficiary would receive a voucher equal to the value of the average amount that the government now spends on their health care and could then choose among competing medical plans.

The federal government would provide long-term nursing home and home care for the elderly poor under a new program. Medicaid, the joint federal-state program for welfare recipients, would no longer serve as a payer of last resort for elderly people who have been impoverished by the costs of such care.

More-affluent elderly would be encouraged to purchase private long-term-care insurance policies, and workers would be encouraged to save toward the cost of their retirement health care needs with tax-free savings accounts and sizable tax credits. They would continue to be eligible for Medicare benefits, but they would face higher deductibles.

Some analysts have greeted the proposal with skepticism. It "shifts from the efficient administrative system [of group insurance] to reintroducing the inefficiencies of the individual health insurance market," said Judith Feder, co-director of the center for health policy studies at Georgetown University School of Medicine and former staff director of the congressionally established Pepper Commission on health care reform.

Feder's view is that private insurers are notorious for their high marketing costs and their attempts to avoid customers who are seen as bad risks. She also questioned how much would be needed in direct government subsidies or tax subsidies to make care affordable to all.

The proposal's authors concede that the scheme comes with a host of unanswered questions. "We don't claim to have all the answers, all the i's dotted, all the t's crossed," Haislmaier said. "We just wanted to lay out a philosophical framework and run it up the flagpole."

—Julie Kosterlitz

That has caused proponents to count as empowerment a wide range of welfare and job training programs—even those that are run by bureaucrats in big buildings—along with sundry initiatives to combat illegal drugs, discourage racial hiring quotas and let employees work at home and carry their pensions from one job to the next. "That's stretching it, don't you think?" a House Republican aide said.

It's been stretched further. Roger B. Porter, Bush's economic and domestic

policy adviser, said he has in mind "a more fully developed sense of empowerment" that includes not only rights and opportunities but also individuals' responsibility to, say, read to children or voluntarily recycle. Also counted by some as empowerment is the notion of measuring government performance by its results—by whether a caseworker helps a client, for example—instead of by how much the agencies spend. "I don't personally care whether you call that empowerment or . . . good government,"

a White House adviser said. "It's obviously a good thing."

ON THE CHEAP

Crucial to the concept of empowerment is an assumption about psychology: that giving people a stake in the economy will alter their expectations about upward mobility and change their behavior. This is the basis for the proposal by Washington University's Sherraden of "individual development accounts," fed-

erally subsidized savings accounts to be applied only to such laudable goals as college tuition or a first mortgage. "With assets," he has written, "people begin to think in the long term and pursue long-term goals." Legislation that House Select Committee on Hunger chairman Tony P. Hall, D-Ohio, will soon introduce would try this idea in a dozen or so pilot projects.

A hope of altering down-and-outers' expectations also stands behind some Labor Department ventures already in the works. In six poor urban neighborhoods and one rural one, any youth is deemed eligible for a coordinated program of social services (job training, drug counseling, etc.) and is guaranteed a job or—in one locale—a college education. Starting this spring, Labor will also team with HUD in perhaps a dozen communities on what assistant Labor secretary Jones described as "a holistic approach" in social services to restore homeless people to the economic mainstream. If these experiments work, Jones said, they could affect how tens of billions of existing federal dollars are spent and "probably drive more money in."

Those are 2 of 31 empowerment-related initiatives—most fairly modest—on a White House list of things seven agencies might do without Congress's approval. Some were already under way; many still aren't. Other initiatives, mainly pilot projects, will be in Bush's 1992 budget, possibly including a controversial test of letting states fiddle with welfare rules for disbursing aid to families with dependent children. The budget will propose some "pretty significant" expenditures for housing as well as grants to cities and states for administrative costs in adopting educational choice, an official said, but "there's not a whole lot of room for new spending" or programs.

That doesn't faze White House policy makers, who insist that they can pursue empowerment on the cheap. They've undertaken a "distributional analysis" (overseen by Council of Economic Advisers member Richard L. Schmalensee) of how much Washington already spends on the poor, and they expect to have useful information in hand later this year. The purpose is to "build a case," an official said, that "the current system isn't working."

That isn't a hard case to build. What exists now is a "crazy-quilt . . . of well-meaning programs that don't add up to a sensible" whole, Urban Institute senior fellow Isabel V. Sawhill said. Harvard University welfare expert Mary Jo Bane, a onetime New York State welfare chief,



Progressive Policy Institute's Will Marshall
Empowerment did not "spring from a void."

considers public housing "an invention of the devil." Few would disagree.

But they and other social scientists remain wary of empowerment advocates' assertions. Educational choice, for instance, can "be part of real reform" in schools but hardly all of it, Bane said. "It's not just one thing or another [that brings reform]. It's a whole bunch of things." In addition to the manifold practical problems in overhauling social service delivery systems and in scaling up pilot ventures into full-fledged ones, Washington seems to have precious little leverage to effect real change.

In education, certainly, for which Washington pays only 7 per cent of the costs, it is up to state and local governments to manage and oversee the schools. The Education Department has established a toll-free telephone line to counsel school systems thinking of trying educational choice, and Bush may visit successful programs to raise their profile. (Aides say they've seen no variant of choice they don't like.) But it's "not very important what the federal government does" in promoting choice, said Progressive Policy Institute president Will Marshall, an empowerment booster.

The government could do more in other fields—notably, housing, welfare and health care—if it had the money. But without it, empowerment can do little beyond tinker at the edges. The government could establish a secondary mort-

gage market for low-income homes or encourage tenant management of public housing. But empowerment "doesn't build new housing," Rep. Charles E. Schumer, D-N.Y., objected, or provide money for fuel oil. "Letting people help themselves would cost more than [the White House] is willing to spend," Economic Policy Institute president Jeff Faux said.

Empowerment advocates say there's no point in spending more money until the system works. But "unless hard budget choices eventually get made," Heritage theorist Butler conceded, "empowerment is a boutique program."

POLITICAL SHELL GAMES

Empowerment may prove politically useful to Bush, however, even if its substance falls short. That prospect gives Democrats fits. The "best empowerment bills of all time" were the Federal Housing Administration subsidies enacted during the Depression and the GI Bill for financing veterans' educations after World War II, both Democratic ideas, Democratic Leadership Council (DLC) executive director Al From said. A congressional Democratic aide said that Sen. Daniel Patrick Moynihan, D-N.Y., who'd proposed poverty programs in the mid-1960s in which the poor were to participate, should "be picketing the White House" for thieving his ideas.

For some Democrats, empowerment remains an unacquired taste. That includes those who'd prefer to see additional funds go first to proven programs such as Head Start, Rep. Dennis E. Eckart, D-Ohio, said. That's also the case for many liberals who are politically beholden to public employee labor unions and have a vested interest in the old, bureaucratic ways.

Political suspicions also play a part. A House Democratic leadership aide assailed the White House for what he took to be a political "shell game" intended to "dismantle programs that benefit low and moderate-income people."

But empowerment has proved popular among many Democrats, who see a political threat in the idea and are struggling for a share of the issue. Those Democrats are common in the South, where Govs. Lawton Chiles of Florida and Bill Clinton of Arkansas plan to place legislative emphasis this year on empowerment-related issues. There's a demographic correlation as well. A constituency for this sort of theme may reside in the third of baby boomers in knowledge-related occupations who, University of

HOME OWNERSHIP POWER TRIP

There's something sacrosanct about home ownership. When you own a home, when you have something to leave to your children, you start thinking about life in terms of long-term horizons instead of just existential, overnight survival."

Like a meditator chanting a mantra, Jack F. Kemp has uttered these words and words like them in hundreds of public forums across the country since he became Housing and Urban Development (HUD) Secretary two years ago.

Congress has finally given Kemp a chance to test his theories about home ownership as a tool to break the poverty cycle. In November, it enacted a wide-ranging housing bill that incorporates Kemp's "Homeownership Opportunities for People Everywhere" (HOPE) program. If Congress finds the cash to pay for it, HOPE would provide \$1 billion over two years to sell off public housing units to their tenants. The money would also be used to promote tenant ownership of private apartments and single-family homes in the federal inventory of foreclosed properties.

The HOPE plan offers poor people potential ownership of more than two million government housing units, says Kemp, who likens the new law to the 1862 Homestead Act, which offered 160 acres of land to settlers who wanted to make a go of it in the wilderness. The plan would also try to improve coordination between housing aid programs and other social services to encourage government aid recipients to move toward greater economic self-sufficiency.

HOPE's tenant ownership provisions have widespread appeal. But some analysts contend that the high cost of transferring rental housing to poor tenants could severely limit the impact of Kemp's program. Housing experts estimate that the price tag for rehabilitating public housing projects and providing the needed financing assistance to tenant purchasers will run as high as \$50,000-\$60,000 a unit. If they are correct, HOPE spending would pay for the transfer of only a few thousand public housing apartments annually.

Some housing activists would rather see the federal government spend its scarce housing resources on

programs that expand the share of poor and homeless people who receive government assistance. Raymond J. Struyk, senior research associate at the Urban Institute, suggested that the money authorized for HOPE's ownership programs could pay for rental vouchers for 150,000 poor families who qualify for federal housing programs but receive no aid. According to HUD's own estimates, more than four million eligible households receive no federal housing assistance because of a shortage of funds.

Practical obstacles also exist. There may not be enough experienced non-profit groups that can help train tenants and offer practical assistance. And some public housing officials worry about scandals if tenant ownership plans aren't painstakingly crafted and monitored. "If you don't go in and train tenants properly, provide financial management training so they can be fiscally responsible and put in good accounting procedures before you turn the housing over, my experience is that tenants will steal," said the director of a large public housing agency who asked not to be named.

Though Congress, in its new housing bill, endorsed many of Kemp's ideas, it failed to adopt another central tenet of the Kemp plan to revitalize poor communities: enterprise zones. The HUD Secretary's proposal, which would have created several dozen zones within which businesses would receive generous tax breaks to spur job creation, would have cost the federal government an estimated \$1 billion in forgone tax revenues over four years.

In the absence of a federal program, about two-thirds of the states have set up hundreds of enterprise zones. Supporters say the zones have been responsible for thousands of new jobs in poor communities. But skeptics say the job growth was the result of general economic expansion in the 1980s and can't be attributed to the tax incentives in enterprise zones. They'd prefer to see the forgone revenue spent instead on social service programs, such as Head Start and job training. In their view, the prevailing barrier to economic growth in poor communities isn't high taxes, but crime and the inadequate work skills of the people who live there.

—Carol F. Steinbach

Massachusetts (Amherst) professor Ralph Whitehead Jr. has found, are more skeptical of big institutions than their parents were. This suggests that empowerment didn't "spring from a void," Marshall said.

Both parties seem attentive to the political implications. The DLC's From "absolutely" can see a Democrat running for President next year on an empowerment platform. Possible Democratic presidential candidates known to sympathize with empowerment-related notions include Sens. Albert Gore Jr. of Tennessee, Sam Nunn of Georgia and Charles S. Robb of Virginia and Govs. Clinton and L. Douglas Wilder of Virginia. Sen. Bill Bradley of New Jersey is said to have started to think them through.

Republicans are already intrigued. Capturing the policy momentum on education, poverty and health care would let them challenge the status quo with innovative ideas and bring them considerable political succor. The more Bush is criticized for domestic do-nothingness, the more he may want a way out.

At least in words, he's thought sure to take it. Bush has twice described empowerment in speeches as his "centerpiece" of domestic policy. "The rhetoric of empowerment will continue to be important," an adviser said. But how far policy will fit the label "is less clear to me," he added, noting that some Bush aides think the concept "too cute by half."

Empowerment also poses some political risk to the White House. The concept has little to say except in the long run about pivotal economic issues—of recession and competitive strength—on which a presidency can turn. Among empowerment-related issues, only school choice would directly benefit middle-class voters, who already have choice in schools by having chosen where to live. Otherwise, those who'd benefit aren't customarily Republican—though the White House would be pleased to convert them.


These issues may not be enough to constitute "a central core" for domestic policy, a senior Administration official said, or "to speak that powerfully to most Americans."

Nor is it evident that empowerment speaks that powerfully to Bush. Aides say the President has an affinity for youthful ideas and an anti-Establishment streak he's not given credit for. But they concede he's no radical. For empowerment to work in a way that will matter decades hence, advocates say, Bush's enthusiasm for it must be genuine. But "it is hard to see him leading a 'power to the people' campaign with fist clenched," Eizenstat said. "It's dubious to think that George Herbert Walker Bush is going to be the Eldridge Cleaver of the 1990s." ■

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Pinkerton's spacious, disheveled office, strewn with books and stacks of newspapers, hardly seems like a command center for a social revolution. But there's a hint of high stakes in the prominent painting near his desk of Sir Thomas More, who was executed by Henry VIII for his stand on principle. Pinkerton admires More but hopes not to emulate him.

He's unlikely to. A publicized swat he took last fall from budget chief Richard G. Darman served only to further Pinkerton's crusade, not hinder it. (See *NJ*, 12/15/90, p. 3046.) Pinkerton has become the most profiled member (other than chief of staff John H. Sununu) of Bush's staff, causing some resentment among more-senior advisers. Empowerment has become the shibboleth of Administration domestic policy, so that even Darman doesn't say a word against it.

More is coming. A paean to empowerment will grace Bush's State of the Union message on Jan. 29 if domestic policy—amid a war—is mentioned at all. His fiscal 1992 budget will feature an empowerment package of 10-15 pieces, an official said, with new spending in the range of \$2 billion for housing, education, enterprise zones, Indian affairs, small business and possibly welfare reform. And that will merely mark "the end of the first quarter" in a policy mission that may extend to job training and welfare reform later this year and possibly to health care in 1992, an aide said in describing the Administration's "short and long-term agendas."

This prospect has brought a touch of vitality to an otherwise dreary time for domestic policy, given Washington's budget constraints and a President more taken with geopolitics than intractable social problems at home. Reformers and social scientists fatigued by a decade of seeing social problems ignored have delighted

Richard A. Blumenthal

PUBLIC SCHOOL 'CHOICE' GATHERING MOMENTUM

To the empowerment team at the White House, New York City's East Harlem school district is the epitome of what empowerment in education is all about.

There, public school students can choose among dozens of educational programs, with schools that specialize in the performing arts, sports, science and mathematics, communications, health services, the environment and other programs.

Many of the schools are small, with several housed in a single building. The curricula are overseen by teams of teachers who are given wide latitude to innovate.

East Harlem schools attract hundreds of white students from outside the district, where the population is predominantly Hispanic and black and largely poor. Academically, East Harlem pupils' test scores rose from last place among New York City's 32 school districts in 1973, the year before the "choice" program was launched, to 16th last year.

Across the nation the movement to give public school parents more latitude in choosing schools for their children is gaining political momentum. Schools such as those in East Harlem have improved, choice advocates say, because parents there can pick the schools their children attend instead of being forced to accept the school district's assignment. As a result, choice supporters say, schools work harder to deliver innovative and quality education; otherwise, they lose enrollment and go out of business.

Such free-market notions once came mainly from conservatives, but now a growing number of Democrats and liberals agree. The main reason is that a massive wave of school reform efforts in the 1980s failed to raise the achievement levels of U.S. students.

In 1988, Minnesota became the first state to implement a statewide school choice program. Since then, seven

more states have adopted versions of school choice, as have several major urban school systems. Advocates say choice programs spur more educational diversity, catalyze more parental involvement in schools and weaken the power of centralized school bureaucracies, which often act as roadblocks to educational restructuring. "Almost without exception, wherever choice has been attempted, choice has worked," President Bush told a 1989 White House education conference.

But a good chunk of the nation's education establishment, including school superintendents, principals and local school boards, remains skeptical. These officials worry that school districts may be rushing into choice plans without careful attention to the details or the program's impact. They point out that some school districts, such as Seattle's, have experienced major administrative problems trying to implement choice programs.

"School systems have to do several things simultaneously, or choice can be harmful," Charles Vert Willie, a Harvard University education and urban studies professor, said. Willie fears that choice programs that rely solely on market forces will have the harshest impact on poor and minority children by undermining one of the few remaining institutions in underclass neighborhoods—the public schools. School districts ought to provide choice, Willie said, but they should also "invest heavily" in failing schools, not shut them down.

Another concern is that so many divergent education concepts now march behind the school choice banner that some programs "may end up creating more problems than they solve," said Joe Nathan, a senior fellow at the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs and an adviser on the choice issue to the Bush White House.

Among the ideas being promoted as

part of the choice movement are magnet schools, which are proliferating around the country, and publicly financed vouchers to permit poor parents to send their children to private schools, an idea being tried in Milwaukee. But magnet schools, though they often offer strong academic programs, frequently "cream" off the best students, Nathan said, and absorb a disproportionate share of a locality's education resources, weakening other schools.

As for vouchers, Washington financed an experiment in the 1970s that provided \$7 million in vouchers to permit some students in the San Jose suburb of Alum Rock to attend the school of their choice. But the experiment produced no academic differences between students who used the vouchers and those who did not.

Until last year, choice strategists concentrated primarily on promoting more choice within public schools. Then last June, political scientists John E. Chubb and Terry M. Moe co-authored a plan, published by the liberal-leaning Brookings Institution, to include private schools in the mix. Under the plan, parents could choose any appropriate public or private school for their youngster, with state and local funds following the student to the school. The White House empowerment team has endorsed that idea, but others say that public and private schools alike could end up worse off under such a program.

"Competition alone isn't enough to stimulate school improvement," Nathan said. In his view, school districts with successful choice programs, such as East Harlem, also offer parents diverse, strong schools from which to choose and make special efforts—from providing transportation to sponsoring massive parent education programs—to ensure that all children can take advantage of the program.

—Carol F. Steinbach

in the burgeoning discussion of a policy redirection that Washington University social work professor Michael W. Sherraden said could—if it helps poor Americans accumulate property "be the most important since the New Deal." Stuart E. Eizenstat, who was President Carter's chief domestic policy adviser, called empowerment an "important and interesting" idea and exulted that the debate is

about "how to help the disadvantaged rather than whether to."

Champions of empowerment make big claims. Putting decisions on education, housing, health care and other social services in recipients' hands would bolster the programs' effectiveness, they say, and reduce the costs by eliminating bureaucratic middlemen. By empowering poor people, the so-called underclass would

"evaporate" in 20 years, Pinkerton predicted. "Over the long run—and let's be clear I'm not talking about [fiscal] '91 or '92—if we want this country to be better, we've got to rethink in a pretty profound way a lot of what we're doing." A colleague discerned nothing less than "an effort to reinvigorate participatory democracy in America."

Nor are the stakes small for Bush. Em

powerment offers him a chance for long-term political gain by simultaneously providing a vision of domestic policy that he can afford and swiping his Democratic opponents' best issues. (For a report on Democrats' ideas, see this issue, p. 210.)

This stew has been spiced by the emergence of peculiar political coalitions. On Capitol Hill, do-gooders and cost cutters—camps usually at odds—have joined forces. In Washington, empowerment has mainly been Republican conservatives' policy property. But many Democrats have taken to it, too, and are competing for political control. In both parties, sentiment toward empowerment varies less by ideology than by generation. It appeals more to baby boomers of assorted political hues than to traditionalists of any stripe, suggesting an issue with staying power.

But it's far too soon to presume that empowerment will rise from the pages of its prophets in a fashion that someday will seem to have mattered. Bush won't decide until the Persian Gulf war is finished, officials say, whether empowerment will be a half-hearted Administration theme or a meaningful centerpiece of the government's domestic policy. Among Administration policy makers, open opposition to empowerment has ceased. But true believers remain few, and even adherents wonder whether it carries enough resonance with voters, who "don't have confidence in government to turn [social problems] around fundamentally," a senior Administration official said.

Voters' skepticism may prove well-placed. For hard questions about empowerment remain. Its proposed programs are mainly unproven. Social scientists warn of a profusion of nitty-gritty obstacles to achieving the advances that its advocates foresee. In many cases, empowerment would entail infusions of federal funds that are, at best, unlikely to be available any time soon.

Robert Greenstein, director of the Center on Budget and Policy Priorities, a liberal Washington think tank, said he finds "some interesting things" in empowerment but fears it's been oversold. "I'm a bit suspicious of sweeping principles," he said. "There are no simple answers."

VOTING WITH THEIR FEET

There's not much new about the New Paradigm. Proponents discern its underlying notions in the 1862 law granting homesteaders 160 acres in the West and, even earlier, in Thomas Jefferson's vision of democracy among a propertied yeo-



Stuart Butler of the Heritage Foundation
The new empowerment has to do with economics.

manly. It carries a ring of the 1960s' pleas from the Left for "power to the people." Empowerment served then as a rallying cry for the civil rights movement and in the 1970s for feminists and the disabled, whose independent-living movement sought "to empower individuals to take control" of their own care and circumstances, Disability Rights Education and Defense Fund lobbyist Patrisha A. Wright recounted.

"The New Paradigm is ancient wisdom," New York Gov. Mario M. Cuomo recently told reporters.

Today's empowerment doctrine differs from the 1960s' version in its focus on economic—not political—power, according to Heritage Foundation domestic policy director Stuart Butler, one of the current concept's intellectual fathers. It is a reaction to what Pinkerton described as the entrenched system's "red tape and bureaucracy and rules and regulations and institutionalized redundancies and stupidities," which perhaps sufficed in the 19th century but not in this "infinitely more sophisticated time, when people are achingly more aware of their rights and entitlements."

This so-called Old Paradigm, empowerment advocates say, rewards the wrong behavior—abandoning a family, losing a job—and demonstrably hasn't worked, resulting in terrible schools, deteriorating cities and increasing millions of children with no reason to hope. "It's hard to

see how a system this sick," Pinkerton said, "can reform itself."

Proponents say the strength of empowerment is that it takes human nature as it is, not as a welfare-state engineer would hope it to be. "Adults are motivated by money—why not kids?" House Minority Whip Newt Gingrich, R-Ga., explained in describing a venture he sponsored last summer in Georgia to induce schoolchildren to read by paying them \$2 a book. Bureaucracies may work in Europe, where the culture supports the pervasive presence of government rules, Gingrich said, but America was settled by people who chose to leave rules behind. "We have to reshape government to fit America," not the reverse, he said, judging Pinkerton "right in raising the debate to the paradigm level."

The core idea in what Pinkerton portrayed as "looking at the world through new eyes" is to let consumers of social services vote, in effect, with their feet. That can happen in a variety of fields. The educational "choice" movement, now spreading in state after state, would let parents instead of government officials decide where children should go to school.

(See box, p. 205.) Poor people could spend government-supplied "vouchers" to line up housing rather than inhabiting a high rise that hardly feels like home. (See box, p. 209.) Vouchers could also be used for purchasing health insurance (see box, p. 207) or job training.

Another tool empowerment advocates favor is tax credits. Congress enacted \$12.5 billion worth (over five years) to subsidize child care last fall, and Bush is expected to propose other credits in his 1992 budget to lure employers to "enterprise zones" in inner cities. Housing and Urban Development (HUD) Secretary Jack F. Kemp, the leading advocate in Administration councils of enterprise zones and other forms of empowerment, has pressed for major tax cuts (such as for capital gains and social security) but isn't expected to prevail.

But some proponents mean more by empowerment than a mechanism for funneling aid to recipients. That has made the buzzword expansive as well as elusive. Empowerment also means ensuring that "people can vote with their feet," said assistant Labor secretary for employment and training Roberts T. Jones, a member of Kemp's Cabinet panel on empowerment. Only with a decent education and upbringing can an individual compete in a market economy, this thinking goes, and so escape the dependency fostered by having the government subsidize day-to-day consumption.

Richard A. Egan

ESTABLISHING A FREE MARKET FOR HEALTH CARE

As yet, Bush Administration theoreticians haven't extended their theories of "empowerment" to the problems of the nation's crumbling health care system: the inexorable cost increases and the 30 million-plus Americans without health insurance.

Health and Human Services Secretary Louis W. Sullivan has used the term to exhort people to take responsibility for their own health, but he has not presented President Bush with a plan to improve public access to health care and restrain costs—the charge Bush gave him in his State of the Union speech last year.

"It's the last area the conservatives have tackled," Heritage Foundation health care policy analyst Edmund R. Haismaier said. "It has taken conservatives a while to hash out the issue—other than just to react against [liberal proposals]—because coming to grips with this issue is difficult and complex."

But Haismaier and several of his Heritage colleagues say they think they have come up with an alternative to a government-run or government-regulated health insurance system, either of which, they say, would be inefficient and cumbersome. The Heritage proposal has been widely circulated and has attracted some interest in the business community.

The key, the Heritage people say in a proposal first unveiled in 1989, is to turn the health care system "into a true market system."

To accomplish that, they would do away with the employer-based system of health insurance that now covers the vast majority of Americans under age 65. That would recoup almost \$40 billion in taxes that are currently lost each year because employers paid health benefits are not taxed as income to workers.

In its place, they would require that individuals purchase catastrophic health insurance to cover high-cost injuries and illness. For lower-cost, more routine medical expenses, people could buy insurance or pay the costs themselves.

To make this health insurance affordable, the federal government would provide tax credits that would partially subsidize the purchases. The subsidy would be larger for those with low incomes or with high medical costs. State governments could also experiment with special risk pools or other aid to the unemployed and to medically high-risk individuals.

This arrangement, the Heritage analysts argue, would not only redistribute existing tax subsidies more equitably, but would also make consumers more cost-conscious and health care providers and insurers more competitive and efficient. Haismaier and his Heritage colleagues don't buy the prevailing view that consumers can't make informed choices about their own health care. They say that interested consumers could draw on the expertise of a health plan or an insurer in making complicated medical decisions on big-ticket health services.

Proposed changes in Medicare, the federal program for the elderly, are more tentative. Under a plan proposed by Peter J. Ferrara, a senior fellow at the Cato Institute, Medicare would be changed to provide insurance only for catastrophic illnesses; premiums would be eliminated, but the elderly would have to buy or pay for insurance to cover lower-cost, routine care. Each Medicare beneficiary would receive a voucher equal to the value of the average amount that the government now spends on their health care and could then choose among competing medical plans.

The federal government would provide long-term nursing home and home care for the elderly poor under a new program: Medicaid, the joint federal-state program for welfare recipients, would no longer serve as a payer of last resort for elderly people who have been impoverished by the costs of such care.

More affluent elderly would be encouraged to purchase private long-term care insurance policies, and workers would be encouraged to save toward the cost of their retirement health care needs with tax-free savings accounts and sizable tax credits. They would continue to be eligible for Medicare benefits, but they would face higher deductibles.

Some analysts have greeted the proposal with skepticism. It "shifts from the efficient administrative system [of group insurance] to reintroducing the inefficiencies of the individual health insurance market," said Judith Feder, co-director of the center for health policy studies at Georgetown University School of Medicine and former staff director of the congressionally established Popper Commission on health care reform.

Feder's view is that private insurers are notorious for their high marketing costs and their attempts to avoid customers who are seen as bad risks. She also questioned how much would be needed in direct government subsidies or tax subsidies to make care affordable to all.

The proposal's authors concede that the scheme comes with a host of unanswered questions. "We don't claim to have all the answers, all the i's dotted, all the t's crossed," Haismaier said. "We just wanted to lay out a philosophical framework and run it up the flagpole."

—Julie Kosterlitz

That has caused proponents to count as empowerment a wide range of welfare and job training programs—even those that are run by bureaucrats in big buildings along with sundry initiatives to combat illegal drugs, discourage racial hiring quotas and let employees work at home and carry their pensions from one job to the next. "That's stretching it, don't you think?" a House Republican aide said.

It's been stretched further. Roger B. Porter, Bush's economic and domestic

policy adviser, said he has in mind "a more fully developed sense of empowerment" that includes not only rights and opportunities but also individuals' responsibility to, say, read to children or voluntarily recycle. Also counted by some as empowerment is the notion of measuring government performance by its results—by whether a caseworker helps a client, for example, instead of by how much the agencies spend. "I don't personally care whether you call that empowerment or . . . good government,"

a White House adviser said. "It's obviously a good thing."

ON THE CHEAP

Crucial to the concept of empowerment is an assumption about psychology: that giving people a stake in the economy will alter their expectations about upward mobility and change their behavior. This is the basis for the proposal by Washington University's Sherraden of "individual development accounts," fed-

erally subsidized savings accounts to be applied only to such laudable goals as college tuition or a first mortgage. "With assets," he has written, "people begin to think in the long term and pursue long-term goals." Legislation that House Select Committee on Hunger chairman Tony P. Hall, D-Ohio, will soon introduce would try this idea in a dozen or so pilot projects.

A hope of altering down-and-outers' expectations also stands behind some Labor Department ventures already in the works. In six poor urban neighborhoods and one rural one, any youth is deemed eligible for a coordinated program of social services (job training, drug counseling, etc.) and is guaranteed a job or—in one locale—a college education. Starting this spring, Labor will also team with HUD in perhaps a dozen communities on what assistant Labor secretary Jones described as "a holistic approach" in social services to restore homeless people to the economic mainstream. If these experiments work, Jones said, they could affect how tens of billions of existing federal dollars are spent and "probably drive more money in."

Those are 2 of 31 empowerment-related initiatives—most fairly modest—on a White House list of things seven agencies might do without Congress's approval. Some were already under way; many still aren't. Other initiatives, mainly pilot projects, will be in Bush's 1992 budget, possibly including a controversial test of letting states fiddle with welfare rules for disbursing aid to families with dependent children. The budget will propose some "pretty significant" expenditures for housing as well as grants to cities and states for administrative costs in adopting educational choice, an official said, but "there's not a whole lot of room for new spending" or programs.

That doesn't faze White House policy makers, who insist that they can pursue empowerment on the cheap. They've undertaken a "distributional analysis" (overseen by Council of Economic Advisers member Richard L. Schmalensee) of how much Washington already spends on the poor, and they expect to have useful information in hand later this year. The purpose is to "build a case," an official said, that "the current system isn't working."

That isn't a hard case to build. What exists now is a "crazy-quilt . . . of well-meaning programs that don't add up to a sensible" whole, Urban Institute senior fellow Isabel V. Sawhill said. Harvard University welfare expert Mary Jo Banc, a onetime New York State welfare chief,



Progressive Policy Institute's Will Marshall
Empowerment did not "spring from a void."

considers public housing "an invention of the devil." Few would disagree.

But they and other social scientists remain wary of empowerment advocates' assertions. Educational choice, for instance, can "be part of real reform" in schools but hardly all of it, Banc said. "It's not just one thing or another [that brings reform]. It's a whole bunch of things." In addition to the manifold practical problems in overhauling social service delivery systems and in scaling up pilot ventures into full-fledged ones, Washington seems to have precious little leverage to effect real change.

In education, certainly, for which Washington pays only 7 per cent of the costs, it is up to state and local governments to manage and oversee the schools. The Education Department has established a toll-free telephone line to counsel school systems thinking of trying educational choice, and Bush may visit successful programs to raise their profile. (Aides say they've seen no variant of choice they don't like.) But it's "not very important what the federal government does" in promoting choice, said Progressive Policy Institute president Will Marshall, an empowerment booster.

The government could do more in other fields—notably, housing, welfare and health care—if it had the money. But without it, empowerment can do little beyond tinker at the edges. The government could establish a secondary mort-

gage market for low-income homes or encourage tenant management of public housing. But empowerment "doesn't build new housing," Rep. Charles E. Schumer, D-N.Y., objected, or provide money for fuel oil. "Letting people help themselves would cost more than [the White House] is willing to spend," Economic Policy Institute president Jeff Faux said.

Empowerment advocates say there's no point in spending more money until the system works. But "unless hard budget choices eventually get made," Heritage theorist Butler conceded, "empowerment is a boutique program."

POLITICAL SHELL GAMES

Empowerment may prove politically useful to Bush, however, even if its substance falls short. That prospect gives Democrats fits. The "best empowerment bills of all time" were the Federal Housing Administration subsidies enacted during the Depression and the GI Bill for financing veterans' educations after World War II, both Democratic ideas, Democratic Leadership Council (DLC) executive director Al From said. A congressional Democratic aide said that Sen. Daniel Patrick Moynihan, D-N.Y., who'd proposed poverty programs in the mid-1960s in which the poor were to participate, should "be picketing the White House" for thieving his ideas.

For some Democrats, empowerment remains an unacquired taste. That includes those who'd prefer to see additional funds go first to proven programs such as Head Start, Rep. Dennis E. Eckart, D-Ohio, said. That's also the case for many liberals who are politically beholden to public employee labor unions and have a vested interest in the old, bureaucratic ways.

Political suspicions also play a part. A House Democratic leadership aide assailed the White House for what he took to be a political "shell game" intended to "dismantle programs that benefit low and moderate-income people."

But empowerment has proved popular among many Democrats, who see a political threat in the idea and are struggling for a share of the issue. Those Democrats are common in the South, where Govs. Lawton Chiles of Florida and Bill Clinton of Arkansas plan to place legislative emphasis this year on empowerment-related issues. There's a demographic correlation as well. A constituency for this sort of theme may reside in the third of baby boomers in knowledge-related occupations who, University of

John Ewale

HOME OWNERSHIP POWER TRIP

It here's something sacrosanct about home ownership. When you own a home, when you have something to leave to your children, you start thinking about life in terms of long-term horizons instead of just existential, overnight survival.

Like a meditator chanting a mantra, Jack F. Kemp has uttered these words and words like them in hundreds of public forums across the country since he became Housing and Urban Development (HUD) Secretary two years ago.

Congress has finally given Kemp a chance to test his theories about home ownership as a tool to break the poverty cycle. In November, it enacted a wide-ranging housing bill that incorporates Kemp's "Homeownership Opportunities for People Everywhere" (HOPE) program. If Congress finds the cash to pay for it, HOPE would provide \$1 billion over two years to sell off public housing units to their tenants. The money would also be used to promote tenant ownership of private apartments and single-family homes in the federal inventory of foreclosed properties.

The HOPE plan offers poor people potential ownership of more than two million government housing units, says Kemp, who likens the new law to the 1862 Homestead Act, which offered 160 acres of land to settlers who wanted to make a go of it in the wilderness. The plan would also try to improve coordination between housing aid programs and other social services to encourage government aid recipients to move toward greater economic self-sufficiency.

HOPE's tenant ownership provisions have widespread appeal. But some analysts contend that the high cost of transferring rental housing to poor tenants could severely limit the impact of Kemp's program. Housing experts estimate that the price tag for rehabilitating public housing projects and providing the needed financing assistance to tenant purchasers will run as high as \$50,000-\$60,000 a unit. If they are correct, HOPE spending would pay for the transfer of only a few thousand public housing apartments annually.

Some housing activists would rather see the federal government spend its scarce housing resources on

programs that expand the share of poor and homeless people who receive government assistance. Raymond J. Strick, senior research associate at the Urban Institute, suggested that the money authorized for HOPE's ownership programs could pay for rental vouchers for 150,000 poor families who qualify for federal housing programs but receive no aid. According to HUD's own estimates, more than four million eligible households receive no federal housing assistance because of a shortage of funds.

Practical obstacles also exist. There may not be enough experienced non-profit groups that can help train tenants and offer practical assistance. And some public housing officials worry about scandals if tenant ownership plans aren't painstakingly crafted and mentored: "If you don't go in and train tenants properly, provide financial management training so they can be fiscally responsible and put in good accounting procedures, before you turn the housing over, my experience is that tenants will steal," said the director of a large public housing agency who asked not to be named.

Though Congress, in its new housing bill, endorsed many of Kemp's ideas, it failed to adopt another central tenet of the Kemp plan to revitalize poor communities: enterprise zones. The HUD Secretary's proposal, which would have created several dozen zones within which businesses would receive generous tax breaks to spur job creation, would have cost the federal government an estimated \$1 billion in forgone tax revenues over four years.

In the absence of a federal program, about two-thirds of the states have set up hundreds of enterprise zones. Supporters say the zones have been responsible for thousands of new jobs in poor communities. But skeptics say the job growth was the result of general economic expansion in the 1980s and can't be attributed to the tax incentives in enterprise zones. They'd prefer to see the forgone revenue spent instead on social service programs, such as Head Start and job training. In their view, the prevailing barrier to economic growth in poor communities isn't high taxes, but crime and the inadequate work skills of the people who live there.

—Carol R. Steinhilber

Massachusetts (Amherst) professor Ralph Whitehead Jr. has found, are more skeptical of big institutions than their parents were. This suggests that empowerment didn't "spring from a void," Marshall said.

Both parties seem attentive to the political implications. The DLC's From "absolutely" can see a Democrat running for President next year on an empowerment platform. Possible Democratic presidential candidates known to sympathize with empowerment-related notions include Sens. Albert Gore Jr. of Tennessee, Sam Nunn of Georgia and Charles S. Robb of Virginia and Govs. Clinton and L. Douglas Wilder of Virginia. Sen. Bill Bradley of New Jersey is said to have started to think them through.

Republicans are already intrigued. Capturing the policy momentum on education, poverty and health care would let them challenge the status quo with innovative ideas and bring them considerable political succor. The more Bush is criticized for domestic do-nothingness, the more he may want a way out.

At least in words, he's thought sure to take it. Bush has twice described empowerment in speeches as his "centerpiece" of domestic policy. "The rhetoric of empowerment will continue to be important," an adviser said. But how far policy will fit the label "is less clear to me," he added, noting that some Bush aides think the concept "too cute by half."

Empowerment also poses some political risk to the White House. The concept has little to say except in the long run about pivotal economic issues—of recession and competitive strength—on which a presidency can turn. Among empowerment-related issues, only school choice would directly benefit middle-class voters, who already have choice in schools by having chosen where to live. Otherwise, those who'd benefit aren't customarily Republican—though the White House would be pleased to convert them.

These issues may not be enough to constitute "a central core" for domestic policy, a senior Administration official said, or "to speak that powerfully to most Americans."

Nor is it evident that empowerment speaks that powerfully to Bush. Aides say the President has an affinity for youthful ideas and an anti-Establishment streak he's not given credit for. But they concede he's no radical. For empowerment to work in a way that will matter decades hence, advocates say, Bush's enthusiasm for it must be genuine. But "it is hard to see him leading a 'power to the people' campaign with fist clenched," Eizenstat said. "It's dubious to think that George Herbert Walker Bush is going to be the Eldridge Cleaver of the 1990s."

ANN LANDERS

DEAR ANN LANDERS:

We are the other POWs—Prisoners of Welfare. Every day people face the bitter reality that they have no alternative but to become captives of the welfare system. We are mostly single and divorced mothers. Only through education can we escape this degrading trap and find our way into the job market.

I am a divorced woman, 35, with two sons. I've been stuck on welfare for seven years. Taking a handout from the government makes me feel like I'm nothing. If I work, the minimum-wage money earned is deducted from my next month's welfare check. There is no legal way to get ahead. If I don't report my earned income and the welfare people find out, I'm eliminated from the program.

Being forced to buy groceries with food

stamps produces feelings of guilt and shame that I can't put into words.

Welfare recipients are considered lazy slobs who are looking for a free ride. The vast majority really want to work. I have a friend who holds down three jobs. She is close to a nervous breakdown. Baby-sitters are raising her three kids, and it makes her sick. Another friend turned to prostitution. She now has a pimp, and her life is a nightmare. Please, Ann, ask your readers not to judge us until they have walked in our shoes.

Welfare shouldn't be a way of life. It should be a temporary crutch to help people get back on their feet and be self-supporting. Education is the only way to keep the number of welfare recipients from growing in this country.

Ann, please give a giant thank-you to all the states that have education programs for

low-income and welfare people. They need to know that it works.—Almost Free in Iowa

Dear Iowa:

You did, and I thank you.

DEAR ANN LANDERS:

I'm writing about the letter from "Everything Isn't Okay in Oklahoma," the woman whose husband didn't pay any attention to his children. If only those fathers knew how important it is to establish a bond with their little ones. "Uninterested" fathers are destined to reap a harvest of indifference and, ultimately, trouble. In a few years these dads will be scratching their heads wondering what went wrong.

In my own neighborhood I have seen this happen. Dad pays attention to "Junior" only when he gets into trouble. So what does Junior

do? He gets into trouble at every opportunity to get the attention he so desperately wants. As I write this, Junior is in prison for a long list of offenses, the last one being assault and rape.

Daughters have a different set of needs. When they are ignored or rejected by their fathers, they look for male acceptance and approval, usually through sex. One unmarried teenage girl in our neighborhood has been pregnant three times.

I know these people. Deep down they aren't bad, the problem is that their fathers never spent any time with them.—A Student of Experience in Alabama

Dear Student:

Your letter should be posted on the walls of every delivery room in every hospital. Thanks for sharing your wisdom.

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Bleeding heart conservative

Robert Kuttner
on Jack Kemp

DEFENDING
THE DOLLAR
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WHITE HOUSE WATCH

VETO-READY

By Fred Barnes

The moment—10 a.m., May 22—was ripe for tough talk by Newt Gingrich, the House Republican whip, on civil rights legislation. Eight days earlier President Bush probably would have ignored Gingrich. Now he listened and didn't disagree. Instead of just saying he wants to sign a civil rights bill this year, Gingrich argued, Bush ought to assert that he is ready and willing to veto legislation that promotes racial quotas. That's good government, good politics, and a good negotiating strategy. Besides, the White House is in a stronger position than anyone had thought, Gingrich insisted. "In the House, we can sustain your veto," he said. Bush seemed persuaded. He raised only one red flag in the meeting with Gingrich and other GOP congressional leaders. He noted that Jewish groups, which usually oppose any legislation that encourages quotas, are backing the Kennedy-Hawkins bill. But Bush didn't pursue the point.

Why was Bush suddenly receptive to vetoing Kennedy-Hawkins, also known as the Civil Rights Act of 1990? He had met with leaders of civil rights, black, Hispanic, Jewish, women's, Japanese-American, Chinese-American, disabled, and conservative groups in separate sessions on May 14, 15, and 16. Bush felt his concern that the bill would force businesses to adopt racial quotas in hiring and promotions wasn't taken seriously enough. Nor did his call for talks to work out a compromise get as positive a response as he had expected. Bush was "disturbed" and "disheartened," an aide said. And willing to consider the veto option.

Before this round of meetings, Bush and his advisers figured the goodwill he'd generated among minorities (blacks especially) would provide an atmosphere for compromise. In amicable negotiations, the bill would be doctored to expunge (or at least weaken) any provision that even indirectly leads to quotas. This done, Bush would sign the bill and bask in the appreciation of the civil rights community. His popularity among blacks would remain extraordinarily high. Almost as nice, his standing among whites would hold up too, since he'd have dealt with their fear of quotas. Bush was dreaming.

The meetings, organized by White House communications chief David Demarest and public liaison Bobbie Kilberg, were (in Bush's words) "listening sessions." They would allow the president to explore how much room for compromise there is, particularly on the quota issue. The meetings—Bush hosted three, chief of staff

John Sununu two—were also expected to drive home the point that Kennedy-Hawkins has broad support. The sessions were stacked with backers of the bill. Clint Bolick of the Landmark Legal Center for Civil Rights, who opposes the bill, was told the meeting he attended with Bush on May 16 would be half supporters, half foes. It turned out to be two-thirds supporters, one-third foes. Some conservatives, though, declined invitations. "I didn't see the utility in participating," said Patrick McGuigan of the Free Congress Center for Law and Democracy. "I've got lots of things to do."

Bush's rude awakening came in the first meeting on May 14 with sixteen black and civil rights leaders, three of them conservatives. "A lot of you have known me a long time," he said in opening remarks. "You know where I've stood on civil rights. . . . I've always been against discrimination and harassment in employment. . . . As you know, I've always been opposed to quotas. I don't believe they are consistent with the equal employment vision we all share." Most of the meeting was devoted to a discussion of potential areas of compromise between Kennedy-Hawkins and the administration's alternative bill, which is far narrower. At one point, Robert Woodson, who heads the National Center for Neighborhood Enterprise, dismissed both bills as irrelevant to the plight of poor blacks. "What is needed instead is an economic agenda for empowerment of the underclass," he said. This drew no response from the others, but Bush listened intently.

The source of Bush's heartburn is one provision of Kennedy-Hawkins, which would overturn or modify five 1989 Supreme Court decisions on civil rights. In *Wards Cove Packing Company v. Antonio*, the Court ruled that merely demonstrating a racial imbalance in hiring and promotions (with whites in the professional jobs, say, and blacks in the blue-collar ones) is not sufficient to prove unlawful discrimination. A plaintiff would have to cite a discriminatory action. Kennedy-Hawkins would reverse this, shifting the burden of proof in employment cases. If sued for bias, the employer would have to prove that the statistical imbalance was job-related and not caused by racial discrimination. Attorney General Richard Thornburgh contends this would prompt businesses to apply racial quotas just to avoid suits they'd have difficulty winning. At the meeting, Bush hoped to hear suggestions for eliminating or reducing the prospect of quotas. Instead, he encountered resistance, notably from Julius Chambers of the NAACP Legal Defense Fund, and Drew Days, head of the Justice Department's civil rights division in the Carter administration.

In truth, there isn't much room for compromise. Ralph Neas, the executive director of the Leadership Conference on Civil Rights, points to a change in Kennedy-Hawkins that lessens the standard of proof for employers. Rather than proving the employment pattern is "essential to effective job performance," as the bill initially required, an employer would have to show it bears a "substantial and demonstrable" relationship. This, says Neas, "addresses any legitimate concern the

Bush administration has had about the quota issue." Thornburgh and Boyden Gray, the White House counsel, regard this change as meaningless. John Dunn, the current chief of the civil rights division, says it's crucial that the burden of proof rest with the employee. That, in effect, would leave the *Wards Cove* decision intact, which is exactly what Kennedy-Hawkins is supposed to prevent.

At the meeting with women's and ethnic groups on May 16, Bush was still looking for a compromise or some assurance that the bill wouldn't create quotas. Supporters told him it wouldn't. One noted that the word "quota" isn't mentioned in the bill. Bush and Thornburgh exchanged glances over this. Finally, Bush popped a question. Since the sponsors claim Kennedy-Hawkins is not a quotas bill, he said, they shouldn't object to inserting strict anti-quota language, should they? His answer came from Thornburgh. Language like that would make the bill worse, Thornburgh said. It would produce a bill that "requires quotas and then bans them." With the burden of proof shifted to the employer, he said, a sound lawyer would advise his client to adopt quotas to stay out of court.

Two conservatives in the meeting, Bolick and Mark Liedel of the Heritage Foundation, reminded Bush that Senator Hubert Humphrey had specifically precluded quotas in the 1964 Civil Rights Act. Humphrey told his colleagues that the legislation "does not require an employer to achieve any kind of racial balance in his work force by giving preferential treatment to any individual or group." Yet preferential treatment has often been the result, they said. As the meeting wound down, Liedel kept raising his hand. "Would you like a final word?" Bush asked. Liedel said there's "a growing sentiment for a new direction in civil rights." He urged Bush to press for opportunities for the underclass, not job quotas for already successful minorities.

On May 17 Bush had planned upbeat, conciliatory remarks at a Rose Garden ceremony to honor the U.S. Civil Rights Commission, which President Reagan had sought to eliminate. Bush, disillusioned by what he heard in the meetings, decided to "harden the rhetoric," said a senior White House official. Bush attacked quotas. "No one here today would want me to sign a bill whose unintended consequences are quotas," he said. "Because quotas are wrong, and they violate the most basic principles of our civil rights tradition and the most basic principles of the promise of democracy. . . . I want to sign a civil rights bill, but I will not sign a quota bill." Bush said he is "confident" that a compromise can be worked out with civil rights leaders. But he didn't sound confident.

Conservatives were thrilled by the chance that Bush might veto Kennedy-Hawkins. "If the issue is drawn as quotas, we win," said McGuigan. "If the issue is drawn as civil rights, we lose." The White House is split on Kennedy-Hawkins. Sununu is skeptical. Gray critical. Thornburgh hostile. Another White House faction—Demarest, Kilberg, congressional liaison Fred McClure, Republican chairman Lee Atwater—are more favorable.

The bill, says Neas, is backed by large enough majorities in the House and Senate to guarantee passage and closure in the Senate. But Neas does not claim veto-proof support. Enter Gingrich and his veto strategy. Bush doesn't want to veto Kennedy-Hawkins, says Press Secretary Marlin Fitzwater, but he will if he has to. ●

THE WHITE HOUSE
WASHINGTON

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Opening Albany's Books

by Edwin S. Rubenstein

In Albany the most common explanation for the state's fiscal crisis runs like this: As the national and particularly the regional economy have slowed, New York, like most nearby states, has had an unexpected revenue shortfall. New York was particularly hard hit because of the large recent cuts in state income-tax rates. The resulting revenue loss has been so severe that despite several years of relatively restrained spending, the state now faces a huge and growing deficit not of its own making, a gap that can be filled only by tax increases or by substantial reductions in vital services.

Though there are elements of truth here, in substance this story is false. The deficit was not caused by a revenue shortfall. Revenues grew dramatically during the Eighties, despite and in part because of the tax cuts, and have continued to grow (though more slowly than Albany projected) even as the economy has slowed. Spending has not been restrained but lavish, far exceeding even the substantial increases that might have been justified by the boom of the Eighties. The immediate cause of the

deficit has been not a shortage of revenue but an excess of spending.

Of course great needs, or bold new programs, might well justify rapid spending increases. But the increased spending did not go toward bold new programs, but to pay for the increasing costs of traditional services. Nor did the increases clearly improve the quality of these services. Much of the increasing cost of traditional services can be attributed to poor management, for which the Governor's office, the Comptroller, the Legislature, and both political parties all deserve a share of the blame. As for the immediate

fiscal crisis, that is largely the product of the state's insistence on using budgetary shenanigans to spend beyond its means even during the boom, drastically overextending its commitments, and then not acting quickly enough when the economy started to tighten.

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Spending vs. Revenues

The state's economy has slowed significantly since late 1989. But this fall has been from a new, higher baseline established by the Eighties boom. During the Eighties, New York's economy performed better than the most optimistic futurist would have dared to predict.

Though lagging behind neighboring states, New York grew faster than the nation. Real personal income rebounded from no growth to average annual increases of more than 3 percent. Per capita income rose from 8.1 percent above the national average in 1980 to 16.9 percent above in 1989. Despite the current economic slide, there are more than one million more New Yorkers working and paying taxes today than when Mario Cuomo took office in 1983. The state jobless rate declined from 8.6 percent to circa 5 percent, and at this writing is still below 6 percent. The deterioration in the state's economy has been far less dramatic than the deterioration in the state's fiscal condition.

As for revenues, while some tax sources have shrunk in recent months, total state tax revenues continue to grow. Tax revenues are up a startling 89 percent since 1983. (See Figure 1.) By comparison, inflation was up 33 percent and federal revenues expanded by 53 percent. This increase in New York State tax revenues represents more than \$760 for every man, woman, and child in New York, a figure larger than the total per capita tax collections of some states. State income tax revenues have grown substantially even in the face of the income-tax rate cuts. (See "Did the Cuomo Tax Cuts Work?" *NY: The City Journal*, Autumn 1990).

Had state spending merely kept pace with the Eighties boom, Albany would have a multibillion dollar surplus today. But this opportunity was lost.

In 1983 New York State, despite the

FIGURE 1
New York State
Tax Revenues Rose \$13.7 Billion
or 89% in Eight Years

<u>Fiscal Year</u>	<u>Personal Income Tax</u>	<u>Total Taxes</u>
1983	\$ 8.2	\$ 15.4
1987	12.2	23.4
1988	13.9	25.5
1989	13.8	25.6
1990	15.3	27.3
1991E	15.6	29.1

Source: Official Statements
(issued in conjunction with state bond sales)

relative parsimony of the Carey years, already spent 29 percent more per capita, and 13.8 percent more relative to personal income, than the average of the other 49 states. Nevertheless, during the next eight years, state-funded spending rose 91 percent. By 1988, the latest year for which comparable data for all states are available, the state was spending 47.3 percent more per capita than the average of the other 49 states (see Figures 2 and 3), and 24.2 percent more relative to personal income.

From 1983 through 1988 New York State spending as a percentage of personal income rose by 7.1 percent (from 14.7 percent of personal income to 15.7 percent of personal income), an astonishing event considering that personal income rose by 47 percent during the same period. During the same period the state-spending-to-personal-income ratio for the rest of the 49 states dropped by 1.8 percent. (See Figure 3.) And despite the looming fiscal crisis, the state's fiscal 1991 budget still calls for an additional 7.5 percent spending increase.

The data seem very clear: State personal income and state revenues have increased

enormously since 1983; nevertheless the state has outspent its growing resources. The fiscal crisis was caused by too much spending, not too little income.

Budget Games

Why then do so many people believe exactly the opposite? Part of the reason surely is the opacity of the state's financial records. The state's affairs are tangled in a network of trust accounts, special funds, and off-budget enterprises apparently calculated to confuse potential critics.

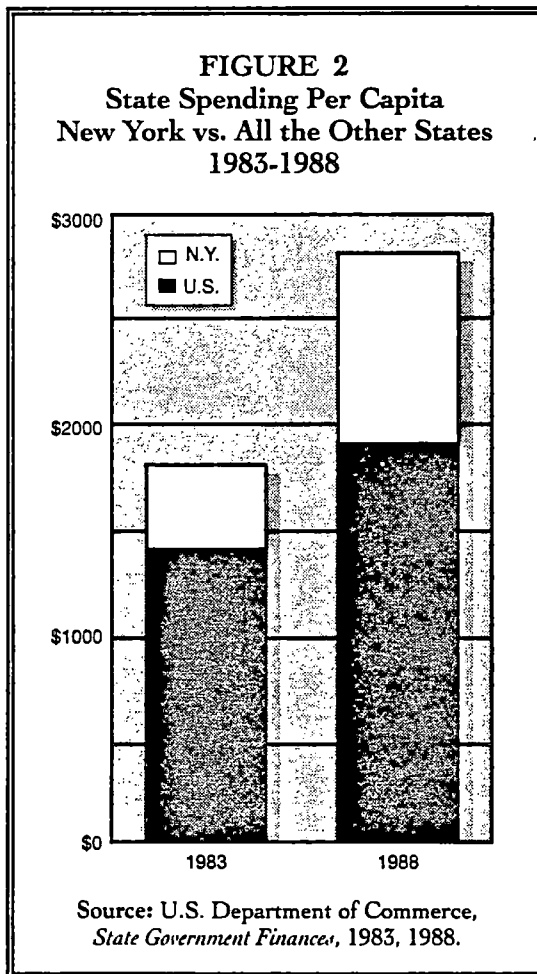
To measure total state spending without the distorting effects of interfund shuffling, and to facilitate meaningful comparisons with other states, I have here used total or all-funds spending as the basis for my analy-

sis, which most disinterested experts would agree is the only sensible procedure.

Many New York officials, however, do not like the all-funds approach. They would like public discussion to focus on general-fund or on-budget spending. Governor Cuomo, in fact, has criticized the author's previous use of the all-funds approach, arguing:

... the "All Funds" budget ... include[s] billions of dollars of federally supported appropriations, plus capital costs. Historically, the State's General Fund has been used as a more realistic barometer of spending, and for good reason. The General Fund more accurately portrays tax-supported expenditures.

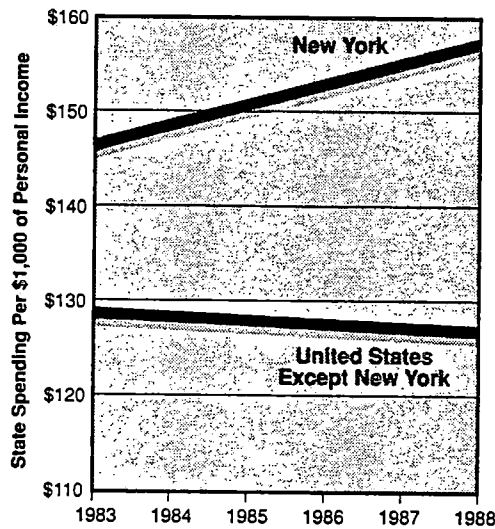
—Letter distributed to
NYS editors, July 30, 1989



True, the general fund once was a reliable measure of state spending. In recent years, however, many state expenditures long considered general-fund items have been shifted off budget, to special-revenue, capital, and debt-service funds. As Figure 4 shows, off-budget spending has exploded in the past eight years, growing by 306 percent, or 7 times the rate of inflation. Over the past eight years, a total of \$5.9 billion has been added to off-budget spending. In the 1990-91 budget, off-budget spending is slated to rise 27 percent, or more than 14 times the increase reported for the general fund. All in all, more than 20 percent of total state spending (excluding federally supported spending) is excluded from the general fund, up from 9.7 percent at the start of this administration.

In the past, the assignment of spending to off-budget accounts was based on management or accounting considerations. "Special-revenue" funds, for example, served as depositories for federal grants, which were then passed through to local

FIGURE 3
From 1983 to 1988, State Spending
Per \$1,000 Personal Income
Grew in New York While Declining
in the Rest of the Country



Source: U.S. Department of Commerce,
State Government Finances, 1983, 1988.

governments. But a recent study by the Peat Marwick accounting firm found no rationale for the recent fund shifts other than to give the illusion of spending restraint in the general fund.

Since 1983, regulatory agencies such as the Public Service Commission, the Banking Department, the Insurance Department, the Commission on Cable Television, the Worker's Compensation Board, and the Consumer Protection Board have been reclassified from the general fund to special-revenue funds. The most common justification for moving these agencies off budget is that they are financed not by ordinary tax revenues but by fees levied on the industries they regulate.

The imposition of such "user fees" in lieu of general taxes is a sound economic practice that can curb inadvertent government subsidies to the affected businesses: Under the fee system businesses pay for their own regulation. But it makes no sense not to count the budgets of these regulatory agencies as part of general state spending.

FIGURE 4
Off-Budget Spending Has Grown Faster than Any Other Category
(In \$ Billions)

Fiscal Year	General Fund	Off Budget	Net State Spending	Federal Grants	Total All-Funds Spending
1983	\$17.756	\$1.915	\$19.671	\$6.752	\$26.423
1985	21.035	2.841	23.876	7.980	31.856
1987	24.833	3.260	28.093	9.335	37.428
1989	28.244	5.055	33.299	10.150	43.449
1990	29.229	6.129	35.358	11.005	46.363
1991E	29.774	7.781	37.555	12.288	49.843

Percentage Increase: 1983-1991

67.7% 306.3% 90.9% 82.0% 88.6%

Source: Comptroller's Annual Reports; underwriters "Official Statements" for state tax and revenue anticipation notes.

To the consumers, employees, and shareholders who indirectly pay them, user fees feel no different from taxes. As with tax revenue, the need for fee revenue rises and falls with the efficiency of the agencies that spend it. Fees, however necessary, are a general burden on the economy just like taxes, and sop up some of the state's taxing capacity.

Finally, fee revenues and tax revenues are fungible. That is, a new dollar in fee revenues should free up a dollar in tax revenues either to be returned to the people via a tax cut, or to be used for new spending. Only by looking at the all-funds figure can we know whether most of the tax dollars freed up by fees went to new spending or were trimmed from the budget and returned to the voters.

In this budget year, the state will spend \$3.1 billion in user fees and other special charges, \$500 million more than last year. The use of fee revenues to move items off-budget has spread so that many traditionally tax-supported activities have disappeared from the general fund:

- Fees on heavy trucks are paying the salaries of 196 administrative and clerical workers at the State Department of Transportation.
- At the Department of Agriculture, 33 employees who used to be paid from tax money are being paid from assessments on dairy producers and farms, and from fines and fees paid by the food industry.
- About \$100 million in new assessments on utilities is paying for, among other things, a Consumer Protection Board project to study utility issues of importance to the poor.

- The Department of Social Services had no support from special-revenue funds in 1983; it now uses \$116 million from sources such as fines for food-stamp fraud to help defray its \$270 million budget.

All these changes may represent sound economic practice. They do not represent a reduction in state spending.

As for the claim that the all-funds measure should not be used because it includes federally supported programs, this is wrong

on several counts. Federal aid cannot be easily isolated from state-supported spending. Much federal aid comes as matching funds tied to state spending increases. Conversely, nonmatching federal aid is at least partly fungible with other state revenues, so an increase in certain

types of federal aid should permit a decrease in the use of state funds. Because of such complications, it makes sense, when assessing a state's fiscal performance over time, to count federally supported expenditures, provided one does so consistently.

Moreover, the inclusion of federally supported expenditures in the all-funds measure actually makes the state's recent fiscal record look slightly better. As Figure 4 shows, "net state spending" includes all general-fund and off-budget state-supported spending, but not federally supported programs. Net state spending increased 91 percent from 1983 through 1991, but federally supported spending lagged behind, increasing just 82 percent. Because of that lag, all-funds spending increased less than it would have if federally supported spending had kept pace with state-supported spending.

**To the consumers,
employees, and shareholders
who pay them,
user fees feel no
different than taxes**

One-Shot Deals

Moving traditionally on-budget items off budget, and claiming that fee funds have replaced tax funds when they have merely supplemented them is, to be sure, dishonest. But in themselves such practices need not produce a fiscal catastrophe. A far more dangerous sleight of hand, and one increasingly used in New York State in recent years, is the use of nonrecurring "one-shot" revenues to drive spending levels beyond the state's true ability to pay. Even in boom years such practices encourage the state to commit itself to increases in spending far beyond those allowed by normal economic growth. When the boom stops, and the list of available one-shots grows short, disaster looms. Indeed, if one-shots must be used at all they should be saved to "fill in the gaps" in hard times, not to overextend the state's commitments when times are good.

Yet it was just at the tail end of the boom that New York State began to overindulge in one-shots. In fiscal 1986, the state succeeded in having the Urban Development Corporation sell bonds to cover the cost of prison construction. Not content to cover construction costs for that year alone, bonds were sold to cover the costs for prior years as well. Presto! This "back-bonding" produced a painless \$255 million windfall to New York State.

With that apparent success, the binge was on. In 1987 the state found a way to justify withdrawing \$325 million from the State Insurance Fund (a worker's compensation fund for employers and workers) and \$69 million from the Battery Park City Authority's accounts. The following year the Tax Stabilization Reserve Fund, a.k.a. the

"Rainy Day Fund," proved irresistible: \$133 million of reserves were siphoned off. Another \$300 million was drained from the State Insurance Fund.

In fiscal 1989 the state discovered \$110 million in what it declared "superfluous" reserves in a trust fund set up to cover death and disability benefits. Another \$123 million windfall transpired from selling Empire State Plaza bonds. (The plaza was completed in 1974.) In refusing to turn Medicaid funds over to private carriers, Albany discovered yet another way to raise cash—\$54 million in this case. The insurance fund was good for another \$250 million.

In the past two fiscal years the one-shot trickle has become a torrent. SUNY bonds were refinanced: \$111 million. The Hazardous Waste Removal Fund was raided: \$84 million. Ditto the Housing

Finance Agency (\$30 million) and Court Facilities Funds (\$36 million). The Dormitory Authority was ordered to sell \$68 million in bonds to pay for a new laboratory for the State Health Department. "Back-bonding" for work done in previous years on Mental Health Department facilities produced another \$67 million. Those old standbys—the State Insurance Fund and the Aggregate Trust Fund—came up with a combined \$290 million. A state office building (or a prison) is to be sold to the state's own Urban Development Corporation. A highway will be sold to the State Thruway Authority. New actuarial assumptions developed for the Teachers Retirement System will enable school districts to forgo \$354 million in pension contributions, in effect shifting this money to Albany as state aid to education.

The use of nonrecurring "one-shot" revenues drives spending beyond the state's true ability to pay

All in all, \$5.6 billion worth of "special-effect" revenues have been dredged up since fiscal 1986—\$1.8 billion in 1991 alone. The one-shots are an unsustainable source of revenue. The very need for them should have been an early signal that the state was spending beyond its means. A state government pressed for cash as early as 1986 clearly needed to make spending cuts. Soon the state will be deprived of most one-shot revenues because practices such as claiming a \$354 million saving by redoing some actuarial tables profoundly sway the credit markets. As the credit markets tighten, fiscal rectitude will be forced on the state government. The inevitable spending cuts will be far more drastic and painful than they needed to have been.

Local Largesse Lost

Spending increases, not revenue shortfalls, caused the current crisis. That leaves us with the all-important question of whether the spending increases were necessary or productive. To answer that question requires some attention to the major state spending programs. But it also requires a look at local government spending in New York, which provides perhaps the most powerful evidence that recent state spending has been excessive.

Most states that rank high for state government spending rank much lower for local spending, and vice versa. This is to be expected: In states where the state government pays for a lot of services the localities need do less; where the state is parsimonious, the localities must do more.

In New York this trade-off does not happen. We are among the national leaders for both state and local government spending. Relative to personal income, New York

state and local governments spend 31 percent more than the rest of the country. In 1988, New York's combined per capita state and local government spending was 55 percent higher than in the rest of the country (\$5,026 versus \$3,243 per capita). The next highest-spending industrial state, Massachusetts, spends 21.5 percent less on a per capita basis. New York could save \$19 billion—enough to seal many years of fiscal gaps—just by reducing spending to Massachusetts' level.

Thus though New York's local governments are lavish in their provision of services, at least in dollar terms, Albany fails to take advantage of this largesse by trimming its own spending. Moreover, Albany not only fails to take advantage of the high level of local spending, it bears substantial responsibility for the size of local expenditures.

State regulations determine the level and cost of many services provided by localities. Albany mandates at least 65 percent of Rensselaer County's budget, according to John Buono, Rensselaer County executive. New York is one of only 14 states that forces local governments to pay for part of Medicaid. Local governments in New York account for about 80 percent of all local government Medicaid spending nationwide. Albany prescribes staffing levels for nursing homes. State regulations determine the amount of courtroom space and jail cells that counties must build, as well as the type of food they must serve to inmates. Counties are required to house state prisoners, for which the state pays only a fraction of the actual cost.

This year Albany initiated a new program for handicapped schoolchildren,

**Practices such as claiming
a \$354 million saving
by redoing some
actuarial tables
upset credit markets**

requiring counties to provide transportation during the school year, and special youth programs when school is not in session. Even as the state mandates an increasing amount of local spending, it has revoked revenue sharing for counties, and reduced the proportion of certain state fees (e.g., motor vehicle fines) returned to governments.

When local spending increases because the state requires it, only a bookkeeping illusion attributes that rise to the locality. Also, when the state mandates raises in local spending, and therefore local taxes, it limits its own ability to raise revenues. In this sense, much of what passes for local spending in New York is actually a state expense.

Where the Money Is

As for where the money went, ask anyone in Albany and you will get pretty much the same answer: not to new programs. Most of the increases in state spending seem to have gone to education, welfare, and Medicaid programs. Much of that money seems to have been wasted. New York pays far more per capita than most other state governments for these functions and there is little evidence that it gets more for its money. In some cases it clearly gets less.

Education

Elementary and secondary education, the single most expensive governmental function in New York State, cost New Yorkers \$934 per capita in 1988, or almost one-fifth of total state and local spending. New York's educational expenditures have long been far above the national average, but between 1983 and 1988, state education spending rose an additional \$7.1 billion, or 49 percent. It cost \$7,561 to educate each pupil in New York State public schools in 1988-89, more than any state except New Jersey. The national average was \$4,541.

Despite this spending binge, average New York SAT scores declined seven points

between 1980 and 1990, making New York 45th in the nation, down from 36th in 1980. By contrast, New Jersey was able to increase SAT scores by 28 points over the same period.

Although enrollment in New York State's public schools is declining, there are more administrators and other nonteaching staff than ever before. The ratio of professional staff members to students dropped from one to 15 in 1980 to one to 12 in 1989, in part because of an increase in the number of administrators per student. Albert Shanker, President of the American Federation of Teachers, says there are more school administrators in New York than in all of Western Europe.

Welfare

At \$707 per capita, welfare was second only to elementary and secondary education as a state and local expense item in 1988. Between 1983 and 1988, per capita welfare spending increased 60 percent in New York compared to 40 percent for the nation as a whole. New York's welfare spending ranks first in the nation as a percentage of personal income, though New York ranks only eighth nationally in the percentage of the population on welfare, and 17th in the percentage of the population living below the poverty line.

The classic welfare caseload—persons on AFDC and home relief—has shrunk in recent years. New York's welfare costs are high partly because its administrative costs are high. It cost New York about \$1,118 to administer one AFDC case in 1988, or nearly twice the national average of \$628. Only Oregon and Idaho—which clearly do not have New York's economies of scale for welfare administration—spend more per case.

A description of Department of Social Services productivity from the Arthur Andersen accounting firm helps explain why administrative costs were so high:

Our analysis showed that 39 percent of the observed time was spent performing value-added activity (e.g., direct work); 23 percent was spent on nonvalue activity (e.g., filing, information retrieval, etc.); and 38 percent was spent on nonwork (e.g., idle time, nonbusiness talking, etc.). . . . The results confirmed a general sense of low productivity, and an overall lack of urgency in the conduct of daily work activities.

Medicaid

In recent years Medicaid has been the state's fastest growing spending program. With only 10 percent of the nation's Medicaid recipients, New York accounts for 20 percent of nationwide Medicaid spending. New York spent \$4,163 per recipient in 1989, far more than any other state. (The national average was \$2,318; California spent \$1,654 per recipient.)

State officials often blame high state expenditures on demographics. "We have a high percentage of elderly people who need

continuing, long-term, and nursing home care," says Terence McGrath, a spokesman for the State Department of Social Services. Actually New York ranks 18th in the percentage of population over age 65—and 49th in the growth of that population. Nor is there much evidence that New York provides significantly higher-quality care than most states. New York, for instance, ranks third in the percentage of mothers who receive little or no prenatal care, worse than every other state except Texas and New Mexico. (See Figure 5.)

The real source of our Medicaid over-spending is a complicated series of poor management decisions that doom the system to waste and inefficiency. Thanks in part to a plethora of state rules and regulations, skilled nursing home care, for instance, is fantastically expensive in New York, costing about \$25,000 per recipient here versus \$8,500 in the rest of the nation.

The most significant Medicaid increases, however, have come in hospital inpatient

FIGURE 5
New York Spends Far More than the Rest of the Country for Medicaid

	<u>Costs Per Recipient (a)</u>	<u>Cost Index (NYS=100.0)</u>	<u>% of Infants Whose Mothers Received Little or No Prenatal Care</u>
New York	\$ 4,523.	100.0	10.2 %
Massachusetts	4,112.	90.9	2.8
New Jersey	3,602.	79.6	5.0
Ohio	2,352.	52.0	3.3
Pennsylvania	2,235.	49.4	5.3
Illinois	2,016.	44.6	4.6
Michigan	1,765.	39.0	3.4
California	1,654.	36.6	5.7
U.S. ex NYS	2,084.	46.1	N.A.

Sources: Health Care Financing Administration, *States in Profile 1990*
a. Year ended September 30, 1989.

bills, which grew more than 230 percent between 1979 and 1989. Part of the explanation may be a shortage of nursing home beds, which has left many elderly patients "stacked up" in overcrowded hospitals awaiting transfers. New York Medicaid clients also spend more time in the hospital because they do not get enough regular checkups and other preventive care. This in turn, is partly because client care is managed much less aggressively and sensibly here than in states that use Health Maintenance Organizations and other "managed-care" programs for Medicaid patients. New York refuses to do this, failing to realize that cost containment, aggressive management, and quality care often go together.

How to Count Costs

These anecdotal overviews, however, are not the only evidence that the spending binge of the past eight years was unnecessary. Public-finance specialists have developed standard methods for comparing what a state spends to what it needs to spend, based on the experience of other states. These methods adjust for differences in the cost of living, state government salaries, the need for public services, etc. The best known of the various methodologies was developed by Robert W. Rafuse Jr., of the Advisory Commission on Intergovernmental Relations, a nonpartisan research organization supported by New York and other states.

Rafuse's "representative expenditure system" is particularly exacting in the way it accounts for differences among the states in such factors as population characteristics, crime rates, local salary levels, and even the number of miles residents drive on state roads. The result is a rough-and-ready standard for whether a state is over- or underspending.

By that standard, New York's expenditures are grotesquely overgrown. Mr.

Rafuse's latest research, covering the 1986-87 fiscal year, found New York's state and local governments spend 52.4 percent more than the national average *even after taking needs and costs into account* (see Figure 6). New York ranked third in adjusted spending, behind Alaska and Wyoming. California spent only 12.4 percent above the national average. New Jersey and Massachusetts spent, respectively, 21.4 percent and 27.7 percent above the national average. Illinois and Pennsylvania spent below-average amounts.

Public welfare, at 197.8 percent of the national average, was the most lavishly overfunded governmental program in New York, according to Rafuse's calculations. New York spent less than the national aver-

FIGURE 6
New York Overspends for Most Programs Even After Taking Needs and Costs into Account
(U.S. = 100.0)

	Per Capita Spending	Per Unit of Need, Adjusted for Cost Differences
Total Direct Spending	145.2	152.4
Primary/Secondary Education	133.6	149.2
Higher Education	87.1	87.0
Public Welfare	194.8	197.8
Health & Hospitals	168.7	172.5
Highways	99.7	153.1
Police & Corrections	163.6	144.4
Environment & Housing	140.5	139.9
Interest on Debt	149.9	149.9
Administration	132.5	31.4
Other	173.6	173.0

Source: Advisory Commission on Intergovernmental Relations

age in only one area: higher education, at 87 percent. (See Figure 6.)

Rafuse's work contradicts the frequently repeated assertion that New York's costs are high because of difficult local conditions. On his analysis it is hard to escape the conclusion that the state government has been overspending for years.

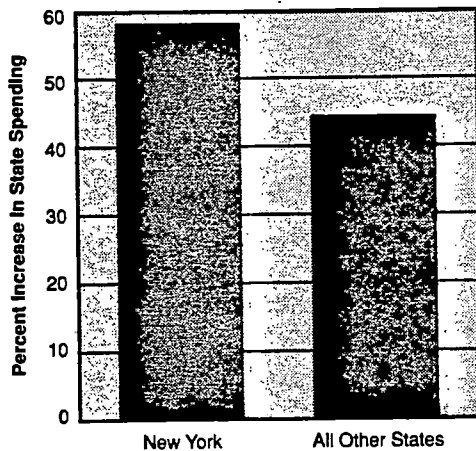
Political leadership ultimately comes down not to numbers, but to choices and values. It is always possible for an honest man to argue that the government should spend more, no matter how much it is already spending, or less, no matter how little. But it is impossible to deny that New York's fiscal crisis was caused by an extremely rapid

MORE WORKERS, LESS WORK

New York employs far more workers than most states and pays them higher wages, with little to show for it:

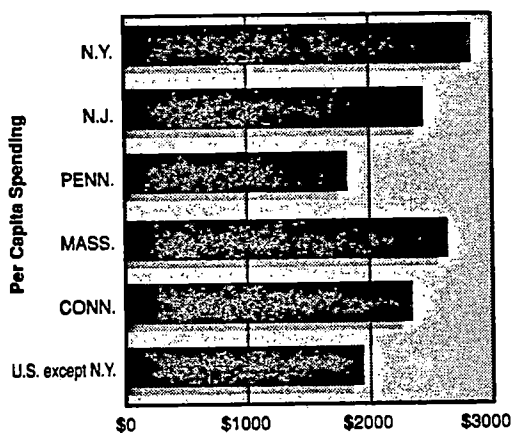
- The U.S. Department of Commerce's annual survey of public sector employment shows that New York State had 634 state and local government employees for every 10,000 residents, compared to a national average of 494 state employees per 10,000 residents in the other 49 states.
- New York employs one state highway worker per 6.2 lane miles, more than twice as many workers per mile as the national average. Yet 60 percent of New York's highway bridges were found to be deficient in 1988, more than twice the national figure.
- Between 1980 and 1988 the number of state government workers in New York grew by 31 percent, while the state population grew by 2 percent.
- New York's state and local government workers are paid more than their counterparts in all but two states—Alaska and California. New York State employees were the highest paid in the Northeast for 34 of 43 positions, according to an Arthur Andersen study.
- The Andersen study also concluded that: "Productivity is perceived as a 'passing' fancy by the line and staff managers in state agencies. . . . Too many people view productivity as a revenue issue. . . . If revenue is not a problem, productivity is not discussed."
- The average New York State employee is paid \$2,250, or 8.8 percent, per year more than the typical New York State private-sector employee. In three of the four contiguous states, state government employees are paid less than private-sector employees.

FIGURE 7
From 1983 to 1988,
the Growth in State Spending
was Far Greater in
New York than
in All Other States



Source: U.S. Department of Commerce,
State Government Finances, 1983, 1988.

FIGURE 8
In 1988, New York's Spending
Per Capita was the Highest
in the Region and Far Above
the National Average



Source: U.S. Department of Commerce,
State Government Finances, 1983, 1988.

increase in spending, an increase so rapid as to outpace the normal growth in revenues from one of the most powerful economic booms in American history. It is nearly as difficult to argue that this huge rise in spending produced a comparable improvement in the quality of state services or the well-being of New Yorkers.

The Future

What about the future? The economic downturn has already reduced revenue growth far below the state's projections. A year ago Albany claimed it would collect \$28.9 billion in tax revenues for fiscal 1990; it got only \$27.3 billion. When the 1991 revenue forecast is next revised, the fiscal crunch will look even worse.

The economy, however, will bounce back eventually. The scary part of New York's fiscal problem is that even in the best of economic times large and growing deficits seem inevitable. By Albany's own admission, this year's budget is balanced with \$1.8 billion worth of items it cannot count on next year. As one leading municipal bond trader comments: "The state has dug itself into a fiscal hole. Actually, it's more like quicksand. Political considerations strongly favor the increased use of one-shot budget gimmicks to avoid permanent tax hikes and spending reductions."

If Albany can not control the one-shots, spring borrowing, and chronic revenue overestimates, Wall Street will: Investors will demand higher interest rates to compensate for the higher credit risk. Institutional investors will balk at adding still more state paper to their portfolios without a credible financial plan. Investment advisors are already telling clients to lighten up on New York State bonds. If things continue as they have, the state will find itself where New York City was in 1975, albeit without the prospect of a bailout from a friendly superior level of government. ■



February 12, 1991

Mary Kate:

I hope you've recovered from your transportation empowerment experience.

Attached is our paper outlining an empowerment civil rights strategy. I really believe it could be the basis of an extraordinarily powerful (and historic!) speech.

I'm also enclosing a New Republic article recounting our discussions with President Bush last summer. Also an article that notes the history of debate in the black community on the issue of political vs. economic empowerment.

Let me know if you need any more information.

Mark

P.S. Bob Balkin says you're his buddy. How can you hang out with such left wing freaks?

Mark B. Liedl

DRAFT

CONFIDENTIAL

copy Chris

**TALKING POINTS ON CIVIL RIGHTS
AND OPPORTUNITY PACKAGE**

- o The Administration's civil rights bill (summary of employment discrimination provisions attached) will be announced concurrently with a package of several bills to enhance the power of individuals, families, and communities on several fronts: 1) educational choice; 2) educational flexibility; 3) Davis-Bacon reform; 4) enterprise zones; 5) opportunity areas; and 6) crime.
- o **Educational Choice:** The President's upcoming **Educational Excellence Act** would: include \$200 million to provide school districts with an incentive to allow parents to choose the public or private schools their children will attend; allow education grants under Chapters 1 and 2 to be used for choice programs; and provide \$30 million for choice demonstrations.
- o **Educational Flexibility:** The **Educational Excellence Act** would also incorporate flexibility provisions. Schools would be held accountable for achieving specific educational goals in exchange for increased flexibility in the use of their resources.
- o **Davis-Bacon Reform:** The **Davis-Bacon Reform Act of 1991** would raise the threshold at which prevailing wage requirements apply to Federal and Federally assisted construction contracts to \$250,000. Raising the threshold expands opportunities for smaller construction firms -- many of which are minority businesses -- and creates employment opportunities for those who have been denied the chance to compete for jobs on Federal construction projects.
- o **Enterprise Zones:** The **Enterprise Zone and Jobs-Creation Act of 1991** targets tax incentives and regulatory relief to some of our nation's most economically depressed areas. These zones will attack poverty at its roots by attracting seed capital for small business start-ups, creating incentives for entrepreneurial risk taking, and reducing high effective tax rates on those moving from welfare to work.
- o **Opportunity Areas:** The **Opportunity Area Act of 1991** would enable communities to develop systems to deliver a range of social services to individuals and families in a manner the community deems most appropriate. States and communities would apply for waivers from Federal statutory and regulatory requirements of various Federal programs.
- o **Crime:** Freedom from crime is the most basic civil right and the Administration will again propose legislation to get tough on violent criminals.

capital formation + investment
in affirmative investment in black community
spurring/creating

**INCREASING CHOICE, EXPANDING OPPORTUNITY,
AND PROVIDING HOPE TO DISTRESSED COMMUNITIES**
(Chapter V. A.)

- o **Child Care and Health Insurance Tax Credits:** A newly expanded Earned Income Tax Credit, and a new Health Insurance Credit will make child care and health insurance more affordable for low-income families with children while assuring maximum freedom of choice over the use of the benefits. For 1992, these credits will provide \$10 billion in support to working families with children, and \$69 billion over the next five years. These credits were created as part of the budget agreement last fall.
- o **Child Care Block Grant:** The new Child Care and Development Block Grant, the first grant program of its kind to require that assistance be offered through certificates to ensure parental choice, will be funded at \$732 million.
- o **Educational Choice:** The budget includes funding for the President's upcoming Educational Excellence Act legislative proposal which will include:
 - \$200 million for a Certificate Program Support Fund to provide school districts with an incentive to allow parents to choose the public or private schools their children will attend.
 - New authority to fund Magnet Schools of Excellence in order to extend this proven choice approach to schools regardless of racial composition or the presence of a school desegregation plan. Support for magnet schools for desegregation will be maintained as well.
 - Amendments to facilitate and increase use of Local Agency Grants and Education Block Grants under Chapters 1 and 2 of the Elementary and Secondary Education Act for educational choice programs.
 - \$30 million to fund nationally significant choice demonstrations.
- o **Housing Choice:** For 1992, \$2.4 billion is requested to provide an additional 78,860 housing vouchers to low-income renters. This 41 percent funding increase over tenant-based housing subsidies appropriated for 1991 reflects the Administration's policy of assuring subsidized tenants maximum choice over where to live and how much to pay for housing.
- o **Homeownership:** Opportunity for low-income families to become homeowners will be expanded through HOPE (Homeownership and Opportunity for People Everywhere). For 1991, a fully-offset supplemental request for \$287 million

is proposed for HOPE; for 1992, the request is \$2.15 billion.

To preserve those subsidized rental properties that may be converted to other uses, \$718 million is requested. The goals are to protect low-income renters, provide opportunities for low-income tenants to become homeowners, and compensate owners fairly to retain their properties as low-income rental units.

To reduce defaults and improve housing conditions for low-income renters in financially distressed, FHA-insured rental properties, a \$668 million Low-Income Resident Empowerment Program is proposed for 1992. This program will assist those landlords who are willing to provide their low-income tenants an equity interest in their units.

- o Increased Flexibility: To allow grantees to use funds more effectively: certain categorical housing programs will be replaced with more flexible HOME grants; several small categorical programs for the homeless will be consolidated; legislation will be proposed to permit waivers of some Federal education program requirements for innovative programs which can demonstrate progress toward stated educational goals.
- o Using IRAs for First Home Purchases: First-time home-buyers would be permitted to withdraw up to \$10,000 from tax-deferred IRAs without penalty for a down payment.
- o Enterprise Zones: To help revitalize economically distressed communities, the budget includes proposals for Federal tax incentives in up to 50 enterprise zones. A 5 percent refundable tax credit for low-income workers, favorable tax treatment for purchase of newly issued corporate stock in enterprise zones, and a zero capital gains rate for investments in zone businesses are proposed.
- o Job Training: Reforms to the \$4.0 billion Job Training Partnership Act (JTPA) are proposed to target job training efforts on extremely disadvantaged adults and youth. Included is a new Youth Opportunities Unlimited (YOU) program in up to 40 high-poverty areas. Reforms of the Federal-State Employment Service also are intended to target resources on more disadvantaged workers.
- o Reform of Davis-Bacon: Recently issued Labor Department regulations would improve opportunities on Federal construction projects for workers still learning their journeyman skills and create another rung on the ladder to economic success for less-skilled workers. The threshold for application of the Davis-Bacon Act wage level provisions

for Federal construction projects would be raised to \$250,000 from the present \$2,000., a ceiling which has not been raised since it was imposed in 1935.

- o Social Security Earnings Test: A modest liberalization is proposed for the Social Security earnings test, which reduces retirement benefits to aged recipients after their earnings reach a specified amount in any year. For 1992, the amount of earnings recipients are allowed before their benefits are affected would be increased 8 percent, to \$11,000.

INITIATIVES FOR POSSIBLE INCLUSION IN THE
CIVIL RIGHTS AND OPPORTUNITY PACKAGE

Legislation Required:

1. Civil Rights bill.
2. Educational Choice proposals:
 - \$200 million Certificate Program Support Fund;
 - new authority to fund Magnet Schools of Excellence;
 - allow education grants under Chapters 1 and 2 to be used for choice programs;
 - \$30 million for choice demonstrations.
3. Educational Flexibility bill.
4. Davis-Bacon Reform.
5. Enterprise Zones.
6. Opportunity Areas.
7. Crime bill.
8. Increased Flexibility for Housing Programs.
9. Use of IRAs for First Home Purchases.
10. Social Security Earnings Test Liberalization.
11. Reforms to the Job Training Partnership Act (JTPA).

Legislation Not Required:

1. Child Care and Health Insurance Tax Credits.
2. Child Care Block Grant.
3. Increase for Housing Vouchers.
4. Funding for HOPE.
5. Reform of the Public Employment Service.
6. Targeted SBA Programs.

"Empowerment Opportunities Act
of 1991"

Section-by-Section Summary

The first section of the draft bill gives its short title, as stated above.

Purpose; Federal Administrator

Section 2(a) of the bill states its purpose: to declare the need for new community level approaches to increase economic opportunity and opportunities for self-sufficiency, through local restructured delivery systems that --

1. allow the integration and restructuring of services and benefits to facilitate economic empowerment;
2. are locally based with specified target groups;
3. allow for target group participation in the design of the system, and
4. afford maximum choice and control to individuals in the target group.

Subsection (b) describes the mechanism for administration at the Federal level. The President will designate an official or a group to act as a panel (in either case referred to as the "Federal administrator" to serve as a focal point for the receipt and approval of applications to operate an empowerment opportunities system and thereafter to exercise lead responsibility as the project continues. The Federal administrator will consider the project application, and whether it meets all applicable criteria for approval, and with respect to inclusion of programs (and waiver of statutory and regulatory requirements) for which another Federal department or agency head administrative responsibility, will make recommendations to that other Federal official.

Technical Assistance

Section 3(a) authorizes any agency eligible to submit an application to operate a demonstration system under the Act to request technical assistance to develop the information necessary to design a restructured system. The application is submitted to the Federal administrator, containing some detail about its proposed system (in order to determine the value of providing technical assistance, and must assure that the target groups will be given an opportunity to participate in designing the system to be the subject of the application under section 4 the Federal agency likely to have the preponderance of the programs included in the applicant's system to furnish technical assistance. It

may be funded from any amounts available to the agency head to the extent he concludes it is likely to promote the success of the system.

Empowerment Opportunities System

Section 4(a) defines an agency that is eligible to submit an application to operate an empowerment opportunities system. It must be currently receiving or eligible to receive Federal assistance under a program to be included in the system. It must also document the concurrence of any other non-Federal entity to which the funds under any included program would otherwise be given. This would include the State (in the case of programs for which the authorizing statute requires making grants to States), as well as any intermediate grantees between the State and the ultimate beneficiary. The applicant must also assure that it has the ability to design and carry out the system, that it will be accountable for Federal funds, that it has the concurrence in its application of the other entities that would ordinarily be the grantees, and that individuals and families in the target groups have participated in developing the system for which approval is sought.

Subsection (b) requires the application to describe:

1. the geographic area to be served by the system;
2. the target groups included in the demonstration;
3. the goals of the system and a plan for its comprehensive evaluation;
4. the way in which the individuals and families will be enabled to participate in the long and short range plans for all aspects of the provision of services and other benefits;
5. the Federally funded programs to be included in the system, and the services and benefits (and eligibility criteria) under the system;
6. the Federal statutory or regulatory requirements for which waivers are requested; and
7. any other information which the Federal administrator needs to decide whether to approve the application or to carry out any of his other responsibilities under the Act.

Subsection (c) states that the concurrence in the application of entities that would otherwise be grantees constitutes their consent to pay to the applicant agency that

portion of the program funds that would benefit the target groups within the community served by the system. The application must describe, however, the source of the non-Federal share which is required by the statutes that authorize programs to be included in the system.

Subsection (d) authorizes the Federal administrator, as a prerequisite to approval of an application, to request a statement by the Attorney General of the relevant State that the applicant has authority under State law to take all the actions necessary to implement the system.

Approval of Application

Section 5(a) directs the Federal administrator to furnish a copy of each application received to the head of any other Federal department or agency with a program proposed for inclusion within the applicant's system. Before approving the application, the Federal administrator will make recommendations regarding the approval of programs proposed by the applicant for inclusion in the system, and regarding related waivers, to the Federal officials with responsibility for those programs. The Federal administrator (and the other Federal officials) may waive any statutory or regulatory requirement if necessary for the implementation of the system, and may substitute a lesser requirement where appropriate (in effect, waive the requirement in part, rather than completely).

Subsection (b) allows approval of the application only upon the Federal administrator's finding that the system is likely to achieve the economic empowerment of the target groups to be served. However, in no event may he approve an application unless he concludes that under the restructured system, the target group members who were previously beneficiaries of an included program will be reasonably able to meet the needs for which those included programs were designed.

Subsection (c) provides that upon approval, the Federal administrator must specify the agreements reach with the applicant on the following:

1. the demonstration's term, which may be extended by mutual consent;
2. the Federally-funded included programs, except the system cannot include any program of benefits paid directly to the individual by the Federal government, Federal benefits financed from a trust fund, or medical assistance which a State is required to provide under title XIX of the Social Security Act;

3. the waivers granted (and any lesser related requirements that may have been imposed), but the Federal administrator (or other Federal official) may not waive any requirements under title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, title IX of the Education Amendments of 1972, or the Age Discrimination Act of 1975. Further, they may waive program requirements only where it will not unnecessarily adversely affect the individual, and may not impose confidentiality requirements that would impede the necessary flow of information between various points within the system;
4. the total Federal cost of the demonstration (or an agreed upon method for ascertaining the cost), but authority under the Act cannot be exercised so as to cause obligations or outlays under any program to increase in any year over what they would have been in the absence of this Act; and
5. the plan for developing data for the comprehensive evaluation of the system, with measurable performance criteria applicable over the term of the demonstration.

**Exclusivity of Empowerment Opportunities
Program as Sources of Services
and Benefits**

Section 6 limits individuals and families in the target group to be served under a system to receiving services and benefits under an included Federal program only through that system.

Evaluation and Modification

Section 7(a) requires the non-Federal administering agency to do everything necessary to carry out its evaluation responsibilities, and to cooperate with the Federal administrator in any Federal evaluation or other review. Within 30 days after the close of each 12 month period that the system is in operation, the administering agency must submit a report summarizing the system's principal achievements and comparing them to the agreed upon performance criteria.

(b) If the Federal administrator, after consulting with each other affected Federal department and agency head, finds a substantial failure of the system to meet the performance criteria, he may terminate the demonstration, after allowing a reasonable period for all relevant entities to resume administration of the individual programs previously included in the system.

Reports; Extension of Authority for Successful Systems

Section 8(a) requires the non-Federal administering agency to submit interim and final reports, and cooperate in audits. If the agency believes that its system was successful in achieving the objectives of the Act, it may submit its final evaluation and report prior to the expiration of the demonstration's term, and request its extension. The Federal administrator (and the other Federal officials with included programs) may, if it appears warranted, agree to extend the approval, and the necessary waivers, for an appropriate period.

Subsection (b) requires that a copy of the final report be sent to the Governor.

Definitions

Section 9 define the following terms:

1. "State" means the 50 States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands,
2. "local agency" includes the governing organization of an Indian tribe and, in the case of the District of Columbia, Puerto Rico, Guam or the Virgin Islands, includes a State agency, and
3. "Governor" means the chief elected of official of the State.

Effective Date

Section 10 provides that sections 4, 5, 6, 7, and 8 become effective October 1, 1991; the remainder of the Act is effective on enactment.

PAINE, pān, Robert Treat (1731–1814), American judge and signer of the Declaration of Independence. He was born in Boston, Mass., on March 11, 1731. After graduating from Harvard College in 1749, he studied theology and then law and was admitted to the bar in 1757. He practiced law in Taunton, Mass., and was assistant prosecuting attorney in the "Boston Massacre" trial.

Paine represented Taunton in the Massachusetts legislature from 1773 to 1777, with the exception of 1776. He was a Massachusetts delegate to the First and Second Continental Congresses and one of the few to sign both the "Olive Branch Petition" to King George III and the Declaration of Independence.

After returning to Taunton, Paine in 1777 was elected the first attorney general of Massachusetts, a position he held until 1790. He played an important role in the drafting of the state constitution of 1780. He declined an appointment to the Massachusetts supreme court in 1783, but accepted in 1790 and served until 1804. He was one of the founders of the American Academy of Arts and Sciences. Paine died in Boston on May 11, 1814.

PAINE, pān, Thomas (1737–1809), Anglo-American pamphleteer, political scientist, and religious thinker, who issued the first public call for the American colonies to declare their independence from Britain. During the course of the revolution, he dedicated his pen to proclaiming the American cause throughout Europe and to keeping spirits high at home. When a subsequent revolution broke out in France, he used in its behalf principles identical to those in his American writings, becoming an international spokesman for political equality, natural rights, and civil liberties. Inspired by events in France, he applied to religion the principles of natural reason that formed the basis of his political works, developing a system of deism based on science and abstract morality.

Life. Paine was born in Thetford, England, on Jan. 29, 1737. After a checkered career as corset maker, schoolmaster, itinerant preacher, and customs inspector, he traveled to America, arriving in Philadelphia in November 1774. With a letter of recommendation from Benjamin Franklin, who at the time was an agent for the colonies in England, Paine was employed for six months as managing editor of a new periodical, the *Pennsylvania Magazine*, to which he contributed miscellaneous poems and essays.

American Revolution. At first an advocate of reconciliation in the contest with Britain, Paine adopted the doctrine of separation as a result of the Battles of Lexington and Concord in April 1775 and brought out his pamphlet *Common Sense*, calling for independence, in January 1776. *Common Sense*, which sold more than 100,000 copies in three months, had a profound impact on public opinion and on the deliberations of the Continental Congress, then meeting in Philadelphia. See COMMON SENSE.

During the Revolution, in the bleak days following Washington's forced retreat across New Jersey and the Delaware River in December 1776, Paine's writing revived the flagging morale of the troops and the civilian population. On December 19, while serving in the Continental Army, he published the first of a series of propaganda pieces, entitled *The American Crisis*, which begins, "These are the times that try



NATIONAL PORTRAIT GALLERY, LONDON

Thomas Paine, from an engraving by George Romney

men's souls." The inspiration generated by the pamphlet is credited with contributing to the American success at the Battle of Trenton. See CRISIS, THE.

In April 1777, largely because of his writings, Paine was elected secretary of the congressional Committee of Foreign Affairs. However, he was forced to resign two years later when it was discovered that he had released in a newspaper article privileged information concerning treaty negotiations with France. After the war, Paine conducted various scientific experiments and invented a method of constructing an iron bridge. In an attempt to promote the bridge, he returned to Europe in 1787, living in England and France.

French Revolution. In 1791, Paine published the first part of *The Rights of Man*—a defense of the French Revolution in reply to the attack by Edmund Burke. (The second part was issued in 1792.) As a result, Paine left England, where he was subsequently declared a traitor and outlawed, and went to France, where he was granted citizenship and, in September 1792, elected to the National Convention. In the convention, Paine associated with such moderates as Condorcet and voted against the execution of Louis XVI. He thereby aroused the suspicion of the radical majority and was arrested by the Committee of General Safety, which confined him in the Luxembourg prison from December 1793 to November 1794.

While in prison, Paine worked on the statement of his religious beliefs, *The Age of Reason* (Part I, 1794; Part II, 1796). It opens with the words: "I believe in one God and no more, and I hope for happiness beyond this life." For generations *The Age of Reason* was misunderstood and assailed as an atheistic tract, when, in fact, it is an expression of deistic principles, accepted by Franklin, Jefferson, and other 18th century intellectuals.

In 1796, Paine also issued a public *Letter to George Washington*, voicing his disillusionment with Washington's failure to have used official channels to secure his release from prison. In

the following *Justice*, a pro- sored welfar age, based o delphia befo

In 1802, United State forts to news administratic lical principl period he ad tions for the ed to Presid should serve the black rep York City on farm in New Cobbett, an l body for reb has since be

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The Right of men in all er the averag "swinish mul aries. In the for France, l French sentir reducing pre Britain it circ became a cla movement.

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the following year, Paine published *Agrarian Justice*, a proposal for a broad government-sponsored welfare program covering youth and old age, based on notions he had set forth in Philadelphia before the American Revolution.

In 1802, Paine left France and went to the United States, where he devoted his major efforts to newspaper articles jointly defending the administration of President Jefferson and the political principles espoused in 1776. During this period he advised James Monroe in his negotiations for the purchase of Louisiana and suggested to President Jefferson that the United States should serve as mediator between France and the black republic of Haiti. Paine died in New York City on June 8, 1809, and was buried on his farm in New Rochelle, N. Y. In 1819, William Cobbett, an English journalist, exhumed Paine's body for reburial in England, but all trace of it has since been lost.

Influence. Paine's vast influence is due in large measure to his luminous literary style, noted for its striking metaphors, colloquial vigor, and rational directness. From a long-range perspective, the importance of *Common Sense* lies in its insistence that America adopt a new system of republican government rather than simply rejecting British rule, and that the American Revolution was a philosophical movement based on natural rights and not just a change of government. Later, it helped formulate the policy of American noninvolvement in European political affairs and was an instrument in the independence movement in Latin America.

The Rights of Man, by defending the dignity of men in all countries against those who consider the average person to be merely one of the "swinish multitude," transcends national boundaries. In the United States it fostered sympathy for France, helping to check a growing anti-French sentiment during the Federal period and reducing pressure for war with France. In Britain it circulated among republican clubs and became a classic document in the working-class movement.

A. OWEN ALDRIDGE
Author of "Man of Reason"

Further Reading: Aldridge, A. Owen, *Man of Reason: The Life of Thomas Paine* (Lippincott 1959); id., *Thomas Paine's American Ideology* (Univ. of Del. Press 1984); Foner, Eric, *Tom Paine and Revolutionary America* (Oxford 1977); Hawke, David F., *Paine* (Harper 1974); Powell, David, *Tom Paine: The Greatest Exile* (St. Martin's 1985); Williamson, Audrey, *Thomas Paine* (St. Martin's 1973).

PAINT, a pigment-bearing liquid designed for application to a surface in a thin layer that cures to an opaque solid film.

Paint is used for many purposes. It was used for decoration long before the beginning of recorded history, and this is still a major use. Closely related to decoration is the use of paint for better distribution of light in homes, offices, and industrial plants.

An even more important function of paint is the protection of wood and metal structures, machinery, and other artifacts that are exposed to the weather. Paint protects wood surfaces from rot and decay, and metal surfaces from oxidation and corrosion.

Specialized paints are used for a wide variety of purposes, especially in industry. Skid-resistant paints are used on steps and floors. Heat-reflective paints keep oil-storage tanks from becoming too hot in sunny locations, and heat-

absorbent paints increase the efficiency of solar collectors. Paints containing fungicides and pesticides help prevent mildew growth on houses, and antifouling paints discourage the buildup of barnacles on ship bottoms.

Phosphorescent paints absorb energy from the sun during daylight and then glow at night. Special fluorescent coatings afford greater visibility both day and night and are used on advertising billboards and signs, safety clothing, and many novelties. Paints can be made electrically conductive or nonconductive to suit special purposes. They even can be designed to indicate temperatures by color change. The United States produces approximately one billion gallons of paint products annually.

Types of Paints and Coatings—Architectural Coatings. Architectural paints are used for decorating and protecting homes, apartments, farm buildings, office buildings, and other commercial structures. They include both solvent-type and water-type paints for interior and exterior surfaces. In the United States architectural paints compose about 51% of all paint products produced and amount to more than 500 million gallons each year.

Product Finishes for Original Equipment Manufacturers. This group of paints is applied by original equipment manufacturers to all types of newly produced articles as part of the manufacturing process. Included among such finishes are marine paints as well as coatings for automobiles, trucks, aircraft, railroad equipment, home appliances, office machines, furnaces, and air-conditioning equipment.

Each product finish is formulated for a specific use. Because of the need to protect manufactured products from a broad spectrum of harmful environments, this group of coatings makes use of the greatest variety of chemical raw materials. Depending on the equipment and its intended use, the coating may be designed to protect against the weather, corrosion by fresh or salt water, chemicals, abrasion and wear, or heat and sunlight. In many cases product finishes also must be colorful and attractive to add sales appeal to the products.

Product finishes account for some 31% of all paints and coatings produced—more than 300 million gallons each year—in the United States.

Special-Purpose Coatings. Paints and coatings included in this category account for slightly more than 18% of all paints manufactured in the United States or about 185 million gallons annually. The special-purpose category includes paint products generally used for maintenance work and coatings for the transportation aftermarket. They differ from architectural paints in that they are designed for special applications and for withstanding unusual environmental conditions. For example, special-purpose coatings are formulated specifically to stand up under extremes of heat and cold, to resist chemical attack in oil refineries and chemical plants, to prevent fungus growth in meat and food packing plants, and to withstand steam cleaning and high humidity.

Special-purpose coatings are used widely in the transportation aftermarket for repainting automobiles, trucks, aircraft, ships and pleasure boats. They are also used widely for traffic-marking paints for highways as well as for the surfaces of parking lots and the floor areas of manufacturing plants. Paints containing metal-

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George Romney

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drooping flower cones on the same tree: the staminate cones are orange-red; the pistillate cones, reddish. The flower cones mature into woody fruits with rounded scales, which are dark blue-green on the underside, purplish toward the tips, and bright red along the edge. Three-pointed bracts project as much as ½ inch (13 mm) from between the scales. The seeds are about ¼ inch (6 mm) long, with a light brown-red wing that catches air currents for dispersal of the seed.

Because of its symmetry and rapid growth, the Douglas fir is widely planted, thriving best in a porous, sandy loam. Unlike the spruces, which it resembles in cultural requirements, it usually should be planted in groups because the soft, thin needles are easily broken and desiccated by hot winds. The Douglas fir's many fibrous roots suit it well for transplanting, even when the tree is of considerable size, as well as for growth in shallow soils. Seeds for planting should be collected at maturity and, after overwintering, set first in beds or flats and then into nursery rows. Seeds from trees on the Pacific slope produce plants subject to frost damage, but trees from high elevations bear cold-resistant seeds. Layering and grafting are used to propagate unusual varieties and forms.

RICHARD S. COWAN, *Smithsonian Institution*

DOUGLAS-HOME, dug'las hūm, Sir Alec (1903–1963), British prime minister from October 1963 to October 1964. Alexander Frederick Douglas-Home was born in Scotland on July 2, 1903, the son of the 13th Earl of Home. After attending Eton and Oxford, he entered the House of Commons (with the courtesy title Lord Dunglass) as a Conservative in 1931. Until World War II, his interest lay in domestic issues, in which he emphasized the need to mitigate class divisions.

When Neville Chamberlain became prime minister in 1937, Dunglass was made his parliamentary private secretary, with administrative rather than policy-making duties. He was omitted from the Churchill government that replaced Chamberlain's in 1940. He became a joint parliamentary undersecretary at the foreign office in May 1945 but lost his Commons seat in the 1945 election and did not return until 1950.

In 1951, Dunglass succeeded his father as the 14th Earl of Home. Although forced to leave the house of Commons, he made rapid progress politically. He became minister of state for Scotland in 1951, Commonwealth secretary in 1955, and leader of the House of Lords in 1957. In 1960 he was appointed foreign secretary by Prime Minister Macmillan. This appointment aroused criticism, but Home proved to be diplomatically skillful and forthright.

Macmillan resigned in October 1963, and Home, to general surprise, succeeded him as prime minister, as a compromise candidate least likely to split the party. He renounced his peerage and became Sir Alec Douglas-Home. As prime minister, he was an excellent chairman and dispatcher of business rather than a "power-house of ideas."

After the Conservative defeat in 1964, Douglas-Home surprised many by his effectiveness as leader of the opposition. But because of his distaste for political intrigue, he refused to fight to save his position and resigned as Conservative leader in July 1965 in response

to internal party criticism. In 1970, Prime Minister Edward Heath named him foreign secretary. Douglas-Home's political career revealed him as a man who acted instinctively on the basis of somewhat rigidly held beliefs, rather than as the possessor of a well-formulated ideology.

A. J. BEATTIE, *London School of Economics*

DOUGLASS, Andrew Ellicott (1867–1962), American astronomer and dendrochronologist, who originated the science of dendrochronology in 1901. He was born in Windsor, Vt., on July 5, 1867, graduated from Trinity College, Hartford, Conn., in 1889, and was appointed professor of physics and astronomy at the University of Arizona in 1906. He was the director of its Steward Observatory from 1918 to 1938. He died in Tucson, Ariz., on March 20, 1962.

Douglass developed dendrochronology as a result of an investigation of the theory that the sun affects the weather and the weather affects tree growth. Later, he established parallel patterns between the tree ring growth, climatic cycles, and sunspot variations, and he constructed an exact chronology of climatic variations over a period of nearly 2,000 years. His technique of dating events by rings in aged wood also proved useful in determining the dates of archaeological sites.

ALAN D. COVEY, *Arizona State University*

DOUGLASS, David (died 1786), English actor and theater manager, who established America's first permanent theater, the Southwark, in Philadelphia in 1766. He also directed (1767) his American Company in Thomas Godfrey's *The Prince of Parthia*, the first professional production of an American play.

Little is known about Douglass' early life. In 1758, while on an acting tour in Jamaica, he married the widow of the English theater manager Lewis Hallam, Sr. Douglass combined Hallam's company with his own to form the American Company and took his actors to the American colonies. In spite of opposition from the Puritans, he built several theaters there, including the historic Southwark and another permanent theater, the John Street, which he established in New York in 1767. At the onset of the American Revolution, he returned to Jamaica, where he held a British government post until his death.

DOUGLASS, Frederick (1817–1895), American Negro abolitionist and reformer. He was born in February 1817 near Easton, Md. Intelligent and spirited, he escaped from slavery in 1838 and settled in New Bedford, Mass. In 1841 at an abolitionist meeting in Nantucket he related his slave experiences, and for the next four years, despite many indignities, he lectured throughout the East for antislavery groups. In 1845 he published *The Narrative of the Life of Frederick Douglass*, which revealed his master's identity and endangered Douglass' liberty. The tall, handsome, and articulate Douglass took refuge in England, where friendly liberals purchased his freedom from his master.

From 1847, after his return to the United States, he published his own abolitionist newspaper, the *North Star*, in Rochester, N.Y., until 1863. It also supported women's rights, a cause that Douglass championed from his participation in the first women's rights convention (1848).



Frederick
Douglass

Gradually he broke with William Lloyd Garrison's "moral suasionist" policy and became a political abolitionist, ultimately supporting the Republican party. He used his lecture fees to aid fugitive slaves and headed the Rochester station of the underground railroad. He was forced by a lack of funds to abandon his scheme for an industrial college for Negroes. Despite his opposition to the Harpers Ferry raid (1859), Douglass fled to Canada because he had raised money for the ventures of his friend and confidant John Brown.

During the Civil War he recruited Negroes for the Union Army, pushed for emancipation and enfranchisement, and then supported congressional Reconstruction. He campaigned for the postwar Republican presidential candidates and was rewarded with various federal appointments including that of minister to Haiti (1889-1891). He died in Washington on Feb. 20, 1895.

JAMES J. KENNEALLY, *Stonehill College*

Further Reading: Douglass, Frederick, *Life and Writings*, ed. by P. S. Foner, 5 vols. (1950-1955; reprint, Intl. Pub. 1975); Martin, Waldo E., Jr., *The Mind of Frederick Douglass* (Univ. of N.C. Press 1986).

DOUHET, dōō-e', Giulio (1869-1930), Italian army air officer, who forecast the impact of air power and bombardment on military strategy. He was born at Caserta, Italy, on May 30, 1869, and began his career as an artillery officer in the Italian army. An early advocate of the airplane, he commanded an air battalion from 1912 to 1914. In 1915, during World War I, he unsuccessfully urged that Italy build a fleet of Caproni bombers and destroy vital areas in Austria. Imprisoned for a year in 1916-1917 for criticizing his superiors, he was later vindicated by the Italian defeat at Caporetto, which occurred much as he had predicted, and was appointed director of aeronautical technical services. Douhet retired as a lieutenant colonel in 1918 but was given post-service rank as major general in 1921. He died at Rome on Feb. 14, 1930.

Douhet published *The Command of the Air* in 1921, and another major work, *The War of 19--*, appeared posthumously in 1931. In these books, Douhet visualizes a purely defensive role for surface forces, with almost sole reliance on aerial offensives to command the air and destroy enemy capabilities. See also AIR WARFARE.

JOHN W. CARPENTER, III
Lt. General, USAF; Commander, Air University

DOUKHOBORS, dōō'ka-bōrz, a nonconformist Christian sect that originated in Russia in the 18th century and whose members later emigrated to Canada. The total population of Doukhobors in Canada is estimated at about 20,000. The name "Doukhobors" derives from the Russian *dukhobortsy*, meaning "spirit fighters."

Beliefs. In doctrine and practice the Doukhobors resemble somewhat the Quakers, Mennonites, and other dissenting religious movements that arose at the same time. They seek to restore the simplicity of worship of the early Christian church. The church, priests, sacraments, and icons are therefore rejected. The altar holds only water, bread, and salt.

The Doukhobors seek inner inspiration, which must come from direct revelation. God is conceived as the Soul of the World, living in the human heart, teaching wisdom, and giving happiness. The soul does not enter the body at the moment of birth; it develops gradually during childhood and adolescence. It is shaped by the memory and reason of the "Living Book," which is a tradition that is believed to derive from Christ and is expressed in a large number of hymns, meditations, precepts, and commentaries. The doctrine of original sin is also denied. The fall of Adam is understood as having no degenerating influence on his descendants.

All Doukhobors are vegetarians. They are also pacifists and refuse to be inducted into military service. Family ties are based on mutual affection and not on parental authority.

History. The Doukhobors sect was first discovered in 1750 by the czarist authorities in the villages along the Dnieper River in the Ukraine. The sect was by then already fully organized with a clearly defined creed and a large membership. Members opposed the Orthodox Church and rejected the authority of the czar and government. They also refused to bear arms. The Doukhobors were severely persecuted by Catherine the Great and later by her son, Paul I, who in 1799 commanded that all members of the sect be banished to Siberian mines and given the hardest work. They were permitted to return by Czar Alexander I but were again exiled in the reign of Nicholas I.

One of the first notable leaders of the sect was Saveli Kapustin. Like Doukhobor leaders after him, he was acknowledged to be the reincarnation of Christ. The most influential leader was Peter Verigin, under whose guidance the Doukhobors accomplished their exodus from Russia to Canada. With the financial help of Count Leo Tolstoy and the English Quakers, 8,000 Doukhobors emigrated in 1898. Verigin was held in exile in Siberia but was permitted to join the sect in Saskatchewan in 1902. Many Doukhobors later settled in British Columbia.

In Canada the sect divided into three colonies, which soon differed from one another in creed and economic organization. The most radical group is called the Sons of Freedom. They refuse to send their children to public schools, reject modern technology, and generally oppose the Western way of life. They have used violent methods, such as arson, to coerce fellow members who have strayed from the creed. They have also held nude parades to demonstrate their desire to return to primitive simplicity. Most Doukhobors, however, are being assimilated into Canadian life.

SULA BENET, *Hunter College, New York*

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SETH, in the Old Testament, was the third son of Adam, born after Abel's death, according to Genesis 4:25. Another tradition, based on Genesis 5:3, does not mention Cain and Abel, thus making Seth the first-born son of Adam and Eve. He was the father of Enosh, and the genealogical table in I Chronicles 1:1 mentions him as an ancestor of Noah. Luke included him in the genealogy of Christ (Luke 3:38). He was made the object of special reverence by a heretical Jewish sect called the Sethites.

SETI I, se'tē (reigned c.1303-1290 B.C.), was the second king of the 19th dynasty of Egypt. The son of Ramses I and father of Ramses II, Seti restored much of the territory and prestige that Egypt had lost during the end of the 18th dynasty. He fought successfully in Palestine and against the Libyans and made peace with the Hittites. He built much of the Hypostyle Hall at Karnak and his tomb at Thebes.

SÉTIF, sā-tēf', is a city in northeastern Algeria, in the department of the same name. It is situated at an altitude of about 3,600 feet (1,100 meters), in a cereal-growing region. Connected by rail with Algiers and Constantine, the city serves as a local trade and communications center. Its industries include carpet manufacturing and flour milling.

Known in ancient times as Sitifis, the city dates back to the 1st century A.D., when the Romans founded it as a veterans' colony. The modern city was built by the French on the ruins of the ancient town. Population: (1977) 144,200.

SETON, se'tən, **Saint Elizabeth Ann** (1774-1821), American Roman Catholic religious leader, who was the first native-born North American to be canonized. She founded the first American community of the Daughters (or Sisters) of Charity of St. Vincent de Paul.

Elizabeth Ann Bayley was born in New York, N. Y., on Aug. 28, 1774. The well-educated, devoutly Episcopalian daughter of a noted physician, she married the merchant William Seton in 1794, had five children, and also found time to help the poor. When Seton lost his fortune and his health, she accompanied him on a therapeutic voyage to Italy in 1803 to visit friends, the Filicchi family, in Livorno. They consoled her at Seton's death six weeks later and introduced her to Catholicism. She returned to New York City and was received into the Roman Catholic Church in 1805.

Elizabeth's family and friends, who shared the strong anti-Catholic prejudice of that era, opposed her conversion and abandoned the practically destitute widow. In 1808 she accepted the invitation of Father L. W. V. Dubourg, superior of the Sulpicians, to found a girls' school in Baltimore. Several women offered their aid, and Dubourg and Bishop Carroll of Baltimore gave her a rule for a religious community. Mother Seton moved to Emmitsburg, Md., in 1809 and in 1812 adopted a modified rule of the Daughters of Charity. She and her congregation devoted themselves to care of the sick and the poor and especially to teaching, largely shaping the American parochial school system. Several other independent congregations are derived from that of Mother Seton. She died in Emmitsburg on Jan. 4, 1821, and was canonized in 1975. Her feast day is January 4.

SETON, se'tən, **Ernest Thompson** (1860-1946), American naturalist, illustrator, and writer. He was born Ernest Seton Thompson in South Shields, England, on Aug. 14, 1860, and was taken to Canada as a child. He studied art at the Royal Academy in London and gained his knowledge of animals and woodcraft in the wilds of Canada and the western United States.

The success of Seton's story collection *Wild Animals I Have Known* (1898; new ed., 1943) led him to write and illustrate some 40 other books. He also lectured widely and led scouting and woodcraft activities for young people. Inspired by the scout organization founded in Britain, Seton helped to establish the Boy Scouts of America. Among his works are the stories *The Trail of the Sandhill Stag* (1899), *The Biography of a Grizzly* (1900), and *The Lives of the Hunted* (1901) and his autobiography *The Trail of an Artist-Naturalist* (1940). He died in Santa Fe, N. Mex., on Oct. 23, 1946.

Anya Seton (1916-), his daughter, was a successful novelist, whose works include *My Theodosia* (1941), the story of Aaron Burr's daughter; and *Dragonwyck* (1944), a Gothic novel with a Hudson River setting.

SETON HALL UNIVERSITY, se'tən, is a private, Roman Catholic, coeducational institution of higher learning, with its main campus in South Orange, N. J. It was founded as Seton Hall College in Madison, N. J., in 1856, and the campus was moved to South Orange in 1860. It was renamed Seton Hall University in 1950.

Seton Hall grants bachelor's degrees in the schools of arts and sciences, education, nursing, and business administration. A college of the university in Paterson, N. J., offers a similar undergraduate program. A school of law is located in Newark. Graduate programs leading to master's degrees are available, and a doctoral program in chemistry is also provided. In the early 1970's, enrollment exceeded 9,000.

SETON-WATSON, se'tən-wot'sən, **Robert William** (1879-1951), British historian. He was born in Ayton, Perthshire, Scotland, on Aug. 20, 1879. He was educated at New College, Oxford (B.A., 1902; D. Litt., 1910), and he studied at the universities of Berlin, Paris, and Vienna. An expert on central Europe and the Balkans, he was professor of central European history at the University of London (1922-1945) and professor of Czechoslovak studies at Oxford (1945-1949). He founded the magazine *New Europe* (1916), and was joint editor, with Sir Bernard Pares, of the *Slavonic Review* (1922-1949). He died in Skye, Scotland, on July 25, 1951.

Seton-Watson's works include *The Southern Slav Question* (1911), *The Rise of Nationalism in the Balkans* (1917), *Europe in the Melting Pot* (1919), *Slovakia Then and Now* (1931), *Britain in Europe, 1789-1914* (1937), *Britain and the Dictators* (1938), *From Munich to Moscow* (1939), and *History of the Czechs and Slovaks* (1943).

SETTER. Any of several breeds of dogs originally trained to crouch in a set position on fielding game. See ENGLISH SETTER; GORDON SETTER; IRISH SETTER.

SETTIGNANO, Desiderio da. See DESIDERIO SETTIGNANO.

SETTLE, set'sl, **John**, dramatist, chiefly associated with John Dryden, on Fe Dunstable, on Fe time at Oxford. His comic plays were (1866), followed which was performed before being pressed 1870. Dryden, w his position as the satirized *The Empress* John Crowne and gaged with a pamph *Conquest of Granada* rized him in his p (1681), referring to two more pamphlet In 1691, Settle London. He died :

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By 1900, growing criticism of Miss Barton's type of personal leadership brought about re-incorporation of the American Red Cross by Congress. The new charter required the rendering of an annual financial report. Although controversy over Miss Barton's methods of control continued, she remained as president until 1904, when she resigned, and the society was reorganized.

With the pains of the early Red Cross long since forgotten, and no evidence ever bringing to question Clara Barton's character, her name rests securely among the great and imaginative pioneers in philanthropic accomplishments.

Her publications include *A Story of the Red Cross* (1904) and *Story of My Childhood* (1907). See also RED CROSS.

CHARLES HURD
Author of "The Compact History
of the American Red Cross"

BARTON, Sir Edmund (1849-1920), Australian prime minister and judge. He was born in Sydney, on Jan. 18, 1849. Educated at the University of Sydney, he was a member of the New South Wales legislature in 1879-1887 and 1891-1894. Following the death of Sir Henry Parkes, Barton was a leader of the movement for Australian federation and in 1900 headed the delegation to London for the passage of the Commonwealth Constitution bill in Parliament. On December 31 of that year he became Australia's first prime minister. He resigned this office in 1903 and became a senior justice of the Australian High Court. Barton died at Medlow on Jan. 7, 1920.

BARTON, Elizabeth (c. 1506-1534), English-woman, who figured in a political and religious controversy during the reign of Henry VIII. She was born at Aldington, Kent, and became a servant in Canterbury. Prone to hysterical, perhaps epileptic, seizures during which she uttered religious revelations and prophecies, she became famous when some of these came true. The "Maid of Kent," as she came to be called, attracted the attention of William Warham, archbishop of Canterbury, and he ordered an investigation of the case. Meanwhile, Henry VIII delegated Thomas More to make inquiries. More declared that he found her utterances nothing but "what a right simple woman might speak of her own wit."

Edward Bocking, Canterbury's investigator, apparently exploited her for his own political ends. She became a nun at his suggestion, and it is believed that he prompted her political prophecies. She admonished Henry VIII that if he married Anne Boleyn, he would die within six months; following his marriage she warned him that he would be disavowed by his subjects. Henry considered this warning treason, and he had Elizabeth arrested and examined before the Star Chamber. The chamber produced a confession that she had feigned the trances. She was condemned, without benefit of trial, and was hanged at Tyburn, on April 21, 1534. Bocking and four others also were executed.

The validity of documents attesting to her confession has been questioned. Without any trial records to examine, it is impossible to judge whether she was a conspirator, a saint, or a woman with a mental illness. Some authorities believe she was a simple, deluded, and much exploited victim of political intrigue.

BARTRAM, John (1699-1777), American botanist, who was described as the "greatest natural botanist in the world" by Linnaeus and is frequently called the "father of American botany." He was born near Darby, Pa., on March 23, 1699. As a young farm boy, he became interested in botany and tried to read, even in Latin, all the available books on the subject. He founded a botanical garden at Kingsessing, Pa., and began there what were probably the first experiments in hybridization. Not especially interested in the details of classification, Bartram was above all a lover of living things. Though his main interest was always botany, he also gave some attention to zoology and geology. He traveled extensively in the eastern United States and in 1751 published a report of its inhabitants, climate, soil, and other conditions. He was in constant correspondence with European botanists and sent them American plant specimens. He died on Sept. 22, 1777, at Kingsessing, Pa. A genus of mosses, *Bartramia*, is named for him.

William Bartram (1739-1823), his son, was a traveler and naturalist. He was born in Kingsessing, Pa., on Feb. 9, 1739. He traveled in the southeastern United States and in 1791 published a fascinating book describing his findings. The book is believed to have influenced Wordsworth and Coleridge. William Bartram also corresponded with European naturalists. After his father's death, he and his brother, John, managed the Kingsessing Gardens. He died at Kingsessing on July 22, 1823.

BARUCH, bə-rōōk', Bernard Mannes (1870-1965), American financier, philanthropist, and public official. As a public official, a self-made multimillionaire, and adviser to several presidents, Baruch reflected the temper of the American scene for half a century. A sounding board and spokesman for unformulated public opinion, Baruch, the legendary "park bench statesman," often put into words what the average American thought and felt but did not have the opportunity to say. He was, by turns, a Wall Street tycoon, a Wilsonian idealist, a reluctant New Dealer, and an Eisenhower Democrat. A man whose fame and influence were considerable, Baruch, in his determination to remain behind the scenes and avoid political risks, also forfeited many of the rewards of public service.

Entering public life in 1916, Baruch mobilized American industry in World War I as chairman of the War Industries Board. His last major national service was in 1946 when President Truman named him to present to the United Nations the U.S. plan for atomic energy control.

Early Life. Baruch was born in Camden, S.C., on Aug. 19, 1870. He was the second son of Dr. Simon Baruch, a surgeon born in Posen, East Prussia, who had served with the Confederate forces under Gen. Robert E. Lee, and of Belle (Wolfe) Baruch, of Winnsboro, S.C., whose American heritage reached back to colonial days. The family moved to New York in 1881, and Baruch graduated from the City College of New York in 1889. In 1897 he married Annie Griffen, who died in 1938. They had three children.

Baruch started out in Wall Street as a runner earning \$3 a week. He had amassed his first million dollars by the time he was 30, and by his mid-30's he had \$1 million for every year of his age. He was a member of the legendary "Waldorf crowd," a group of financiers who fre-

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to contain more anger than art, but despite some unevenness of style he sustained in his works a narrative power and a disturbing emotional impact that brought him lasting recognition.

WILLIAM BRACY, *Beaver College*

Further Reading: Gayle, Addison, *Richard Wright: Ordeal of a Native Son* (Smith, P. 1983).

WRIGHT, Silas, American political leader: b. Amherst, Mass., May 24, 1795; d. Canton, N.Y., Aug. 27, 1847. He graduated from Middlebury College, was admitted to the bar in 1819, and began practicing in Canton. From 1824 to 1827 he was in the New York State Senate, where he became a leader of the Bucktail Democrats (opposed to DeWitt Clinton) and a member of the Albany Regency group. (See ALBANY REGENCY; BUCKTAILS.) In 1827 he went to the House of Representatives in Washington, where he favored protection and helped frame the 1828 "tariff" of abominations" (which later, in 1842, he admitted was "a great error"). He resigned his House seat in 1829 to become comptroller of New York State and resigned this office in turn in 1833 to complete the term of William L. Marcy (who had been elected governor of New York) in the United States Senate. Reelected senator in 1837 and 1843, Wright was held in high esteem by his colleagues. He was a logical and powerful reasoner, of unflinching integrity, and ready to sacrifice his inclinations to the needs of the Democratic Party. His contemporaries referred to him as "the Cato of the Senate" and "the Cato of the Union," and Arthur M. Schlesinger characterized him as "a preliminary sketch for Abraham Lincoln."

As senator, Wright opposed rechartering the Bank of the United States, urged an independent treasury system, and saw the bill for the latter passed in 1840. Refusing President John Tyler's offer of an appointment to the United States Supreme Court in 1844 and the nomination for vice president on the Democratic ticket in the same year, he resigned his seat in the Senate to run for governor of New York, winning the election and carrying the state for the Democratic presidential candidate, James K. Polk. As governor Wright alienated the landlord interests by advocating rent reform but also lost popular support by suppressing the antirent disturbances. He was renominated in 1846 but lost to his Whig opponent, John Young.

Further Reading: Garraty, John A., *Silas Wright* (1949; reprint, AMS Press 1970).

WRIGHT, Wilbur, b. Millville, Ind., April 16, 1867; d. Dayton, Ohio, May 30, 1912; and **Orville**, b. Dayton, Ohio, Aug. 19, 1871; d. there, Jan. 30, 1948; American inventors. Their father, Milton Wright, was a bishop of the Church of the United Brethren in Christ. Though both brothers completed high school courses, neither graduated formally; Wilbur did not return from Dayton to Richmond, Ind., where the family had been living, to receive his diploma, and Orville, in his final year, took a special course. Neither Wilbur nor Orville ever married. As a youth Orville became interested in printing and in 1889 started the *West Side News*, in which Wilbur joined him; it was printed on a homemade press. In 1893 the two brothers opened a shop for the sale, repair, and manufacture of bicycles.

First Glider Experiments. After the death (1896) of Otto Lilienthal, the German engineer, news of

whose gliding experiments Wilbur and Orville had followed eagerly, they thought of taking up gliding where Lilienthal had left off. Their interest in aerodynamics had been aroused in childhood by a toy helicopter powered by rubber bands. Finding few books on the subject in the Dayton Public Library, they wrote in the Smithsonian Institution at Washington for a bibliography. Books they then read included Lilienthal's *The Problem of Flying* and *Practical Experiments in Soaring*; and *Progress in Flying Machines*, by Octave Chanute, the best historian of attempts to fly. Wilbur came to know Chanute, at first by correspondence, and for years the brothers kept him informed of their progress.

Orville thought a flying machine should be under better control than any yet tried, and that for sidewise balance there should be a way to present the right and left wings at different angles to the wind; Wilbur hit on a practical way to do this, by twisting or warping the wings. To test this method, they built, in July 1899, a small kitelike glider with superposed surfaces, each 5 feet from tip to tip. It showed that their system of control was effective, and they then planned a man-carrying glider.

From United States Weather Bureau wind records they found that Kitty Hawk, N.C., was one of the breeziest places in the country; they also learned that the area had sand hills, free of growth and suitable for gliding. They went there in 1900 with their first man-carrying glider, which was 18 feet from tip to tip. It included a feature not on any previous glider, a horizontal front rudder or elevator about 4 feet in front of the lower main plane; the rear edge could be raised or lowered for fore-and-aft balance. A cradle, in which the operator lay, was connected with wires in order to give a spiral twist to the wings; a movement of the body of 2 or 3 inches from one side to another was enough to give all the twist needed. It was the brothers' intention to fly the glider as a kite, with a pilot aboard, to gain practice, but they found this possible only when the wind was at least 25 miles an hour. The glider failed to perform in lifting as had been calculated from the Lilienthal tables of air pressure, but they were encouraged by the way their method of control worked. Before leaving camp for the year, they took the machine to Kill Devil Hill near Kitty Hawk and made about a dozen glides down the side of the hill. Disappointed with the glider's lifting ability, they determined to return the next year with a larger machine having wings of deeper curvature.

Further Research Since the results obtained did not all agree with the estimated values computed from Lilienthal's tables and other accepted tables of air pressure, the brothers wondered if Lilienthal's figures and all scientific books on the subject could be wrong. Toward the end of 1901, they experimented with miniature wings in a 6-foot wind tunnel, testing more than 200 types of wing surfaces set at different angles. They measured monoplane, biplane, and triplane models, and models in which one wing followed the other; they measured the lift produced by different aspect ratios (the ratio of span to chord) and found that the greater the span in proportion to the chord, the more easily the wing would be supported; they measured thick and thin surfaces. Among other things, these experiments proved the undesirability of the sharp edge at the front of a wing, then advocated by

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Wilbur and Orville thought of taking up and left off. Their mind had been aroused in a machine powered by rubber on the subject in the year 1899 in the Washington for a bibliography read included *Lifting and Practical Progress in Flying*, the best historian came to know Chance, and for years the of their progress. machine should be yet tried, and that should be a way to wings at different angles on a practical way to wing the wings. To in July 1899, a small sed surfaces, each 5 ed that their system they then planned a

ather Bureau wind y Hawk, N.C., was n the country; they d sand hills, free of iding. They went nan-carrying glider, o tip. It included a glider, a horizontal it 4 feet in front of ear edge could be aft balance. A cray, was connected spiral twist to the dy of 2 or 3 inches ough to give all brothers' intention h a pilot aboard, to this possible only 25 miles an hour. in lifting as had enthal tables of air uraged by the way d. Before leaving he machine to Kill and made about a of the hill. Disap- ng ability, they de- year with a larger per curvature.

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others (although it has now been readopted for supersonic flight). They also learned that there was a loss from having one wing above another.

These experiments marked the turning point in attempts by man to fly. The Wrights now knew what no man had ever known before: how to compile tables of figures from which one might design an airplane that could lift itself and fly. Their 1902 glider, built from their own calculations, had a wing span of 32 feet, 10 feet more than one used in 1901, but the most noticeable change was the addition of a tail with fixed twin vertical vanes. In further experiments they discovered that the tail is a balancing device needed to supplement the presenting of the wings at different angles to the wind—the basic scheme of control used in all airplanes today. With the 1902 machine the Wrights made glides of more than 600 feet, and they could glide at a smaller angle of descent, closer to the horizontal, than the hawks that they observed. When they built their first power machine the next year, equipped with a motor of their own make, they felt sure it would fly.

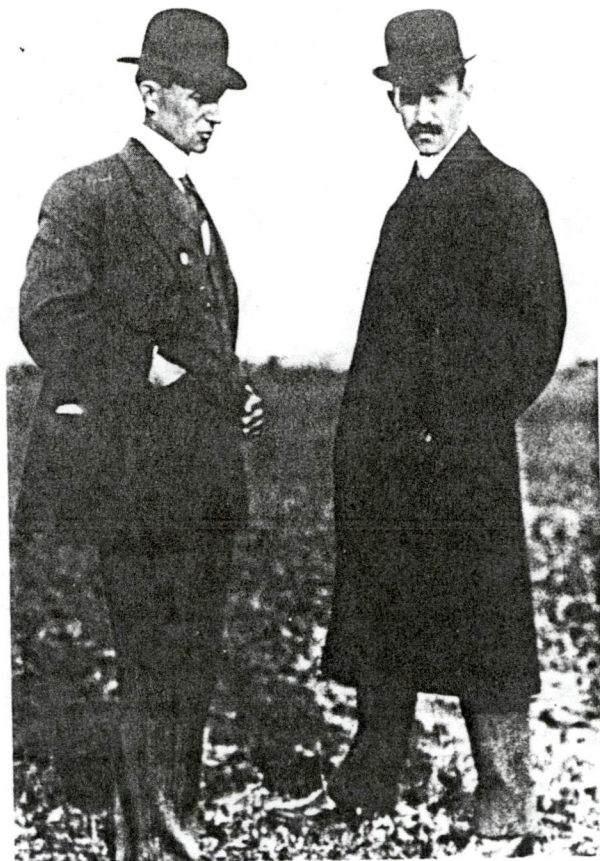
Powered Flight. On Dec. 17, 1903, at Kitty Hawk, Orville made the first flight of 120 feet; Wilbur, in the fourth and longest, made 852 feet in 59 seconds. During 1904 and 1905 they made further experiments at a field near Dayton, Wilbur achieving a flight of 24 miles in 1905. They closed a contract with the United States War Department for the first army plane in 1908, for which tests were completed in 1909. Meanwhile, in 1908, a Wright company was formed in France, where Wilbur gave demonstrations and trained pilots. In 1909 Orville flew in Germany, and Wilbur made sensational flights in New York City in connection with the Hudson-Fulton Celebration. By the end of 1909 an American Wright company had been organized. In 1948 the original plane flown at Kitty Hawk in 1903, which had been temporarily lent to the Science Museum at South Kensington, London, was returned to the United States for permanent exhibition in the National Museum at Washington, D.C.

FRED C. KELLY

Further Reading: Degan, Paula, *Wind and Sand: The Story of the Wright Brothers* (Eastern Acorn Press 1983); Wright, Wilbur and Orville, *Miracle at Kitty Hawk: The Letters of Wilbur and Orville Wright*, ed. by Fred C. Kelly (1951; reprint, Arno 1971).

WRIGHT, William Hammond, American astronomer: b. San Francisco, Calif., Nov. 4, 1871; d. San Jose, May 16, 1959. He graduated from the University of California in 1893 and then pursued graduate work at the University of Chicago. In 1897 he was appointed assistant astronomer at Lick Observatory, University of California, and was in charge of the observatory's expedition to the Southern Hemisphere (1903–1906). He was made astronomer in 1908 and served as director of the observatory from 1935 to 1942. Wright won wide attention for his work on the gaseous nebular spectra and, pioneering in the use of infrared photography for astronomical purposes, secured the first clear pictures of Mars, on the basis of which he made tentative explanations of some of the planet's characteristics.

WRIGHT-PATTERSON AIR FORCE BASE, a United States Air Force base, 8 miles northeast of Day-



CULVER PICTURES

ton, Ohio. The Air Force Logistics Command Headquarters, Air Force Museum, and 51 other tenant organizations share its 8,023 acres. It has twin airfields, now rare. The areas, formerly separate, include Wright Field (named for Orville and Wilbur Wright), and Patterson Field (named for Lt. Frank S. Patterson of Dayton, who was killed near the base on June 19, 1918, while testing a device for synchronizing machine gun fire with aircraft propellers). The base may be called the birthplace of Air Force research, development, and logistics. Aviation "firsts" originating here include the first solo instrument takeoff and landing and the first human ejection from a speeding aircraft.

RONALD GREEN

WRIT, *rīt*, in Anglo-American law, a documentary order issued in the name of a court or of an executive officer, directing the person to whom it is addressed to do or refrain from doing a particular act described in the writ. The two principal categories are *prerogative writs* and *writs of right*.

Prerogative writs, frequently referred to as extraordinary remedies, are issued in the discretion of the court upon a showing that no other remedy adequate to the circumstances is available. Common examples of prerogative writs are mandamus, prohibition, quo warranto, habeas

came the basis of the settlement of 1846. He was prominent in the founding of the Smithsonian Institution (1845) and in the revision of the Indiana constitution (1850). In 1853 he was made U.S. chargé d'affaires in Naples, and in 1855 minister to Italy. After his return to the United States (1858) he was active as an abolitionist.

In his later days Owen was a firm believer in spiritualism, and in this connection he wrote some of his most provocative works, such as *Footprints on the Boundary of Another World* (1859) and *Debatable Land between this World and the Next* (1872). He died in Lake George, N.Y., on June 24, 1877.

OWEN, *ō'ən*, **Wilfred** (1893–1918), English poet, whose writings, based on his experiences in World War I, attack the brutality of war. Owen was born on March 18, 1893, in Oswestry, Shropshire, England, and was educated at Birkenhead Institute, Liverpool. He enlisted in the army in 1915 and was sent to the battlefield in France a year later. Owen was invalided home after seven months. While recuperating at a military hospital near Edinburgh, he met the poet Siegfried Sassoon, who was impressed with his writing and influenced him greatly. Owen was returned to the front as a company commander and received a military cross for bravery in October 1918. He was killed in action in France on Nov. 4, 1918, one week before the armistice.

Owen's poetic abilities remained virtually unknown until 1920, when his collected works were published by Sassoon. Owen subsequently was recognized as one of the most important English poets of World War I. As he stated in his writings, his subject was "War, and the pity of War. The Poetry is in the pity." His poems are infused with this sentiment, expressing the horrors of the battlefield in harsh and compelling imagery. Owen's experiments with half rhyme influenced later poets. His best-known works include *Dulce et Decorum Est*, *Greater Love*, *The Show*, and *Strange Meeting*.

OWEN SOUND, *ō'ən*, a city and port in Ontario, Canada, the seat of Grey county at the mouth of the Sydenham River, on Georgian Bay. A fishing and tourist center, it is 100 miles (160 km) northwest of Toronto. Manufactures include automotive parts, electrical components, foam rubber, and glass. Printing and publishing are important to the economy.

Settled in 1841, Owen Sound was incorporated as a town in 1857 and as a city in 1920. Population: 19,883.

OWENS, *ō'ənz*, **Jesse** (1913–1980), American track-and-field athlete whose four gold medals in the 1936 Olympic Games climaxed a brilliant collegiate career and made him a legend in his lifetime.

The son of sharecroppers whose forebears were slaves, Owens was born on a farm near Danville, Ala., on Sept. 12, 1913. As a high-school student in Cleveland, Ohio, he became nationally known as a sprinter. Competing for Ohio State University in a Big Ten meet in 1935, he broke three world records in the 220-yard dash (0.20.3), the 220-yard low hurdles (0.22.6), and the long jump (26'9") and equaled the record in the 100-yard dash (0.9.4). His long-jump mark stood until 1960.



Jesse Owens made track-and-field history by winning four gold medals in the 1936 Olympic Games at Berlin.

At the 1936 Olympics in Berlin, Germany, Owens electrified the sports world by setting new Olympic records in the 100-meter dash (0.10.3), the 200-meter dash (0.20.7), and the long jump (26'5½") and sharing a new world record in the 400-meter relay (0.39.8).

His feats went unrewarded, however, and to support himself Owens ran exhibition races against horses and dogs, barnstormed with the Harlem Globetrotters, and worked as a playground janitor. In time, he prospered as a public-relations consultant. He died in Tucson, Ariz., on March 31, 1980.

United States government recognition came late. President Ford awarded him the Presidential Medal of Freedom in 1976 and President Carter a Living Legends Award in 1979.

OWENSBORO, *ō'ənz-bûr-ō*, a city in northwestern Kentucky, and the seat of Daviess county. It is on the Ohio River, about 110 miles (177 km) southwest of Louisville. The city is in a farming, grazing, dairying, and oil-, gas-, and coal-producing area. It has an important tobacco market, meat-packing plants, food canneries, and whiskey distilleries. Manufactures include electronic components, electric motors, plastics, aluminum, furniture, and iron and steel products.

Kentucky Wesleyan and Brescia colleges are in the city. Other places of interest include the Owensboro Museum of Fine Art, the Owensboro Area Museum, an outdoor amphitheater on the Ohio River, and a sports center used for concerts and athletics.

The site, known originally as Yellow Banks, was first settled about 1800 and became the county seat in 1815 under the name Rossborough. First incorporated in 1817, it was chartered as a city in 1866 and renamed Owensboro for Col. Abraham Owen, a soldier in the Kentucky Indian wars. Owensboro has a council-manager form of government. Population: 54,450.



Barn owls, in spite of their large heads, flat faces, and hooked bills, are successful predators—

including insects, crabs, fish, and mammals. Rodents are a food whole. Indigo feathers, and bone pellets that are a result of convergence to a similar predator.

Owls feed exclusively on insects, crabs, fish, and mammals. Rodents are a food whole. Indigo feathers, and bone pellets that are a result of convergence to a similar predator.

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Nomination of Jo Anne B. Barnhart To Be an Assistant Secretary of Health and Human Services

March 6, 1990

The President today announced his intention to nominate Jo Anne B. Barnhart to be Assistant Secretary for Family Support at the Department of Health and Human Services in Washington, DC. This is a new position.

Since 1986 Mrs. Barnhart has served as Republican staff director for the Governmental Affairs Committee of the United States Senate. Prior to this, she served as campaign manager for Senator William V. Roth, Jr., in Wilmington, DE, 1987-1988; consultant in the Office of Policy Development at the White House in Washington, DC, 1986; Associate Commissioner for Family Assistance at the Social Security Administration at the Department of Health and Human Services, 1983-1986; and Deputy Associate Commissioner for Family Assistance at the Social Security Administration, 1981-1983. In addition, Mrs. Barnhart served as legislative assistant for Senator William V. Roth, Jr., 1977-1981; project director for SERVE Nutrition Project at the Wilmington Senior Center, 1975-1977; legislative liaison for the Mental Health Association of Delaware, 1973-1975; and a space and time buyer for deMartin-Marona and Associates in Wilmington, DE, 1970-1973.

Mrs. Barnhart graduated from the University of Delaware (B.A., 1975). She was born August 26, 1950, in Memphis, TN. Mrs. Barnhart is married, has one child, and resides in Arlington, VA.

Remarks to Members of the American Society of Association Executives

March 6, 1990

Neil, thank you, sir. Thank you all. Thank you, Neil Milner, chairman, for that warm welcome and challenge. And Bill [Taylor], the president, the other president here today, thank you, sir. [Laughter] Let me just say I really am pleased and privileged to be with this group of people that do so much. You know, I really feel comfortable

talking to this group because most people think I've been free associating for years. [Laughter]

I heard that last year I accidentally caused panic among your executive directors. They thought I pledged no new faxes. [Laughter]

Believe it or not, there are still some Americans who don't know what the "association for associations" is. That's why next week they're doing a bit on you for TV's "Unsolved Mysteries." [Laughter]

Because really, only your organization is big enough and broad enough to include the Leafy Greens Council and the Association of Tongue Depressors. [Laughter] That happens to be a fact.

But I guess it's only natural for the heads of organizations like yours to get together themselves. Some people think of our great country as a nation of rugged individualists alone against the odds. And that is part of the American tradition, but only a part. There's another tradition, a tradition as old as America itself, as old as Pilgrims and the Mayflower Compact, as old as the pioneers who settled the West. It's the tradition that Tocqueville described more than 150 years ago, when he came to America, observed the scenes, and wrote that "Americans of all ages, all conditions, and all dispositions constantly form associations."

That shouldn't surprise us, because the act of association is nothing less than democracy in action: individuals translating common interests into a common cause. And you know, today we see the power of democracy, and isn't it an exciting time to be alive, seeing this change in Eastern Europe and in Managua, Nicaragua? We see that power of democracy and we see fresh evidence every day that the democratic ideal we cherish, the idea we call America, is alive everywhere: in the Revolution of 1989 that brought down the Berlin Wall and brought freedom to Eastern Europe; here in our own hemisphere, in the great victories for democracy in Panama and then again in Nicaragua; and millions of people now enjoying the freedoms that America has known for two centuries.

Here at home, we've got to see what these transforming changes in the world mean for us. And those changes carry a

challenge, a challenge to us to find in our freedoms new ways to solve the problems that threaten our society and our continued leadership in the whole world community. Look around at the problems we face: drug abuse, hunger, homelessness, illiteracy, despair in our inner cities, the breakdown of the family. There's a role, a critical role for government in finding solutions, but we know government doesn't always have the answers. If we could eliminate these problems, solve them once and for all with more programs, more bureaucracy, these problems would have disappeared a long time ago.

The fact is, government isn't the only organized entity out there with the powers to change things, the power to make a difference. Everyone in this room is well aware of the advantages of association. But I don't know whether you are really aware of the full extent of your own power, of the resources, the expertise, the potential energy your organizations can bring to bear on these problems—your ability to help solve community problems.

I know most associations are already active in community service, and I've heard about some of the wonderful work being done: the Medical Association of Atlanta, working after hours to provide free medical care to the homeless; by the Oregon Remodelers Association out there in Portland, Oregon, in Project Pride, a program to do home repairs for the low-income elderly; by the Hotel Association of New York, with its ongoing commitment to donate surplus food to feed the hungry. These are just three, just three of countless community service projects that your associations are engaged in, a commitment of time and talent mirrored in similar community efforts by millions of Americans across the country.

In fact, one study in 1988 found that Americans who volunteered in formal organizations gave almost 15 billion hours, valued at an estimated \$150 billion. Now, that's tremendous, but it's just the tip of the iceberg, just a fraction of all the good works we are capable of. Because the fact is, coping with the problems we face is within our power. There is no problem in America that is not being solved somewhere. Think about it, the programs I've just mentioned:

New York, Atlanta, Portland, thousands more. Think about ways that your organization, every one of your members, can make this mission of serving others your very own.

The story I want to tell you today—a story that Martin Luther King, Jr., told in his speech he made the night before that terrible day in Memphis, 22 years ago—it's a story about serving others and the courage that takes. It's a familiar story about the Good Samaritan and the stranger he helped. But there's another part of the story we don't always remember. Before the Good Samaritan stopped that day, two other men saw the injured stranger and passed him by. And Dr. King thought long and hard about it, and he used to ask himself: Why didn't the others stop to help? And Dr. King came up with some good reasons: They didn't stop because they were too busy, had more important work waiting in Jerusalem of far more consequence than helping one unfortunate man; and so, on they went.

And then one day, Martin Luther King put himself in their shoes. At the age of 30, on his very first trip to the Holy Land, he and his wife, Coretta, traveled that road from Jerusalem to Jericho. And Dr. King saw the story of the Good Samaritan in a new light. That road starts off more than 1,000 feet above the sea level and ends in Jericho 2,000 feet below sea level. A twisting road, full of blind curves. He imagined the road 2,000 years ago, each curve a perfect ambush for robbers. And at the moment, Dr. King realized why the two men didn't stop. It had nothing to do with the reasons he had imagined. They didn't stop because they were afraid.

The way Dr. King imagined it, one asked himself: "If I stop to help this man, what will happen to me?" And he went on about his way. But then the Good Samaritan came along and he asked himself a different question: "If I don't stop to help this man, what will happen to him?" And he asked himself that question, and he found the courage to stop, the courage to help, the courage to serve.

So, which question, then, do we ask ourselves: about going down to the soup kitchen in that dangerous neighborhood; about

stopping on a dark street to help a homeless man; about reaching out to those desperate kids out there, kids who have no home life, who are hooked on drugs, who live a nightmare we can't begin to imagine? Doing any of these things isn't easy. Every one takes an act of courage. But unlike the Good Samaritan, we don't have to act alone. Each one of you understands the power of collective action: how much we can get done when we work together, pool our resources, combine our talents.

And don't think it won't take courage. It's going to take courage to go back to your member organizations, back to their CEO's and boards of directors, and suggest that they place community service at the center of their agenda. It's going to take courage to insist that community service has a place at the very heart of every organization. It will take courage to make each one believe that from now on in America, any definition of a successful life must include serving others. But that's just exactly what I'm asking you to do.

Today, I want to lay down some challenges, challenges to associations all over America to take up community service. First, build on a firm foundation. Find out what's working in your industry, in your profession, in your community; let your members know which community service programs are most effective; and then, challenge them to make those programs the blueprint for their own efforts. Find new ways to use existing assets. I understand that one of the ASAE's great strengths is its allied societies structure: 69 State and local organizations, thousands more association executives. And I'm asking each of these allied societies to take the lead in their community for solving social problems, become what we call Points of Light action groups.

And second, set a target of 100-percent participation in community service. Challenge your constituents to call on every employee and member at every level of every organization, from the CEO on down to the newest hire, to make community service their personal mission.

And finally, a third challenge: recognize those members who are what I like to call Points of Light. I've belonged, as many of you have, to many associations in my life,

and I know one of the things you do best is to recognize outstanding performance. And so, I ask you to turn the spotlight on community service in your newsletters, your magazines, at your annual meetings—on individuals who give 110 percent helping people in need and on those organizations who demonstrate 100-percent participation in community service.

I'm counting on you, each one of you, to take these challenges to heart. People in this room represent thousands of associations, organizations of all sorts and sizes, a combined membership of 100 million Americans. And so today, I'm asking you: Channel that energy into community service, tap that power and transform a nation.

Once again, my thanks for all you are doing and all that you're going to do. God bless you, and God bless the United States of America. Thank you all very, very much.

Note: The President spoke at 2:12 p.m. in Hall A at the Washington Convention Center. A tape was not available for verification of the content of these remarks.

Statement on Signing a Bill Extending the Authorization for School Dropout Demonstration Programs

March 6, 1990

I am pleased to sign today H.R. 2281, a bill that will help to attack the unacceptable dropout rate in our Nation's schools. This bill extends an important Department of Education program, which provides funds to local school districts to devise and demonstrate innovative strategies to reduce dropout rates and to encourage those who have dropped out to return to school. Successful strategies can then be shared with other schools.

We all know that the dropout problem afflicting our educational system is both chronic and severe. Only about 70 percent of our young people graduate from high school on time, and the statistics are even worse for minority children and those in urban areas. The consequences of our high dropout rate are tragic for the individuals who drop out and harmful for our Nation's