



NATIONAL PLANNING ASSOCIATION

Business

Labor

Agriculture

Academia

*Sixty Years
of Providing Solutions
to America's Challenges*

ANNUAL REPORT 1994



NATIONAL PLANNING ASSOCIATION

1934 – 1994

The National Planning Association, which celebrated its 60th anniversary in October 1994, is an important forum in the United States where senior business, labor, agricultural, and academic leaders come together on an ongoing basis to focus on economic and social issues of mutual concern and national significance.

NPA comprises a wide range of international and domestic policy committees that wrestle with critical issues facing America and the world. It is a source of research and analysis that public and private sector leaders may turn to for objectivity and clarity.

All too often the different sectors of society talk past each other and not to each other, making it difficult to articulate clear-cut responses to the challenges confronting the United States. Central to any progress in meeting these challenges is the forming of a consensus on what diagnosis is correct and what action should be taken. Leaders from diverse components of society must, in their own interest and that of the nation, search for common ground to promote measures that will ensure the general welfare. The National Planning Association provides a network in which this essential exchange can take place.

In recent years, NPA has focused on preparing for the economic and social challenges of the global marketplace. While market economies have proved to be the best engines of growth in producing wealth, they do not always produce the ideal distributive results, nor do they automatically respond to concerns about noneconomic human values. NPA has focused on strategies geared to achieving maximum competitiveness consistent with meeting compelling human needs.

NPA is dedicated to finding effective solutions to the problems that America faces. In a democratic society, workable solutions require broad-based input and support. The National Planning Association is a key player in this process.

Howard Ross Library
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Sixty years of providing solutions to America's challenges

MAY - 1 1995

Anna
McGILL

REPORT FROM THE CHAIR OF THE BOARD AND THE PRESIDENT

Based on almost any criteria, the United States is a far better place today than it was 60 years ago. We are richer, better educated, more tolerant of diversity, healthier, and less insular. We are also more alert to our failings, open to innovative solutions, adventuresome in assuming leadership in foreign affairs, and eager to do even better in the next 60 years.

Since the National Planning Association's founding in October 1934, its members have been reflecting, discussing, and writing about how we as a society can improve the lives of our citizens as well as exert a constructive and beneficial influence over our global society. Although none of us would claim that our efforts, standing alone, have been instrumental in America's reaching its highly

influential place among nations, NPA has indeed been an important player.

We have planned a fitting celebration to mark the culmination of our 60th year and the imminence of the 21st century. On May 5, 1995, NPA will sponsor a symposium on "Wealth, Knowledge, Power, and Values: Facing the 21st Century," which we hope will put the issues facing the nation in constructive perspective. The symposium and the subsequent papers we will publish will help to outline forthcoming NPA work. We have also commissioned a history of NPA to mark our past achievements and reflect on our future. We expect that NPA will continue its key role in helping America focus more clearly on the challenges of the decades ahead.

Over the years our democratic society has demonstrated a capacity to change directions from time to time, generally not to repudiate the past, but to recast it and build upon it. As society strives to find more effective ways to achieve its economic and social goals, the capability to experiment with new approaches becomes essential. Our ship of state took such a "tack" in the Fall of 1994 with the Republicans taking control of the Senate and, for the first time in 40 years, the House of Representatives.

NPA's membership of business, labor, agricultural, and academic leaders—regardless of their personal views of this largely unexpected development—see this "adjustment process" as a time of opportunity for NPA's unique contribution of "bottom up" analysis and balanced public interest response. The year 1994 provided many examples of the ability of our Trustees and members to advance the concept of bottom up planning and discourse through the vehicle of NPA.

NPA has now completed its first full year of stimulating discussion and analysis of U.S. aid and development goals and strategies in the post-Cold War period. This major foreign policy



(R) Richard J. Schmeelk, Chairman, CAI Advisors & Co., Chairman, Bio-Research Laboratories, Ltd., and Chair, NPA Board of Trustees; and (L) Malcolm R. Lovell, Jr., NPA President and Chief Executive Officer.



Private sector leaders immersing themselves in public policy issues of major import to American and global society can make a difference.

undertaking, which in 1994 included symposiums in Seattle, Des Moines, Chicago, and Atlanta as well as five Washington breakfast meetings, reached an audience of more than 500 people. The large attendance and the vitality of the discussions which ensued suggest that the American public is not yet prepared to abandon the unique foreign policy leadership opportunity that befell the United States with the implosion of the Soviet empire. Discussions arising from these meetings will be analyzed and summarized for publication in 1995 and 1996.

On the domestic front, NPA and the Joint Center for Political and Economic Studies continued our planning in preparation for the early 1995 launching of a seminal initiative on *New Directions: African Americans in a Diversifying Nation*. Our goal is to complete the study in 1996 and to actively publicize our findings. With funding from the Department of Labor and member commitments, our fund-raising efforts are under way. We hope to secure the remaining funds from business organizations and private foundations. As with most of NPA's core programs, the African American study will directly involve a number of Trustees and interested members of NPA's policy groups.

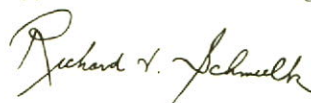
NPA's six policy groups continue to provide the vitality and strength that have driven the organization throughout its recent history. Membership has remained strong and active, and the biannual meetings have challenged and informed the private sector leaders who make up the organization.

Important 1994 publications on domestic affairs included *Aging and Competition: Rebuilding the U.S. Workforce*, a joint publication of NPA and the National Council on the Aging, Inc., coedited by James A. Auerbach and Joyce C. Welsh. An entire issue of NPA's quarterly *Looking Ahead* detailed an NPA-commissioned study on "The Restructuring of Employment."

Among the significant 1994 publications in the international arena were *Unfinished Tasks: The New International Trade Theory and the Post-Uruguay Round Challenges*, by F.M. Scherer and Richard S. Belous, and *U.S. Foreign Assistance: The Rationale, the Record, and the Challenges in the Post-Cold War Era*, by Curt Tarnoff and Larry Q. Nowels. In addition, NPA's Gateway Japan published *Academic Focus Japan* and *Japan: Exploring Your Options*.

1994 was a year in which NPA strengthened its capacity to serve its members and the broad national and international communities of which it is a part. We are living in an interval of world history as singularly challenging for the citizens of the United States as was the height of the Roman Empire 2000 years ago. Those of us at NPA are fortunate to be participants and feel the excitement of the times that offer such opportunities to contribute.

We the Chair and the President of NPA express our appreciation and thanks to our members, Trustees, and dedicated individuals on our staff for the support, enthusiasm, and imagination they have brought to this organization and its work. Private sector leaders immersing themselves in public policy issues of major import to American and global society can make a difference. We think that in 1994 the National Planning Association has.



Richard J. Schmeelk
Chair, Board of Trustees



Malcolm R. Lovell, Jr.
President and
Chief Executive Officer

NPA AT WORK, 1934 – 1994

Sixty Years of Providing Solutions to America's Challenges



October 1994 marked the 60th anniversary of the National Planning Association. While several special events and reports will be issued to celebrate this milestone, the anniversary also has been a time to reflect on NPA's accomplishments.

In 1934, the second year of President Franklin Roosevelt's New Deal, the founders of NPA created a unique forum where business, labor, agriculture, and academe could meet to study, discuss, and articulate their joint concerns about economic and social issues and to develop common approaches to national problems on an ongoing basis. Even with significant shifts over the past six decades in the social, economic, and political arenas, NPA's meetings, publications, and other activities have continuously helped to inform and shape public debate and key national policies.

Planning During the New Deal

In the midst of the Great Depression, NPA (known until 1942 as the National Economic and Social Planning Association) believed that cooperation between business and labor in addressing public policy concerns offered the best hope of ensuring economic prosperity. Almost immediately NPA established itself as a leading group studying economic policy.

By the late 1930s, NPA was focusing on the institutions that shaped the national economy and promoting the idea that government alone should not be responsible for national planning. However, instead of merely defining the goals of planning, NPA developed a comprehensive view of the nation's economic and social problems, placing the organization in a unique position to influence policy planning throughout its 60 years.

NPA Programs During and After the War

During World War II, many of NPA's specific policies were adopted by the War Production Board. Two leading WPB members, Charles E. Wilson, Chairman of General Electric, and Clinton Golden, Vice President of the United Steelworkers of America, were NPA Trustees and helped NPA to become one of the first national organizations to advocate planning for a postwar economy. The areas that NPA considered critical included relief for and reconstruction of Europe; land conservation to ensure an adequate food supply for the nation; reconversion from wartime to peacetime industrial production with high levels of employment; and the interdependence of business, labor, and agriculture. Toward the end of the war, NPA issued several influential statements calling for social security as well as health insurance programs for all Americans, countercyclical government budget policies, national budgets to ensure full employment, the promotion of U.S. trade, and reform of Congress.

After the war, NPA published *Recovery in Europe* by John Kenneth Galbraith and an NPA Board Statement on *The General Principles and Administration of the Marshall Plan*. These reports outlined an administrative structure that Congress strictly followed in 1948 in establishing the Economic Cooperation Administration to execute the Marshall Plan.

During the late 1940s and 1950s, NPA published a series of reports on the *Causes of Industrial Peace Under Collective Bargaining*. These studies were among NPA's most successful efforts to advance cooperation between labor and management in forming socioeconomic policy, enhancing productivity, and achieving industrial peace.



From its inception, NPA held that the cooperation of business, labor, agriculture, and the professions was central to promoting decentralized private planning. NPA publications have consistently stressed that industrial harmony is not an end, but a tool to achieve prosperity in the United States and abroad. NPA's first committees—Agriculture, Business, Labor, and International—helped to shape the organization's views in these areas.

NPA Policy Groups

Since 1943, the Food and Agriculture Committee has issued influential statements on national farm programs and policy goals, land conservation programs, market changes, the growth of agribusinesses, and the revolutionary changes taking place in U.S. food and agricultural markets.

With the formation of the Canadian-American Committee in the late 1950s, NPA increased its focus on hemispheric relations, examining key issues such as bilateral free trade, U.S. investment in Canada, agricultural surpluses, utilization of North American resources, and environmental concerns. Following the implementation of NAFTA in 1994, the CAC became the North American Committee, reflecting the broadening of the Committee's scope to include Mexico.

The British-North American Committee was formed in the late 1960s to focus on issues of concern to the Atlantic Community within a wide international context. Its publications have explored international economic issues, including the international monetary system and the role of the dollar, the need for trade liberalization and fairness, and the economic development of poorer nations.

NPA's work in the international arena was further strengthened by the creation in 1975 of the Committee on Changing International Realities. Its work began with an examination of developing nations that benefited from U.S. foreign aid and has included a number of comparative studies on topics such as international competitiveness, the implications of German unification, the growth of transnational corporations, trade and budget deficits, and European and Asian economic regionalism.

In 1981, NPA established the Committee on New American Realities to undertake

policy-oriented programs and research analyzing trends shaping the economy, ways to enhance U.S. competitiveness and productivity, and changes in labor-business relations. The Committee regularly studies the causes and effects of shifts in the workforce, the impact of technological change, turbulence in the workplace, and the maintenance of employee benefits such as health care.

The Collective Bargaining Forum, which came under the aegis of NPA in 1993, has the dual aims of enhancing competitiveness through collective bargaining and improving workers' standard of living and employment security.

NPA Core Programs

NPA began a core research program in the 1980s that complements the research activities of its policy groups. The core program has addressed broad economic and social issues such as labor-management innovations, the aging U.S. workforce, and regional trading blocks. Recent core publications have included influential studies on the growth of contingent workers and the implications of the creation of the European Union.

In 1991, in response to the growing economic and political influence of Asia, the fastest engine of growth in today's world economy, NPA established Gateway Japan. This joint project with the University of Maryland offers extensive electronic and print services on a broad range of subjects relating to Japan.

Providing Solutions

For the past 60 years, NPA has fostered cooperation among its diverse constituency in promoting policy planning in the private sector and enhancing democracy in the process. Today, NPA's programs include a three-year study of the goals and objectives of U.S. foreign aid and development assistance, advocacy of increased technical assistance to the former Soviet republics, and a comprehensive study of the achievements of and challenges facing African Americans. In the years to come, NPA will continue to provide innovative solutions to America's challenges.



NPA CORE PROGRAMS



he research and studies of NPA's six policy groups in 1994 are described in a later section of the Annual Report. This section outlines additional research that NPA has undertaken through its core programs.

The United States and the Developing World

NPA is conducting research and leading a public-private sector dialogue on relations between the United States and the developing world in the post-Cold War era. A number of NPA members have a deep interest in the developing world because it offers a growing and vital market for U.S. goods and services. They believe that without U.S. leadership and concern, economic and social problems in the developing world could worsen, with great impact on the West.

The series of policy discussions and information-sharing programs that make up NPA's Aid and Development Project cover four major areas: the history of U.S. foreign aid and development assistance; the current scope and focus of aid; the future role of aid in the post-Cold War world; and the ways that business and labor—NPA's constituent communities throughout its 60-year history—can become more involved in the debate



(L to R) Morton Bahr, President, Communications Workers of America, AFL-CIO, CLC; David L. Rhoad, Deputy Director, Office of Middle East Affairs, U.S. Agency for International Development; and William B. Quandt, Byrd Chair in Government and Foreign Affairs, University of Virginia.



(L) Jack Sheinkman, President, Amalgamated Clothing and Textile Workers' Union, AFL-CIO, CLC; and (R) Dean Kleckner, President, American Farm Bureau Federation, and NPA Vice Chair.

over foreign aid and development assistance priorities and programs. The project has facilitated an exchange of information and ideas among business and labor leaders, public policymakers, and private voluntary organization executives in these areas. It is funded in part by grants from the U.S. Agency for International Development and the Carnegie Corporation of New York.

Business and Labor Interests

NPA's Aid and Development Project is sponsoring a number of regional symposiums, Washington working breakfasts, NPA committee sessions, and publications. Many NPA members are actively supporting the project, and 17 corporations and labor unions are collaborating with NPA.



NPA cosponsored four regional symposiums throughout the United States in 1994. The Seattle meeting, cosponsored by the Trade and Development Alliance of Greater Seattle, Seafirst Bank, and Region IX of the AFL-CIO, examined the applicability of transferring lessons from East Asian development to other parts of the world. In Des Moines, Pioneer Hi-Bred International, Inc., and Region XII of the AFL-CIO cosponsored "Sustainable Development vs. Food Aid: Conflict or Confluence?" The Chicago symposium focused on the ability of foreign assistance to foster economic development and was cosponsored by the Illinois State AFL-CIO, Region I of the AFL-CIO, McDonald's Corporation, the Illinois Department of Commerce and Community Affairs, and Ameritech Corporation. The Atlanta symposium, cosponsored by Citibank, Spelman College, the Southern Center for International Studies, and Region V of the AFL-CIO, looked at how foreign aid can be used to respond to humanitarian crises.

The Washington working breakfasts examined issues such as the impact of demographic changes, immigration, and regional efforts in Russia and the other former Soviet republics and in the Middle East.

North-South Relations

In 1994 NPA published several major studies on U.S.-developing world relations. *U.S. Foreign Assistance: The Rationale, the Record, and the Challenges in the Post-Cold War Era*, by Curt Tarnoff and Larry Q. Nowels (senior analysts with the Congressional Research Service), examined policy options and strategies for foreign aid and development assistance in the coming decades.



Steve Daugherty, Public Affairs Director, Government Affairs, Pioneer Hi-Bred International, Inc.

The Walter Sterling Surrey Memorial Lecture in 1994 was devoted to U.S.-developing world issues. Charles F. Doran, Andrew W. Mellon Professor of International Relations, Paul H. Nitze School of Advanced International Studies of Johns Hopkins University, delivered the lecture at the May meeting of NPA's Committee on Changing International Realities in Washington. He explored North-South relations and foreign aid reform, offering a realistic approach to policy in the 1990s. His remarks were combined with those of several other authors and published in *New Views on North-South Relations and Foreign*

Assistance, the third volume of NPA's Walter Sterling Surrey Memorial Series.

U.S. Leadership

With the fall of communism, the objectives of U.S. foreign policy are no longer as simple as they were in the Cold War. While most private sector leaders agree that the United States must continue its leadership role, they do not agree on what that role should be or on what types of foreign aid and development assistance America should be providing.

It is clear that democracy and market economies in developing nations cannot flourish when people are poor and hungry. As Congress and the Clinton Administration continue to update their foreign policy priorities to include the spread of democratic political systems and free market economies, NPA hopes that its activities in U.S.-developing world relations will help to strengthen communications between the foreign policy establishment and the business and labor communities.



(L to R) Edward P. Bullard, President, Techno-Serve; Aaron S. Williams, Executive Secretary, U.S. Agency for International Development; and Larry Q. Nowels, Specialist in Foreign Affairs, Congressional Research Service.



Gateway Japan

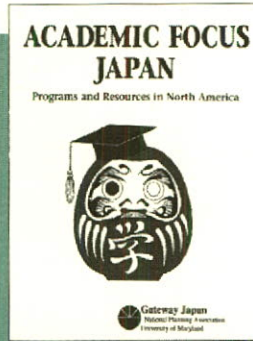
Gateway Japan, NPA's information clearinghouse on Japan and East Asia, took on new dimensions in 1994. Its grant from the Center for Global Partnership was renewed for a third year. It published its third book, *Academic Focus Japan*, which profiles 160 different North American academic programs on Japan and references over 1,000 additional programs and institutions. Gateway Japan also completed its fourth book, *Japan: Exploring Your Options*, an extremely popular guide to study, exchange, work, and research opportunities in Japan.

Gateway Japan's dial-up on-line information library has grown rapidly and now counts over 15,000 documents covering 26 information categories. GJ On-Line has dedicated or supported work stations at local universities and government

offices, and it offers business assistance through an affiliate in Japan.

Gateway Japan celebrated NPA's 60th year in 1994 with a major project when it received a special contribution to purchase new equipment and to establish a full-service connection to the Internet. It also established an affiliation and information exchange with the International University of Japan and its Center for Global Communications (GLOCOM).

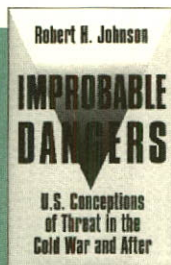
Plans for 1995 include an interactive U.S.-Japan on-line policy forum, conducted with GLOCOM, and a real-time televideo conference on education and training for the 21st century workforce. Gateway Japan also will be setting up an NPA local-area-network to enable staff to share databases and do on-line research.



U.S. Conceptions of Threat During and After the Cold War

Improbable Dangers: U.S. Conceptions of Threat in the Cold War and After, by NPA Senior Fellow Robert H. Johnson, examines why U.S. policymakers often exaggerated the Soviet threat during the Cold War. The study, published in 1994 by St. Martin's Press, concludes that this alarmism is likely to persist in the 1990s.

According to Dr. Johnson, American alarmism stems from the characteristics of the international environment, the human need for order and control, and the necessities of domestic politics. His study makes a real contribution to understanding the recent past, and it alerts public and private sector decisionmakers to a tendency that affects U.S. views of the post-Cold War world.



At the time of the initial Haitian intervention by the United States, *The New York Times* published a thoughtful op-ed article by Dr. Johnson questioning the Clinton Administration's basic strategy and American conceptions of threat in the post-Cold War era as articulated by Anthony Lake, Clinton's National Security Advisor.

Dr. Johnson, a former member of the National Security Council staff and the U.S. State Department's policy planning staff, has helped NPA members examine the new setting of American foreign policy. He was a key speaker at the November 1994 meeting of NPA's Committee on Changing International Realities.

U.S. Competitiveness and the Aging Workforce

The American workplace is undergoing profound changes as international competition intensifies. Workplace transformations and the restructuring of many of the nation's businesses are dramatically impacting the composition of the workforce. At the same time, the number of younger entry-level workers is decreasing and the older workforce is increasing. People aged 55 and older are projected to be nearly 30 percent of the U.S. working population by 2005 and almost 40 percent by 2020.

Aging and Competition: Rebuilding the U.S. Workforce was jointly published in 1994 by the National Planning Association and the National Council on the Aging, Inc. (NCOA). The study takes an innovative look into ways U.S. businesses can better tap the potential of the growing number of older workers—to the benefit of both businesses



(L to R) William Benson, Deputy Assistant for Aging, U.S. Department of Health and Human Services; Joyce C. Welsh, NCOA Vice President; and James A. Auerbach, NPA Vice President.

and older workers—to remain competitive in the 21st century. As the authors point out, older workers have the knowledge, the experience, and a disciplined work ethic that can help the nation maintain its competitive edge. However, older workers have been hardest hit by constant corporate restructuring and other measures taken by business to keep pace with rapidly growing global competition. The book makes a clear connection between the ability of older workers to contribute to the attainment in the United States of new levels of competitiveness and the need for a new social contract for workers.

Coeditors are James A. Auerbach, NPA Vice President, and Joyce C. Welsh, NCOA Vice President. Contributing authors include: U.S. Secretary of Labor Robert B. Reich; Michael Useem, Wharton School, University of Pennsylvania; Rosabeth Moss Kanter, Harvard Business School; Douglas T. Hall and Philip H. Mirvis, organizational psychologists; Ray Marshall, University of Texas (Austin) and former U.S. Secretary of Labor; Anthony P. Carnevale, Committee for Economic Development; Michael J. Driver, School of Business Management and Organization, University of Southern California; Barbara R. McIntosh, School of Business Administration, University of Vermont; Susan Carol Stone, Stone Communications; and Harold J. Tragash, Genesis Associates.



(Clockwise, beginning from top) Michael Useem, Wharton School, University of Pennsylvania; Rosabeth Moss Kanter, Graduate School of Business Administration, Harvard Business School; Barbara R. McIntosh, School of Business Administration, University of Vermont; Ray Marshall, University of Texas (Austin) and former U.S. Secretary of Labor.

*Gold Medal Dinner
Cochair Thomas R.
Donahue, Secretary-
Treasurer, AFL-CIO,
giving tribute to Owen
Bieber.*



*Gold Medal Dinner
Cochair Dennis Weatherstone, Chairman of
the Board, J.P. Morgan & Company Inc.,
giving tribute to Lee R.
Raymond.*



*Celia Lovell, Assistant Vice President, Norfolk Southern
Corporation; and Gold Medal Dinner Cochair John F.
Smith, Jr., Chief Executive Officer and President, General
Motors Corporation.*



*Honorees Owen Bieber and Lee R. Raymond, with plaques,
flanking Malcolm R. Lovell, Jr., NPA President and Chief
Executive Officer, and Richard J. Schmeelk, Chairman,
CAI Advisors & Co., Chairman, Bio-Research Laboratories,
Ltd., and Chair, NPA Board of Trustees.*



Dinner guests peruse NPA publications.

"Given the end of the Cold War, the relentless globalization of the economy, and the impact of new technology, business, labor, and government must make many kinds of adjustments. . . . We know that even intense change can be managed in a manner that is both humane and mutually beneficial. . . . In a time of turmoil, a forum such as the National Planning Association, where people from diverse segments of our economy can calmly think ahead about the problems we face, is truly a treasure."

Owen Bieber
President,
International Union, UAW





he National Planning Association proudly presented its highest honor, the Gold Medal Award, to two distinguished private sector leaders on November 9, 1994. Owen Bieber, President, International Union, UAW, and Lee R. Raymond, Chairman and Chief Executive Officer of Exxon Corporation, were cited for their dynamic leadership of labor and business, respectively.

Mr. Bieber was first elected International President of the UAW in 1983. He has been a strong defender of workers' rights and an able spokesman for the labor movement. His rise through the ranks began in 1948 as a factory worker and member of UAW Local 687. He held the posts of Local President, Regional Director, and International Vice President heading the union's largest department, General Motors. Mr. Bieber is also a Vice President and Executive Council Member of the AFL-CIO. He was elected a Trustee of the National Planning Association in 1985 and has served on the Collective Bargaining Forum since that year.

Mr. Raymond was named Chairman and Chief Executive Officer of Exxon Corporation in April 1993. Under his leadership, Exxon is pursuing energy investment opportunities throughout the world. Mr. Raymond has held engineering and management positions with Exxon since 1963. He was named a Senior Vice President and elected to the Board of Directors in 1984 and promoted to President six years later. Mr. Raymond is a Director of the American Petroleum Institute, J.P. Morgan & Company, and Morgan Guarantee Trust Company. He was a member of NPA's British-North American Committee from 1985 to 1993.



*Owen Bieber, President,
International Union,
UAW.*



*Lee R. Raymond, Chair-
man and Chief Executive
Officer, Exxon Corpora-
tion.*

1994 GOLD MEDAL AWARD

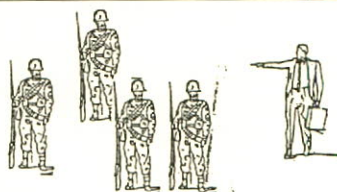
"Government has a very important role to play in setting standards for industry to follow. But in drafting regulations, government should provide industry with the flexibility to determine the most appropriate and cost-effective means of meeting the standards. A more flexible market-oriented regulatory approach, based on sound science and economics, can bring with it great rewards for society as a whole: a healthier economy, higher productivity, more jobs, greater innovation, and increased international competitiveness."

Lee R. Raymond
Chairman and Chief Executive Officer,
Exxon Corporation

The New York Times

Cold War Games Again

By Robert H. Johnson



The intervention in Haiti is most disturbing for what it says about the Administration's post-cold-war strategy as defined by Anthony Lake, President Clinton's national security adviser.

To Mr. Lake, America is involved in an extension of the struggle for democracy and against authoritarianism that began with World War II and continued in the cold war. As in those conflicts, the struggle is Manichean: the forces of evil (rogue states, terrorists, tribalists) against the forces of good (democracies, tolerant societies).

From this perspective, Mr. Lake argued at the Council on Foreign Relations in Washington this month that the world no longer appears chaotic and incomprehensible — that our enemies are easily identifiable. The threat is still authoritarianism; our goal is still promoting democracy.

Mr. Lake argues that we must be selective in our interventions, and the President says the United States cannot be the world's policeman. But a policy based on principle risks either ever-widening commitments or double standards and growing cynicism. When our commitments are challenged, the willingness to carry them out becomes a test of Presidential and national credibility.

Thus, Mr. Lake sees Haiti as a test of the U.S. commitment to the defense of democracy, and views the demonstration of U.S. resolve to reinstate democracy there as having

Robert H. Johnson is a fellow at the National Planning Association, a research organization specializing in economic and social issues, and is author of "Improbable Dangers: U.S. Conceptions of Threat in the Cold War and After."

The Boston Globe

New US workers: flexible, disposable

The newest members of the American work force are called everything from "disposable workers" to "just-in-time employees" to "flexforce workers."

But no matter what label you use, they have become part of a sometimes destabilizing, contentious change permeating the world of work.

For years, US corporations cut large numbers from their payrolls to reduce costs and improve efficiency. But even as the economy has strengthened, a growing number are turning to armies of temporaries, contractors and part-timers.

Some employees prefer the flexibility of so-called "contingent" work. However, many are being swept up by a "temping of America" that is turning upside down long-standing assumptions about jobs. Employers seem to be moving toward a two-tiered work force in which a core of essential full-time employees is supplemented by contin-

gent workers. In the process, middle-class expectations of a job that carries pension, sick leave, vacation, health insurance and a prospect of upward mobility may be irreversibly slipping away, some specialists say.

Consider, for instance, that the largest private employer in the nation last year was Manpower Inc., the Milwaukee-based temporary help firm that dispatched 640,000 workers on short-term assignments. That surpassed even General Motors Corp., whose 330,000 fulltime US workers made it the largest manufacturing employer.

"This is the work-force equivalent of a one-night stand. There's no long-term commitment" from either the employee or the employer, says Richard S. Belous, chief economist of the National Planning Association, a research group in Washington. However, he notes, the trend also produces a big plus, providing workers, employers and society at large with tremendous flexibility.



BusinessWeek

"There are always going to be people who take advantage of workers. Unions even that out, to their credit. We need them to level the field between labor and management. If you didn't have unions, it would be very difficult for even enlightened employers to not take advantage of workers on wages and working conditions, because of [competition from] rivals. I'm among the first to say I believe in unions."

Ted Kennedy spouting tired liberal dogma? Labor Secretary Robert B. Reich pandering to President Clinton's union backers? Nope. The speaker is Senator Orrin G. Hatch (R-Utah), labor's archrival on Capitol Hill for nearly two decades. Don't misunderstand: Hatch still opposes organized labor at nearly every turn. But when pressed, even he concedes a point that's of growing concern to economists, Administration officials, and some executives: Free-market economies need healthy unions.

Still, unions are often blamed for more trouble than they've caused. In the 1970s, for instance, many executives believed that unions inflated prices by lifting wages above some presumed market level. Since then, however, more than 60 quantitative studies have concluded that the higher productivity of unionized

companies offsets most of their higher costs. "It's a misreading of economic analysis to conclude that unions inherently cause inflation or unemployment," says Nobel laureate Gary S. Becker, a conservative economist at the University of Chicago. "Some kind of union behavior is bad, but unions that help workers bargain collectively instead of individually perform a legitimate role that's not counter to social efficiency."

George Shultz, now a fellow at Stanford University's Hoover Institution, goes further. "As a management person, if I don't have a union, I don't want one," he said in a 1991 speech to the National Planning Assn., a labor-management group. "But...look at this more broadly. Free societies and free trade unions go together."



National Journal

THE LABOR MOVEMENT: THIS OLD HOUSE

"The time has come for labor and management to surmount past enmities," the report concluded, "and to forge the kind of partnerships which can generate more productive, humane and democratic systems of work organization."

The case for a greater, meaningful role for employees in the workplace has picked up support elsewhere. "I think you need a constraint on private economic power in a democratic, capitalist

state," Lovell, who's now the president of the Washington-based National Planning Association, said. "We have to search in society for some way to get a greater employee voice in the workplace."

Still, the recent signal that organized labor's top leaders are beginning to recognize that it will take more than the flexing of their considerable political muscle to reverse their fortunes comes not a moment too soon.

The Washington Times

GOP's Gilman backs foreign aid

A rift erupted publicly among senior Republican congressional foreign policy leaders yesterday when Rep. Benjamin A. Gilman staunchly defended U.S. assistance to other countries against critics in his own party who want it eliminated.

"We're confronted by demagogues who like to show they're doing something by cutting all foreign aid," said Mr. Gilman, New York Republican and chairman of the House International Relations Committee.

Mr. Gilman broke ranks with Mr. Helms, Mr. McConnell and

other Republicans opposed to foreign aid during a speech to the National Planning Association, an independent, nonprofit organization that deals with making the public aware of social and economic issues.

"One half of the Congress has less than four years' institutional memory and little experience in foreign affairs," he said.

Improving the lot of the billions who live in the Third World could reduce the threat of violence and chaos which often require U.S. intervention, Mr. Gilman said.

NPA is one of America's leading sources for clear analysis

on a wide range of economic and social issues. Highlights of the extensive print media coverage that NPA received during 1994 are shown on these pages. NPA also received considerable television and radio coverage during the year. A sampling of this broadcast and cable coverage includes interviews on CNN regarding employment, NAFTA, international trade and wage trends (10 interviews); National Public Radio on the business cycle, the federal budget and possible tax cuts, economic trends, labor-management issues, and the European union (9 interviews); NBC Network News on contingent workers and economic issues (2 interviews); ABC Network News on contingent workers and international trade (2 interviews); CBC National News on numerous issues (9 interviews); and Monitor Radio on international trade. NPA senior staff were called on by the White House Council of Economic Advisors, the State Department, the Labor Department, the Commerce Department, and the International Labor Organization for briefings. NPA senior staff testified before the U.S. Senate Committee on Labor and Human Resources and the Congressional Joint Economic Committee. Also, NPA senior staff were asked by the State Department's Foreign Service Institute to lead six seminars and classes during the year.

FINANCIAL TIMES

Stronger rules urged to prevent trade war

A fresh outbreak of trade warfare is likely unless stronger multilateral trade rules are drawn up quickly in the wake of last year's Uruguay Round agreement, a study* commissioned by a transatlantic group of business and labour leaders and academics warns today.

The study, published by the British-North American Committee, implicitly criticises the thinking behind current US trade and industrial policies as one of the main challenges to the General Agreement on Tariffs and Trade.

The committee believes the principles of the multilateral trade system are threatened by a growing belief among policy-makers that economic advantage is best achieved by promoting national champion industries and other monopolistic and oligopolistic forms of competition.

The authors, a US and a British economist, say one solution could be to create a "Super-GATT", membership of which would be open to countries which signed up to new rules intended to eliminate non-tariff barriers.

Members of the British-North American Committee are drawn from the UK, the US and Canada, and include senior executives of many large companies.

"Unfinished Tasks: The New International Trade Theory and Post-Uruguay Round Challenges," by Prof F.M. Scherer and Dr Richard Belous, £10. British-North American Committee, 351 37 Grosvenor Gardens, London SW1W 0BS. Tel: 071-828 6644.

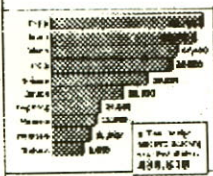
Los Angeles Times

STUDENTS: Gap Puts U.S. Business at Distinct Disadvantage

Shadowing the \$100-billion U.S. merchandise trade deficit with the ascendant economies of Asia is an equally astounding "student gap"—a strategic lapse that experts warn is laying a groundwork of ignorance and incompetence for the United States as a player in the global economy.

At last count, there were 63 times as many foreign students from Asia on U.S. campuses as there were Americans studying in Asia, according to the Institute of International Education.

The statistic means American businesses will remain at a distinct disadvantage as they negotiate with their counterparts in Asia across language barriers and cultural chasms, analysts contend. Opportunities are bound to be lost, they say, because of limited access to basic information in the markets of America's most important economic rivals.



Yet while interest in Japanese studies has soared with the recognition of that country's economic prowess, the number of Americans studying in Japan appears to be declining. The cause appears to be the appreciating Japanese yen, which makes the cost of living untenable for many and exacerbates the difficulties of adjusting to life in a relatively closed society.

In comparison, the number of Japanese students in U.S. universities has risen dramatically since the value of the yen began to soar in 1986, approaching 43,000 in 1993.

To bolster the number of undergraduates studying in Japan, the Friendship Commission's Gangloff is working with other institutions to establish a clearinghouse to provide aspiring students with information on available programs. Meanwhile, a Washington non-profit organization called Gateway Japan is offering the services of a database it is assembling on Japan study programs.

Former Vice President Walter Mondale, the U.S. ambassador to Japan, has taken a personal interest in the issue.

THE GLOBE AND MAIL

The act of trading with the enemy

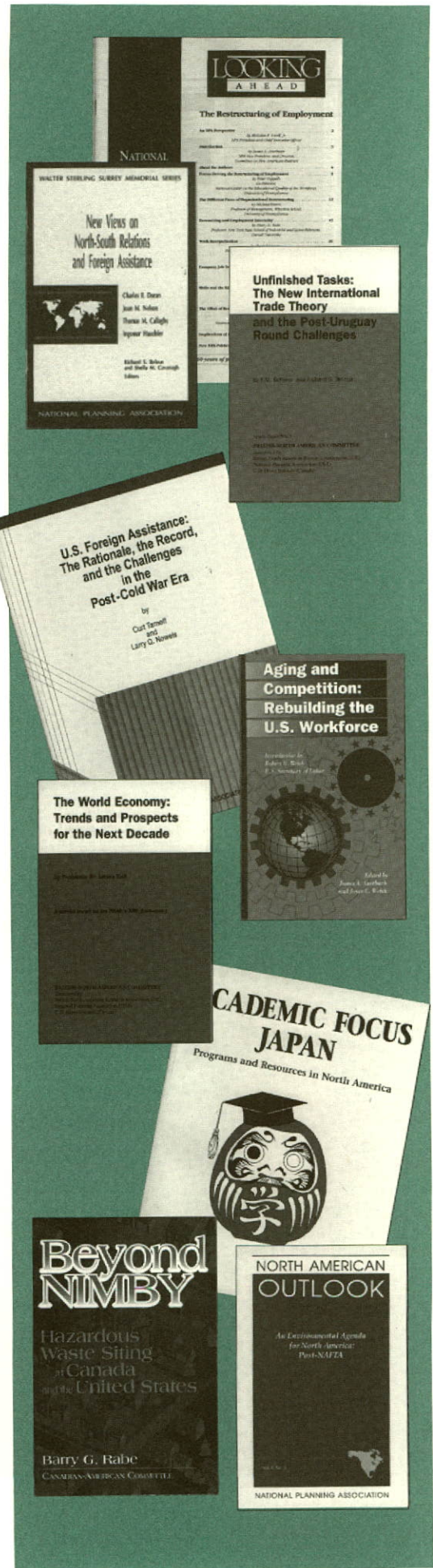
APPROVAL of the Uruguay Round trade deal has the potential to cause trouble in Canada. Mention the end of transportation subsidies and western grain farmers get excited. Talk about trimming handouts and Quebec dairy farmers — whose livelihood depends on Canada's generosity, but who manage to be mostly separatist — prepare to march on Ottawa.

These sectoral concerns are, however, small beer compared with the Uruguay Round's perceived threat to national sovereignty as seen in the United States.

Trade theory, however, is not as keenly multilateral and pro-Adam Smith as it was. As a new study published today by the British-North American Committee (sponsored in Canada by the C.D. Howe Institute) makes clear, a GATT-type system now wars with the new theory of strategic trade, which is much more kindly disposed to narrow national interests and has some of its prominent exponents, such as Laura Tyson, inside the Clinton administration.

The study, *Unfinished Tasks: The New International Trade Theory and the Post-Uruguay Round Chal-*

lenges, by F. M. Scherer of Harvard University and Richard S. Belous, North American director of the British-North American Committee, makes few value judgments on multilateralism versus strategic trade theory that has nations and national champions pursuing trade advantages on a might-is-right basis. It acknowledges that the business of shaping comparative advantage has a long history and logic on its side. If, say the authors, companies can pursue advantage-winning strategies, so can nations.



Looking Ahead

As part of NPA's celebration of its 60th anniversary in 1994, *Looking Ahead* featured a series of issues focusing on the organization's historical international and domestic concerns. The theme issues of NPA's authoritative flagship quarterly journal showcased the research agenda of NPA's committees and core research programs.

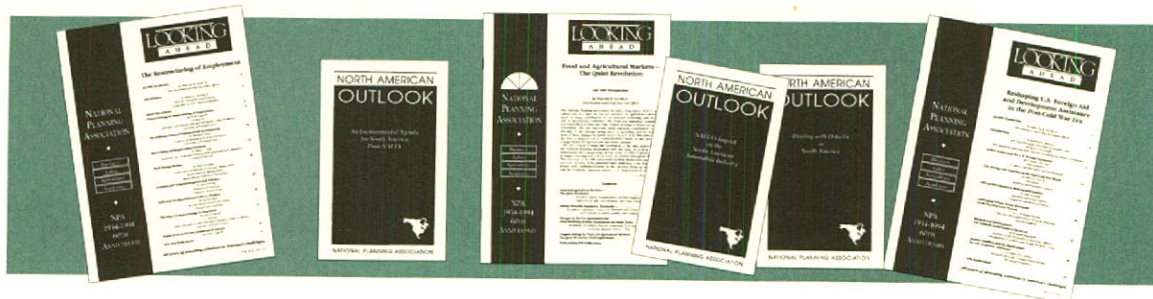
"Food and Agricultural Markets: The Quiet Revolution" presented an overview of a study, published by NPA's Food and Agriculture Committee and the U.S. Department of Agriculture's Economic Research Service, that described the profound changes under way in how food is produced, distributed, processed, and marketed in the United States and abroad.

"Reshaping U.S. Foreign Aid and Development Assistance in the Post-Cold War Era" outlined NPA's three-year project of reexamining the

goals and strategies of U.S. foreign aid and development assistance.

"The Restructuring of Employment" summarized a major study commissioned by NPA's Committee on New American Realities, to be published in 1995, describing the far-reaching transformations taking place in the workplace that have important implications for employees, employers, and the long-term functioning of the economy.

"Aging and Competition: Rebuilding the U.S. Workforce" provided excerpts from a full-length study, published in 1994 by NPA and the National Council on the Aging, Inc., that focused on the connection between America's competitive position and a U.S. workforce that is steadily aging, but whose knowledge, experience, and disciplined work ethic can help the nation maintain its competitive edge.



North American Outlook

North American Outlook, NPA's quarterly journal analyzing policy issues affecting Canada, the United States, and Mexico, highlighted several important themes in 1994. These topics reflect key elements of the general public debate in the three countries.

An edition on the post-NAFTA environmental agenda in each country examined economic and public policy issues surrounding environmental protection in North America. Another issue considered how the North American countries are dealing with deficits, evaluating the public debt crises in the three countries and emphasizing the importance of balanced economies. An issue on NAFTA's impact on the North American automobile industry dis-

cussed how this significant sector of trilateral economic and trading relations is adapting to the new opportunities and challenges of the post-NAFTA trading environment.

Forthcoming editions of *Outlook* will assess the emerging "economic architecture" in North America and the strategic response of U.S. corporations to the new regulatory and business environment; proposals for cooperation and reform of the international monetary system (with publication scheduled to coincide with the Group of 7 meeting in Halifax, Canada, in June 1995); the future of Western Hemispheric economic integration; and immigration trends in North America.



NPA POLICY GROUPS

British-North American Committee

*Statement by BNAC North American
Chair John G. Heimann*



John G. Heimann, Chairman, Global Financial Institutions, Merrill Lynch & Co., Inc.



The British-North American Committee, which celebrated its 25th anniversary in 1994, continues to have a significant influence on public and private sector decisionmakers on both sides of the Atlantic. The BNAC remains a unique network of top business, labor, and academic leaders from the United States, Great Britain, and Canada.

The recent pace of events in Europe and the former Soviet Union requires close association among private sector leaders in the three nations who continue to share important values that are needed on the world stage. In 1994, the BNAC focused on specific issues that affect the special relationship among the three countries.

New International Trade Theory

The Committee's work in the area of international trade illustrates the BNAC's influence on and response to the problems of the 1990s. In 1994 the Committee published *Unfinished Tasks: The New International Trade Theory and the Post-Uruguay Round Challenges*, by F.M. Scherer and Richard S. Belous. Dr. Scherer, a BNAC member, is Professor of Business and Government at the John F. Kennedy School of Government, Harvard University; Dr. Belous is NPA Vice President of International Programs, Chief Economist, and the North American Director of the BNAC.

Much of the unfinished business in the post-Uruguay Round era deals with nontariff barriers. The new international trade theory differs significantly from classical trade models in the analysis of, and policy recommendations for, nontariff barrier issues. It tends to stress the importance of bilateral relations outside the context of the General Agreement on Tariffs and Trade. The conclusion of the BNAC study is that it is urgent to





(L to R) Richard S. Belous, NPA Vice President, Chief Economist, and BNAC North American Director; John G. Heimann, Chairman, Global Financial Institutions, Merrill Lynch & Co., Inc., and North American Chair of the BNAC; the Hon. Frank N. Newman, Deputy Secretary, U.S. Department of the Treasury; and Sir David Plastow, Chairman, Inchcape Plc, and British Chair of the BNAC.

The BNAC remains a unique network of top business, labor, and academic leaders from the United States, Great Britain, and Canada.

draft new rules for international trade that will decrease the likelihood of future trade distortions and trade warfare.

The response to this study continues to be extraordinary. Numerous stories have appeared in leading journals, and extensive television interviews have been conducted. Examples include *The Wall Street Journal*, the *Financial Times*, *The Globe and Mail*, and CNN.

World Economic Trends

Another example of the BNAC's ability to attract widespread interest is its 1994 study *The World Economy: Trends and Prospects for the Next Decade*, by BNAC member Sir James Ball of the London Business School. Professor Ball reexamined

a 1969 BNAC study of key economic issues facing Great Britain, the United States, and Canada to compare the study's predictions with actual events. He then looked ahead 10 years and beyond. Some of his conclusions have significant policy implications for the United States. For example, he concludes that the high inflation levels of the 1970s will not return in the 1990s, that Germany will increasingly look eastward, and that living standards will not improve until labor markets become less rigid and more open to changes. Professor Ball continues to have high-level meetings with key decisionmakers in Europe and North America to discuss the study's implications.

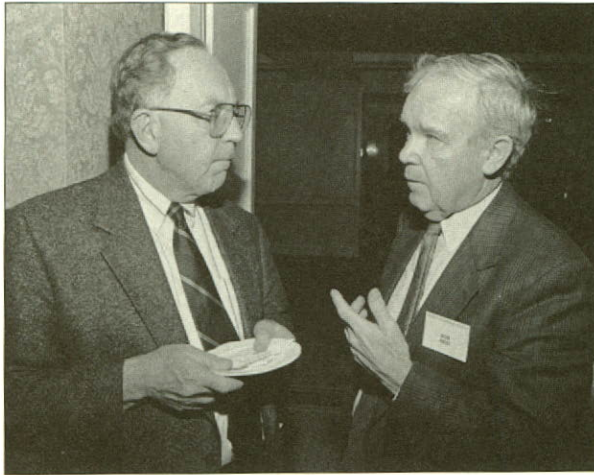
Jobs and Information Technology

A BNAC Working Group has been exploring where jobs will be generated, the quality of those jobs, and the proper training of the labor force in the next decade. In 1995 the BNAC will publish a study by Stephen Barley, Professor, Department of Engineering, Stanford University, that looks at the myths and realities of the new world of work. The study shows that employment in the service sector, which is growing rapidly, often differs from standard perceptions. Many service sector workers who are highly educated and trained will continue to face new and difficult challenges, and the study outlines ways to meet those chal-



(L) Sir Michael Palliser, Vice Chairman, Samuel Montagu & Co. Ltd.; and (R) the Hon. James R. Schlesinger, Senior Adviser, Lehman Brothers Inc.





(L) Edward A. Feigenbaum, Professor, Knowledge Systems Laboratory, Stanford University, and Chief Scientist of the U.S. Air Force; and (R) Sir Bob Reid, Chairman, British Railways Board.

lenges. The shifting relationship between employers and employees is the subject of another BNAC Working Group.

A BNAC Working Group has been examining the impact of information technology (IT) on corporations and workers. In 1995 the Committee will publish a study by BNAC member Edward A. Feigenbaum, Professor, Knowledge Systems Laboratory, Stanford University, and Chief Scientist of the U.S. Air Force, which will show how IT will alter organizations in the next several years. The study will include results of a survey of BNAC business and labor members' use of IT.

As the Committee has done throughout its history, labor and business from the three countries are exploring these issues together, exchanging views and, where possible, reaching consensus.

A Flexible International Forum

To celebrate its 25th anniversary in 1994, the BNAC held a special dinner during its June meeting at the National Gallery of Edinburgh, Scotland. Also at the June meeting, held in Gleneagles, Richard Lambert, Chief Editor of the *Financial Times*, led a session examining the standards and responsibilities of journalists.

At the December meeting in Washington, D.C., Senator Donald W. Riegle, Jr., then Chairman of the Senate Committee on Banking, Housing and Urban Affairs, hosted a dinner for the BNAC at the Russell Senate Caucus Room. Also at the December meeting, the Honorable Frank N. Newman, Deputy Secretary of the U.S. Department of the Treasury, discussed with BNAC members the United States's shifting role in the international economy. Former U.S. Secretary of State Alexander M. Haig, Jr., a BNAC member, explored the changing outlook for North Atlantic relations. The Committee also considered what can be done about financial derivatives with William J. McDonough and Richard C. Breeden. Mr. McDonough, President of the Federal Reserve Bank of New York, is a former Chair of the BNAC Executive Committee; Mr. Breeden, a former Chairman of the U.S. Securities and Exchange Commission and currently Chairman, Financial Services Group, Coopers & Lybrand, is a BNAC member.



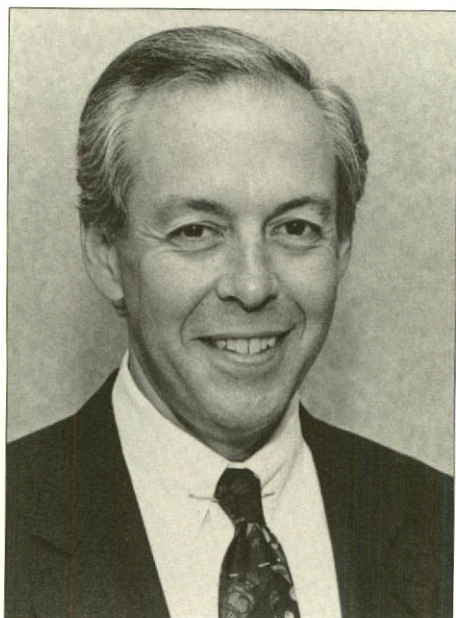
(L) John D. McNeil, Chairman and CEO, Sun Life Assurance Company of Canada; and (R) Sir Simon Hornby, Chairman, Lloyds Abbey Life Plc.

As indicated by the work of the BNAC in 1994, a key strength of the Committee is its members, who are important resources in the formulation of research and meeting agendas. The interplay and input from these distinguished members make the BNAC a flexible international forum for innovative ideas and solutions to major problems.



Committee on Changing International Realities

*Statement by CIR Chair
John J. Simone*



*John J. Simone, Senior Managing Director,
Chemical Bank.*



The Committee on Changing International Realities provides a special opportunity for its members to explore international economic and social issues and to develop a wide range of policy options and strategies in the international arena. The CIR brings together 55 of the nation's top business and labor leaders with experts in international relations and economics, research scholars, and public policymakers. Committee meetings are lively, informal, and off-the-record and help members and their organizations better deal with the challenges and opportunities created by new international economic and foreign policy realities.

Expanded Horizons

The impact of the CIR's deliberations has been significant. Ideas discussed and refined within Committee sessions frequently influence the formulation of better public and private sector policies. For example, several of the new ideas contained in the CIR's study on the North American Free Trade Agreement were incorporated in the final document. Another CIR study on global corporations and nation states has substantially affected the debate on transnational corporations in the 1990s. The Committee also has sponsored some of the first research on the growth of regional trading blocs, protection of intellectual property rights, and the U.S.-German relationship in the post-Cold War era.

Anticipating the Future

One of the hallmarks of the Committee is its ability to anticipate problems before they become major issues. The CIR was one of the first American groups to examine the increasing economic integration in Asia, among the most rapidly growing regions in the world economy. The resultant CIR study emphasized that the United States faces a window of opportunity in which many of the infrastructure and consumer goods demands from East Asia can be met by U.S. exports, thereby benefiting the economy, and American labor in particular.





(L to R) Douglas C. Worth, Vice President, Government Programs, IBM Corporation; Margaret S. Wilson, Chairman and CEO, Scarbroughs; and Herbert Weiner, Consultant, U.S. Department of State.

The Committee has launched a project to assess the dynamics of Asian labor markets and their impact on U.S. business and labor. Although Asia is often presented as a single low-wage labor market, wages have in fact risen significantly in some parts of Asia. The Committee believes that the U.S. government, American corporations, and labor unions will have to deal with the shifting dynamics of Asian labor markets in the decade ahead. Because of the CIR's work in this vital area, it can make a unique contribution to the growing debate.

As part of its 20th anniversary in 1995, the Committee has undertaken a study on the policy directions facing the European Union and Eastern Europe. Directed by NPA Senior Fellow Michael Calingaert, this study will show how American business and labor can manage the changes taking place in Europe. Another CIR study under way for the 20th anniversary examines the benefits and costs

of extending NAFTA to include other Latin American countries.

The recent Uruguay Round reforms of the General Agreement on Tariffs and Trade leaves many questions unanswered in the international trading field. For example, although the new agreement creates a World Trade Organization, how this organization will function is unclear. Through its research and meetings in 1995, the CIR will explore the new requirements of GATT and what needs to be done to make the world trading system both productive and fair.

An Advisory Panel

The CIR serves as a business-labor advisory panel to the National Planning Association on several of its major projects. It is actively involved in NPA's Aid and Development Project and has been studying the shifting relationship between the U.S. and the developing world. The CIR is also serving as an advisory panel to NPA's 60th anniversary



(L to R) C. Mark Dadd, Chief Economist, AT&T; Richard S. Belous, NPA Vice President, Chief Economist, and CIR Director; John J. Simone, Senior Managing Director, Chemical Bank, and CIR Chair; and Matthew D. Shapiro, Senior Economist, Council of Economic Advisors.

Committee meetings are lively, informal, and off-the-record and help members and their organizations better deal with the challenges and opportunities created by new international economic and foreign policy realities.



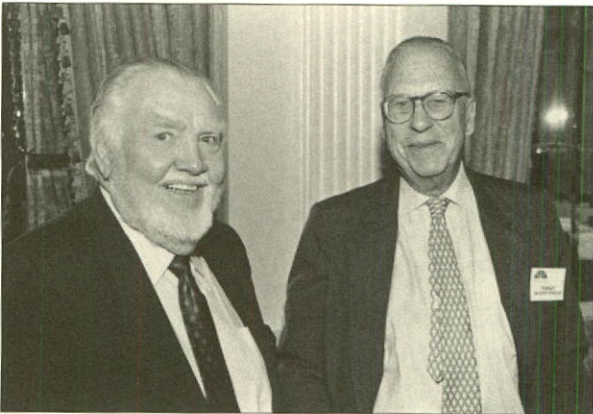
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symposium on "Wealth, Knowledge, Power, and Values: Facing the 21st Century." The CIR's 20th anniversary meeting will be held in conjunction with NPA's anniversary symposium in Washington, D.C., in May.

Public and Private Sector Interaction

The CIR is looking at the critical role the United States plays in the world as the one remaining Superpower. Committee meetings provide a forum where policymakers from the Administration and Congress can share their views and interact with top business, labor, and academic leaders. At recent sessions, Committee members met with Lawrence H. Summers, Undersecretary for International Affairs, U.S. Department of the Treas-

ury; John Stremlau, Deputy Director, Policy Planning Staff, U.S. Department of State; and Matthew D. Shapiro, Senior Economist, Council of Economic Advisors. Clifford G. Gaddy, Senior Fellow of the Brookings Institution, explored the difficult transi-



(L) William C. Doherty, Executive Director, American Institute for Free Labor Development, AFL-CIO; and (R) Thibaut de Saint-Phalle, Chairman, Saint-Phalle International Group.



George Becker, International President, United Steelworkers of America.

tion process in Russia and the other former Soviet republics. Judith Kipper, a Guest Scholar at Brookings, led a session on the economic and political implications of the changes in the Middle East. NPA Senior Fellow Robert H. Johnson examined U.S. conceptions of threat in the post-Cold War period.

As the CIR's research program and meetings in 1994 demonstrate, the Committee continues to address the complex challenges in today's global arena.



Collective Bargaining Forum



he Collective Bargaining Forum, a high-level group of business and labor leaders, completed its second year with NPA in 1994 and is approaching its twelfth year as a collaborative labor-management group. The Forum is committed to increasing the competitiveness of America's business and industry through the collective bargaining process and to helping the United States achieve a rising standard of living for all its citizens.

Although the Forum does not usually make specific recommendations regarding public policy issues being considered by Congress, it has spoken out regarding broad concepts affecting the labor-management relationship. Its two formal publications, *New Directions for Labor Management* and *Labor-Management Commitment: A Compact for Change*, are seminal statements.

The Forum encourages its members to discuss issues they believe important to their institutions and to the nation and to do so in



(L to R) Raymond Chretien, Canadian Ambassador to the United States; Malcolm R. Lovell, Jr., NPA President and CEO; Curtis H. Barnette, Chairman and CEO, Bethlehem Steel Corporation; Paul A. Allaire, Chairman and CEO, Xerox Corporation; Lynn R. Williams, International President (Retired), United Steelworkers of America; John F. Smith, Jr., CEO and President, General Motors Corporation; and Paul O'Neill, Chairman and CEO, ALCOA, at the November 16, 1994, Collective Bargaining Forum dinner honoring Lynn Williams.

confidence unless there is unanimous agreement to publish a statement. The Forum thus helps build greater understanding among its members in a climate of respect and trust.

Forum Members

PAUL A. ALLAIRE
Chairman and
Chief Executive Officer,
Xerox Corporation

MORTON BAHR
President,
Communications Workers
of America, AFL-CIO, CLC

CURTIS H. BARNETTE
Chairman and
Chief Executive Officer,
Bethlehem Steel Corporation

GEORGE BECKER
International President,
United Steelworkers of America

OWEN BIEBER
President,
International Union,
UAW

ELMER CHATAK
President,
Industrial Union Department,
AFL-CIO

KENNETH COSS
President,
URW International

WAYNE GLENN
President,
United Paperworkers
International Union

JERRY JASINOWSKI
President,
National Association
of Manufacturers

JOHN JOYCE
President,
International Union
of Bricklayers and
Allied Craftsmen

DAVID LAWRENCE, M.D.
Chairman and
Chief Executive Officer,
Kaiser Foundation
Health Care Inc.
and Kaiser Foundation
Hospitals

MALCOLM R. LOVELL, JR.
(Moderator)
President and
Chief Executive Officer,
National Planning Association

PAUL O'NEILL
Chairman and
Chief Executive Officer,
ALCOA

RICHARD C. NOTEBAERT
Chairman of the Board
and Chief Executive Officer,
Ameritech Corporation

HOWARD D. SAMUEL
Vice President,
Economic Strategy Institute

IVAN SEIDENBERG
President and
Chief Operating Officer,
and Vice Chairman
of the Board,
Telecommunications Group,
NYNEX Corporation

JACK SHEINKMAN
President,
Amalgamated Clothing and
Textile Workers' Union,
AFL-CIO, CLC

JOHN F. SMITH, JR.
Chief Executive Officer
and President,
General Motors Corporation

JOHN J. SWEENEY
International President,
Service Employees
International Union,
AFL-CIO, CLC

RICHARD L. TRUMKA
International President,
United Mine Workers
of America

Honorary Members

GLENN E. WATTS
President Emeritus,
Communications Workers
of America, AFL-CIO, CLC

LYNN R. WILLIAMS
International President
(Retired),
United Steelworkers
of America



Food and Agriculture Committee

*Statement by FAC Chair
Mark R. Drabenstott*



Mark R. Drabenstott, Vice President and Economist, Federal Reserve Bank of Kansas City.



The Food and Agriculture Committee, established in 1943, is the longest standing of NPA's six policy groups. Beginning its second half-century in 1994, the FAC provides a forum for approximately 55 leaders from all segments of food and agriculture, including production agriculture, agribusiness, food companies, retail marketing, consumer organizations, universities, nonprofit organizations, and the applied professions. The FAC has made significant contributions to the dialogue on the vast changes taking place in agriculture and food markets, as its work in 1994 demonstrates.

The Quiet Revolution

The FAC's major study in early 1994 on *Food and Agricultural Markets: The Quiet Revolution* showed that farmers and food companies are changing the way they do business, greatly widening the gap between a new food system and government rules and institutions designed to support the old one. Published jointly by NPA and the Economic Research Service of the U.S. Department of Agriculture, the study was written by distinguished contributing authors from government, academia, and the food industry. The authors analyze how dramatic new production technologies, improvements in telecommunications and transportation, and fragmenting retail markets are revolutionizing the way America and the world produce, process, and buy food.

Food Safety: Issues and Options

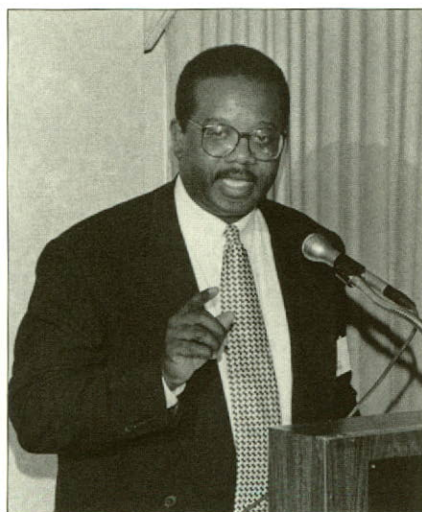
The Spring 1994 FAC meeting, held in Washington, D.C., included discussions on food safety in the coming decade, an issue of growing importance on the national policy agenda. The meeting framed the subject of food safety in its broadest dimension, identifying and describing the principal sources of food safety risks in the United States and exploring policy options. Our understanding of food safety risks and our ability to reduce these risks depend on the state of food safety science. Are existing technologies being fully ex-



The Food and Agriculture Committee, established in 1943, is the longest standing of NPA's six policy groups.

ploited to reduce the risks, and are technologies on the horizon that will improve the effectiveness or the cost of reducing food safety risks? FAC members and speakers explored these questions as well as the overall policy setting within which food safety is being debated, including the Clinton Administration's food safety agenda.

Also under discussion at the FAC's Spring meeting were the substantial structural changes taking place in the production and processing of livestock products. These changes are resulting in increased levels of concentration throughout the industry. The nature and extent of market power stemming from this increased concentration and its impact on major participants in the food system were examined.



Terry Medley, Acting Administrator, Food Safety and Inspection Service, U.S. Department of Agriculture.



(L to R) Morris Potter, Assistant Director, National Center for Infectious Diseases, Centers for Disease Control and Prevention; Mark R. Drabenstott, Vice President and Economist, Federal Reserve Bank of Kansas City, and FAC Chair; Michael Jacobson, Executive Director, Center for Science in the Public Interest; and Michael Taylor, Deputy Commissioner, Food and Drug Administration.

Experts discussing these issues included officials from the Food and Drug Administration, the Food Safety and Inspection Service of the USDA, and the Centers for Disease Control and Prevention. FAC members also heard from leading representatives in business, labor, and consumer organizations, including Quaker Oats Company, Armour Swift-Eckrich, Public Voice for Food and Health Policy, Center for Science in the Public Interest, and the Food and Allied Service Trades Department of the AFL-CIO.

The Food and Agriculture Committee plans to publish a White Paper on food safety in 1995 that synthesizes the presentations made at the Spring meeting. This paper will examine the state of food safety science, describe the known sources of food safety risks, and present the implications for policy. The Committee expects this paper to make a reasoned contribution to the food safety public policy debate taking place in this country.

Diet and Nutrition

The FAC's Fall 1994 meeting, also held in Washington, D.C., examined diet and nutrition. Americans' diets and eating habits have undergone significant changes over the past several decades,





(L to R) Michael Pariza, Director, Food Research Institute, University of Wisconsin (Madison); Catherine Wotecki, Senior Policy Analyst, Office of Science and Technology, Executive Office of the President; Mark R. Drabenstott, Vice President and Chief Economist, Federal Reserve Bank of Kansas City, and FAC Chair; Irwin Rosenberg, Director, Human Nutrition Research Center on Aging, U.S. Department of Agriculture; and George Braley, Associate Administrator, Food and Nutrition Service, USDA.

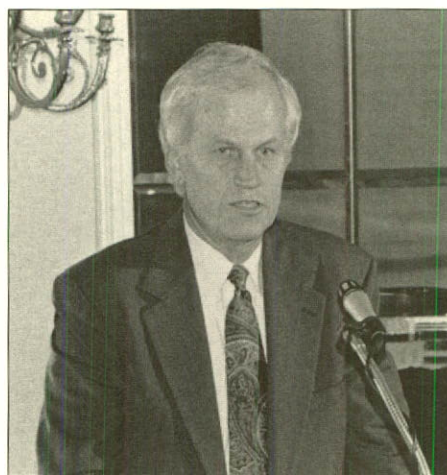
including a trend toward "healthier" diets. The meeting documented these changes, assessed why they have occurred, and explored their implications for the food industry. The meeting also focused on the relationship between diet and health and the impact of diet on national health care costs. Speakers described and evaluated the health consequences of dietary intake from both a nutritional and an economic perspective. Agriculture's stake in nutrition policy and the future of this policy were considered.

Speakers at the meeting included Congressman Charles Stenholm (D-TX); Catherine Wotecki, Senior Policy Analyst, White House Office of Science and Technology; Charles H. Rimmensneider, Staff Director, U.S. Senate Committee

on Agriculture, Nutrition and Forestry; George Braley, Associate Administrator, Food and Nutrition Service, USDA; and a number of other experts in the field of diet and nutrition from government, business, and academe.

Major Changes Likely for Agricultural Policy

Political and economic forces point to a potentially new era for agricultural policy. Because the farm bill will be rewritten in 1995, this will be a year of debate, and substantial changes in policy may be likely given the new political



Congressman Charles Stenholm (D-TX).

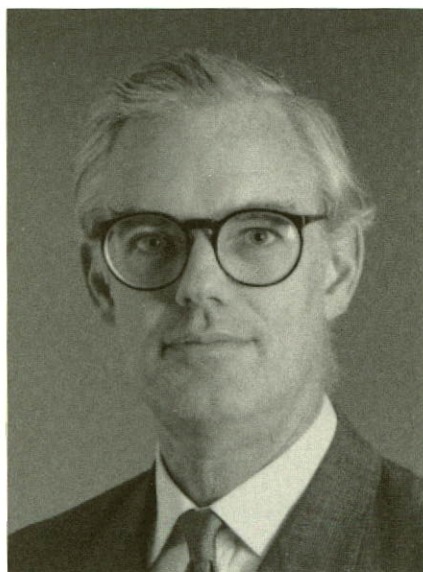
The Committee plans to explore the forces for change in policy, the issues that will be considered in the 1995 farm bill debate, and the implications for the industry of possible new policies.

climate in Washington. Not only is the federal budget under considerable scrutiny, but policymakers are also asking whether agricultural policy is in step with the enormous changes that have taken place in the industry and its markets.

Where is agricultural policy headed? In 1995 the Food and Agriculture Committee will examine what course agricultural policy should take and how it can be guided into the 21st century. The Committee plans to explore the forces for change in policy, the issues that will be considered in the 1995 farm bill debate, and the implications for the industry of possible new policies.

Committee on New American Realities

*Statement by NAR Chair
Alan S. MacDonald*



Alan S. MacDonald, Executive Vice President, Citibank, N.A.



The Committee on New American Realities, comprising approximately 55 leaders from business, labor, and academic organizations, was established in 1981. Its purpose is to promote a more competitive U.S. economy and to consider ways to better use human resources. The NAR's work program concentrates on U.S. macroeconomic strategies, workforce preparedness, and labor-business relations. In 1994 the NAR focused on new economic realities and national well-being, innovations in corporate governance, and the new American workplace.

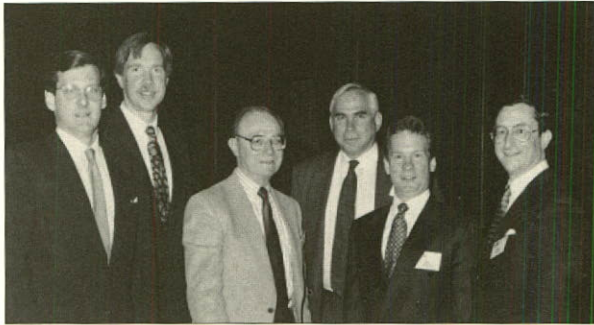
New Economic Realities and National Well-Being

NAR members are concerned that traditional economic policies along with new financial instruments in use by the United States and other countries are significantly less able to control events such as financial crises. Vast changes have occurred in the international economic and financial arenas since the 1970s. These include a move to floating exchange rates, the ability to instantaneously transfer funds and monitor world financial markets, the creation of new financial instruments such as derivatives, and the disappearance of capital controls.

At the NAR's Spring meeting in Pittsburgh, several speakers presented their views on whether effective economic policy instruments still exist to influence the well-being of the nation. Internationally known economist Allan Meltzer, Professor of Political Economy and Public Policy, Carnegie Mellon University, Patrick Lawler, Chief Economist, Senate Banking Committee, and officers from J.P. Morgan & Company Inc., and Bank of America discussed current economic policies and their impact on financial institutions. They examined the sources of financial instability and assessed the need for new government regulations and policies.

At the Fall meeting in Chicago and Oak Brook, Illinois, the Committee heard from noted economist Paul Krugman, Professor of Economics, Stanford University. He challenged the conventional





(L to R) Mark Brickell, Vice President, J.P. Morgan & Company Inc.; Patrick Lawler, Chief Economist, U.S. Senate Committee on Banking, Housing and Urban Affairs; Allan Meltzer, Professor of Political Economy and Public Policy, Carnegie Mellon University; Edward O'Neal, Vice Chairman, Bank of Boston; William Haraf, Senior Vice President for Public Policy, Bank of America; and Denis A. Bovin, Vice Chairman, Bear, Stearns & Company, Inc.

wisdom that an essential goal of American economic policy should be the improvement of U.S. international competitiveness. According to Dr. Krugman, nations should not be locked into win-lose competition. In his provocative analysis, he argued against uncritical acceptance of national competitiveness as a meaningful concept and claimed that it posed serious dangers to the ability to choose policies that would enhance U.S. economic well-being.

In 1994 the NAR began an examination of the trend of growing income inequality in the United States. Committee members studied the causes of this trend and the extent to which income inequality is influenced by factors such as rising imports, the influx of unskilled immigrants, the decline of organized labor as a percentage of the workforce, the impact of new technology, tax policies, and business downsizing and restructuring. Because members believe the problem of U.S. income inequality is so important, they have extended their exploration of this critical development through 1995.

Innovations in Corporate Governance

The issue of corporate governance and employee participation plans was highlighted at both NAR meetings in 1994. The Committee

discussed the restructuring of the relationship between employers and employees that is necessary so that the interests of each side are effectively represented. Common themes as well as broader structural elements tying innovative arrangements together were examined.

NAR members also explored the major changes in governance that are sweeping through a number of airline and steel companies, many of which are reinventing themselves in response to domestic and international competitive pressures. In a watershed transformation, these air carriers and steel companies are negotiating an ownership stake with the unions representing workers at the firms. Leaders from business, labor, finance, and academe discussed this workplace paradigm shift in decision-making from the board room to the shop floor.

The New American Workplace

As part of its mission, the NAR considers ways that businesses and labor organizations can improve the performance of business as well as promote work practices that create better jobs. At its Spring meeting, the Committee heard from Martin Manley, then Assistant Secretary in the Labor Department's Office of the American Workplace, who presented the views of the Clinton Administration on building the new workforce. The Labor Department is developing and promoting advanced



(L) Malcolm R. Lovell, Jr., NPA President and CEO, honors Charles R. Lee, Chairman and CEO, GTE Corporation, for his years of outstanding service as NAR Chair, 1991-94.



workplace practices and publicizing innovative approaches to labor-management relations and union representation.

Related to the NAR's interest in the new workforce is its concern about who is responsible for workforce training, whether that training is undertaken to ensure competitiveness, to assist displaced workers, to educate the workforce of the future, or to better prepare workers for an increasingly turbulent workplace. With the United States engaged in an important policy debate about the contribution of workplace skills to economic performance and competitiveness, the development of human resources has taken on added importance.

The discussion at the NAR's Spring meeting on the responsibility for educating and training the workforce was extended to an examination of workforce training methods at the Fall session. Executives responsible for training from Arthur Andersen & Company, Ford Motor Company, McDonald's Corporation, and Pfizer Inc. described examples of innovative world-class workforce training programs.



The NAR's October 1994 meeting at the headquarters of McDonald's Corporation in Oak Brook, Illinois.



Past and present NAR Chairs and NAR Director (L to R): Charles R. Lee, Chairman and CEO, GTE Corporation; Paul A. Allaire, Chairman and CEO, Xerox Corporation; James A. Auerbach, NPA Vice President and NAR Director; Alan S. MacDonald, Executive Vice President, Citibank, N.A., and current NAR Chair; and Dean P. Phypers, IBM (Retired).

A far-reaching transformation in employment is taking place in the United States that has important implications for employees, employers, and economic performance. This transformation turns not only on the way work is organized inside firms, but also on the nature of the relationship between employer and employee. The NAR has commissioned a major study by the National Center on the Educational Quality of the Workforce to gather systematic data on the changing nature of employment. The study is expected to be published in late 1995 or early 1996.

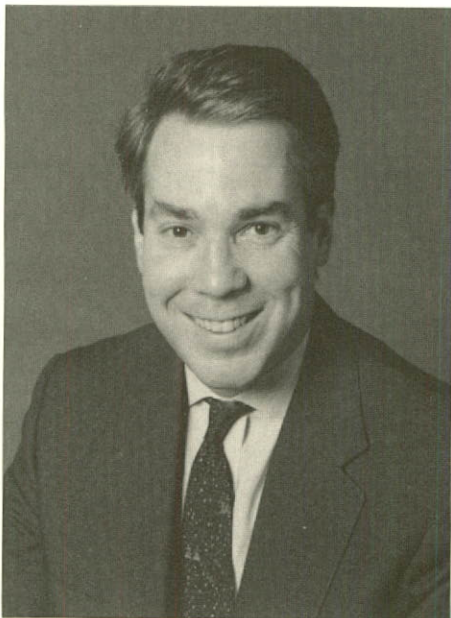
In 1995 the NAR will continue its examination of income distribution. It will also study the information superhighway, school-to-work transition programs, and labor-management innovations.

***In 1994 the NAR focused on new economic realities
and national well-being, innovations in corporate governance,
and the new American workplace.***



North American Committee

*Statement by NAC U.S. Chair
Peter G. Restler*



Peter G. Restler, Partner, CAI Advisors & Co.



The North American Committee, known until 1994 as the Canadian-American Committee, is a private sector network of executives from business, labor, and academia in Mexico, Canada, and the United States. 1994 was a momentous year for the Committee. As the name change indicates, the NAC officially recognized its broadened perspective of the past several years and included leading members of the Mexican private sector. This important development allows the Committee to address issues arising from the increasing economic integration of the North American region. The NAC is pleased that the Instituto Tecnológico Autónomo de México (ITAM), a prominent university in Mexico City, has agreed to become the Mexican secretariat for the Committee, joining NPA and the C.D. Howe Institute.

This has been a year of both achievement and adversity for the three member countries of the North American Free Trade Agreement. As NAFTA came into effect, pulling the countries closer together economically, sectoral trade disputes continued, and political and monetary policy issues influenced the trilateral relationship. Presidential elections in Mexico, congressional elections in the United States, and provincial elections in Canada have shifted the political balance in the three countries. In addition, the quick fall of the Mexican peso and the slow decline of the Canadian and U.S. dollars have implications for all of North America. These events need to be examined in a thoughtful, reasoned way, with a view to the long-term relationship among the three nations. The NAC, like the Canadian-American Committee before it, provides a forum for private sector leaders and public decisionmakers to review such crucial developments.

Focus on Policy

At its 1994 meetings in Washington, D.C., and Toronto, Ontario, the NAC deliberated on important policy issues, especially those of particular concern to business and labor, that were part of the public debate in the three countries. With the





(L to R) Professor Charles F. Doran, Director, Center for Canadian Studies, Paul H. Nitze School of Advanced International Studies, Johns Hopkins University; Richard S. Belous, NPA Vice President and Chief Economist; Alfred P. Bubler, President, Bank of America Canada; and Diane E. McGarry, President, Xerox Canada Ltd.

participation of prominent analysts from Mexico, the United States, and Canada, Committee members considered current political and economic developments in each country. The issues involved in implementing and adjusting to the post-Uruguay Round of the General Agreement on Tariffs and Trade and the newly initiated NAFTA agreements were a major focus of the Committee. Unresolved problems relating to subsidies, antidumping duties, cultural protection, and other trade remedy issues featured prominently on the NAC agenda. Members took full advantage of the opportunity offered by the Committee to hold open, informal discussions with their peers and other experts. Debate on these matters reflected divergent views and philosophies of trade relations between interrelated yet distinct nations drawn together by the logic of geography.

At a time when industrial and production patterns are being transformed throughout the

world, the Committee looked specifically at corporate downsizing in North America, assessing the real benefits and costs from both business and labor perspectives. It also examined engines of economic growth in the region, analyzing sectoral trends and prospects for key North American industries through the rest of the 1990s. Human resource issues were addressed as the Committee assessed the effectiveness of work-sharing programs in the United States and Canada and explored recent trends and controversies over the quantity and quality of immigration.



(L to R) Raymundo Danon, President, Danon and Associates; J. Shan Mullin, Perkins Coie; Peter G. Restler, Partner, CAI Advisors & Co., and NAC Chair; and Ambassador Rufus Yerxa, Deputy U.S. Trade Representative.

The Committee was fortunate to have distinguished speakers at both 1994 meetings. Her Excellency Sandra Fuentes-Berain, Mexican Ambassador to Canada, joined the Committee in Toronto in September, as did the Honorable Roy MacLaren,

As the name change indicates, the North American Committee officially recognized its broadened perspective of the past several years and included leading members of the Mexican private sector.



Canadian Minister for International Trade. At the Washington, D.C., meeting in March, featured speakers were Ambassador Rufus Yerxa, Deputy U.S. Trade Representative, and Thomas Mann and Stephen Hess, prominent scholars of U.S. government.



(L to R) Carlos Rojas, Socio, RZL y Asociados; Sasa Rojas; and Adolfo Autrey, Director General, Casa Autrey.

contribution to a 1987 Canadian-American Committee publication on trade laws in the Canada-U.S. Free Trade Agreement negotiations. The NAC plans to publish the study in English and Spanish for its October 1995 meeting in Mexico City.

Environmental Impact Study

In 1994 the Committee issued a special joint publication with the Brookings Institution on the difficulties of hazardous waste facility siting. This work was undertaken for the Committee by Professor Barry G. Rabe of the University of Michigan. In *Beyond NIMBY: Hazardous Waste Siting in Canada and the United States*, Professor Rabe examines how the current U.S. and Canadian government siting strategies reinforce the "not-in-my-backyard" syndrome in communities chosen as preferred sites for waste facilities. He explores case studies of cooperative siting agreements in certain states and provinces, contrasting the differences between the two countries' siting processes, but also noting the considerable convergence in both the nature of the problem and the NIMBY outcomes. Most important, he offers alternative strategies to follow in shaping a new, more inclusive approach.

Trade Disputes Research Project

ITAM, the C.D. Howe Institute, and NPA are conducting an empirical analysis of trade dispute trends in North America. In addition to statistical analysis done by economists Daniel Schwanen in Canada and Jorge Miranda in Mexico, the project includes an analytical and policy evaluation of countervailing and antidumping legislation in each of the three countries. These country-specific reviews are being undertaken by respected legal experts from Canada, the United States, and Mexico, with a conclusion on implications for public policy by Gary Horlick, a well-known trade expert. Dr. Horlick made an important

New U.S. NAC Director

Another development on the organizational side has affected the NAC this year as well. U.S. Director Jonathan Lemco returned to Canada and has been replaced by S. Dahlia Stein, who comes to the Committee with private sector and government experience from both Canada and the United States.

The North American Committee had an active and eventful year in 1994. It helped to foster and will continue to promote better relations among the three countries and a clearer understanding of the challenges and opportunities within the NAFTA partnership.



(L to R) Lynn R. Williams, International President (Retired), United Steelworkers of America, and Chair of the NPA Executive Committee; Malcolm R. Lovell, Jr., NPA President and CEO; and Thomas Mann, Director of Governmental Affairs, Brookings Institution.



CAPRON & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

JEFFERY P. CAPRON, CPA, JD
SALVATORE M. AMBROSINO, CPA
CARRIE L. HANLON, CPA
RICHARD H. LEE, CPA, JD

Board of Trustees
NATIONAL PLANNING ASSOCIATION
Washington, D.C.

Report of Independent Auditors

We have audited the accompanying balance sheet of National Planning Association as of January 31, 1995 and the related statements of revenue and expenses, changes in fund balance and cash flows for the year then ended. The financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of National Planning Association as of January 31, 1994, were audited by other auditors whose report dated March 7, 1994, expressed an unqualified opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Planning Association as of January 31, 1995, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Bethesda, Maryland
February 24, 1995

Capron & Associates

FINANCIAL STATEMENTS

NATIONAL PLANNING ASSOCIATION BALANCE SHEETS

	1995	January 31, 1994
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents – unrestricted	\$ 364,763	\$ 286,668
Investments	738,433	748,244
Accounts receivable	117,897	104,180
Prepaid expenses	<u>16,201</u>	<u>14,343</u>
TOTAL CURRENT ASSETS	1,237,294	1,153,435
FIXED ASSETS		
Furniture and equipment	180,738	164,264
Leasehold improvements	<u>11,695</u>	<u>11,695</u>
	192,433	175,959
Less accumulated depreciation	<u>124,600</u>	<u>101,890</u>
TOTAL FIXED ASSETS	67,833	74,069
OTHER ASSETS		
Cash – restricted	70,416	67,625
Deposits	<u>11,083</u>	<u>11,083</u>
TOTAL OTHER ASSETS	81,499	78,708
TOTAL ASSETS	<u>\$1,386,626</u>	<u>\$1,306,212</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 15,189	\$ 46,615
Capital lease obligations, current portion	8,096	6,956
Accrued annual leave payable	26,663	18,240
Deferred income	<u>53,966</u>	<u>1,779</u>
TOTAL CURRENT LIABILITIES	103,914	73,590
OTHER LIABILITIES		
Capital lease obligations, net of current portion	10,236	18,332
Deferred rent	<u>18,741</u>	<u>10,553</u>
TOTAL OTHER LIABILITIES	28,977	28,885
TOTAL LIABILITIES	132,891	102,475
FUND BALANCE		
Unrestricted		
General	614,972	556,820
Unrealized loss on investments	<u>(10,945)</u>	<u>-0-</u>
	604,027	556,820
Board Designated Endowment Fund	<u>579,292</u>	<u>579,292</u>
	1,183,319	1,136,112
Restricted – Walter Sterling Surrey Fund	<u>70,416</u>	<u>67,625</u>
TOTAL FUND BALANCE	1,253,735	1,203,737
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,386,626</u>	<u>\$1,306,212</u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL PLANNING ASSOCIATION
STATEMENTS OF REVENUE AND EXPENSES**

	For the year ended January 31, 1995	1994
REVENUE		
Project, committee, and membership contributions	\$1,729,798	\$1,616,776
Meeting fees	77,900	98,406
Investment income	55,682	66,747
Publications	47,456	56,554
Rental income	18,905	20,600
Miscellaneous	19,577	41,890
Royalties	<u>3,812</u>	<u>1,322</u>
 TOTAL REVENUE	 1,953,130	 1,902,295
EXPENSES		
Salaries and benefits	880,948	880,113
Meetings and conferences	310,180	320,929
Printing	149,051	115,290
Office rental	120,061	112,091
Consultants	99,015	118,899
Miscellaneous	45,934	28,955
Travel	64,834	40,685
Postage	47,018	38,906
Authors	5,000	28,750
Depreciation and amortization	22,982	23,969
Telephone	35,271	21,318
Office supplies	24,753	20,707
Legal and accounting	33,881	15,805
Insurance	11,575	9,658
Publications and research materials	8,802	8,946
Dues and conferences	5,409	8,309
Equipment maintenance	7,020	6,912
Mailing services	9,862	6,335
Storage	3,471	2,769
Interest	3,799	4,791
Parking	<u>3,321</u>	<u>3,120</u>
 TOTAL EXPENSES	 <u>1,892,187</u>	 <u>1,817,257</u>
 EXCESS OF REVENUE OVER EXPENSES	 <u>\$ 60,943</u>	 <u>\$ 85,038</u>

The accompanying notes are an integral part of these financial statements.

**NATIONAL PLANNING ASSOCIATION
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JANUARY 31, 1995 and 1994**

	General Fund (Unrestricted)	Board Designated Endowment Fund (Unrestricted)	Walter Sterling Surrey Fund (Restricted)	TOTAL FUND BALANCE
Balance as of January 31, 1993	\$468,290	\$579,292	\$71,117	\$1,118,699
Excess (Deficit) of Revenue Over Expenses	88,530	—0—	(3,492)	85,038
Balance as of January 31, 1994	556,820	579,292	67,625	1,203,737
Excess of Revenue Over Expenses	58,152	—0—	2,791	60,943
Unrealized Loss on Investments	(10,945)	—0—	—0—	(10,945)
Balance as of January 31, 1995	\$604,027	\$579,292	\$70,416	\$1,253,735

The accompanying notes are an integral part of these financial statements.

**NATIONAL PLANNING ASSOCIATION
STATEMENTS OF CASH FLOWS**

	For the year ended January 31, 1995	1994
OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 60,943	\$ 85,038
Adjustments to reconcile excess revenue over expenses to net cash flows provided by operating activities:		
Depreciation and amortization	22,709	23,969
Increase in accounts receivable	(13,717)	(83,498)
(Increase) decrease in prepaid expenses	(1,858)	4,177
Decrease in deposits	—0—	700
Increase (decrease) in accounts payable	(31,426)	37,085
Increase in accrued leave payable	8,423	195
Increase (decrease) in deferred income	52,188	(21,221)
Increase (decrease) in deferred rent	8,188	(12,060)
NET CASH PROVIDED BY OPERATING ACTIVITIES	105,450	34,385
INVESTING ACTIVITIES:		
Repayments on notes receivable	—0—	7,944
Purchase of furniture and equipment	(16,474)	(7,599)
Net (increase) decrease in investments	9,811	(25,173)
Unrealized loss on investments	(10,945)	—0—
(Increase) decrease in restricted cash	(2,791)	3,492
NET CASH USED IN INVESTING ACTIVITIES	(20,399)	(21,336)
FINANCING ACTIVITIES:		
Decrease in capital lease obligations	(6,956)	(6,045)
NET INCREASE IN CASH	78,095	7,004
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	286,668	279,664
CASH AND CASH EQUIVALENTS – END OF YEAR	\$364,763	\$286,668

The accompanying notes are an integral part of these financial statements.

**NATIONAL PLANNING ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS
JANUARY 31, 1995**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Planning Association (the Association) was formed in 1934 as an independent, private, nonprofit, nonpolitical organization to carry on research and policy formulation in the public interest.

Basis of Accounting

The Association maintains its books on the accrual basis of accounting. Revenue is recognized when earned and expenses are realized when incurred.

Cash and Cash Equivalents

The Association considers amounts in checking, savings and money market accounts to be cash and cash equivalents.

Fixed Assets

Fixed assets are recorded at cost, net of accumulated depreciation. Depreciation is calculated on the straight line basis over the estimated useful life of an asset. Equipment acquired under capital lease agreements is amortized using the straight line method over the shorter of the estimated useful life of the asset or the lease term.

Tax Status

The Association is exempt from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code; and has not been classified by the IRS as a private foundation.

NOTE B – WALTER STERLING SURREY FUND

During the year ended January 31, 1991, the Association established the Walter Sterling Surrey Fund on behalf of Mr. Surrey, an eminent international lawyer, statesman and educator who was closely associated with the Association for nearly forty years. The fund is restricted to support research and publication of studies concerned with the promotion of a fair and productive economic system. The Association has designated a certain portion of its cash as restricted for purposes of supporting the Surrey Fund balance. These cash amounts have been invested in a money market account.

NOTE C – ENDOWMENT FUND

The Endowment Fund consists of amounts designated by the Board of Trustees to invest for the production of income to support current operations. The Fund was originally established with the net proceeds from the sale of property at 1606 New Hampshire Avenue, N.W., Washington, D.C.

NOTE D – INVESTMENTS

Investments are carried at the lower of cost or market value and consist primarily of U.S. Treasury Notes, Federal National Mortgage Association Notes, Federal Home Loan Board Notes, and mutual funds. All of these investments are held with the Amalgamated Bank of New York Trust Department.

The cost, market value and unrealized gain (loss) on investments are as follows:

	Cost	Market Value	Unrealized Gain (Loss)
January 31, 1995	<u>\$749,378</u>	<u>\$738,433</u>	<u>\$(10,945)</u>
January 31, 1994	<u>\$748,244</u>	<u>\$775,343</u>	<u>\$ 27,099</u>

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	Year ended January 31,	
	1995	1994
Federal awards (AID):		
Billed	\$ 73,525	\$ 39,008
Unbilled	<u>-0-</u>	<u>21,175</u>
	73,525	60,183
Committee contributions	18,300	9,200
Meeting fees	4,250	20,834
Interest income	13,472	11,183
Employee advances	2,341	289
Miscellaneous	<u>6,009</u>	<u>2,491</u>
TOTAL	<u>\$117,897</u>	<u>\$104,180</u>

NOTE F – DONATED SERVICES

During the years ended January 31, 1995 and 1994 the Association recorded donated services for the AID Project. These services were valued using the number

NATIONAL PLANNING ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS (CONTINUED)
JANUARY 31, 1995

of hours donated at the hourly rates appropriate for equivalent Association employees. Contributions from donated services and donated service expense (included in Consultant expense and Meetings and Conferences expense) were \$15,845 and \$12,729 for the years ended January 31, 1995 and 1994, respectively.

NOTE G – FUNCTIONAL EXPENSES

The following are functional expenses for the Association:

	Year ended January 31, 1995	1994
Program Services	\$1,214,129	\$1,177,589
Support Services		
General and Administrative	580,892	538,759
Fundraising	38,228	58,401
Membership development	<u>58,938</u>	<u>42,508</u>
Total Support Services	<u>678,058</u>	<u>639,668</u>
Total Expenses	<u>\$1,892,187</u>	<u>\$1,817,257</u>

NOTE H – RETIREMENT PLAN

The Association has established a retirement plan for eligible employees who have completed two years of service. Employer contributions under the plan were approximately \$42,500 and \$47,000 in 1995 and 1994, respectively.

NOTE I – LEASES

OPERATING LEASE:

The Association has entered into an agreement to lease office space in Washington, D.C., through December 31, 2003. The lease provides for an annual CPI adjustment, and also contains an abatement of eight months rent. In accordance with generally accepted

accounting principles, rent expense has been recorded on a straight line basis over the lease term.

Future minimum lease payments, by year and in the aggregate, for the years subsequent to the balance sheet date are as follows:

Year ended January 31,	Amount
1996	\$ 120,791
1997	120,791
1998	131,772
1999	120,791
2000	132,578
Thereafter	<u>542,364</u>
Total future lease payments	<u>\$1,169,087</u>

CAPITAL LEASE:

The Association is committed under a lease/purchase agreement, expiring in fiscal year 1998, for photocopying equipment. The agreement constitutes a so-called capital lease; accordingly, the aggregate lease payments discounted at appropriate rates are recorded as a liability and the estimated market value of the related asset is capitalized. Such asset costs are amortized over the life of the asset for a period of five years. The future minimum payments to be made under the capital lease, together with the present value of the net minimum lease payments as of January 31, 1995, are as follows:

Year ended January 31,	Amount
1996	\$10,705
1997	10,705
1998	<u>892</u>
	22,302
Less: Amount representing interest	<u>(7,694)</u>
Present value of net minimum payments	<u>\$14,608</u>

Interest expense for the years ended January 31, 1994 and 1995 was \$4,791 and \$3,799, respectively.

NPA ORGANIZATIONAL SUPPORT

*NPA gratefully acknowledges the following organizations and individuals
for their generous financial support of \$500 or more during 1994.*

Abel, Daft & Early
AFL-CIO
Alexander & Alexander
International Inc.
Aluminum Company of America
Amalgamated Clothing and Textile
Worker's Union, AFL-CIO, CLC
American Cyanamid Company
American Farm Bureau Federation
American Home Products
Corporation
American Institute for Free Labor
Development, AFL-CIO
American Re-Insurance Company
American Retail Group
Ameritech Corporation
AM General
Archer Daniels Midland Company
Arthur Andersen & Company
AT&T Corporation

Bank of America Canada
Bank of Boston
Bank of New York Company, Inc.
Bear, Stearns & Co., Inc.
Bechtel Group, Inc.
Bethlehem Steel Corporation
Bristol-Meyers Squibb Company
Brooklyn Union Gas Company
Brotherhood of Maintenance of
Way Employees
Burlington Northern Inc.

CAI Advisors & Co.
Carnegie Corporation of New York
Carolina Power & Light Company
Caron International, Inc.
Center for Global Communications
Center for Global Partnership
Chase Manhattan Bank, N.A.
Chemical Bank
Chrysler Corporation
Citibank, N.A.
Communications Workers of
America, AFL-CIO, CLC
Connecticut State AFL-CIO

Corning Incorporated
Council for Agricultural Science and
Technology

David & Hagner, P.C.
Dean Foods Company
Debevoise & Plimpton
Deere & Company
Deloitte & Touche
Department for Professional
Employees, AFL-CIO
Dresdner Bank AG
Dresser Industries, Inc.

Edison Control Corporation
Enron Corporation
Equitable Life Assurance Society
Ernst & Young
Exxon Corporation

Farm Credit Banks
Farm Foundation
Federal Express Canada Ltd.
Ford Motor Company
Foster Wheeler International
Corporation
Franklin Health Group Inc.

General Electric Company
General Motors
BF Goodrich
GROWMARK, Inc.
Grumman Corporation
GTE Corporation

Hanson Industries, N.A.
J. Ira and Nicki Harris Foundation
Hathaway International
H.J. Heinz Company
Rolf Henel
Hess Foundation
Honeywell, Inc.
Hopkins & Sutter
C.D. Howe Institute

IBM Corporation
Inco Ltd.
Industrial Union Department,
AFL-CIO
Ingersoll-Rand Company
International Center for Family
Enterprises
International Ladies' Garment
Workers' Union
International Union of Bricklayers &
Allied Craftsmen
International Union of Electronic
Workers
International Union, UAW
Iowa Farm Bureau Federation
Iroquois Pipeline Operating
Company

Kaiser Permanente
Henry and Elaine Kaufman
Foundation
Keilin & Bloom

Lear Seating
Lehman Brothers, Inc.
Lomas Financial Corporation

McCormick & Company, Inc.
McDonald's Corporation
William A. McIntosh
Merck & Company, Inc.
Merrill Lynch & Co., Inc.
Metropolitan Life Insurance
Company
Miles, Inc.
John Miller
Milliman & Robertson, Inc.
Mobil Corporation
J.P. Morgan Investment
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