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Further, our objective in these and other negotiations is to establish equality between the U.S. and U.S.S.R. at lower levels of arms. However, the Soviet Union has long tried to assert a right to equality with the U.S. and various other nations put together. To grant them this would threaten Western security and create a dangerous precedent across the entire front of negotiations.

The Soviets did not demand a limit on German Pershing IA missiles in the 1981-1983 INF talks or in the current talks, which began in 1985. They did not raise this issue in the 1985 Geneva summit, the 1986 Reykjavik meeting, or in the meetings between Secretary Shultz and Soviet leaders in Moscow in April of this year. I doubt that the Soviets will block an INF agreement by creating a new and artificial issue.

Remarks on East-West Relations at the Brandenburg Gate in West Berlin
June 12, 1987

Thank you very much. Chancellor Kohl, Governing Mayor Diepgen, ladies and gentlemen: Twenty four years ago, President John F. Kennedy visited Berlin, speaking to the people of this city and the world at the city hall. Well, since then two other presidents have come, each in his turn, to Berlin. And today I, myself, make my second visit to your city.

We come to Berlin, we American Presidents, because it's our duty to speak, in this place, of freedom. But I must confess, we're drawn here by other things as well: by the feeling of history in this city, more than 500 years older than our own nation; by the beauty of the Grunewald and the Tiergarten; most of all, by your courage and determination. Perhaps the composer, Paul Lincke, understood something about American Presidents. You see, like so many Presidents before me, I come here today because wherever I go, whatever I do: "Ich hab noch einen koffer in Berlin." [I still have a suitcase in Berlin.]

Our gathering today is being broadcast throughout Western Europe and North America. I understand that it is being seen and heard as well in the East. To those listening throughout Eastern Europe, I extend my warmest greetings and the good will of the American people. To those listening in East Berlin, a special word: Although I cannot be with you, I address my remarks to you just as surely as to those standing here before me. For I join you, as I join your fellow countrymen in the West, in this firm, this unalterable belief: Es gibt nur ein Berlin. [There is only one Berlin.]

Behind me stands a wall that encircles the free sectors of this city, part of a vast system of barriers that divides the entire continent of Europe. From the Baltic, south, those barriers cut across Germany in a gash of barbed wire, concrete, dog runs, and guardtowers. Farther south, there may be no visible, no obvious wall. But there remain armed guards and checkpoints all the same—still a restriction on the right to travel, still an instrument to impose upon ordinary men and women the will of a totalitarian state. Yet it is here in Berlin where the wall emerges most clearly; here, cutting across your city, where the news photo and the television screen have imprinted this brutal division of a continent upon the mind of the world. Standing before the Brandenburg Gate, every man is a German, separated from his fellow men. Every man is a Berliner, forced to look upon a scar.

President von Weizsäcker has said: "The German question is open as long as the Brandenburg Gate is closed." Today I say: As long as this gate is closed, as long as this scar of a wall is permitted to stand, it is not the German question alone that remains open, but the question of freedom for all mankind. Yet I do not come here to lament. For I find in Berlin a message of hope, even in the shadow of this wall, a message of
in the West, in Berlin. \(\text{Es gibt nur Berlin}\.) That encircles part of a vastness, the entire Western Germany, in its capital, dog runs, th, there may all. But there is a spirit, a will of a people, a Berlin in Berlin, every man is fellow men forced to look into the West, in Berlin. Today I say: As long as this stand, it is not that remains freedom for all here to lament. Of hope, even a message of triumph.

In this season of spring in 1945, the people of Berlin emerged from their air-raid shelters to find devastation. Thousands of miles away, the people of the United States reached out to help. And in 1947 Secretary of State—as you’ve been told—George Marshall announced the creation of what would become known as the Marshall plan. Speaking precisely 40 years ago this month, he said: “Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos.”

In the Reichstag a few moments ago, I saw a display commemorating this 40th anniversary of the Marshall plan. I was struck by the sign on a burnt-out, gutted structure that was being rebuilt. I understand that Berliners of my own generation can remember seeing signs like it dotted throughout the Western sectors of the city. The sign read simply: “The Marshall plan is helping here to strengthen the free world.”

A strong, free world in the West, that dream became real. Japan rose from ruin to become an economic giant. Italy, France, Belgium—virtually every nation in Western Europe saw political and economic rebirth; the European Community was founded.

In West Germany and here in Berlin, there took place an economic miracle, the Wirtschaftswunder. Adenauer, Erhard, Reuter, and other leaders understood the practical importance of liberty—that just as truth can flourish only when the journalist is given freedom of speech, so prosperity can come about only when the farmer and businessman enjoy economic freedom. The German leaders reduced tariffs, expanded free trade, lowered taxes. From 1950 to 1960 alone, the standard of living in West Germany and Berlin doubled.

Where four decades ago there was rubble, today in West Berlin there is the greatest industrial output of any city in Germany—busy office blocks, fine homes and apartments, proud avenues, and the spreading lawns of park land. Where a city’s culture seemed to have been destroyed, today there are two great universities, orchestras and an opera, countless theaters, and museums. Where there was want, today there’s abundance—food, clothing, automobiles—the wonderful goods of the Ku’damm. From devastation, from utter ruin, you Berliners have, in freedom, rebuilt a city that once again ranks as one of the greatest on Earth. The Soviets may have had other plans. But, my friends, there were a few things the Soviets didn’t count on—Berliner herz, Berliner humor, ja, und Berliner schnauze. [Berliner heart, Berliner humor, yes, and a Berliner schnauze.] [Laughter]

In the 1950’s, Khrushchev predicted: “We will bury you.” But in the West today, we see a free world that has achieved a level of prosperity and well-being unprecedented in all human history. In the Communist world, we see failure, technological backwardness, declining standards of health, even want of the most basic kind—too little food. Even today, the Soviet Union still cannot feed itself. After these four decades, then, there stands before the entire world one great and inescapable conclusion: Freedom leads to prosperity. Freedom replaces the ancient hatreds among the nations with comity and peace. Freedom is the victor.

And now the Soviets themselves may, in a limited way, be coming to understand the importance of freedom. We hear much from Moscow about a new policy of reform and openness. Some political prisoners have been released. Certain foreign news broadcasts are no longer being jammed. Some economic enterprises have been permitted to operate with greater freedom from state control. Are these the beginnings of profound changes in the Soviet state? Or are they token gestures, intended to raise false hopes in the West, or to strengthen the Soviet system without changing it? We welcome change and openness; for we believe that freedom and security go together, that the advance of human liberty can only strengthen the cause of world peace.

There is one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace. General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization: Come here to this gate! Mr. Gorbachev, open this gate! Mr. Gorbachev, tear down this wall!

I understand the fear of war and the pain...
of division that afflict this continent—and I pledge to you my country's efforts to help overcome these burdens. To be sure, we in the West must resist Soviet expansion. So we must maintain defenses of unassailable strength. Yet we seek peace; so we must strive to reduce arms on both sides. Beginning 10 years ago, the Soviets challenged the Western alliance with a grave new threat, hundreds of new and more deadly SS-20 nuclear missiles, capable of striking every capital in Europe. The Western alliance responded by committing itself to a counterdeployment unless the Soviets agreed to negotiate a better solution; namely, the elimination of such weapons on both sides. For many months, the Soviets refused to bargain in earnestness. As the alliance, in turn, prepared to go forward with its counterdeployment, there were difficult days—days of protests like those during my 1982 visit to this city—and the Soviets later walked away from the table.

But through it all, the alliance held firm. And I invite those who protested then—I invite those who protest today—to mark this fact: Because we remained strong, the Soviets came back to the table. And because we remained strong, today we have within reach the possibility, not merely of limiting the growth of arms, but of eliminating, for the first time, an entire class of nuclear weapons from the face of the Earth. As I speak, NATO ministers are meeting in Iceland to review the progress of our proposals for eliminating these weapons. At the talks in Geneva, we have also proposed deep cuts in strategic offensive weapons. And the Western allies have likewise made far-reaching proposals to reduce the danger of conventional war and to place a total ban on chemical weapons.

While we pursue these arms reductions, I pledge to you that we will maintain the capacity to deter Soviet aggression at any level at which it might occur. And in cooperation with many of our allies, the United States is pursuing the Strategic Defense Initiative—research to base deterrence not on the threat of offensive retaliation, but on defenses that truly defend; on systems, in short, that will not target populations, but shield them. By these means we seek to increase the safety of Europe and all the world. But we must remember a crucial fact: East and West do not mistrust each other because we are armed; we are armed because we mistrust each other. And our differences are not about weapons but about liberty. When President Kennedy spoke at the City Hall those 24 years ago, freedom was encircled, Berlin was under siege. And today, despite all the pressures upon this city, Berlin stands secure in its liberty. And freedom itself is transforming the globe.

In the Philippines, in South and Central America, democracy has been given a rebirth. Throughout the Pacific, free markets are working miracle after miracle of economic growth. In the industrialized nations, a technological revolution is taking place—a revolution marked by rapid, dramatic advances in computers and telecommunications.

In Europe, only one nation and those it controls refuse to join the community of freedom. Yet in this age of redoubled economic growth, of information and innovation, the Soviet Union faces a choice: It must make fundamental changes, or it will become obsolete. Today thus represents a moment of hope. We in the West stand ready to cooperate with the East to promote true openness, to break down barriers that separate people, to create a safer, freer world.

And surely there is no better place than Berlin, the meeting place of East and West, to make a start. Free people of Berlin: Today, as in the past, the United States stands for the strict observance and full implementation of all parts of the Four Power Agreement of 1971. Let us use this occasion, the 750th anniversary of this city, to usher in a new era, to seek a still fuller, richer life for the Berlin of the future. Together, let us maintain and develop the ties between the Federal Republic and the Western sectors of Berlin, which is permitted by the 1971 agreement.

And I invite Mr. Gorbachev: Let us work to bring the Eastern and Western parts of the city closer together, so that all the inhabitants of all Berlin can enjoy the benefits that come with life in one of the great cities of the world. To open Berlin still further to
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Let us work for a future in which all the benefits of our great cities will further to all Europe, East and West, let us expand the vital air access to this city, finding ways of making commercial air service to Berlin more convenient, more comfortable, and more economical. We look to the day when West Berlin can become one of the chief aviation hubs in all central Europe.

With our French and British partners, the United States is prepared to help bring international meetings to Berlin. It would be only fitting for Berlin to serve as the site of United Nations meetings, or world conferences on human rights and arms control or other issues that call for international cooperation. There is no better way to establish hope for the future than to enlighten young minds, and we would be honored to sponsor youth exchanges, cultural events, and other programs for young Berliners from the East. Our French and British friends, I'm certain, will do the same. And it's my hope that an authority can be found in East Berlin to sponsor visits from young people of the Western sectors.

One final proposal, one close to my heart: Sport represents a source of enjoyment and ennoblement, and you many have noted that the Republic of Korea—South Korea—has offered to permit certain events of the 1988 Olympics to take place in the North. International sports competitions of all kinds could take place in both parts of this city. And what better way to demonstrate to the world the openness of this city than to offer in some future year to hold the Olympic games here in Berlin, East and West?

In these four decades, as I have said, you Berliners have built a great city. You've done so in spite of threats—the Soviet attempts to impose the East-mark, the blockade. Today the city thrives in spite of the challenges implicit in the very presence of this wall. What keeps you here? Certainly there's a great deal to say for your fortitude, for your defiant courage. But I believe there's something deeper, something that involves Berlin's whole look and feel and way of life—not mere sentiment. No one could live long in Berlin without being completely disabused of illusions. Something instead, that has seen the difficulties of life in Berlin but chose to accept them, that continues to build this good and proud city in contrast to a surrounding totalitarian presence that refuses to release human energies or aspirations. Something that speaks with a powerful voice of affirmation, that says yes to this city, yes to the future, yes to freedom. In a word, I would submit that what keeps you in Berlin is love—love both profound and abiding.

Perhaps this gets to the root of the matter, to the most fundamental distinction of all between East and West. The totalitarian world produces backwardness because it does such violence to the spirit, thwarting the human impulse to create, to enjoy, to worship. The totalitarian world finds even symbols of love and of worship an affront. Years ago, before the East Germans began rebuilding their churches, they erected a secular structure: the television tower at Alexander Platz. Virtually ever since, the authorities have been working to correct what they view as the tower's one major flaw, treating the glass sphere at the top with paints and chemicals of every kind. Yet even today when the Sun strikes that sphere—that sphere that towers over all Berlin—the light makes the sign of the cross. There in Berlin, like the city itself, symbols of love, symbols of worship, cannot be suppressed.

As I looked out a moment ago from the Reichstag, that embodiment of German unity, I noticed words crudely spray-painted upon the wall, perhaps by a young Berliner, "This wall will fall. Beliefs become reality." Yes, across Europe, this wall will fall. For it cannot withstand faith; it cannot withstand truth. The wall cannot withstand freedom.

And I would like, before I close, to say one word. I have read, and I have been questioned since I've been here about certain demonstrations against my coming. And I would like to say just one thing, and to those who demonstrate so. I wonder if they have ever asked themselves that if they should have the kind of government they apparently seek, no one would ever be able to do what they're doing again.

Thank you and God bless you all.

Note: The President spoke at 2:20 p.m. at the Brandenburg Gate. In his opening re-
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marks, he referred to West German Chancellor Helmut Kohl. Prior to his remarks, President Reagan met with West German President Richard von Weizsäcker and the Governing Mayor of West Berlin Eberhard Diepgen at Schloss Bellevue, President Weizsäcker’s official residence in West Berlin. Following the meeting, President Reagan went to the Reichstag, where he viewed the Berlin Wall from the East Balcony.

Remarks on the 750th Anniversary of the Founding of Berlin
June 12, 1987

The President. Well, Chancellor Kohl and Mayor Diepgen, Ambassador Burt, ladies and gentlemen: It’s an honor for me to be able to join you today at this 750th birthday party for the city of Berlin. I’m especially pleased to be here today because—well, it’s not often that I get to go to a birthday party for something that’s older than I am. [Laughter]

But to subject you to a second speech here—[laughter]—you know, I keep thinking of a story of ancient Rome, where, on a Saturday afternoon, the hungry lions were turned loose on the little group of people there on the floor of the Coliseum, and they came charging toward them. And one individual stepped out of the group, said something very quietly, and the lions all laid down. Well, the crowd was enraged and horrified that they’re going to be denied the show. And Caesar sent for the man who had spoken to the lions. And they brought him, and he said, “What did you say to them that made them act like that?” And he said, “I just told them that after they ate, there’d be speeches.” [Laughter]

Well, let me begin by conveying the warmest greetings of the American people to all of you here today. While only a small fraction of the Berlin community can be here in this hall, our good wishes go to all the residents of this marvelous city, wherever they may live. And I am happy to see so many young people here this afternoon. There are two groups of local teenagers I would like to greet in a special way—the graduating classes of the Berlin-American High School and of the city’s John F. Kennedy School. Congratulations on a job well done!

Well, this is a celebration for all of Berlin. To those of you in the East who are watching on television but unable to attend in person, you’re here with us in spirit. The traditional banners of Berlin’s 20 districts, East and West, around this hall, remind me of the kinship that exists among all people of this city. By its very existence and character, Berlin remains the most compelling argument for an open world. We’re reminded of the many traditions of openness and democracy that have marked the history of this city.

America—missed me! [referring to a loud noise] [Laughter] America has a special relationship with Berlin that extends beyond formal political or economic ties. Like America, Berlin is a place of great energy. We see our own hopes and ideals mirrored in the energy and courage of Berliners and draw strength from our joint efforts here.

This sense is symbolized by the nearly 14,000 American soldiers, airmen, and their families who live and work in close cooperation with Berliners to ensure the defense of our common goals. And let me make one point clear: Our troops will remain here as long as they are wanted and needed by Berliners to demonstrate to the other side that force and coercion cannot succeed. Several thousand other Americans from all walks of life make an important contribution to the business and cultural life of this city. We’ve joined the centuries-old tradition of Berlin and, in a real sense, we have become Berliners.

A few moments ago here at Tempelhof, I shook hands with three men who testify to the way you Berliners and we Americans play such a proud role in each others’ lives:
More consultant memo —

Foreign policy
MEMORANDUM FOR THE PRESIDENT

Re: State of the Union Address/Foreign Policy
From: Daniel Yergin
Date: December 27, 1998
Topics: (1) Overview (2) Global Economy (3) Energy (4) Russia (5) Europe (6) Japan

1. Overview

We are not only at the edge of a new century, but also a new era in international relations. Our challenge — and our special responsibility — is to put in place the solid foundations that will protect the security and enhance the well-being of Americans in the 21st century.

This year marks the tenth anniversary of the crumbling of the Berlin Wall and the collapse of totalitarian communism — the events that thrust us into the post-Cold War era. What was unimaginable a decade ago has turned into reality. The ideological conflict that powered a deadly confrontation is over. The grim specter of nuclear war that held the world hostage has turned into a cooperative, if rocky, effort to dismantle the tools of nuclear war. These years have seen the growth of a truly global and much more integrated world economy. New nations, struggling to establish their identities and build their institutions, have joined the world community.

The American people are benefiting enormously from these great changes, whether it be in the lifting of the risk of nuclear conflict or the far-reaching economic success that can be measured in job creation and economic growth. Underpinning the post-Cold War era has been a generous optimism about the world and our place in it, and a renewed confidence in the strength of our institutions and the reliability of our purpose. All these accomplishments are undeniable.

Yet events do not stand still. A decade after it began, the post-Cold War era is receding into history. Its end is marked by the crisis in Asia and the depression that has come with it; the financial contagion that has swept the world and the threats to the international economy the contagion revealed; the setbacks in Russia; the questioning of markets worldwide; and the deadly plagues of ethnic hatred and warfare. The reality of weapons proliferation, mixed in with a deadly brew of micro-terrorism, is a threat as never before, requiring a new vigilance and alert.

We need to come to grips with both the opportunities and also the risks of a new era with an American foreign policy that is focused on the critical issues, and that is resilient,
creative, dynamic—and sure. A foreign policy that recognizes our special responsibilities in the world—and that these are also, at one and the same time, our responsibilities to the American people.

American foreign policy begins at home. It is built upon the strength and vigor of our economy, on the forthrightness and originality of our people, and on the American values that have been our greatest export—and our greatest succor—to the peoples of the world.

As always is true of American leadership, our foreign policy must rest upon a common framework that transcends partisanship, that expresses the ideals and aspirations of our people, that captures the greatness of our nation. It must meet the basic tests by which our contributions will be judged in the 21st century—that our policies and actions protect and enhance America's security on the great issues of war and peace and against the insidious dangers of terrorism and local war, that they promote peace and a just and democratic world, that they help build a global economy that serves the well-being of the American people and assures people around the world the benefits of a rising standard of living.

Unity and common purpose are the essential underpinnings of an effective American foreign policy. The price to be paid for failing to grasp these responsibilities of this era at the dawn of the new century will be borne not only by us today but also by Americans of the twenty-first century.

2. The Global Economy

The tumult that has swept through the world economy over the last year and a half has sent large parts of Asia into economic depression, wiped out a decade of economic growth, and pushed hundreds of millions back into poverty. The contagion did not stop at Asia's door. It undermined reform in Russia, took Latin America to the brink of crisis, shook the world's banking system, and even carried the United States to the edge of panic.

Fortunately, our economic strength—and our leadership and good sense—succeeded in stopping and rolling back the contagion. But we must act on the lessons of this unprecedented bout of financial turbulence. The new interconnected global economy brings enormous benefits. But the scale of the turmoil makes evident the risk and dangers that we must address.

We have a sustained broad international agenda that promotes trade, investment, and development. In 1999, we must focus on two prime tasks.

First, we must build the institutions that ensure that global financial markets are engines of an expanding world economy, not carriers of contagion.
Second, we must renew our commitment to promoting economic growth to offset a slowing world economy to which we are not immune.

The explanations for the contagion that began in Asia are manifold. But the heart of the matter is the mismatch between national financial systems and the explosively-growing global financial markets. The systems in many countries are too inadequate, too compromised, too weak to regulate – or even understand the extent – of the tremendous flows of fast-footed capital that sweep across national borders.

These flows are great engines of growth. But, without proper grounding, without proper regard for risk, they can also be destroyers of value. We cannot risk another bout of contagion. Next time, the consequences could be even more deadly.

We will respond by working with the other major industrial countries, developing nations, and international institutions to create a cooperative global information and regulatory system that will insure that investors, governments, and publics alike will have the requisite knowledge about capital flows and debt to make informed judgments.

If contagion is the risk, crony capitalism is the soil in which it festers, then the cure is what Justice? said long ago – sunlight is the best disinfectant. Today, “sunlight” means “transparency.” We will encourage the adoption of international codes and systems of financial reporting that are analogous to the accounting standards that underpin healthy functioning of our economy. This will push – and indeed provide incentives – for countries to keep their economic houses in order. Treating international financial flows like warfare is not acceptable, because the victims are the innocent publics of the attacked countries. Thus, the enhanced reporting standards will apply not only to countries, but also to global investors.

We will share our knowledge and experience with other countries so that they can strengthen their own regulatory institutions.

There is nothing abstract about these initiatives. They are essential for the well-being of every American concerned about the prospects of his or her 401K or retirement plan.

We must also focus on growth in the global economy in 1999.

First and foremost, we must maintain the strength and vigor of our own economy, and that means continuing to follow the economic polices that have served us so well since 1993 – and have earned us so much respect around the world.

Second, we will continue to work to lower barriers to the free flow of goods, services, and investment.

Third, we will continue to encourage governments around the world to reduce the overweening control and manipulation of their economies that distort markets and reduce the ability to deliver rising standards of living. We will – as we consistently have –
promote market-oriented policies and fiscal prudence. The era of big government is over not only in the United States, but around the world.

But this does not mean the dismantling of government, which have so many important roles. Governments should not do too much, but rather do what they do best – and are needed to do. Markets cannot flourish without the institutions and legal systems that make them legitimate. Governments need to focus on their proper roles of ensuring fairness, opportunity, and competition, and providing appropriate and sensible regulation.

Privatization can be a great boon both to governments and the publics. We have seen that in our own country. But we have also seen in other countries how public monopolies can be turned into private monopolies or into mechanisms for private plunder. Much of the world is moving toward market-based systems. But, for them to persevere, they must be seen as legitimate and fair. Robber barons, crony capitalism, under-the-table payments – these are not acceptable substitutes for law-based open market systems.

3. Energy

Today, a quarter century after the oil crisis of 1973-74, we are seeing oil prices that, on an inflation-adjusted basis, are below what they were in the autumn of 1973, prior to the crisis. Low prices are beneficial to our economy and to consumers. But very low prices for oil and other commodities point to a dangerous specter – global deflation. Our own domestic oil and gas industry, so important to our security, is being decimated by the plunge in prices. We will seek to provide buffers to the industry through a series of measures that will preserve producing wells and assist the hard-hit companies through the turbulence.

We are concerned about the collapse in the price of many commodities and what this deflationary trend means for so many commodity-producing countries around the world, for their political stability, and for the well-being of their publics – who are our very good customers.

Though oil prices are very low today, we see the need for the development of significant oil and gas resources to meet the needs of a growing world in the twenty-first century – and to contribute to world security through diversification of energy supply.

Some of the most important projects are not only very long-term. They also involve, as in the Caspian region, transit of oil and gas pipelines across many unsettled borders. Because these projects are essential to our security and our economic well-being, and to peace and sovereignty in the region, we will continue to work as an honest broker with other governments and the private sector to facilitate this development and minimize the political tensions that can impede these projects.
We believe that the promotion of regional natural gas pipeline systems is an important mid-term contribution to meeting the world’s common campaign against climate change and global warming.

4. **Russia**

We have overarching common interest with Russia in settling the legacy of the Cold War, especially in terms of accounting for and disposing of the vast arsenals of destruction. This is essential to our security. Keeping to that commitment is something that we owe all Americans, now and in the future. We also observe that, whatever the turmoil, Russia’s politics remains within the context of constitutionalism.

But our differences over the last year have become sharper. We are deeply concerned about continuing exports of weaponry and weapons-related technology, whether by the Russian government itself or by semi-private or bandit groups. Russia is exporting the know-how for proliferation of nuclear, chemical, and biological warfare. We will seek to provide Russia – and Russians – with incentives to control this flow. We also will remind them that Russia itself is on the very front lines to feel first the impact of proliferation.

Our Administration has made a very large effort to support market reform and institutions in Russia. We are deeply alarmed by the backsliding from reform and the hasty withdrawal from participation in the world economy. Pulling up the drawbridges only impoverishes the Russian people and shrinks their opportunities.

At this point, it is up to the Russian people themselves to sort out what kind of future they want. But we observe the continuing failure to create an environment of laws and contracts to encourage foreign investment. Old-fashioned, angry super-nationalistic chants may win some political points at home, but they impose a heavy cost on the Russian people. Foreign investment in Russia today is less than that in Hungary, a country that is only a tenth the size in terms of people (check). Foreign investment in Russia last year was only TK percent that in China.

We welcome the opportunity to work with Russia as friend and partner as it makes its transition into the twenty-first century. We do this with generosity of spirit and with great respect and admiration for the Russian people. And we are prepared, as necessary, to help the Russian people with humanitarian aid. But it must be understood in Moscow that we are not prepared to provide the aid and support to finance capital flight or underwrite a retreat from reform.

5. **Europe and the Euro**

This year marks a decisive change in the global economy – the arrival of the euro – a single currency for 15 countries of the European Union. This means the advent of a
currency that will match, for the first time since World War II, our own dollar. For, when the rest of the European Union members join, the euro, Europe’s single currency, will be backed up by a single market and a single economy that will be larger than our own, whether measured in people or gross domestic product.

Some seek to promote the euro as the beginning a new rivalry, the incipient clash of two vast economic blocs. But this reflects neither reality nor intention. We have always supported European federalism both as a way to put the past behind and as a way to build a better future. We see the euro as initiating a new stage in our historic friendship and partnership with the nations of Europe – a partnership that is the bedrock of peace. We welcome the euro as a means for strengthening the economies of countries that are closest to us and with whom we are so deeply bound. We look forward to even deeper collaboration in the future both with the nations of Europe and with the institutions of the European Union.

6. Japan

Our friendship and partnership with Japan is central to peace and stability in Asia and the Pacific. We continue to be deeply alarmed by the long slump in Japan. It is not healthy for the world economy to have the second largest economy in the world in such a state. Japan alone represents two-thirds (check) of the entire GDP of Asia, and it is difficult to see recovery in the rest of Asia without recovery in Japan.

We applaud Japan’s efforts to come to grips with its problems. In particular, we urge it to continue on the path to restoring economic growth, removing the regulations and restraints that repress competition and growth and trade, and healing its banking system.

Japan has a very important role to play throughout the world, and we will welcome the return of its vitality and vigor that will enable it to regain its rightful place as a leader in the global economy.
Memorandum for the President

From: Joseph S. Nye, Jr.
Subject: Implications for U.S. Policy of Power Shifts Between China and Japan

Since the end of the Cold War and the collapse of the Soviet threat that oriented our foreign policy for almost half a century, Americans have had a difficult time understanding our position in the world. Nowhere is this more true than East Asia. At the beginning of the decade, many believed that Japan would replace the USSR as our primary challenger. Today, fears are fixed on China.

As a recent Commission on America's National Interests pointed out, preventing the emergence of a hostile hegemon in Europe or Asia, and ensuring the survival of U.S. allies are two of the five vital "blue chip" interests we have today. China is a rising power in Asia, and Japan is not only a major ally, but is central to your China strategy. Shifts in power between them have profound implications for American policy.

The Rise of China

Historians have long known that the rise of a new power is often accompanied by uncertainty, anxieties, and sometimes violent conflict. The rise in the economic and
military power of China, the world's most populous country, will be a central question for the Asia Pacific region, and for American foreign policy at the beginning of a new century. Many observers have compared the rise of China to that of Germany in the period preceding the First World War. For Arthur Waldron, "sooner or later, if present trends continue, war is probable in Asia." In the view of Robert Kagan, "Chinese leadership views the world today in much the same way Kaiser Wilhelm II did a century ago...Chinese leaders chafe at the constraints on them and worry that they must change the rules of the international system before the international system changes them." This analogy is flawed. Germany had surpassed Britain in industrial power, and was pursuing an adventurous foreign policy at the beginning of the twentieth century.

What are the facts about China's power? The "rise of China" is, of course, a misnomer. "Re-emergence" would be more accurate. By its size and history, China has long been a major power in the Asia-Pacific region. Technologically and economically, China was the world's leader (though without global reach) from 500 to 1500. Only in the last half millennium was it overtaken by Europe and America. China's experience was partly the result of internal problems, but it also reflected broader global changes. Japan led Asia in adapting to these global economic forces, and its early success compounded China's losses between 1895 and 1945.

Before 1979, China was not yet part of the East Asian transformation. In 1978, China was poorer per capita than Korea and Taiwan in 1960. Since then, China's history has been dominated by economics, with growth rates of 8 to 9 percent per year that have led to a tripling of its GNP in less than two decades. At a more realistic 6 percent per capita growth, China would reach $10,000 per capita income in 30 years, and its
The Asian Development Bank projects China's per capita income to reach the equivalent of about 38 percent of the United States in 2025, about the same relative level that South Korea reached in 1990.

Linear projections are suspect, and China faces short term problems with its state-owned enterprises, its shaky banking system, and the value of its currency. Over the long term, the Asian Development Bank posits two scenarios (assuming no major political disruptions). The optimistic scenario has a 7 to 8 percent per capita growth over the next decade falling toward 5 to 6 percent in the 2020's as dependency rates rise and savings fall. Under the pessimistic scenario, China would fail to make essential reforms, and bottlenecks and growing income inequality would slow growth to 4 to 5 percent per capita. Even at the higher growth rates, China will lag well behind both the U.S. and Japan in per capita income.

Is China's growing economic strength a base for equivalent military power? The answer is contentious since China does not divulge all of its defense-related expenditure. The official military budget does not account for the 600,000 People's Armed Police, nor nuclear weapons procurement, some defense-related R&D, and soldiers' pensions. In a recent book, *The Coming Conflict with China*, Richard Bernstein and Ross Munro argue that "The official Chinese military budget for 1996 was 69.8 billion yuan or about $8.7 billion. The most conservative Western analysts would multiply that figure by three, to reach a $26.1 billion amount. That is already close to half the Japanese defense budget, which is roughly $50 billion. Our multiple of ten would put China's actual defense..."
spending at around $87 billion per year, which would make it nearly one-third the amount of American spending. Moreover, the 1996 figure was 11.3 percent higher than 1995."

Other analysts are less alarmist than Bernstein and Munro. The East-West Center argues that "China’s military modernization is still far from meeting its defense needs. Military expenditures have been very low, especially when considered against the size of the country and military...China’s low military spending reflects a clear-cut policy choice - that military modernization is subordinated to and supportive of national economic reconstruction." Military spending dropped steadily in the 1980s. In the 1990s it began to increase moderately, partly in response to the Tiananmen events and partly due to the lessons of the Gulf War. Much of the increased spending was applied to salaries and infrastructure, not weapons systems.

American government figures show that adjusted for inflation, China's military spending declined slightly from 1984 through 1994. Much of China's equipment is obsolete; command, control and communication capabilities are weak; combined forces exercises are limited; and power projection capabilities are very limited. In the Taiwan Straits imbroglio of 1996, most expert observers believed that Taiwan could have repelled a cross straits invasion even without the United States Navy becoming involved. Chinese capability to fight a serious engagement in the South China Sea is also doubtful.

The Gulf War showed how far China lagged behind modern military capabilities, and the Taiwan events of 1996 reinforced their military leaders' concern to improve their offshore capability. Because of the economic distress of the former Soviet states, and joint Russian and Chinese concerns about U.S. global dominance, China has been able to import impressive ex-Soviet equipment at reasonable prices. The key question, however,
is how quickly new imports and investments will remedy the current defects of Chinese military forces. Those who wish to paint a less alarming picture point out that success in battle requires the integration of new equipment with existing capabilities and doctrines, many of which remain deficient. For instance, having first class long distance fighters or even an aircraft carrier does not ensure dominance of the South China Sea unless logistics and command and control are adequate to the task. It is not enough just to have a few pieces of the puzzle. David Shambaugh, an analyst of the Chinese military, argues that China will at best be able to field by 2005 a conventional military equivalent to that of a typical NATO country in the early 1980s. He concludes that, “The recent hype in the media and by those in the American political system about the so-called Chinese threat is grossly overblown, not empirically grounded, irresponsible and politically dangerous.”

Whatever the accuracy of such assessments of China’s military programs, the key question is net assessment, and that depends on what the United States (and other countries) will be doing over the next decades. The United States and Japan will not be standing still. Military power in the information age will depend on the ability to collect, process, act upon, and disseminate information so as to achieve dominant battlespace awareness. This will depend on such technologies as space-based surveillance, direct broadcasting, high speed computers, and, above all, the ability to integrate complex information systems. China will develop some of these technologies, but the key capacity will be the ability to integrate a system of systems. Again, having a piece of the puzzle is not sufficient. The position of the American and Japanese economies as leaders in information technologies combined with the investments in the American defense budget make it very unlikely that the U.S. will lose this lead. According to the Australian
expert, Paul Dibb, the revolution in military affairs will continue to favor heavily American military predominance. It is not likely that China will in any meaningful way, close the gap with the U.S.

Chinese military strength is likely to grow over the next decades. Even if that does not make China a global power or one regionally equivalent to the United States, it does mean that China is likely to look more awesome to its neighbors, including Japan, and its enhanced capabilities will mean that any American military tasks will require greater forces and resources than is presently the case. In other words, the rise of China as a military power, like its economic re-emergence, must be taken seriously as a new factor in the region. But China will not be a global challenger to the U.S., nor will it be able to exercise regional hegemony so long as the United States stays involved in East Asia and maintains its alliance with Japan.

China and Japan

Unlike Europe, the Asia-Pacific region did not develop a rich web of institutions during the Cold War, and there was no reconciliation between China and Japan such as occurred between France and Germany in the context of the European Union and NATO. The receding of the Cold War has exposed the earlier historical conflicts in the region. China continues to worry about Japan's military (and nuclear) potential, and it frequently refers to the historical experience of Japanese aggression in the 1930s. In part, these references are tactics designed to play on Japanese guilt and to put it on the defensive, but they also represent residual real fears.

During the 1970s and 1980s, American, Japanese, and Chinese power balanced against the Soviet Union. The collapse of Soviet power left the American position
Many Asians, such as Lee Kuan Yew, believe that the current distribution of power has produced the political stability that has undergirded the Asian economic miracle. American preponderance is acceptable because the United States is a distant power with no local territorial claims, and can provide the reassurance of stability that makes local arms races unnecessary. They point to the fact that the presence of American forces in the region is welcome in nearly all capitals. Even in Beijing, there is at least ambivalence on this point. To the extent that American forces reduce any pressures for Japan to remilitarize, they are welcome; to the extent that they reduce China’s pressures on Taiwan, they are not. While China’s official position is that it opposes any country having troops outside its borders, it makes an exception regarding U.S. troops in Japan “for historical reasons.” At the same time, China has expressed concern that the 1997 revision of the guidelines for U.S.-Japan defense cooperation should not cover Taiwan.

The triangle of U.S., Japan, and China is not an equilateral one and China realizes that fact. Japan is an American ally, and Japan is quietly wary of the future of Chinese strength. Public opinion mirrors strategic concerns. A 1996 poll showed more Japanese with unfriendly than friendly feelings toward China. A 1997 Asahi Shimbun poll in Beijing found four times as many Chinese disliking as liking Japan.

Reference:
A number of recent commentators believe that power in East Asia has already shifted from Japan to China. Stephen Roach, chief economist of Morgan Stanley Dean Witter, writes that “the economic and geopolitical leader of the region is no longer Japan but China.” (New York Times, June 26, 1998). Business Week refers to “a tectonic shift for future histories.” (July 13, 1998). William Pfaff even believes that “America’s relationship with Japan and Taiwan, Washington’s two closest Far Eastern allies for nearly half a century, have been subordinated to a new relationship with China.” (Boston Globe, July 13, 1998). Japan’s current recession compared to China’s 7 percent growth in the face of the Asian economic crisis has reinforced such perceptions, but the situation is considerably more complex than such comments support.

Table 1: Some Measures of Relative Power

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<th>U.S.</th>
<th>China</th>
<th>Japan</th>
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<tbody>
<tr>
<td>Population*</td>
<td>268*</td>
<td>1,221 est.</td>
<td>126 est.</td>
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<tr>
<td>(million, July 1997)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Size (million sq. km)*</td>
<td>9.6</td>
<td>9.6</td>
<td>4</td>
</tr>
<tr>
<td>1996 GDP (trillion $) (at exchange rates)**</td>
<td>7.6</td>
<td>.62</td>
<td>4.6</td>
</tr>
<tr>
<td>1996 GDP (trillion $) (purchase price parity)*</td>
<td>7.6</td>
<td>3.39 est.</td>
<td>2.85 est.</td>
</tr>
<tr>
<td>1996 Defense Outlays (billion $)**</td>
<td>265</td>
<td>38</td>
<td>44.5</td>
</tr>
<tr>
<td>Armed Forces (million /1997/active)**</td>
<td>1.5</td>
<td>2.8</td>
<td>23</td>
</tr>
<tr>
<td>Long range nuclear missiles**</td>
<td>1,012</td>
<td>75</td>
<td>0</td>
</tr>
<tr>
<td>Aircraft carriers**</td>
<td>12</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1996 Overseas Development Assistance (billion $)**</td>
<td>9.38</td>
<td>9.44</td>
<td></td>
</tr>
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</table>
China is a nuclear weapons country with ten times the population of Japan and the number of men under arms. It is also a permanent member of the UN Security Council. On the other hand, China is still a less developed country while Japan vies with the U.S. for supremacy in a number of advanced technologies and in standards of living. Japan remains the world’s leading provider of economic aid. Despite current economic growth rates, no one would seriously prefer to have the Chinese rather than the Japanese economy, and as discussed above, for certain purposes, the Japanese military far outclasses that of China. The case for China’s power being greater than Japan’s is based largely on expectations about the future.

Policy Options for Grand Strategy

The United States has at least five major alternatives for a strategy towards the Asia-Pacific region, and for dealing with future shifts in power between China and Japan.

1. Withdraw and pursue an Atlantic (and/or hemispheric) only policy. This is costly and unlikely. History, geography, demographics, and economics make the United States a Pacific power. Hawaii is in the middle of the Pacific Ocean. Eight million Americans trace their ancestry to the region. Isolation from the most rapidly growing area of the world economy would have high costs. America’s military presence is generally welcomed and enhances our
influence in the region. Because of Japanese support, it costs the U.S. less to keep troops in Japan than in the continental United States.

2. **Create a local balance of power.** America would withdraw from formal alliance with Japan and let a local balance with China evolve. In one analogy with nineteenth-century Britain’s relation to the European continent, the U.S. could then play one state against the other, and isolate ourselves more easily from some contentious issues. This would likely lead to a re-militarized Japan and an arms race in the region which, ironically, could make occasional U.S. participation more costly and more dangerous as the U.S. tried to balance the new and enhanced forces that would be created. Alternatively, if Japan believes it impossible to balance Chinese power, it might choose to join the Chinese bandwagon, and this too would be costly for U.S. interests. In addition, American domestic politics is poorly attuned to such 19th century style balance of power politics.

3. **Create regional security institutions.** The U.S. could create a set of regional security institutions to replace its existing structure of bilateral alliances, thus providing stability with less direct involvement. ASFAN and its Regional Forum already exist, and a Northeast Asian Security Forum has been discussed. As a supplement to alliances, such institutions make sense, but they are weak reeds, and not easily or quickly developed under any circumstances. European institutions took decades to develop. A regional institutional strategy alone is unlikely to provide a sufficient framework for stability in the region.
4. **Create a coalition to contain China.** Advocates such as Robert Kagan argue that "the changes in the external and internal behavior of the Soviet Union in the late 1980s resulted at least in part from an American strategy that might be called 'integration through containment and pressure for change.' Such a strategy needs to be applied to China today...Containment would seek to compel Beijing to choose political liberalization as the best way to safeguard their economic gains and win acceptance in the international community."

There are at least three flaws in this approach. First, sanctions and isolation are less likely than economic growth and engagement to produce liberalization. Second, it discounts the changes already under way in China and the possibility that China can evolve to define its interests as a responsible power. If we treat China as an enemy now, we are likely to guarantee ourselves an enemy, particularly given that nationalism is rapidly replacing Communism as the dominant ideology among the Chinese people. Third, as a quick survey of Asian capitals makes clear, the U.S. could not now develop a coalition to contain China even if we tried. China's neighbors do not see it as a threat in the way the Soviet Union's neighbors saw it during the Cold War. Only if China becomes more aggressive in the future could such a coalition be formed.

5. **Formal alliance with Japan and constructive engagement with China.** The U.S., Japan, and China each has an interest in the stability that allows the prosperity of the Asian region to grow to the benefit of all. None of the three wants a conflict on the Korean Peninsula or a nuclear arms race in the region.
Neither the U.S. nor Japan wants a weak or chaotic China that could not feed its people, stem flows of refugees, or manage its environmental problems. That is not in America’s interest. In February 1995, the Defense Department issued its security strategy report for the region. United States Strategy for the East Asia-Pacific Region outlined a four-part strategy: (1) maintain the forward presence of about 100,000 American troops; (2) try to develop multilateral institutions as a reinforcing mechanism; (3) put our alliances, particularly with Japan, on a firm basis after the Cold War; and (4) from that position of strength, encourage China to define its interests in ways that could be compatible with ours. The American alliance with Japan, where the largest number of troops are stationed, is critical to American strategy. Over the past three years, the security relationship has been strengthened despite controversy over the rape of a schoolgirl by American marines in Okinawa in September, 1995 and the ensuing contention over the presence of American bases there. Nonetheless, the Japanese Diet promised $25 billion in support of American forces over five years, and Japan’s national Defense Program Outline refers to the centrality of the American alliance for defense planning. In April 1996, the two countries publicly affirmed the work of a joint group that redefined the U.S.-Japan Security Treaty as the basis for stability in the region after the Cold War, and in September 1997, they drafted new guidelines for defense cooperation. That reaffirmation will turn out to be one of the most important policy developments for the region. Our alliance with Japan is crucial and will grow even more so as power shifts. It means that
China cannot play a Japan card against the U.S., or try to expel the Americans from the region. From that position of strength, the United States and Japan can work together to engage China as its power grows in the region.

**Recommendation**

Understanding the balance of power in East Asia is only the beginning of a sound policy for the region, but a policy that is not based on a stable balance will be like a house built without a firm foundation. To focus only on economics, even in a time of economic crisis, is like ignoring the air we breathe. Security is like oxygen. You do not notice it until you begin to miss it. Then you will think of nothing else. In option five, you have a long run strategy to protect American interests and foster stability and prosperity as power shifts in the East Asian region. Do not be lured off course by shifting fads in current commentaries about relations between China and Japan. Stick to your game plan! It is a good one.
"Democratic Have a Big Edge in the Information Revolution"
by
Joseph S. Nye, Jr.

Not all democracies are leaders in the information revolution, but many are. This is no accident. Their societies are familiar with the free exchange of information, and their systems of governance are not threatened by it. They can shape information because they can also take it. Authoritarian states, typically among the laggards, have more trouble. Governments such as China's can still limit their citizens' access to the Internet by controlling service providers and monitoring the relatively small number of users. Singapore has thus far been able to reconcile its political controls with an increasing role for the Internet.

But as societies such as Singapore reach higher levels of development where more citizens want fewer restrictions on access to the Internet, they run the risk of losing the people who are their key resource for competing in the information economy. Thus Singapore is wrestling with the dilemma of reshaping its educational system to encourage the individual creativity that the information revolution will demand while maintaining social controls over the flow of information.

Another reason that closed societies have become more costly is that it is risky for foreigners to invest funds in a country where the key decisions are made in an opaque fashion. Transparency is becoming a key asset for countries seeking investments. The ability to hoard information, which once seemed so valuable to authoritarian states, undermines the credibility and transparency necessary to attract investment on globally competitive terms.

Geographical communities still matter most, but governments that want rapid development will have to give up some of the barriers to information flows that protected officials from outside scrutiny. No longer will governments that want high levels of development be able to afford the luxury of keeping their financial and political situations a secret.

From a business standpoint, the information revolution has vastly increased the marketability and value of commercial information by reducing costs of transmission and the transaction costs of charging information users. As Adam Smith would have recognized, the value of information increases when the costs of transmitting it decline just as the value of a good increases when transportation costs fall, increasing demand by giving its makers a larger market.

Politically, however, the most important shift has concerned free information. The ability to disseminate free information increases the potential for persuasion in world politics. NGOs and states can more readily influence the beliefs of people in other jurisdictions. If one actor can persuade others to adopt similar values and strategic information may become less important.
December 21, 1998

Maria Echeveste
Deputy Chief of Staff
The White House
Washington, DC 20500

Dear Maria:

I am aware from conversations with Congressman Charles Rangel and with Mike Smith of DOE that President Clinton is mapping several domestic initiatives that will help define his legacy. I was encouraged to share any ideas we have that he and the administration might wish to consider.

I forwarded the enclosed letter to the President today. I wanted you to have a copy right away as well. This represents our best real-world thinking about how the federal government can accelerate the pace of academic improvement among urban youngsters.

It's our strongly held view that vastly more attention must be paid to what transpires in the homes, schools and communities where values are shaped and youngsters are actually nurtured and educated. What with all the emphasis on tests, assessments and sanctions, we believe there's been far too little emphasis on the adults and the "delivery systems' that actually do the work of preparing our children. That's the basic impetus behind our policy recommendations.

I hope you find these ideas helpful in the administration's deliberations.

Sincerely,

Hugh B. Price
President
December 21, 1998

VIA FAX

The Honorable William J. Clinton
President
The White House
Washington, DC 20500

Dear President Clinton:

I am writing at what I know is an agonizing time for you and your family. The Urban League movement is pulling for you to navigate the treacherous terrain ahead and to survive the assault on your presidency, which unquestionably has been good for this country and for the African-American community.

My good friend Congressman Charles Rangel has told me about the lengthy and stimulating meeting the two of you had recently about the challenges and imperatives of preparing America's young people for the future. I gather from him that you were quite intrigued by the ideas he broached. He also said you were quite complimentary of me and of the work of our movement. I was greatly touched and gratified that you think so highly of us.

I have been meaning to follow up on your meeting with Mr. Rangel. But to be truthful, I have been hesitant to intrude on your time. Nevertheless, I know how committed you are to equipping every American child with the academic and social skills needed to become successful, self-sufficient and law-abiding citizens in the century ahead. I also know that your commitment to children springs from the very marrow of your bones and from the centrality of education in your own life experience.

In my view — and, I'm certain, in Congressman Rangel's view — the greatest and most enduring legacy you can leave this nation is to advance a set of public policies and investments that propel our children successfully toward the 21st century.

I was astounded and alarmed to read just the other day that my own state of New York is the latest where outlays for prisoners now...
exceed expenditures on higher education. According to a RAND study that I read recently, as recently as 1995, the State of California spent twice as much on higher education as on criminal justice. By 2005, the ratio will have reversed!

If America persists in going down this path, we will cripple our economy, undermine our families and communities and, in the end, bankrupt our society – morally as well as financially.

To paraphrase the title of Spike Lee’s film “Mo’ Better Blues,” one viable and low-cost solution to the Social Security crisis is “Mo’ Better Workers.” In other words, more workers who are well educated and highly skilled, and thus who earn more money and pay higher taxes.

The best place to find them is America’s schools, not its prisons. Millions of eager yet ill-prepared youngsters with enormous untapped potential attend the nation’s urban and rural schools. They are the vast reservoir of “Mo’ Better Workers” just waiting to be nurtured and developed, if only we will invest in them.

As I discussed with Congressman Rangel, however, I’m deeply troubled by the near total emphasis in public debate and policy on standards, assessments and sanctions. Figuring out how to hoist youngsters up to those loftier standards is barely on the radar screen in most states.

To invoke an automobile analogy, it’s as though we’ve proclaimed the specs for a world class car, only to assume that this act alone will produce it, without attending adequately to the arduous task of retooling the manufacturing plants, assembly lines and factory workers who actually make the vehicles.

I urge you to use your bully pulpit repeatedly to help policymakers, the media and the general public see that we must invest in the “delivery systems,” namely the schools, communities and families – in order for young people to meet the lofty expectations that we hold for them.

In this spirit, I would like to share the policy recommendations that I presented to Congressman Rangel. Some – and perhaps even
all — all of them may have occurred to you already. In each instance, I assume that the federal government would have to figure out how to collaborate with states and local school districts in order to try to circumnavigate those ideological conflicts about federal control of local education. Here then are my suggestions:

1. It goes without saying that the Elementary and Secondary Education Act should be renewed. We are gearing up to work closely with your administration to protect this vitally important investment in public schools that serve America's neediest pupils.

2. The shortage of qualified teachers in urban schools is well documented by the National Commission on Teaching and America's Future, among others. The problem is especially acute in disciplines like science and math. Children have little chance of meeting high standards in these subjects if there aren't skilled teachers to educate them. Adding 100,000 teachers to shrink class sizes is enormously important, but it may not quite reach to teacher quality question in key disciplines.

The federal government could provide matching funds to states to recruit, retool and train teachers for urban and rural school districts faced with these shortages. Go after new recruits, but also after military retirees and skilled workers who are laid off by corporations. Use the fast-track learning systems devised by the military to retool this vast corps of potential teachers. Supplement the salaries offered by school districts in order to lure them into this field.

3. Everyone agrees that school principals are critically important. One can only wonder, though, how many of them have "state-of-the-art" skills for running urban schools. Are they up to speed on research and best practice, on management and motivation, and on functioning like mavericks inside complex bureaucracies?
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The federal government could provide matching grants for states to offer intensive training for current and future principals. Model the experience after those mid-career management training programs offered by leading business and public policy schools. Sending an army of fresh and refreshed leaders into urban schools could move the ball downfield. And it probably wouldn't cost all that much in the grand scheme of things.

4. Research shows that urban and minority kids fare better in smaller schools with no more than 800 or so students. Yet we continue to “sentence” them to attend massive, pedagogically obsolete schools with several thousand students. Most pupils, not to mention teachers, haven’t a prayer of succeeding in these settings.

Federal investments to refurbish school infrastructure should be guided by this body of research. Perhaps Washington could join with the states to create a matching fund for decommissioning obsolete schools (the way we do military bases and massive housing projects) and for building or leasing smaller, state-of-the-art schools. This fund might also be utilized to help subdivide big schools into smaller, more autonomous units.

5. By many accounts, schools of education typically fall short when it comes to equipping their graduates to teach urban kids. There’s a mismatch between curricula and faculty, on the one hand, and the needs of urban youngsters, on the other.

Perhaps the U.S. Department of Education could administer a matching fund to support the establishment of 21st century schools of education that are genuinely attuned to the unique educational and developmental needs of urban and rural youngsters. A series of challenge grants could really shake up the system and send strong signals about the caliber of teacher education that is needed and expected in this day and age. I strongly suspect that some exciting new models of teacher education would surface quickly in response to such a stimulus.
6. The evidence is abundantly clear that constructive after-school programs pay huge dividends to youngsters and to society. Young people who routinely participate in such programs tend to perform better in school and steer clear of such deleterious behaviors as violence, crime and sex.

You have succeeded in placing this under-appreciated issue on the national agenda. Now that a beachhead has been established in the federal budget, is it possible to pull out all the stops and go for scale? Can the federal government create a sizable matching fund to induce states to invest in this arena? The beneficial impact would be swift and it would help boost the academic achievement and social development of urban youngsters.

7. Some urban school districts have really begun to push the achievement envelope, with encouraging results. For instance, the College Board, under Don Stewart's leadership, launched Equity 2000 some years ago. They prevailed upon six urban districts to require that all pupils take algebra — and then figure out how the schools should deliver for the children. These districts have put their teachers, principals and guidance counselors through intensive professional development. They've instituted after-school and summer academies to shore up students who are struggling. And so forth.

Though the districts don't have perfect batting averages by any means, the evidence thus far is enormously encouraging. I'm immensely impressed by the following statistics on the impact of Equity 2000 across the six pilot districts from its inception in 1991 through 1997:

- 9th grade enrollment in Algebra I or higher increased from 50 percent to 87 percent of all students.

- It jumped from 45 percent to 86 percent of African American pupils.
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- And from 40 percent to 87 percent of Latino students, 63 percent to 95 percent of Asian students, and 59 percent to 85 percent of white students.

- Enrollment in Geometry or higher soared from 39 percent to 67 percent of students in the pilot districts. The lift occurred among all students and the proportions were actually highest among African-American and Latino youngsters.

- Although the passing rates declined a bit, vastly more youngsters were enrolled in Algebra and Geometry by 1997.

- As a result, nearly four thousand more 9th graders actually passed Algebra by the end of 1997 than were even enrolled in the course at the start of Equity 2000 in 1991.

- Much the same is true of Geometry.

I could readily imagine the federal government establishing an incentive fund, matched by states, to support comprehensive strategies like this by districts that are determined to lift the level of student achievement. Give them the flexible supplemental funds to address the various facets of what must be done in a coherent way. If a cross-section of urban districts really managed to move the needle, that'd be an invaluable contribution by Washington to the cause of improving achievement.

8. Lastly, you could look at utilizing a military model to reach youngsters who've dialed out of traditional schools. When you and I were growing up, the Army routinely rescued thousands of aimless young men from the streets. Later on, the military went upscale and stopped recruiting school dropouts. This cut off a well-worn escape route for young people who needed an alternative path.

For years I tried to figure out how to get the military back in the business of helping to develop youngsters who weren't...
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being reached by the schools. I came up with the idea of trying to get one of the branches to operate a domestic youth corps for school dropouts. It would operate on military bases, with all of the structure and training of the military, except that participants would perform community service instead of prepare for combat.

In early 1989, while I was with the Rockefeller Foundation, I broached this idea to General Herbert Temple, head of the National Guard, and Dan Donohue, director of the Guard's Public Information Bureau. Several sentences into my pitch, they said they got the concept and would do it.

Dan took my nugget of an idea and has since transformed it into a gem of a program, known as the National Guard Youth ChalleNGe Corps. It has become one of the most potent interventions I know of for rescuing teenagers who've dialed out, but haven't yet gone completely over the edge, deep into the criminal justice system.

Enlistees spend 22 weeks on a military base in basic education and training. There they are subjected to the rigorous regimen you'd expect of a military operation. Dan and his colleagues have designed an elaborate human development curriculum that draws heavily on their track record of molding recruits into functional and effective members of the military. The curriculum covers such topics as:

- Leadership and, every bit as important, "followership"
- Community service
- Job skills
- Academic excellence
- Responsible citizenship
- Life coping skills
• Health, sex education and nutrition

The impacts documented to date are quite impressive. According to the National Guard:

• The ChalleNGe Corps has graduated 13,000 young people in six years.

• 9,330 of the grads have obtained their GED.

• That's a GED attainment rate of over 70 percent, which about equals the national average.

• The retention rate is 91 percent for the most recent class. That actually exceeds the national high school completion rate.

• An assessment of the 5,000 most recent grads as of June 1995, shows that 43 percent of them were employed, 22 percent were attending college, 14 percent were pursuing vocational education, 12 percent had returned to high school, and nearly 9 percent were in the military.

These statistics are especially striking because the ChalleNGe Corps deals only with school dropouts and expellees.

The federal government could ramp up funding in a big way and challenge the states to follow suit by putting some of their burgeoning criminal justice budget into the pot. That way, the Corps could really go to scale. The underutilized military facilities exist, so this expansion could be implemented in a hurry.

There are variations on the basic concept that the National Guard is open to exploring as well, including:

• The National Urban League and the National Guard are discussing the feasibility of creating an intensive, but non-residential model, also for dropouts. This would fortify their academic and social skills, and equip them to enroll in post-secondary education and/or enter the labor market.
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The Guard would offer its core academic and developmental program, while we offer intensive mentoring, guidance and placement services. We have broached this idea to Secretary of Labor Alexis Herman and will follow up this week with a concept paper.

- Charter schools and other forms of alternative schools can be created in the image of the ChalleNGe Corps. For instance, just this fall, our local Urban League and the Massachusetts National Guard opened a charter school in Springfield. The Guard is eager to create some non-residential ChalleNGe Academies that adhere to essentially the same philosophy, curriculum and regimen. The Academy would run from about 7:00 AM in the morning until 8:00 PM or so in the evening. These schools could be seeded with joint federal/state support and financed on an ongoing basis with support from the school district, coupled with supplementary aid from the state.

I hope these policy notions will prove useful in your deliberations. Needless to say, my colleagues and I are available for follow-up discussions with you or members of your administration if that would be helpful.

Thanks for hearing me out. Once again, we are pulling for you and praying for you.

Sincerely,

Hugh B. Price  
President