

Dan Rather Reports

Episode Number: 334

Episode Title: A Few Good Men, A Lot Of Bad Water

Description: A former Marine Corps drill sergeant believes toxic chemicals in the water supply at Camp Lejeune, NC, led to the death of his daughter. Also, Nobel Prize winner economist Paul Krugman. And the new face of the Peace Corps.

TEASE:

JERRY ENSMINGER

I researched her mother's family history, my family history, I found no other child that had ever been diagnosed with leukemia. This was just out of the blue. That nagging question stayed with me throughout her illness, through her death, and all those years after.

PAUL KRUGMAN, PROFESSOR AND WINNER OF NOBEL PRIZE

We were assured that the wizards of Wall Street knew what they were doing. And it's now manifest that they-- they did not know what they were doing. And there are a lot of risks out there and probably some mines that haven't exploded yet.

JIM SCOTT, PEACE COPRS VOLUNTEER

I don't think I would've been ready to do this as a 20 year old or 25 year old. But, I do think we've gotten such a bad rap. And you know what, we're really good folks. And I don't mean me personally. I mean, Americans. And it's time we let people know about that. So, in a way, we're doing that one by one.

DAN RATHER

WE'LL BRING YOU THE NEWS TONIGHT ON DAN RATHER REPORTS.

CAMP LEJEUNE:

RATHER (ON CAMERA)

GOOD EVENING. CAMP LEJEUNE IN JACKSONVILLE, NORTH CAROLINA IS THE PLACE WHERE THOUSANDS OF YOUNG MARINES HAVE TRAINED FOR THE DAY

WHEN THEY WILL SERVE AND PERHAPS SACRIFICE FOR THEIR COUNTRY. BUT WHAT THEY DIDN'T KNOW WAS THAT MANY OF THEM MAY ALSO HAVE BEEN SACRIFICING THEIR HEALTH BY DRINKING AND BATHING IN WHAT TURNED OUT TO BE HIGHLY CONTAMINATED WATER AT CAMP LEJEUNE. SCIENTISTS AND FEDERAL INVESTIGATORS NOW BELIEVE CAMP LEJEUNE MAY BE THE WORST EXAMPLE OF WATER CONTAMINATION THIS COUNTRY HAS EVER SEEN. IT'S ESTIMATED THAT BETWEEN HALF A MILLION TO ONE MILLION MARINES AND THEIR FAMILIES WERE EXPOSED TO HIGH LEVELS OF CHEMICALS OVER A NEARLY 30-YEAR PERIOD. AND WHAT'S MOST SHOCKING IS THAT CAMP LEJEUNE OFFICIALS ALLEGEDLY KNEW THEIR WATER WAS CONTAMINATED, YET IT TOOK THEM YEARS TO TRACK THE SOURCE OF THE CONTAMINATION AND CLOSE DOWN THE WELLS.

RATHER (VOICE OVER)

GETTING TO THE BOTTOM OF WHAT HAPPENED HAS BECOME THIS MAN'S MISSION. JERRY ENSMINGER SPENT 24 YEARS IN THE MARINE CORPS AS A DRILL SERGEANT -- HE TRAINED OVER 2000 NEW RECRUITS.

JERRY ENSMINGER

I instilled in those kids our motto, which is Semper Fidelis, which is Latin for "always faithful." And I also instilled in them our slogan that we take care of our own.

RATHER (VOICE OVER)

BUT ENSMINGER BELIEVES THE MARINE CORPS WAS NOT TAKING CARE OF ITS OWN. IT ALL BEGAN WHEN HE AND HIS PREGNANT WIFE WERE LIVING AT CAMP LEJEUNE IN THE 1970'S. AFTER THEIR DAUGHTER JANEY WAS BORN THEY LIVED A TYPICAL MILITARY LIFE... UNTIL ONE DAY WHEN JANEY WAS SIX YEARS OLD. THAT'S WHEN DOCTORS DIAGNOSED THE DRILL SERGEANT'S DAUGHTER WITH CANCER--LEUKEMIA...AND SHE WAS ABOUT TO FACE YEARS OF PAINFUL TREATMENT.

ENSMINGER

Janey's chemotherapy made her extremely sick. Her treatments turned her into a freak. She be-- gained 30-something pounds when she was on the steroids. She'd lost her hair. The other kids at school picked on her. She'd come home crying, frustrated, depressed. I'd have to take her out in the evenings and walk and try to make sense of this thing. And tell her that these kids don't understand. But it didn't make it any better for her. Janey went through hell. And all of us that loved her, we went through hell with her.

RATHER (VOICE OVER)

FOR TWO YEARS JANEY SUFFERED ROUND AFTER ROUND OF CHEMOTHERAPY, BUT ULTIMATELY LOST HER BATTLE IN 1985. SHE WAS 9 YEARS OLD.

ENSMINGER

The day she died I started to cry. And she looked up at me, and she said, "Stop it." And said, "Stop what?" She said, "Stop crying." I said, "I can't help, honey, I love you." She says, "I know." And she says, "I love you too." That was the last words she said to me.

RATHER (VOICE OVER)

WHILE HIS DAUGHTER WAS DYING, THE MARINE SERGEANT WHO WAS USED TO A WORLD OF ORDER, TRIED TO DO EVERYTHING HE COULD TO OVERCOME HIS FEELING OF HELPLESS.

ENSMINGER

And I researched her mother's family history, my family history, I found no other child that had ever been diagnosed with leukemia. This was just out of the blue. That nagging question stayed with me throughout her illness, through her death, and all those years after.

RATHER (VOICE OVER)

AFTER JANEY'S DEATH, THE DRILL SERGEANT'S LIFE FELL APART. HIS MARRIAGE COLLAPSED. HE WAS PLAGUED BY FACTS THAT JUST DIDN'T ADD UP. THEN ONE NIGHT, 12 YEARS AFTER HIS DAUGHTER'S DEATH, HE HAPPENED TO CATCH A LOCAL NEWSCAST ABOUT WATER CONTAMINATION ON HIS FORMER BASE AT CAMP LEJEUNE.

ENSMINGER

I was coming out of the kitchen with a plate of food to watch the evening news, and the lead story on the news, the reporter said that the Agency for Toxic Substances and Disease Registry had released their public health assessment for Camp Lejeune. And the chemicals that they had found in the drinking water were linked to childhood or possibly linked to childhood cancer. Primarily leukemia. I dropped my plate right there in the living room floor.

RATHER (VOICE OVER)

THAT REPORT SET HIM ON A DECADE LONG SEARCH FOR THE TRUTH.

ACCORDING TO ENSMINGER, IT ALL BEGAN HERE... AT A CAMP LEJEUNE HOUSING COMPLEX CALLED TARAWA TERRACE. THIS WAS WHERE HE WAS LIVING WHEN HIS WIFE WAS PREGNANT WITH JANEY. IT IS ALSO WHERE TESTING UNCOVERED HIGH LEVELS OF TOXIC CHEMICALS IN THE DRINKING WATER.

ENSMINGER

The most highly contaminated well on Tarawa Terrace was Tarawa Terrace's well #26...which is located right over there by that sign right there where it says Tarawa Terrace One.

RATHER (VOICE OVER)

THE WELL HAS LONG SINCE BEEN CLOSED AND LOCKED...THIS YELLOW POST THE ONLY REMAINING SYMBOL OF WHAT WAS. BUT LONG BEFORE IT WAS SEALED, TESTING CONFIRMED A TOXIC CHEMICAL IN THE WATER...A CHEMICAL CALLED PCE...A SUBSTANCE USED IN DRY CLEANING. PCE IN DRINKING WATER HAS BEEN LINKED TO NON-HODGKIN'S LYMPHOMA, BLADDER AND BREAST CANCER AND LEUKEMIA—THE CANCER THAT KILLED JANEY.

ENSMINGER

The highest levels that they found in the terr-- the terrace water system, which is where I lived, was 215 parts per billion.

RATHER

Which is high.

ENSMINGER

Yes, sir. Because the levels that are considered safe now for these chemicals is five parts per billion.

RATHER (VOICE OVER)

THE CONTAMINATION CAME FROM DISCARDED DRY CLEANING CHEMICALS THAT LEAKED THROUGH THE SANDY SOIL INTO THE AQUIFER THAT SUPPLIES THE BASE. THE DRY CLEANER IS JUST A STONES THROW FROM BASE PROPERTY. THE BUSINESS HAS SINCE CHANGED NAMES AND IS UNDER NEW MANAGEMENT. THIS MAP FROM THE BASE SHOWS THE PROXIMITY OF THE CONTAMINATED WELL TO THE HOUSING AREA AT TARAWA TERRACE, WHERE SERGEANT ENSMINGER AND HIS FAMILY LIVED. BUT WHILE THIS CONTAMINATION WAS COMING FROM OFF BASE, THERE WAS OTHER TOXIC DUMPING TAKING PLACE ON THE BASE ITSELF. A BACK AREA OF THE POST KNOWN AS LOT 203 HAD BEEN THE DUMPING GROUND SINCE THE BASE OPENED IN THE 1940'S. EVERYTHING FROM CLEANING SOLVENTS TO DRUMS OF THE NOW-BANNED PESTICIDE DDT WERE DISCARDED HERE. FORMER MARINE, JOE PALIOTTI WORKED FOR 16 YEARS DUMPING TOXINS ON THE LOTS...AS HE ACKNOWLEDGED TO A LOCAL TV STATION.

JOE PALIOTTI, FORMER MARINE

It'll come down there, we used to dump it: DDT, cleaning fluid, batteries, transformers, vehicles anything the surplus the government had. I knew sooner or later something was gonna happen, even after I retired, I says, somebody's gonna pay for it.

RATHER (VOICE OVER)

THIS INTERVIEW WAS TAPED IN 2004, A WEEK BEFORE PALIOTTI DIED OF CANCER...CANCER HE THOUGHT WAS CAUSED BY WORKING AROUND THE TOXINS. JERRY ENSMINGER ALSO SPOKE TO HIM SHORTLY BEFORE HIS DEATH.

ENSMINGER

And he told me they had a truck that had a tank on the back. That they would dump partial containers of solvents, DDT, you name it. When it came into that lot, they didn't want to put this stuff back in through the system. They were told to dump it. Get rid of it.

RATHER (VOICE OVER)

BUT PERHAPS MOST REMARKABLE WAS THAT WHEN THE MILITARY DECIDED TO BUILD ANOTHER WELL AT THE BASE IN THE 1970'S ...THE SITE THEY CHOSE WAS ...AN AREA ADJACENT TO LOT 203, THE DUMPING GROUND. THE WELL SUPPLIED WATER TO A BASE HOUSING COMPLEX CALLED HADNOT POINT. YEARS LATER, WATER TESTING CONFIRMED A SLEW OF CHEMICALS, BUT PRIMARILY A CHEMICAL CALLED TCE...A SOLVENT USED FOR CLEANING METAL PARTS AND A KNOWN CARCINOGEN, IN HIGH CONCENTRATIONS.

ENSMINGER

1,400 parts per billion. Multiple, documented readings.

RATHER (VOICE OVER)

THAT'S ALMOST THREE HUNDRED TIMES THE RECOMMENDED LIMIT. TCE IN DRINKING WATER HAS BEEN LINKED TO BRAIN AND SPINAL DEFECTS, CLEFT LIP AND PALATE AND CHILDHOOD LEUKEMIA. THE AREA AROUND THE DUMPING GROUND IS FENCED OFF WITH A HAZARDOUS WASTE SIGN NOW, BUT LOOK HOW CLOSE THE WELL WAS TO THAT SITE. THE GRASSY AREA HIGHLIGHTED IS WHERE THE WELL WAS DRILLED...JUST YARDS FROM THE CONTAMINATION SITE.

RATHER (ON CAMERA)

BUT LEARNING OF THE CONTAMINATION WASN'T THE BIGGEST SURPRISE OF JERRY ENSMINGER'S INVESTIGATION. ACCORDING TO WHAT HE SAYS HE

FOUND, THE MARINE CORPS KNEW OF THE POISON IN THE WATER AND DIDN'T SHUT DOWN THE WELLS FOR YEARS.

RATHER (VOICE OVER)

ENSMINGER OBTAINED COPIES OF THIS 1980 INTERNAL LAB REPORT THAT WARNED THE WATER WAS "HIGHLY CONTAMINATED." YET, NO ACTION WAS TAKEN TO CLOSE THE WELLS. TWO YEARS LATER THE LAB WAS ASKED TO TEST FOR OTHER CHEMICALS. BUT IT CAME ACROSS TCE AND PCE IN LEVELS THAT ACCORDING TO THIS INTERNAL DOCUMENT, QUOTE "APPEARED TO BE AT HIGH LEVELS AND HENCE MORE IMPORTANT FROM A HEALTH STANDPOINT THAN" THE OTHER CHEMICALS THEY WERE BEING ASKED TO TEST FOR. FOR GOOD MEASURE, THE LAB ADDED, "FOR THESE REASONS WE CALLED THE SITUATION TO THE ATTENTION OF CAMP LEJEUNE PERSONNEL." DESPITE BEING WARNED THAT CAMP LEJEUNE'S WATER WAS CONTAMINATED, THE BASE DID NOT CLOSE ITS CONTAMINATED WELLS UNTIL FIVE YEARS LATER – THE SAME YEAR JANEY DIED.

LT.COL MICHAEL TENCATE, LAWYER – DEFENSE DEPARTMENT

Hindsight's 20/20 ... the chemicals are now regulated. We wish we would have shut them down sooner. Or, or acted more quickly. Absolutely.

RATHER (VOICE OVER)

MARINE LT. COL. MICHAEL TENCATE IS A LAWYER FOR THE DEFENSE DEPARTMENT. HE PROVIDES LEGAL ADVICE ON ENVIRONMENTAL MATTERS TO THE MARINE CORPS. WE ASKED HIM WHY THE WELLS WEREN'T CLOSED FOR FIVE YEARS AFTER TOXINS WERE FOUND IN THE WATER. REMEMBER, THOSE WELLS WERE THE ONLY SOURCE OF DRINKING WATER ON THE BASE.

TENCATE

If I could draw a distinction, the chemicals were first discovered in the early 1980's. It was not until nine-- late 1984-- early 1985 that it was discovered that it was actually in the wells.

RATHER

Well, I want to make sure I understand here. As soon as it was known that the TCEs and PCEs were in the wells at whatever level, it was shut down?

TENCATE

Yes, sir. They were-- the base was-- was trying to determine the source. And as soon they discovered at the source of the chemicals was the well that well was shut down.

RATHER

But they went to try to find out the source because it was determined that chemicals were in the water. As soon as the chemicals were found in the water, why wasn't the well shut down, and then you could find out where it came from?

TENCATE

I think-- I'm drawing the distinction you're asking about. Again, we worked very closely with the regulators in North Carolina. We continued to try and trace those chemicals. Once the source had been found, we shut down the wells. And compliance is a number one priority for us. We're talking about the health and welfare of our Marines, and their families.

RATHER (VOICE OVER)

BUT ENSMINGER UNCOVERED THIS 1985 LETTER TO THE RESIDENTS OF TARAWA TERRACE, WHICH SEEMS TO DOWNPLAY THE SITUATION SIGNIFICANTLY. THE COMMANDING GENERAL DESCRIBES THE CONTAMINATION LEVELS UP TO 43 TIMES HIGHER THAN THE EPA RECOMMENDATION AS MINUTE OR TRACE AMOUNTS.

RATHER

Question, how the commanding general could call levels as high as 43 times higher than the EPA's level could be described as minute trace amounts?

TENCATE

Sir, I-- I can't respond to that. I mean, I wasn't there at the time. And I'm not a health expert. I don't really have the expertise to-- to comment about what is a low level, what is a high level, what is-- what is safe, what is not safe.

RATHER (ON CAMERA)

BUT WE DID CONTACT HEALTH EXPERTS WHO HAVE STUDIED THE EFFECTS OF THESE CHEMICALS...THE MASSACHUSETTS DEPARTMENT OF HEALTH AMONG OTHERS, HAS FOUND AN INCREASED RISK OF CHILDHOOD LEUKEMIA IN A GROUP EXPOSED TO TCE IN UTERUS. MASSACHUSETTS IS A PARTICULARLY RELEVANT STATE. IT WAS IN THE TOWN OF WOBURN THAT HIGH LEVELS OF TCE FOUND IN THE DRINKING WATER WERE ASSOCIATED WITH HIGH CANCER RATES. THAT STORY WAS MADE FAMOUS BY THE BEST SELLING BOOK "A CIVIL ACTION" ...WHICH WAS MADE THEN INTO A HOLLYWOOD MOVIE.

Montage from "A Civil Action" trailer:

MAN

12 deaths over 15 years -- 8 of them children. They think it has something to do with the city's drinking water.

WOMAN

What I wanted was an apology from someone for what they did to my son.

RATHER (ON CAMERA)

WHAT DOES THIS HAVE TO DO WITH THE MARINES AT CAMP LEJEUNE? WELL WHEN THE MOVIE WAS RELEASED IN 1998, THE DIRECTOR OF CAMP LEJEUNE'S TOXIC CLEANUP PROGRAM WROTE IN AN INTERNAL E-MAIL THAT HE WANTED TO DELAY HEALTH QUESTIONNAIRES BEING SENT TO FORMER RESIDENTS OF THE BASE WHO MIGHT HAVE ALSO BEEN AFFECTED BY TCE AND PCE.

RATHER (VOICE OVER)

HE WROTE, "JUST A THOUGHT, WITH THE MOVIE COMING OUT IN DECEMBER, CAN WE DELAY THE QUESTIONNAIRES UNTIL APRIL/MAY TIME FRAME?" AND A FOLLOW UP EMAIL THEN STATES, "P.S. IT APPEARS WE HAVE TO PUT OFF THE QUESTIONNAIRES BEING MAILED UNTIL AT LEAST FEB 99."

RATHER

Anybody who knows the Marines knows that part of their code is "Leave no Marine behind." In this case, have Marines been left behind?

TENCATE

Sir, we don't want that to happen. That's why we want to find every former resident, and make sure that they have the most current information about this issue.

RATHER (VOICE OVER)

THE MARINE CORPS TODAY SAYS IT'S ACTIVELY REACHING OUT TO FORMER BASE RESIDENTS.

TENCATE

We're reaching out with-- internal publications. You know, Marine Corps specific publications. Veterans specific publications. And as we cast the net wider-- local newspaper, local radio spots, national newspaper.

RATHER (VOICE OVER)

TENCATE SAYS THE MARINE CORPS HAS BEEN VINDICATED BY SEVERAL STUDIES.

TENCATE

There have been five major investigations into this. One of which was conducted by the Marine Corps itself, directed by the Commandant. The Department of Justice, the U.S. Attorneys Office in North Carolina, the EPA's CID, Criminal Investigative Division, and-- the Government Oversight, GAO. They also investigated us as well into those very allegations. And they were found to be unfounded.

RATHER (VOICE OVER)

BUT SOME SCIENTISTS AND INVESTIGATORS WE TALKED TO SAY THEY THINK THESE REPORTS WERE BIASED, FLAWED AND INACCURATE. AND NOW THE DEFENSE DEPARTMENT IS HAVING TO ANSWER TO CONGRESS.

CONGRESSMAN DINGELL

Heavy exposure to TCE or PCE is not a nice thing. And the consequences are very, very serious in terms of health consequences.

RATHER (VOICE OVER)

MICHIGAN'S JOHN DINGELL, CHAIRMAN OF THE POWERFUL HOUSE ENERGY AND COMMERCE COMMITTEE, IS LEADING A CONGRESSIONAL INVESTIGATION INTO WHAT HAPPENED AT CAMP LEJEUNE. THE REPORT HAS NOT YET BEEN RELEASED, BUT THERE'S LITTLE DOUBT HOW DINGELL FEELS.

DINGELL

There was bad treatment of our military. There was disar-- dishonor and disregard for responsibilities of the leaders. There was disregard for the well-being of the military personnel. There was, quite frankly, something which smacked of cover-up and serious misbehavior on the part of leadership. Quite honestly it was an outrage.

RATHER

And the Department of Defense now says it's trying contact all residents who might've been affected by this contamination. You're an expert in this. Do you think they-- their efforts have been enough?

DINGELL

Remember, Camp Lejeune is a-- is a major military base. It's really one of the home bases of the Marines. So, the Marines have been flowing through there with their families and dependents by the thousands and now the question is, how many of them have they communicated with? I've gotta say, pretty doubtful that they've communicated with them all.

RATHER

When you think about what the Department of Defense did and did not do, and what the ranking people, both military and civilian at Camp Lejeune did and did not do, how they've handled this overall situation, what bothers you the most?

ENSMINGER

Their absolute refusal to step up to the plate and accept some kind of responsibility.

RATHER (VOICE OVER)

IN AN EFFORT TO FORCE THE DEFENSE DEPARTMENT TO TAKE RESPONSIBILITY FOR THE WATER CONTAMINATION, ENSMINGER, ALONG WITH OVER A THOUSAND FORMER CAMP LEJEUNE RESIDENTS, HAS FILED A CLAIM AGAINST THE DEPARTMENT OF DEFENSE. HE FEELS IT'S THE ONLY WAY THEY WILL BE HELD ACCOUNTABLE FOR WHAT HAPPENED TO JANEY.

ENSMINGER

I had a person from headquarters Marine Corps tell me in a phone conversation last year that I acted like I was filled with pent up anger. I said, "You have your child diagnosed with cancer." I said, "And you go into the treatment room every time that ki-- child has a procedure done. And you hold that child while they perform that procedure. And that child's screaming in your ear, 'Daddy, daddy, help me. Please don't let 'em hurt me.' And the only response that I could say back to the child was, "Janey the only reason that they're hurting you is because they're trying to help you." And-- and my-- my response to that person that made that accusation to me over the phone was, "No. You people haven't filled me with pent up anger. You have filled me with a terrible resolve, to expose your misconduct, your arrogance and your incompetence." And I said, "I pray to God I will-- I swear to God I will. And I will."

RATHER (ON CAMERA)

AND FINALLY THESE TWO NOTES. MORE THAN FOUR BILLION DOLLARS IN CLAIMS HAVE BEEN FILED AGAINST THE DEFENSE DEPARTMENT BY FORMER RESIDENTS OF THE BASE. THE OUTCOME OF THE CLAIMS IS AWAITING A REPORT FROM THE AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY. THAT AGENCY HAS CONTACTED MORE THAN 12-THOUSAND CHILDREN OF

MOTHERS WHO WERE PREGNANT WHILE ON BASE DURING THE YEARS OF WATER CONTAMINATION. THEY FOUND A NUMBER OF ILLNESSES, INCLUDING CHILDHOOD LEUKEMIA AT ALMOST DOUBLE THE RATE FOUND AMONG CHILDREN IN THE GENERAL POPULATION. BUT THE AGENCY HAS YET TO DETERMINE IF THE INCREASED RATES ARE DUE TO TOXINS IN THE WATER. THE AGENCY SAYS THAT THE REPORT HAS BEEN DELAYED DUE TO THE COMPLEXITY OF THE CONTAMINATION, AS WELL AS THE DIFFICULTY THEY'VE HAD GETTING ACCURATE INFORMATION FROM THE DEFENSE DEPARTMENT. THE EPA HAS SPENT THE LAST 19 YEARS CLEANING CONTAMINATED SOIL AND WATER AT 46 SITES WITHIN CAMP LEJEUNE AND DOES NOT EXPECT TO FINISH UNTIL SOME POINT BETWEEN 2020 AND 2050. AS FOR THE MORE THAN 56,000 MARINES AND FAMILY MEMBERS CURRENTLY LIVING AT CAMP LEJEUNE, THEIR WATER IS NOW BEING TESTED REGULARLY AND MEETS EPA STANDARDS.

KRUGMAN:

RATHER (ON CAMERA)

WELCOME BACK TO THE PROGRAM. WE'VE BEEN MAKING A SPECIAL EFFORT ON THIS BROADCAST IN RECENT WEEKS TO BRING YOU AS MUCH INFORMATION AS POSSIBLE ABOUT CONCERN NUMBER ONE IN THIS COUNTRY, THE ECONOMY. IT'S A SUBJECT THAT IS DEEP AND COMPLICATED. BUT IT AFFECTS OR WILL AFFECT EVERY AMERICAN. WE'RE FORTUNATE TONIGHT TO HAVE ONE OF THE BEST EXPLAINERS OF ECONOMICS AROUND TO SHARE HIS THOUGHTS. HE'S PROFESSOR KRUGMAN OF PRINCETON UNIVERSITY. HE'S ALSO A COLUMNIST FOR THE NEW YORK TIMES. BUT ONE OF THE BIG HEADLINES IN HIS LIFE JUST OCCURRED. PROFESSOR KRUGMAN HAS BEEN AWARDED THE NOBEL PRIZE IN ECONOMICS. CONGRATULATIONS, PROFESSOR. AND WELCOME TO THE PROGRAM.

PAUL KRUGMAN, PROFESSOR AND WINNER OF NOBEL PRIZE

Thank you and—

RATHER

Thank you for being here. What is the essence of the current story of economics in the United States and, for that matter, the globe?

KRUGMAN

You wanna think of it as being like the great banking crises of history. I mean, this is something-- there are family resemblances between what's happening now and what happened in the early 1930s. Big losses on some investments. Not a stock market bust this time but a housing bust-- leading to a sort of loss of trust, loss of confidence in the financial system. The

only thing that's different now is that banks, traditional banks, big marble buildings that take deposits, have been fairly well regulated, have got a fairly good safety net. But it's other stuff, other institutions that in effect, do the jobs of banks but aren't called banks that aren't subject to the old regulations are the ones that are in big trouble. And it's propagating. It's-- it's like 1931.

RATHER

When you say "other institutions," you're talking about Wall Street investment firms, financial sector--

KRUGMAN

Right.

RATHER

--institutions?

KRUGMAN

Investment banks-- loan originators-- complicated things, auction rate securities. But all of these things that promised one set of people that they had ready access to their money, while at the same time, investing in other stuff that was supposed to be safe but has turned out not to be.

RATHER

Are we in a recession now, in your judgment? Have we been in one for a while? Or, as most of the so-called experts seem to put it, we're on the brink of a recession?

KRUGMAN

Well, I guess it depends on what you mean by the word "recession." But look, employment's been declining since the beginning of 2008. Unemployment rate has shot up from around four and a half to over six percent. Industrial production is way down. That, if it's not a recession, it's the moral equivalent of a recession. It feels-- it-- it's a terrible economy for people trying to get a job. A lot of people losing their jobs. It's tough times.

RATHER

And you said 1931. What are the chances that that will turn out to be an overstatement? Well, it's bad. We're in a recession, maybe a deep and lengthy recession but not like the 1930s.

KRUGMAN

Left to itself this financial crisis would be an equivalent we would be talking about Great Depression level collapse. Now, we have two great differences between now and 1931. One is that we think we understand the economy a little bit better than Herbert Hoover did. The other is that we know that 1931 happened. The biggest reason to think we won't have another Great Depression is that people remember that there was a Great Depression and are taking actions in an attempt to head that off. But the underlying crisis is deep and broad. This is-- this is the real thing.

RATHER

And how long does this last?

KRUGMAN

The last recession, although officially it ended after eight months, it really was two and a half years before the job market started to improve. There's no reason to think that this is gonna be any shorter. The housing bust, you know, there's a huge amount of adjustment to go on in housing. It's not quite s-- clear where the forces for strong recovery come from. So we could easily be looking at three years more of a depressed economy.

RATHER

For people at home what are we to do? What-- some practical advice or if your students come to you and say, listen, you've just won the Mo-- Nobel Prize for Economics. You must know what-- what to do.

KRUGMAN

Right.

RATHER

What to do?

KRUGMAN

Well, I mean, we're talking about individuals? We're talking about—

RATHER

Yes.

KRUGMAN

I mean, I-- I'm being very cautious, personally. I'm-- I'm not in the stock market at the moment. I'm-- I bought some muni bonds, mostly 'cause I think that in the end Washington will come to the rescue of the states and local governments. But, you know, take-- be careful. These are-- we-- we were assured that the wizards of Wall Street knew what they were doing. And it's now manifest that they-- they did not know what they were doing. And there are a lot of risks out there and probably some mines that haven't exploded yet.

RATHER

The bailout. Or if you prefer the word, the rescue. I've noticed by the way it's changed from a bailout to a rescue.

KRUGMAN

Yeah, I'm a bailout guy personally.

RATHER

All right. The bailout--what's in it for the taxpayers? What's in it for you, me, and other Americans?

KRUGMAN

Well, the-- consider the alternative. Basically what we're doing now is as-- as it now stands what's happening is that the U.S. government is buying a stake in the banks. And it's-- it's-- in-- in that way, it's providing them cash and then it's taking a share in the upside if and when things recover. So putting cash into the financial system is something we have to do. I don't like it. I don't like the idea that-- in some ways we're taking some of the people responsible for this mess and putting them-- taking them off the hook. But, you know, you don't play games with financial collapse.

RATHER

You mentioned some of the same people who created this or at least helped to create it are-- are now getting the benefit of the, quote, "bailout."

KRUGMAN

Yeah.

RATHER

There's a lot of public anger about that.

KRUGMAN

And-- and-- and rightly so. And, look-- if you compare tale of two countries. In Britain-- they-- which actually set the model for the bailout we're now doing. We're actually following the lead of the British government. The British government is putting in quite strict restrictions on executive pay-- putting on, you know, the conditions for the bailout are designed as much as possible to prevent the-- the guilty parties from-- from benefiting from the whole thing. The United States much less so. So I-- you know, it-- they-- I-- I would like to see a more aggressive saying, "Hey, you know, we're coming to the rescue here. Quid pro quo is that we're not gonna let, you know, the-- the-- the executives who profited when things look good-- get away scot free." But-- you know, that-- that's a different question. We don't wanna scrap the whole thing because of the injustice of it.

RATHER

Correct me if I'm wrong, you favor-- stricter regulation, maybe quite a bit stricter—

KRUGMAN

Yes.

RATHER

--regulation. And-- oversight on Wall Street. But doesn't that or does it just run counter to what Wall Street is? Wall Street's in markets, you don't want regulation.

KRUGMAN

Well, you know, we-- 75 years ago somebody would have said, well, banks, you know, banks are the private sector. They should be left to themselves. But it turned out that banking crisis practically destroyed the world as we knew it. So strict regulation of banks-- strict oversight of banks was put into place. And, you know, the world worked pretty well for the next half century. That-- that was not a problem. Now it turns out that we have institutions that are as every bit as-- capable of wreaking havoc as banks that turn out we have to rescue them the way we rescued banks in the 1930s. So they ought to be regulated like banks. It's-- there's noth-- there's no natural law that says that financial markets have to be left-- as, you know, have to have Wild West codes of-- of behavior. We-- we can do this. And-- and we did it before. And I'm just saying we should do for this expanded banking system what we did for the old banking system when FDR was President.

RATHER

And to those who say, "Ah, but that's socialism. We believe in capitalism. Capitalism has its ups and downs. But, on the whole or in the main, it works a whole lot better than the government trying to run institutions such as banks," you say what?

KRUGMAN

Well, you know, After World War II, under this regulated banking system, relatively high taxes, we had the greatest generation of economic growth in American history. You know, call it whatever you-- you know, if you wanna call it socialism, I-- what's in a name? The fact of the matter is-- a market system with oversight, with some regulation-- is something that has historically worked pretty well and a whole lot better than this-- again, I say Wild West system that we've been running on for the last-- couple decades.

RATHER

In brief, what's happened to us? How did we get here?

KRUGMAN

It's a bunch of things, right? But we-- look, ideologically-- there was a push towards this "the market is always right; the government is always wrong." That push was possible largely I think because the memory of the Great Depression had faded. The '30s receded to the past. Began to seem like all the things that happened then were-- were old wives' tales, myths. It's not so much that we stripped away the safeguards we had in our system as the-- the world got more complicated and the safeguards were not updated to keep track of that. And so we were vulnerable to this awesome crisis.

RATHER

So the housing bust led to a banking bust. Any other busts out there near the horizon that we ought to be on the lookout for?

KRUGMAN

Well, yeah. There are several sectors that are not-- that are also have got lots of debt-- that might be problematic. It's mainly 'cause the economy itself is now slide-- the real economy, the economy of jobs and-- and-- and wages-- and profits is-- is-- is now in a steep slide. So then we worry about consumer debt. Worry about credit cards. There's rapidly rise in defaults in credit cards. Worry about corporate-- debt. Corporate bankruptcies are gonna go up. It's starting to happen. And all of that gives you the possibility of another round of stuff. I mean, I sometimes have this image in my mind, this is not reassuring, of, you know, when-- when a building is hit in an earthquake. Some of the top floors collapse. You say, oh, well, that's okay. But then they bring down another floor. And that brings down another floor. And that-- the building pancakes. And-- and I'm a little worried about this could happen to the-- to our system. And, in fact, you know, as-- as the housing market-- imploded and as home equity loans dried up, a lot of people turned to credit cards to keep on being able to pay their bills. So there's probably a lot of bad credit card debts accumulated relatively recently in the last couple of years which is gonna turn to a problem. So it's not as big. You know, nothing-- housing before the bust was \$20

trillion of-- of-- of wealth, which has probably now been shrunk by seven or eight billion-- trillion. And even I can't get this right. And-- and the other things are not nearly that big. But it can feed on itself.

RATHER

Well, let's talk about the presidential campaign.

RATHER

How have Senator John McCain and Senator Barack Obama handled the economic crisis, what they've said about it?

KRUGMAN

Well-- Senator McCain, you know, is fundamentally a-- free market guy, a deregulation guy. His best friend, his chief economic advisor until he said something about us being a nation of whiners was-- was Phil Graham, who was—

KRUGMAN

Mr. De-- Deregulation.

RATHER

Former Senator Phil Graham.

KRUGMAN

That's right. And-- he really has-- he's tried to reinvent himself as, "Oh, well, I'm against greed." But, you know, that's not where he's been historically. And even when he tries to talk about it, he tries to place the blame on the government. Talks about Fannie and Freddie, which were certainly behaved badly but are not, by any reasonable analysis at the core of this crisis. But in McCain's vision, that's what it's about. Obama is basically a pro-regulation guy. He was actually pro-banking regulation, before that became sort of the consensus. He has not taken a leadership role on responding to the crisis, which maybe wish he were more-- doing more of that. But, on the other hand, that is very difficult for-- an individual presidential candidate to do. And he's, you know, he's making sense. And he's talking to people who-- who make sense. So-- clearly, you know, the-- the polls have moved strongly in Obama's direction since the crisis hit. And that makes sense. If you were asking which of these guys seems to be on top of it, clearly Obama's looking more like he is.

RATHER

But fair to say you've been an Obama backer and supporter from almost the beginning?

KRUGMAN

Well, I'm a New York Times columnist, which means I can't do endorsements. And in principle you don't know which party I-- I prefer and all of that. And I had some-- actually, I had some skepticism about Obama during the primary fights-- because I-- I actually basically considered him a little too conservative on economics for my taste and also too unwilling to sort of make the case that progressive economic policies are better than conservative. It was a lot of this sort of both sides have been in error and I'm going to reconcile it. But lately-- he's running as exactly the kind of candidate that I thought a Democrat should be. He's saying, "We're right. They're wrong. Markets need regulation. Look at the track record of the Clinton administration. Compare with that with the Bush re-- administration." So at this point, I certainly don't have any complaints about-- about the Obama campaign. And as for what he will do if he's-- if he is elected and-- and-- well, you know, we'll-- we'll see. But-- but there are a lot of smart people around him.

RATHER

A lot of smart people around him, like whom?

KRUGMAN

he's talking to Robert Rupin, Larry Summers—

RATHER

And these are former Treasury secretaries—

KRUGMAN

Former Treasury secretaries who are, you know, very, very Clinton-associated people who are very good. And they didn't get everything right in this crisis, but they-- they're very good. A lot of speculation, I have no idea, no inside sources that Tim Geitner, who's the president of the New York-- and-- and necessarily non-partisan right now, might be the next Treasury Secretary. And I-- Geitner is a-- has been really good. And he's been calling more of the shots right in this crisis than anybody else in responsible positions.

RATHER

But if Senator McCain were to win, name me some people he might be likely to bring into his administration in Treasury and other key spots?

KRUGMAN

Well, I mean, his-- his chief economics person right now is Douglas Holtz Eekan, former Congressional Budget Office director. And Holtz Eekan is-- is a smart guy-- But, you know, I-- I have every reason to think that Sena-- former Senator Phil Graham would be very much in the running for Treasury Secretary, which is a terrifying thought.

RATHER

Terrifying thought, why?

KRUGMAN

Because he's been utterly wrong about this and is-- has-- you know, he's-- he's-- he's Mr. Deregulation. If-- if I were to name the two people most responsible for this crisis it would be, first, Alan Greenspan and then, in fairly distant second place, Phil Graham. So that's not good.

RATHER

Well, you mentioned Alan Greenspan. What was wrong with Alan Greenspan's term? He served in both the Democratic and Republican Presidents.

KRUGMAN

Well, he presided during the '90s over an era of great prosperity and was given a lot of the credit for that and deserves a little bit of that credit because he at least was willing to say, you know, "I'm not gonna raise interest rates to choke off inflation until I actually see some inflation," which was a very good move it turned out 'cause the economy proved to be much more capable of growth than-- than most people imagined. But he really two-- two main things in terms of monetary management. One was that he-- the housing bubble was staring him in the face, and he refused to acknowledge it. Said, "Oh, maybe there's a little froth in the markets, but I don't see a bubble." And-- and he was repeatedly warned about the dangers of subprime lending. People were warned that this was spinning out of control and stood very strongly against doing anything about it. So we might have had some regulations, some efforts to curb the craziness-- if it were not that Alan Greenspan said to trust the markets, trust these-- these-- trust these-- financial derivatives. They're a great thing. They-- they eliminated a lot risk.

RATHER

Let's play a game for a moment. A new President is in, whether it be Senator McCain or Senator Obama, call you in, congratulations-- on your Nobel Prize. What is the first thing you think I, as President, should do, professor?

KRUGMAN

The first thing you do is rescue the-- now rescue the real economy. We need-- expand unemployment benefits to help the unemployed and also to pump money into the economy. We

need infrastructure projects. Second thing to do is healthcare reform and actually do them concurrently-- 'cause that's the longer term thing is that's the most important thing to do.

RATHER

Where's the money for that gonna come? You say pour money into infrastructure. Take care of the healthcare problem. These are very expensive things.

KRUGMAN

Well, they are. But it's a one-time expense. It's not an ongoing-- thing. And look when you're in those kinds of circumstance, when you have a really depressed economy, you need-- you have to throw some of your fiscal caution to the winds and borrow and spend. I mean, the-- the Great Depression was finally ended by a-- giant-- debt finance public works program otherwise known as World War II. And-- you know, it-- it would be nice to say it was done through a deliberate effort. But we desp-- we do need that. There-- there are times when you wanna give-- a fiscal when you wanna say, "Look, we've really gotta get this deficit under control." This is not one of those times.

RATHER

What's the single-most important thing for people to know right now about the economy? And I'm talking about people who work every day, hope they can continue to keep their jobs, the kind of people who really form the spine of the country.

KRUGMAN

I think the answer is-- play it safe, you know? Saving is good. A good set of-- savings at least a good fraction of them held in a place that is actually safe, like an insured bank deposit-- is-- is good. You know, we-- we talked a lot about-- Americans as investors, as-- Americans as, you know, risk taking is a good thing. But we kind of forgot that, you know-- that's fine up to a point. But you really do wanna make sure that you have an ability to cope if the worst happens because sometimes it does. At some level there's only so much an individual can do, right? We-- this is why we need good government because what we need, above all, individuals should do what they can. But what we need above all is a leadership that takes us out of this mess.

RATHER

Professor Krugman, thank you.

KRUGMAN

Thank you.

RATHER

Congratulations again on the Nobel.

KRUGMAN

Thank you so much.

RATHER (ON CAMERA)

AND WHEN WE RETURN, IN SERVICE TO AMERICA, THE PEACE CORPS IS TAKING A WHOLE NEW LOOK. WE'LL EXPLAIN FROM THE CARIBBEAN IN HIGH DEFINITION NEXT.

PEACE CORPS 50+:

RATHER (ON CAMERA)

FOR OUR NEXT REPORT WE TAKE YOU TO THE TINY ISLAND NATION OF JAMAICA TO TAKE A LOOK AT AN ORGANIZATION THAT'S IN THE PROCESS OF REDEFINING ITSELF - THE PEACE CORPS. OVER THE PAST HALF CENTURY THE CORPS HAS GROWN UP. BUT THE GOAL HAS REMAINED THE SAME: TO SERVE OTHERS. BOTH SENATOR JOHN MCCAIN AND SENATOR BARACK OBAMA HAVE CALLED FOR INCREASING THE NUMBER OF PEACE CORPS VOLUNTEERS THE U.S. IS SENDING ABROAD. BUT WHERE WILL THESE NEW VOLUNTEERS COME FROM? THE PEACE CORPS HAS AN IDEA.

RATHER (VOICE OVER)

DOWN 50 MILES OF BUMPY, WINDING ROADS FROM MONTEGO BAY, FAR FROM THE RESORTS AND TOURISTS IS THE BOISTEROUS AND BUSTLING TOWN OF BLACK RIVER. BUT ANOTHER 5 MILES OUTSIDE OF THERE LIES THE QUIET, BEACHSIDE FISHERMAN'S VILLAGE OF PAROTTEE. IT'S A PART OF JAMAICA THE TOURISTS DON'T SEE. HERE THE UNEMPLOYMENT RATE IS HIGH AND THE LITERACY RATE IS LOW. IT'S A PLACE THE COUNTRY OF JAMAICA SAID IT NEEDED HELP FROM THE PEACE CORPS. SO THE PEACE CORPS SENT SOMEONE WITH A LIFETIME OF EXPERIENCE IN CARING FOR OTHERS. SHE DOESN'T LOOK LIKE YOUR TYPICAL PEACE CORPS VOLUNTEER - DOROTHY MILLER IS A RETIRED NURSE PRACTITIONER AND SIXTY-FIVE YEAR OLD GRANDMOTHER OF SIX.

DOROTHY MILLER, PEACE CORPS VOLUNTEER

In many ways I'm just like most grandmas. Because I love to do cookies, and-- but most of the time I forget. I just forget all about how old I am.

RATHER (VOICE OVER)

JOINING THE PEACE CORPS ISN'T WHAT MOST GRANDMOTHERS WOULD DO IN THEIR RETIREMENT. THAT'S SOMETHING USUALLY RESERVED FOR SHAGGY HAIRED, RECENT COLLEGE GRADS SEEKING ADVENTURE. DOROTHY SPENDS HER DAY PLANNING AND BUILDING NEW COMMUNITY SPACES, LIKE PARKS AND TEACHING COMPUTERS TO NEIGHBORHOOD KIDS.

MILLER

So we're going to change the font so that the typing looks different. Click on that and it will give us choices...

RATHER (VOICE OVER)

SHE IS ONE OF HUNDREDS OF VOLUNTEERS OVER THE AGE OF 50 NOW SERVING ABROAD, PART OF THE PEACE CORPS NEW 50 PLUS INITIATIVE.

MILLER

I had been dreaming about joining the Peace Corps since JFK created the Peace Corps in the '60's. At that time I had two small children, and it was impossible.

RATHER (VOICE OVER)

WHEN JOHN KENNEDY FORMED THE PEACE CORPS IN 1961, THE UNITED STATES WAS EMBROILED IN A GLOBAL WAR OF IDEAS WITH THE OLD SOVIET UNION. THE PEACE CORPS WAS A WAY TO SHOW DEVELOPING NATIONS THAT AMERICANS WANTED TO HELP WITH EDUCATION, HEALTH CARE AND COMMUNITY DEVELOPMENT. ALMOST HALF-A-CENTURY LATER THERE IS A NEW PUSH TO GET THAT SAME GENERATION WHO HEARD THAT ORIGINAL-CALL-TO-SERVE. IN THE 60S THEY WERE THE NATION'S YOUNG IDEALISTS, TODAY THEY'RE THE COUNTRY'S RETIRING BABY BOOMERS.

MILLER

Over the years, I always thought someday I was going to join the Peace Corps. And for me it was one of those things that-- you put on a list. I heard a couple of Jamaican women talking recently, and -- one said to the other, "Well, have you made the bucket list yet?" And she said "Bucket List? No. What are you talking about?" And she said, "You know, all the things you want to do before you kick the bucket." So I guess that was on my bucket list.

RATHER (VOICE OVER)

DOROTHY, WHO LIVES IN FLORIDA SET HER HOPES ON AN ADVENTURE IN AFRICA. BUT INSTEAD THE PEACE CORPS PLACED HER ON THE SOUTHWEST COAST OF JAMAICA - ONLY A FEW HUNDRED MILES FROM HOME.

MILLER

We decided that even though it wasn't our first choice, not even our second, we would do it because we might not get asked again.

RATHER (VOICE OVER)

DOROTHY SAYS "WE" BECAUSE SHE DIDN'T COME TO JAMAICA ALONE.

MILLER

Actually, that was one of the reasons I married Jim. I finally found somebody who would go to the Peace Corps with me.

JIM SCOTT, PEACE COPRS VOLUNTEER

Apparently I was malleable enough. She said, "Well I-- I can-- I can make this guy do just about anything."

RATHER (VOICE OVER)

IT'S A SECOND MARRIAGE FOR BOTH DORTHY AND JIM SCOTT, WHO HAVE BEEN TOGETHER FOR OVER 20 YEARS. AFTER THEIR RETIREMENT, THEY'D BEEN LIVING A COMFORTABLE MIDDLE-CLASS LIFE IN SOUTH FLORIDA. JIM IS ONE OF A NEW CROP OF VOLUNTEERS THAT NEVER WOULD HAVE THOUGHT ABOUT JOINING THE PEACE CORPS IN THE 60S, BUT WITH A NUDGE FROM DOROTHY HE REALIZED IT WAS THE RIGHT MOVE FOR HIM NOW.

SCOTT

I thought-- "Okay, there's some adventure in that." And I'm adventuresome. There's some-- altruism in that. I like my country and I'd like to represent it well. And I said, "Okay, all right. Let's go for it."

RONALD TSCHETTER, DIRECTOR OF THE PEACE CORPS

We concluded that these would be very valuable people to attract into the Peace Corps.

DAN RATHER (VOICE OVER)

AND RONALD TSCHETTER, DIRECTOR OF THE PEACE CORPS, ISN'T SPEAKING ABOUT JUST DOROTHY AND JIM. HE'S TALKING ABOUT THE 77 MILLION BABY BOOMERS WHO ARE STARTING TO RETIRE. TSCHETTER LAUNCHED THE 50 PLUS PROGRAM TWO YEARS AGO AFTER HE WAS APPOINTED BY PRESIDENT BUSH.

TSCHETTER

They now not only bring the face of America, but 35 years of experience that we can apply to the skills that are needed around the world. And they bring that level of maturity. And in many of these countries, as in most countries around the world, age has a certain distinction and a certain amount of respect in and of itself. So if pull all of those components together I said, this is a given, we should attract more of these people into the Peace Corps. And that's why we launched the program.

RATHER (VOICE OVER)

AND THE PROGRAM IS TAKING HOLD. OVER THE LAST TWO YEARS, PEACE CORPS VOLUNTEER APPLICATIONS OF PEOPLE OVER 50 ARE UP 65 PERCENT.

TSCHETTER

Many of them will come up and say, "Ya know, I remember when President Kennedy rolled this out. I was really going to do it then but I got married, or I was still in school, or you know my life wasn't quite ready, and now I am and I am going to give back in this unique way."

JOHN F. KENNEDY, FORMER US PRESIDENT

And so, my fellow Americans: ask not what your country can do for you – ask what you can do for your country.

TSCHETTER

And then there's a second sentence to that, that he stated that is often overlooked but is really powerful when it comes to the Peace Corps, "And so my fellow..."

PRESIDENT KENNEDY

My fellow citizens of the world: ask not what America will do for you, but what together we can do for the freedom of man.

TSCHETTER

And just think about the power of those words with regards to what the Peace Corps is about, and it really does fit.

SCOTT

Well, I must say that when I was in my 20's, and this program first came on, I thought it was just a program for a bunch of-- you know, wild, little hippies.

RATHER (VOICE OVER)

WHILE OTHER YOUNG PEOPLE WERE JOINING THE PEACE CORPS, JIM SERVED AS AN AIR FORCE OFFICER STATIONED ALL OVER THE US AND GREENLAND.

SCOTT

I don't think I would've been ready to do this as a 20 year old or 25 year old. But, I do think that there is-- we've gotten such a bad rap. And you know what, we're really good folks. And I don't mean me personally. I mean, Americans. They're solid citizens, and there are really great people in our country. And it's time we let people know about that. So, in a way, we're doing that one by one.

RATHER (VOICE OVER)

JIM, A RETIRED HOSPITAL ADMINISTRATOR, HAS PUT HIS PROFESSIONAL SKILLS TO WORK AT THE BLACK RIVER HOSPITAL, UP THE ROAD FROM WHERE THEY ARE LIVING.

SCOTT

I describe it as head work and hand work. I do both. And this is an example of some of the handwork. And we're not talking about furniture grade cabinet building here we're talking about rudimentary carpentry.

RATHER (VOICE OVER)

MEANWHILE DOROTHY WORKS WITH THE PAROTTEE COMMUNITY BOARD PRESIDENT PAULINE BELLE FIGURING OUT WHAT'S NEXT IN THEIR PLAN TO BUILD A BEACHSIDE PARK AND A SPORTS FIELD.

PAULINE BELLE, PRESIDENT – PAROTTEE CITIZENS ASSOCIATION

So you can see Lot 75 as you approach and it's going to look so beautiful.

MILLER

Oh great, right to the sea?

BELLE

Yes.

BELLE

It's the first time we've had a couple which is really kinda different to work with. The previous ones have been you know single guys who you know have, they have done a lot of work but they're also interested in the ladies and generally socializing. Dorothy and Jim have really got their hands stuck in and done some serious kind of, you know, work.

RATHER (VOICE OVER)

MIMI AND GRANDPA JIM – THE LOVING NICKNAMES THAT EVEN MANY OF THE ADULTS IN JAMAICA CALL THEM - HAVE LEARNED GETTING SOMEWHERE ON TIME IS NOT ALWAYS PART OF THE JAMAICAN CULTURE. SO THEY HAVE ADAPTED. WHEN DOROTHY'S READY TO START LESSONS ON COMPUTER SKILLS FOR THE NEIGHBORHOOD KIDS - SHE HANGS A FLAG IN HER YARD AND THE KIDS COME RUNNING.

NEIGHBORHOOD GIRL

Mimi, she read with us and she play computer with us. And we learn a lot from them. They are the first Peace Corps that come that has so much fun with us. And we like them.

MILLER

Karen? Hi.

KAREN

Hi.

RATHER (VOICE OVER)

AND DOROTHY AND JIM SAID THEY'RE LEARNING A LOT FROM THEIR JAMAICAN NEIGHBORS AS WELL.

SCOTT

Karen is very important in our lives because we have contracted with her to provide us dinners every day for five days a week and this gives us a real taste of Jamaican food.

MILLER

Karen's food is better than any restaurant we've ever been. Except there are a couple of things we don't like that Karen likes.

KAREN

Right. Like the foot—

MILLER

The foot.

KAREN

--don't like the foot—

MILLER

We don't like f-- we don't fooks.

SCOTT

I don't like any foot.

MILLER

You don't know cow foot—

KAREN

No Chicken foot?

MILLER

No chicken foot.

SCOTT

No chicken foot. I----don't do feet.

KAREN

No. No feet.

MILLER

Goat foot. We don't want goat foot either.

RATHER (VOICE OVER)

DOROTHY AND JIM ARE HALFWAY THROUGH THEIR TWO YEAR COMMITMENT-- BUT THE PEACE CORP ISN'T FOR EVERYONE – ESPECIALLY THOSE IN THEIR FIFTIES AND SIXTIES. IT TOOK THREE YEARS FOR THEM TO CLEAR THE REQUIRED RIGOROUS MEDICAL TESTS, AND RECEIVE THEIR PLACEMENT. ONCE THEY DID, THEY SAID GOOD-BYE TO THEIR CHILDREN AND GRANDCHILDREN BACK IN THE STATES. THE WORK CAN BE BACKBREAKING, AND THE LIVING CONDITIONS RANGE FROM SPARTAN TO PRIMITIVE.

MILLER

It's hard living here. There's a lot of beauty. But there's a lot of struggle, too. And so-- one of the struggles is the mosquitoes. At one time, I was so obsessed with mosquitoes. I counted them and-- and I had probably-- about 52 mosquito bites on my body at one time.

RATHER (VOICE OVER)

IN THEIR FIRST YEAR HERE THEY BOTH GOT DENGUE FEVER FROM MOSQUITO BITES. AND THEY'VE FOUND DAILY LIFE IN PAROTTEE HAS ITS DIFFICULTIES.

SCOTT

Well, I'm not used to washing my clothes in a bucket. And we have no air-conditioning, and-- often, our-- infrastructure is unreliable. We don't get water for two or three days at a time. And that's a challenge. We don't get electricity sometimes.

RATHER (VOICE OVER)

AND IT'S HARD WORK OUT IN THE FIELDS. THE PEACE CORPS DOES NOT ALLOW THEM TO DRIVE CARS SO THEY PACK THEIR MACHETES ON THE BACK OF THEIR BIKES, RIDE TO THE SITE OF THE FUTURE SPORTS FIELD AND START CHOPPING.

MILLER

If you stay hydrated-- there's nothing better than-- bushing a field to keep you in shape.

TSCHETTER

You have to understand what it's like – you know it's not going to be living in your luxurious suburban home anymore. And you have to sacrifice that.

RATHER (VOICE OVER)

PEACE CORP DIRECTOR TSCHETTER IS HONEST ABOUT THE HARDSHIPS BUT HE IS BUSY SEARCHING FOR THE RIGHT TYPE OF OLDER AMERICAN WHO CAN MAKE IT WORK.

TSCHETTER

So many of the 50 plus people say to me, "I didn't know you wanted me." And we do.

RATHER (VOICE OVER)

AS JIM AND DOROTHY HAVE SHOWN, THE PEACE CORPS IS NOT JUST BASED ON CLEARING FIELDS OR ORGANIZING THE HOSPITAL. CONNECTIONS ARE BEING MADE IN UNLIKELY WAYS, SUCH AS WHEN THE LOCAL KIDS ASKED DOROTHY TO TEACH THEM YOGA.

MILLER

And hands over the head... The children saw me doing yoga and they said, what are you doing Mimi? And I explained to them and they wanted to try.

SCOTT

There's some altruistic feeling about it and then of course there's just the idea of something different. It's certainly not, it's better than perhaps sitting around a retirement community. You know-- doing water aerobics or-- or something, and waiting to move into assisted living. We'll have our time for that. But we weren't quite ready for that part yet, so here we are. And-- and enjoying it. Not always. But for-- for the most part, enjoying it.

RATHER (ON CAMERA)

WHILE THE PEACE CORPS HAS SEEN A STEADY RISE IN APPLICATIONS, THE PROGRAM IS ACTUALLY SUFFERING A BUDGET SHORTFALL THAT OFFICIALS BLAME ON RISING FUEL COSTS AND THE DECLINING DOLLAR. AS A RESULT, THE PROGRAM WILL HAVE TO ACCEPT FEWER VOLUNTEERS THIS YEAR. THAT WILL LIKELY CHANGE WITH AN EXPANDED BUDGET UNDER THE NEXT ADMINISTRATION.

AND THAT'S OUR PROGRAM FOR TONIGHT ... FOR HDNET, FROM NEW YORK, DAN RATHER REPORTING. GOOD NIGHT.

RATHER (VOICE OVER)

IF YOU WOULD LIKE TO ADD YOUR NAME TO AN EMAIL LIST FOR INFORMATION ON UPCOMING PROGRAMS OR IF YOU WOULD JUST LIKE TO SEND A QUESTION OR A COMMENT PLEASE EMAIL US AT VIEWER@HD.NET. IF YOU'D LIKE MORE INFORMATION ON THE WATER AT CAMP LEJEUNE YOU CAN VISIT THESE WEBSITES...